

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions contained on pages 16 to 26 of this Circular apply *mutatis mutandis* throughout this document.

1. If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, banker, CSDP, accountant, attorney, or other professional advisor immediately.
2. If you have disposed of all your Shares, please forward this Circular to the acquiror of such Shares or to the broker, banker CSDP or agent through whom such disposal was effected.
3. Pallinghurst has issued all the Letters of Allocation in dematerialised form, which will be listed and tradable on the JSE. The electronic record for BSX Shareholders and Certificated JSE Shareholders is being maintained by Computershare Nominees (Proprietary) Limited, a wholly-owned subsidiary of Computershare Custodial Services Limited. This arrangement has ensured that BSX Shareholders and Certificated JSE Shareholders, as the case may be, are afforded the same rights and opportunities as those afforded to Dematerialised JSE Shareholders. In order to take-up or dispose of all or part of the Rights Offer Shares to which you are entitled as a BSX Shareholder or Certificated JSE Shareholder, as the case may be, you must complete the relevant Form of Instruction and return it to the South African Transfer Secretary at the address and per the instructions contained herein. Dematerialised JSE Shareholders will have their safe custody accounts at their broker or CSDP credited with their Letters of Allocation.
4. The Rights that are represented by the Forms of Instruction could have value and may be sold on the JSE.
5. Rights Offer Shares in excess of a Shareholder's Rights Offer Entitlement may be applied for by Shareholders.
6. The Rights Offer does not constitute an offer in any area of jurisdiction in which it is illegal to make such an offer, and, in such circumstances, this Circular and any Forms of Instruction are sent for information purposes only.
7. All times referred to in this Circular shall be references to South African times.

Action required by Shareholders

8. Shareholders are referred to pages 5 and 6 of this Circular, which sets out the action required in relation to the Rights Offer.

PALLINGHURST

RESOURCES

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

CIRCULAR TO SHAREHOLDERS

relating to:

a renounceable Rights Offer of 228,571,376 Shares at an issue price of R3.50 per share in the ratio of 92.452 Rights Offer Shares for every 100 shares held;

and incorporating:

the Revised Listing Particulars after the implementation of the Rights Offer;

and enclosing:

- **in the case of Certificated JSE Shareholders only, an applicable Form of Instruction; and**
 - **in the case of BSX Shareholders only, an applicable Form of Instruction.**
-

Investment bank



JSE sponsor



Investment Manager



Legal advisors in South Africa



Legal advisors in Guernsey



Independent reporting accountant



Date of issue: **7 September 2009**

Copies of this Circular are only available in English and may be obtained during normal business hours from the registered office of the Company; the offices of the investment bank and JSE sponsor and the Transfer Secretaries whose addresses are set out in the "Corporate Information" overleaf. A copy of this Circular, the Forms of Instruction and the other documents referred to in paragraph 28 on pages 45 and 46 of this Circular were lodged with and registered by the Registrar of Companies in Pretoria, South Africa, in terms of section 146A of the Act on 21 August 2009.

CORPORATE INFORMATION

Directors

Brian Gilbertson (Chairman)
Arne H. Frandsen (Chief Executive Officer)
Andrew Willis (Finance Director)
Stuart Platt-Ransom*
Clive Harris*
Martin Tolcher*
* *Independent non-executive*

Registered office of the Company (Guernsey)

Pallinghurst Resources Limited
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP
Channel Islands

Investment Manager

Pallinghurst (Cayman) GP L.P.
(Registration number WK19200)
Walker House, 87 Mary Street
George Town
Grand Cayman
KY1-9002
Cayman Islands

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London
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GY1 4HP
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South African Transfer Secretary

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
South Africa

Administrator and Secretary

Legis Fund Services Limited
(Registration number 19606)
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP
Channel Islands

Registered office of the Company (South Africa)

SAB&T Incorporated
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0046
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Investment bank and JSE sponsor

Investec Bank Limited
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Sandown
Sandton, 2196
South Africa

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Pallinghurst Advisors (Pty) Limited
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PO Box 12160
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Independent reporting accountant

SAB&T Incorporated
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0046
South Africa

BSX sponsor

First Bermuda Group Limited
(Registration number 15400)
Maxwell R Roberts Building
1 Church Street
Hamilton
HMI 1
Bermuda

Auditor

Saffery Champness Chartered Accountants
La Tonelle House
Les Banques
St Peter Port
Guernsey
GY1 3LP
Channel Islands

Bankers in Guernsey

Investec Bank (Channel Islands) Limited
(Registration number 5845)
La Vielle Cour
St Peter Port
Guernsey
GY1 3LP
Channel Islands

Place of incorporation

Guernsey

Date of incorporation

4 September 2007

**Date of registration as an external company
in South Africa**

26 June 2009

FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact relating to Pallinghurst, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterised by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate” and other similar words or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of Pallinghurst on the Last Practicable Date and are subject to a variety of risks and uncertainties and other factors detailed elsewhere in this Circular that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in investing in unlisted entities, the uncertainties surrounding political, environmental and other factors beyond the control of the Company, the uncertain nature of investments in mining companies, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described herein. Although Pallinghurst believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. Pallinghurst undertakes no obligation to update forward-looking statements if circumstances or the Investment Manager’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

