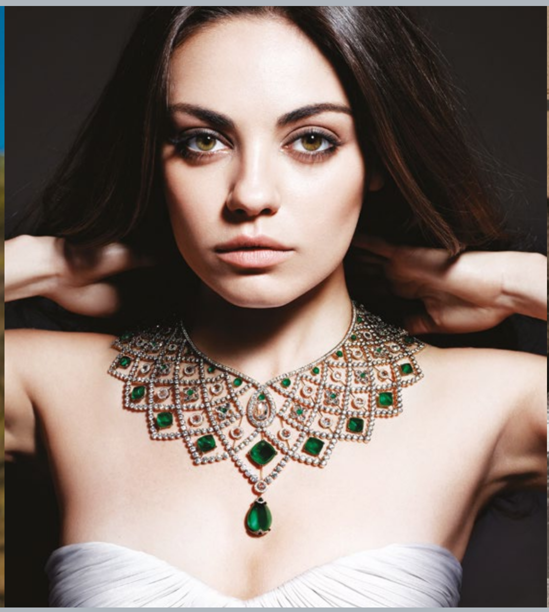
PALLINGHURST



Pallinghurst Resources Limited

AUDITED ANNUAL RESULTS
for the year ended 31 December 2012

Cover photos from left to right:

Sampling in the Upper Group 2 ("UG2") plant at the Pilanesberg Platinum Mine ("PPM").

Gemfields' brand ambassador Mila Kunis wears Fabergé's emerald and diamond Romanov Necklace, set with 2,225 gemstones totalling 363 carats, including 79 emeralds from Kagem.

Logging samples taken from an exploration drill rig at PPM.

NAV increased by ZAR700 million to ZAR3.7 billion

Key milestones achieved

- Consolidation of Pallinghurst's PGM interests.
- Landmark investment of ZAR3.24 billion by the Industrial Development Corporation.
- Building of Tshipi Borwa mine and first manganese ore shipped.
- Merger of Fabergé and Gemfields.
- Ruby mining activities commenced.
- Jupiter completed successful capital raising.
- The Company successfully raised ZAR640 million in rights offer.

Chairman's Statement

The turbulence created by the Global Financial Crisis in 2008 is still impacting the markets. Whilst we have recently seen the Dow and FTSE indices reach new highs, there remains a sentiment of pessimism about global growth and in particular the lack of growth from the developed economies. In the mining industry such uncertainty affects access to funding and delays the commitment to new projects. Added to this, the increase in legislation and regulatory restrictions is making the development of projects far more costly and time consuming.

Such an environment does however create opportunities and we continue to explore transactions in our existing investments and in new areas. The Company's balance sheet remains strong; we have no debt and have funded all our investments with equity capital. This investment philosophy has made us financially independent and provided the robustness needed in times of financial uncertainty.

The management teams of each of our Investment Platforms have made significant progress during 2012 and each is advancing towards the desired strategic outcome. I remain confident that all of the platforms will realise their inherent value potential, for the benefit of all shareholders.

Particular highlights of 2012 were the consolidation of all the Company's PGM properties and the landmark investment by the IDC; the building of the Tshipi Borwa mine and its first successful shipment of manganese ore; and the merger of Fabergé and Gemfields, which will radically change the coloured gemstone industry, realising our vision of a "De Beers for Coloured Gemstones".

It brings me pleasure to welcome Dr Christo Wiese to the Board. As one of Africa's most successful businessmen, he brings unique insights from which we will all benefit greatly. Following Dr Wiese's appointment, Ms Patricia White has stepped down from the Board. My thanks go to her for her substantial contribution over the past years in her roles as both a Director and an Alternate Director.

Finally, I extend my thanks for the hard work and substantial contributions of my fellow Directors and of the management teams of our portfolio companies.

Brian Gilbertson
Chairman

Chief Executive's Statement

In my Chief Executive's Statement last year, I predicted that our current investments would soon enter their "harvesting season". That prediction was accurate and I am delighted to report that for the past 12 months the ripening has been significant for all our platforms, both due to the operational milestones achieved and as a consequence of significant consolidation activities.

Platinum Group Metals

We achieved the successful consolidation of all our PGM investments, creating "Sedibelo Platinum Mines", a PGM producer with a unique growth profile and a substantial, shallow and contiguous resource base. With production levels now at almost 150,000 4E PGM ounces on an annualised basis, the harvesting will commence and the unlocking of value looks promising. Another milestone achieved was the successful completion of the IDC's ZAR3.24 billion investment for a 16.2% equity stake, giving Sedibelo Platinum Mines one of the strongest balance sheets in the industry and securing the funding needed to develop its attractive portfolio of assets. With its shallow resource base of approximately 70 million 4E PGM ounces and an aggressive growth plan, Sedibelo Platinum Mines is well-positioned to maximise value in an IPO which is expected to take place within the next 12 months.

Steel Making Materials

For the past year, Tshipi has been a hive of activity with 70 metres of overburden being removed to expose the manganese ore. Much of the processing and other necessary infrastructure has been installed, in particular a 7.9 kilometre rail siding. In the last quarter of 2012, the Tshipi mine shipped its first manganese ore. We have taken this investment from "Greenfield-to-Producer" and are confident that the mine will provide benefits for decades to come. The ramp up of production as well as potential M&A growth makes Tshipi a truly exciting investment, which is set to provide significant value for all stakeholders. In our Australian iron ore initiatives, the Mount Ida feasibility study identified a major reserve base with almost two billion tonnes of iron ore. However, the decision was made to hold further development on Mount Ida until there is more clarity regarding the logistics of the project as well as a firmer iron ore price. Mount Ida remains one of the largest magnetite resources known in the Yilgarn region of Western Australia. Optimisation work continues on Mount Mason and if port access can be secured, it has the potential to rapidly generate significant free cash flows.

Gemstones & Luxury

Our emerald operation now consistently produces significant quantities of quality stones and Gemfields has successfully positioned itself as the world's largest and most prominent producer of emeralds. Gemfields has now commenced mining activities at the new ruby mine in Mozambique, and I expect to see the first auction of ruby production in the coming months. Given the long-life nature of our operations, we expect profitable harvests for years to come. Lastly, Fabergé has progressed in its planned build-up and the synergies of the combination of Gemfields and Fabergé will accelerate the development of the world's preeminent coloured gemstone producer, with access to the significant parts of the value-chain from mine-to-market.

In spite of very challenging market conditions, the Company successfully completed one of the largest rights offers on the JSE in 2012, raising some ZAR640 million at ZAR2.24 per share. The funds were needed for our existing Investment Platforms while providing the ability to make new investments. The management of the Company is grateful for this vote of confidence from shareholders, and we believe that the funds will successfully contribute to the value growth of the Company.

Besides a continued focus on realising the inherent value potential of Pallinghust's investment portfolio, the key challenge of 2013 will be to get the Company's NAV more adequately reflected in the share price. The current share price performance is unsatisfactory and will have to be addressed in the year ahead. However, I have been consistent in saying that when we deliver the first harvest, the share price should respond as the market sees the significant value embedded in our Investment Portfolio being realised.

Arne H. Frandsen
Chief Executive

Consolidated Income Statement

for the year ended 31 December 2012

	2012 US$	2011 US$
INCOME		
Investment Portfolio		
Realised gain on Sedibelo Platinum Mines transaction	50,932,811	–
Impairment of Fabergé loan	(1,638,471)	–
Realised loss on Jupiter foreign exchange contract	(318,880)	–
Realised fair value gain on Jupiter shares	3,250,521	–
Unrealised fair value gains	18,255,119	14,533,179
Unrealised fair value losses	(119,429,986)	(150,362,622)
Unrealised foreign exchange gains	12,148,997	–
Unrealised foreign exchange losses	–	(1,395,079)
Net loss on Platmin Note	–	(180,033)
Realised foreign exchange gains	1,440,847	–
Realised foreign exchange gain on Jupiter forward contract	–	429,330
Realised fair value loss on acquisition of Jupiter shares	–	(1,478,098)
	(35,359,042)	(138,453,323)
Investment Portfolio revenue		
Loan interest income	1,681,340	893,057
Structuring fee and other income	375,000	–
	2,056,340	893,057
	(33,302,702)	(137,560,266)
EXPENSES		
Investment Manager's Benefit	(5,102,237)	(4,627,775)
Performance Incentive accrual reversal	–	32,512,233
Operating expenses	(806,588)	(773,239)
Foreign exchange gains	–	14,364
Foreign exchange losses	(1,237,920)	(17,984)
	(7,146,745)	27,107,599
Loss from operations	**(40,449,447)**	**(110,452,667)**
Finance income	281,198	136,228
Finance costs	–	–
Net finance income	**281,198**	**136,228**
Loss before share in loss of associates	**(40,168,249)**	**(110,316,439)**
Share in profit/(loss) of associates	1,119,941	(4,105,703)
Loss before tax	**(39,048,308)**	**(114,422,142)**
Tax credit	–	42,113,518
NET LOSS FOR THE YEAR	**(39,048,308)**	**(72,308,624)**
Basic and diluted loss per ordinary share	**(0.06)**	**(0.15)**

All elements of loss for the year and the comparative year are attributable to owners of the parent company. There are no non-controlling interests. The accompanying notes form part of these Condensed Financial Statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

	2012 US$	2011 US$
NET LOSS FOR THE YEAR	(39,048,308)	(72,308,624)
Items of other comprehensive income	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(39,048,308)	(72,308,624)

All elements of total comprehensive expense 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 Condensed Financial Statements.

Consolidated Balance Sheet

as at 31 December 2012

	2012 US$	2011 US$
ASSETS		
Non-current assets		
Investments in associates	1,936,241	21,067,826
Investment portfolio		
Quoted investments	97,675,366	125,191,591
Unquoted investments	217,951,326	190,456,562
Loans and receivables	50,599,070	22,436,091
	366,225,762	338,084,244
Total non-current assets	**368,162,003**	**359,152,070**
Current assets		
Trade and other receivables	1,379,301	1,179,732
Cash and cash equivalents	31,975,952	5,274,327
Total current assets	**33,355,253**	**6,454,059**
Total assets	**401,517,256**	**365,606,129**
LIABILITIES		
Current liabilities		
Trade and other payables	159,344	203,642
Total current liabilities	**159,344**	**203,642**
Total liabilities	**159,344**	**203,642**
Net assets	**401,357,912**	**365,402,487**
Share capital	7,606	4,760
Share premium	375,227,145	300,226,258
Retained earnings	26,123,161	65,171,469
EQUITY	**401,357,912**	**365,402,487**
NAV and tangible NAV per share	**0.53**	**0.77**

The accompanying notes form part of these Condensed Financial Statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2012

	2012 US$	2011 US$
Cash outflows from operations	(5,777,691)	(5,457,643)
Additions to investments	(33,699,110)	(5,568,750)
Loans extended to investments	(28,120,111)	(18,500,000)
Loan repayments from investments	–	28,821,690
Finance income received	281,198	136,228
Net cash outflows from operating activities	**(67,315,714)**	**(568,475)**
Cash flows from/(used in) investing activities		
Amounts invested in associates	(141,729)	(23,559,037)
Cash flows from associates	20,393,255	–
Net cash from/(used) in investing activities	**20,251,526**	**(23,559,037)**
Cash flows from financing activities		
Rights Offer – proceeds	77,241,092	–
Rights Offer – costs	(2,187,704)	–
Rights Offer – foreign exchange losses	(49,655)	–
Net cash from financing activities	**75,003,733**	**–**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**27,939,545**	**(24,127,512)**
Cash and cash equivalents at the beginning of the year	5,274,327	29,405,459
Foreign exchange gain on cash	–	14,364
Foreign exchange loss on cash	(1,237,920)	(17,984)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**31,975,952**	**5,274,327**

The accompanying notes form part of these Condensed Financial Statements.

Consolidated Statement of Changes in Equity

at 31 December 2012

	Share capital US$	Share premium US$	Retained earnings US$	Total equity US$
Balance at 1 January 2011	**4,760**	**300,226,258**	**137,480,093**	**437,711,111**
Total comprehensive loss for the year	–	–	(72,308,624)	(72,308,624)
Balance at 31 December 2011	**4,760**	**300,226,258**	**65,171,469**	**365,402,487**
Rights Offer – proceeds	2,846	77,238,246	–	77,241,092
Rights Offer – costs	–	(2,187,704)	–	(2,187,704)
Rights Offer – foreign exchange losses	–	(49,655)	–	(49,655)
Total comprehensive loss for the year	–	–	(39,048,308)	(39,048,308)
Balance at 31 December 2012	**7,606**	**375,227,145**	**26,123,161**	**401,357,912**

The accompanying notes form part of these Condensed Financial Statements.

Notes to the Condensed Financial Statements

Segmental reporting

The Group's segmental reporting is based around its four investment platforms (PGMs, Steel Making Materials, Gemfields and Luxury Brands) each of which is categorised as an operating segment.

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 transaction whereby Gemfields acquired 100% of the shares in Fabergé completed on 28 January 2013. The Group will therefore present the Coloured Gemstones and Luxury Brands platforms as a single segment in future reporting periods and present restated comparative figures accordingly.

The Income Statement segmental information provided to the CODM for the year ended 31 December 2012 is as follows:

	PGMs US$	Steel Making Materials US$	Gemfields US$	Luxury Brands US$	Unallocated US$	Total US$
31 December 2012						
Income						
Unrealised fair value gains	–	–	18,255,119	–	–	18,255,119
Unrealised fair value losses	–	(65,879,656)	–	(53,550,330)	–	(119,429,986)
Unrealised foreign exchange gains	8,293,290	1,977,488	1,878,219	–	–	12,148,997
Realised foreign exchange gain	1,440,847	–	–	–	–	1,440,847
Realised gain on subscription for Jupiter shares	–	2,931,641	–	–	–	2,931,641
Realised gain on Sedibelo Platinum Mines transaction	50,932,811	–	–	–	–	50,932,811
Impairment of Fabergé loan	–	–	–	(1,638,471)	–	(1,638,471)
Loan interest income	–	–	–	1,681,340	–	1,681,340
Net segmental income/(expense)	**60,666,948**	**(60,970,527)**	**20,133,338**	**(53,507,461)**	**–**	**(33,677,702)**
Other income					375,000	375,000
Net losses on investments and income from operations						**(33,302,702)**
Expenses, net finance income, share of loss of associates and taxation					(5,745,606)	(5,745,606)
Net segmental profit/(loss)	**60,666,948**	**(60,970,527)**	**20,133,338**	**(53,507,461)**	**(5,370,606)**	**(39,048,308)**

Notes to the Condensed Financial Statements (continued)

Segmental reporting (continued)

The comparative Income Statement segmental information for the year ended 31 December 2011 is as follows:

	PGMs US$	Steel Making Materials US$	Gemfields US$	Luxury Brands US$	Unallocated US$	Total US$
31 December 2011						
Income						
Unrealised fair value gains	–	–	14,533,179	–	–	14,533,179
Unrealised fair value losses	(5,211,360)	(145,151,262)	–		–	(150,362,622)
Unrealised foreign exchange gains	–	–	–	–	–	–
Unrealised foreign exchange losses	(1,317,174)	(49,059)	(28,846)	–	–	(1,395,079)
Net unrealised loss on Platmin Note	(180,033)	–	–	–	–	(180,033)
Realised foreign exchange gain on Jupiter forward contract	–	429,330	–	–	–	429,330
Realised loss on Jupiter shares	–	(1,478,098)	–	–	–	(1,478,098)
Loan interest income	343,506	–	–	549,551	–	893,057
Net segmental (expense)/income	**(6,365,061)**	**(146,249,089)**	**14,504,333**	**549,551**	**–**	**(137,560,266)**
Other income					–	–
Net losses on investments and income from operations						**(137,560,266)**
Expenses, net finance income, share of loss of associates and taxation					65,251,642	65,251,642
Net segmental (loss)/profit	**(6,365,061)**	**(146,249,089)**	**14,504,333**	**549,551**	**65,251,642**	**(72,308,624)**

Segmental reporting (continued)

The segmental information provided to the CODM for the reportable segments for the year ended 31 December 2012 is as follows:

	PGMs US$	Steel Making Materials US$	Gemfields US$	Luxury Brands US$	Total US$
31 December 2012					
Investment Portfolio					
Listed investments	–	38,106,215	59,569,151	–	97,675,366
Unlisted investments	184,495,453	–	–	33,455,874	217,951,327
Loans and receivables	–	–	–	50,599,069	50,599,069
Total segmental assets	**184,495,453**	**38,106,215**	**59,569,151**	**84,054,943**	**366,225,762**
Investments in associates, current assets and liabilities					35,132,150
Net assets					**401,357,912**

The comparative segmental information provided for the year ended 31 December 2011 is as follows:

	PGMs US$	Steel Making Materials US$	Gemfields US$	Luxury Brands US$	Total US$
31 December 2011					
Investment Portfolio					
Listed investments	–	85,755,778	39,435,813	–	125,191,591
Unlisted investments	103,450,358	–	–	87,006,204	190,456,562
Loans and receivables	–	–	–	22,436,091	22,436,091
Total segmental assets	**103,450,358**	**85,755,778**	**39,435,813**	**109,442,295**	**338,084,244**
Investments in associates, current assets and liabilities					27,318,243
Net assets					**365,402,487**

Notes to the Condensed Financial Statements (continued)

Investments

The reconciliation of the Investment Portfolio from 1 January 2012 to 31 December 2012 is as follows:

Investment	Opening at 1 January 2012 US$	Unrealised fair value gains US$	Unrealised fair value losses [4] US$	Unrealised foreign exchange gains US$	Realised foreign exchange gain US$	Additions and disposals [5,6] US$	Impairment of Fabergé loan [4] US$	Accrued interest & structuring fee US$	Closing at 31 December 2012 US$
Listed equity investments									
Gemfields plc	39,435,813	18,255,119	–	1,878,219	–	–	–	–	59,569,151
Jupiter Mines Ltd	85,755,778	–	(65,879,656)	1,977,488	–	16,252,605	–	–	38,106,215
	125,191,591	**18,255,119**	**(65,879,656)**	**3,855,707**	**–**	**16,252,605**	**–**	**–**	**97,675,366**
Unlisted equity investments									
Fabergé Ltd	87,006,204	–	(53,550,330)	–	–	–	–	–	33,455,874
Moepi Group[1]	13,373,315	–	–	–	–	(13,373,315)		–	–
Richtrau[1]	36,621,344	–	–	–	–	(36,621,344)	–	–	–
Sedibelo[1]	–	–	–	–	–	–	–	–	–
Platmin Ltd[1]	53,455,699	–	–	–	1,440,847	(54,896,546)	–	–	–
Sedibelo Platinum Mines[1]	–	–	–	8,293,290	–	176,202,162	–	–	184,495,452
	190,456,562	**–**	**(53,550,330)**	**8,293,290**	**1,440,847**	**71,310,957**	**–**	**–**	**217,951,326**
Loans and receivables									
Fabergé – US$25 million loan[2]	22,436,091	–	–	–	–	(22,942,061)	–	505,970	–
Fabergé – US$50 million loan[2,3]	–	–	–	–	–	51,062,172	(1,638,471)	1,175,369	50,599,070
	22,436,091	**–**	**–**	**–**	**–**	**28,120,111**	**(1,638,471)**	**1,681,339**	**50,599,070**
Total	**338,084,244**	**18,255,119**	**(119,429,986)**	**12,148,997**	**1,440,847**	**115,683,673**	**(1,638,471)**	**1,681,339**	**366,225,762**

1 *The Group vended its interests in the Moepi Group, Richtrau (Magazynskraal) and Sedibelo into Sedibelo Platinum Mines for new shares during the year.*

2 *The Group previously provided a commitment to loan Fabergé up to US$25,000,000 (excluding interest). At 31 December 2011, Fabergé had drawn down US$21,500,000. The loan was fully drawn down on 19 April 2012. The loan, including interest, was due for repayment by 31 August 2012. On 15 June 2012, a new loan facility was entered into with Fabergé, the US$25,000,000 loan was subsumed into the new loan arrangement, see below.*

3 *The Group entered into a new loan facility with Fabergé on 15 June 2012. The original facility (US$25,000,000 excluding interest) was replaced by a new facility to loan Fabergé up to US$50,000,000 (including the original US$25,000,000, excluding interest).*

The key terms of the revised loan facility were as follows:
- *A further US$375,000 structuring fee accrued upon drawdown of the loan.*
- *The loan earns interest at three month US$ LIBOR plus 4% until 1 July 2013.*
- *The balance of the loan, including interest, must be repaid by 31 August 2013.*
- *The Group would be able to convert the loan into new Fabergé equity shares at US$35 per share. This conversion would only occur in certain circumstances; if the loan is not repaid by 31 August 2013, or if a transaction or corporate event occurs affecting more than 30% of Fabergé's shares in issue, such as a sale of shares or issue of new shares. The loan has been converted as part of the terms of the Gemfields/Fabergé Merger.*

4 *The explanations for the unrealised fair value loss on the Group's equity investment in Fabergé and the impairment of the Group's loan to Fabergé are detailed in the Financial Statements.*

5 *The Group has entered into various acquisitions and disposals during the year, as detailed on the following page:*

Investments (continued)

5 The Group has entered into various acquisitions and disposals during the year, as detailed below:

	Transfer US$	Additions and disposals[4] US$	Sedibelo Platinum Mines – additions and disposals[3] US$	Gain on Jupiter acquisition US$	Total US$
Listed equity investments					
Gemfields plc	–	–	–	-	–
Jupiter Mines Ltd	–	13,320,964	–	2,931,641	16,252,605
	–	**13,320,964**	**–**	**2,931,641**	**16,252,605**
Unlisted equity investments					
Fabergé Ltd	–	–	–	–	–
Moepi Group (Boynton)	–	–	(13,373,315)	–	(13,373,315)
Richtrau	–	1,855,949	(38,477,293)	–	(36,621,344)
Sedibelo	–	18,522,197	(18,522,197)	–	–
Platmin Ltd	–	–	(54,896,546)	–	(54,896,546)
Sedibelo Platinum Mines	–	–	176,202,162	–	176,202,162
	–	**20,378,146**	**50,932,811**	**–**	**71,310,957**
Loans and receivables					
Fabergé Ltd US$25 million loan	(26,067,061)	3,125,000	–	–	(22,942,061)
Fabergé Ltd US$50 million loan	26,067,061	24,995,111	–	–	51,062,172
	–	28,120,111	–	–	28,120,111
Total	**–**	**61,819,221**	**50,932,811**	**2,931,641**	**115,683,673**

6 The additions to equity investments balance in the Consolidated Statement of Cash Flows is US$33,699,110. This is the sum of additions into Jupiter, Richtrau and Sedibelo.

The loans extended to investments balance in the Consolidated Statement of Cash Flows is US$28,120,111. This is the sum of additions to the Fabergé US$25 million loan and the Fabergé US$50 million loan.

Notes to the Condensed Financial Statements (continued)

Investments (continued)

The reconciliation of the Group's Investment Portfolio from 1 January 2011 to 31 December 2011 is as follows:

Investment	Opening at 1 January 2011 US$	Unrealised fair value gains US$	Unrealised fair value losses US$	Unrealised foreign exchange losses US$	Realised foreign exchange gain on Jupiter forward contract US$	Net realised loss on acquisition of Jupiter shares and loss on Platmin Note US$	Additions and disposals US$	Accrued interest & structuring fee US$	Platmin classi-fication[4] US$	Closing at 31 December 2011 US$
Listed equity investments										
Platmin Ltd	50,981,604	–	(5,211,360)	(1,317,174)	–	–	9,002,629	–	(53,455,699)	–
Gemfields plc	24,931,480	14,533,179	–	(28,846)	–	–	–	–	–	39,435,813
Jupiter Mines Ltd	226,436,117	–	(145,151,262)	(49,059)	429,330	(1,478,098)	5,568,750	–	–	85,755,778
	302,349,201	**14,533,179**	**(150,362,622)**	**(1,395,079)**	**429,330**	**(1,478,098)**	**14,571,379**	**–**	**(53,455,699)**	**125,191,591**
Unlisted equity investments										
Fabergé Ltd	87,006,204	–	–	–	–	–	–	–	–	87,006,204
Moepi Group	13,373,315	–	–	–	–	–	–	–	–	13,373,315
Richtrau	36,621,344	–	–	–	–	–	–	–	–	36,621,344
Platmin Ltd	–	–	–	–	–	–	–	–	53,455,699	53,455,699
	137,000,863	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**53,455,699**	**190,456,562**
Loans and receivables										
Fabergé Ltd [1]	3,386,540	–	–	–	–	–	18,500,000	549,551	–	22,436,091
Platmin Ltd [2]	28,478,184	–	–	–	–	–	(28,821,690)	343,506	–	–
	31,864,724	**–**	**–**	**–**	**–**	**–**	**(10,321,690)**	**893,057**	**–**	**22,436,091**
Platmin Note										
Platmin Note [3]	9,182,662	–	–	–	–	(180,033)	(9,002,629)	–	–	–
	9,182,662	**–**	**–**	**–**	**–**	**(180,033)**	**(9,002,629)**	**–**	**–**	**–**
Total investment portfolio	**480,397,450**	**14,533,179**	**(150,362,622)**	**(1,395,079)**	**429,330**	**(1,658,131)**	**(4,752,940)**	**893,057**	**–**	**338,084,244**

1 *The Group previously provided a commitment to loan Fabergé up to US$25,000,000, which could be drawn down until 31 July 2012. At 31 December 2011, Fabergé had drawn down US$21,500,000. The US$375,000 structuring fee for the arrangement of the loan accrued at the date of the first drawdown. The loan earned interest at three month US$ LIBOR plus 4%. A further US$3,000,000 was drawn down subsequent to 31 December 2011; the outstanding balance of US$24,500,000 (excluding interest and structuring fee) was due for repayment by 31 August 2012.*

2 *The Group provided a loan to Platmin during 2010. Platmin repaid the outstanding loan of US$28,821,690 including accrued interest and the structuring fee on 28 February 2011.*

3 *The Group acquired an indirect interest in a convertible note issued by Platmin (the "Platmin Note") during 2010. The Platmin Note was converted to equity in full on 31 March 2011. The Group realised a loss on conversion of US$180,033.*

4 *Platmin delisted from AIM, the JSE and the TSX during 2011. Platmin suspended its listing on the JSE on 23 December 2011, and the last JSE trading day was 22 December 2011. Accordingly, the Group's investment in Platmin was reclassified from listed to unlisted equity investments in the "Platmin reclassification" column.*

Basis of preparation

The Directors are responsible for preparing the Annual Report and Financial Statements (the "Financial Statements") in accordance with The Companies (Guernsey) Law, 2008, the AC500 Standards issued by the Accounting Practices Board of the South African Institute of Chartered Accountants (the "APB"), the JSE Listing Requirements and the BSX Listing Regulations.

The Group has prepared Financial Statements under IFRS for the year ending 31 December 2012. The Financial Statements have been audited by the Company's auditors, Saffery Champness; their audit opinion was unqualified, and did not draw attention to any emphases of matter. The audit opinion is available for inspection at the Company's registered office. The Financial Statements will be mailed to shareholders during March 2013, and made available on the Company's website, *www.pallinghurst.com*.

This preliminary announcement, which includes condensed financial statements (the "Condensed Financial Statements") does not contain sufficient information to fully comply with IFRS. The Condensed Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting*, the Companies (Guernsey) Law, 2008, the AC500 Standards issued by the APB, the JSE Listing Requirements and the BSX Listing Regulations.

Accounting policies

The Group's accounting policies were last disclosed in full in the Group`s financial statements for the year ended 31 December 2011. No standards were introduced during 2012 which had an impact on the Group's reporting or Financial Statements. The Group adopted a revision to IAS12 *Income Taxes* during 2012. The adoption of this revision has not had any significant impact on the Condensed Financial Statements or Financial Statements. The Group early adopted IFRS13 *Fair Value Measurement* during 2011.

Various new and revised accounting standards, amendments to standards and new interpretations have been issued by the International Accounting Standards Board but are not yet effective. The Directors have not yet fully determined what the impact of each new standard, amendments and interpretation will be. The accounting policies applied are consistent with those adopted and disclosed in the Group`s financial statements for the year ended 31 December 2011 other than in respect of these changes.

Contingent liabilities and contingent assets

The Group has acted as a limited guarantor for the lease of Fabergé's New York retail outlet at 694 Madison Avenue since 31 August 2011. The circumstances relating to the guarantee have not changed since 31 December 2011. Since the completion of the Gemfields/ Fabergé Merger, it is the intention that Gemfields now undertake this guarantee on Fabergé's behalf and arrangements are being made to transfer the guarantee into Gemfields' name. The Directors' assessment is that the maximum amount of the Group's contingent liability continues to be US$219,000.

The Group had no other significant contingent liabilities or contingent assets at 31 December 2012 or 31 December 2011.

Commitments

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

Notes to the Condensed Financial Statements (continued)

Events occurring after the end of the year

Completion of Gemfields/Fabergé Merger

The Gemfields/Fabergé Merger completed on 28 January 2013. The Group valued its interests in Fabergé based on the prevailing Gemfields share price and exchange rate at 31 December 2012. By the date of completion of the transaction, the Gemfields share price had fallen to GBP0.2688 per share.

The Group therefore incurred the following loss on completion of the Gemfields/Fabergé Merger at 28 January 2013:

Realised fair value loss on disposal of Fabergé equity shares	**US$**
Fair value of 60,290,905 Gemfields shares receivable	25,503,494
Fair value of Fabergé equity interest at 31 December 2012	(33,455,874)
	(7,952,380)

Realised loss on conversion of Fabergé loan to Gemfields shares	**US$**
Fair value of 91,184,694 Gemfields shares receivable	38,571,793
Previous carrying value of Fabergé loan at 31 December 2012	(50,599,070)
	(12,027,277)

Fall in valuation of interests in Gemfields

The valuation of the Group's interest in Gemfields has fallen since 31 December 2012. The estimated impact of this non-adjusting event is as follows:

The Gemfields share price on 18 March 2013 was GBP0.3288 and the exchange rate was US$1:GBP0.6618. The Group had agreed to the terms of the Gemfields/Fabergé Merger prior to 31 December 2012 and the Group's interests in both Gemfields and Fabergé were valued based on the Gemfields share price at that date.

At 18 March 2013, the fair value of the Group's investment in Gemfields was US$128,605,563. This valuation is US$15,018,532 lower than the valuation of US$143,624,095 included in the Consolidated Balance Sheet. This valuation represents the Group's equity investments in Gemfields and Fabergé plus the Group's loan to Fabergé, at their respective year end valuations. This unrealised loss includes the impact of the completion of the Gemfields/Fabergé Merger as disclosed above.

Approval of Annual Report

The Annual Report was approved by the Directors and authorised for issue on 20 March 2013.

Pallinghurst Resources 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") EXECUTIVE DIRECTORS: Brian Gilbertson, Arne H. Frandsen, Andrew Willis[1] NON-EXECUTIVE DIRECTOR: Dr Christo Wiese[2] INDEPENDENT NON-EXECUTIVE DIRECTORS: Stuart Platt-Ransom[3], Martin Tolcher, Clive Harris, Patricia White[4] PERMANENT ALTERNATES: Chris Powell[1], Brian O'Mahoney[3] ADMINISTRATOR AND COMPANY SECRETARY: Legis Fund Services Limited, 11 New Street, St Peter Port, Guernsey, GY1 2PF, Channel Islands REGISTERED OFFICE: 11 New Street, St Peter Port, Guernsey, GY1 2PF, Channel Islands SOUTH AFRICAN TRANSFER SECRETARY: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa AUDITOR: Saffery Champness, PO Box 141, La Tonnelle House, Les Banques, St Sampson, Guernsey, GY1 3HS, Channel Islands JSE SPONSOR: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196, South Africa BSX SPONSOR: Capital G BSX Services Limited, 25 Reid Street, 4th Floor, Hamilton, HM11, Bermuda.

1 *The Board resolved to appoint Mr Powell as Permanent Alternate to Mr Willis on 15 March 2013. The appointment will become effective subsequent to the completion of certain requisite documentation and filings.*
2 *Dr Wiese was appointed to the Board effective 11 February 2013.*
3 *Mr O'Mahoney acts as Permanent Alternate to Mr Platt-Ransom.*
4 *Ms White resigned from the Board on 15 March 2013.*