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ACTION REQUIRED BY SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by Shareholders:

1. if you are in any doubt as to what action you should take arising from this Circular; please consult your broker, banker, CSDP, accountant, attorney or other professional advisor immediately;
2. if you have disposed of all your Shares, please forward this Circular to the acquiror of such Shares or to the broker, banker, CSDP or agent through whom such disposal was effected; and
3. shares in companies listed on the JSE can no longer be traded on the JSE unless they have been Dematerialised through the Strate System. It is therefore recommended that Certificated Shareholders on the South African Register dematerialise their Documents of Title and replace them with electronic records of ownership. In this regard, Certificated Shareholders may contact any broker or CSDP, details of which are available from Strate at liaisondesk@strate.co.za or telephone +27 11 759 5300 or facsimile +27 11 759 5505.

DEMATERIALIZED JSE SHAREHOLDERS

- will **NOT** receive a printed Form of Instruction, however will have their account credited by their broker or CSDP with the number of Rights to which they are entitled;
- should timeously instruct their broker or CSDP as to whether they wish to take-up, dispose of, or renounce, as the case may be, all or part of the Rights allocated to them; or to apply for Excess Rights Offer Shares, in accordance with the terms of the custody agreement entered into between them and their broker or CSDP;
- who do not issue instructions to their broker or CSDP, will result in the broker or CSDP acting in accordance with the original mandate granted in the custody agreement entered into between them and their broker or CSDP;
- should note that CSDPs effect payment on a delivery versus payment basis; and
- should note that Pallinghurst assumes no responsibility and will not be held liable for any failure on the part of their broker or CSDP to notify Shareholders of the Rights Offer and to receive instructions in regard thereto.

CERTIFICATED JSE SHAREHOLDERS

In order to afford Certificated JSE Shareholders the same rights and opportunities as those afforded to Dematerialised JSE Shareholders, Certificated JSE Shareholders:

- will have a Letter of Allocation created in electronic form with Computershare Nominees (Proprietary) Limited;
- will receive a printed Form of Instruction, providing for the take-up, disposal or the renunciation, as the case may be, of all or part of the Rights embodied in the Letter of Allocation and the application for Excess Rights Offer Shares, and must act timeously in accordance with the instructions contained therein;
- who wish to take-up all or part of the Rights allocated to them, and/or apply for Excess Rights Offer Shares, must complete Blocks 5 to 9 of the Form of Instruction, attach their cheque or bankers' draft for the appropriate amount and lodge same with the South African Transfer Secretary as follows:

Hand deliveries to:

Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Postal deliveries (at the risk of the holder) to:

Computershare Investor Services
(Proprietary) Limited
PO Box 61763
Marshalltown
2107

so as to reach the South African Transfer Secretary by no later than 12h00 on Monday, 28 September 2009;

- will receive share certificates pertaining to the Rights Offer Shares taken-up;
- will only be able to trade their Rights Offer Shares on the JSE once they have been Dematerialised;
- who wish to dispose of or renounce all or part of the Rights allocated to them in terms of the Rights Offer should complete the relevant section of the Form of Instruction and return it timeously to the South African Transfer Secretary in accordance with the instructions contained therein so as to reach the South African Transfer Secretary by no later than 12h00 on Friday, 18 September, 2009 in order to allow the South African Transfer Secretary sufficient time to procure the sale of those Rights on the JSE before the Second Closing Date. Subject to the Exchange Control

Regulations outlined in paragraph 8.9 commencing on page 38 hereafter; proceeds, net of costs, from the sale of Rights will be remitted to such Certificated JSE Shareholders as soon as practicable, provided that if the net proceeds from the sale of Rights in relation to any such Certificated JSE Shareholder are less than R20.00, they will be retained for the benefit of Pallinghurst; and

- should note that none of Pallinghurst, Computershare Nominees (Proprietary) Limited, the South African Transfer Secretary or any broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to the receipt of Forms of Instruction by post or arising out of the timing of such disposals, the price obtained or any failure to dispose of such Rights.

BSX SHAREHOLDERS

The Rights Offer will **NOT** be undertaken on the BSX. Accordingly, in order to afford BSX Shareholders the same rights and opportunities as those afforded to JSE Shareholders, the Rights Offer will be made on the same terms and conditions to BSX Shareholders, who:

- will have a Letter of Allocation created in electronic form with Computershare Nominees (Proprietary) Limited;
- will receive a printed Form of Instruction providing for the take-up, disposal or the renunciation, as the case may be, of all or part of the Rights embodied in the Letter of Allocation and the application for Excess Rights Offer Shares, and (subject to Exchange Control Regulations) must act timeously in accordance with the instructions contained therein;
- wish to take-up all or part of the Rights allocated to them and/or subscribe for Excess Rights Offer Shares, must complete Blocks 5 to 10 of the Form of Instruction and attach their cheque, bankers' draft or EFT swift reference number for the appropriate Rand amount and lodge same with the South African Transfer Secretary as follows:

Hand deliveries to:

Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Postal deliveries (at the risk of the holder) to:

Computershare Investor Services
(Proprietary) Limited
PO Box 61763
Marshalltown
2107

so as to reach the South African Transfer Secretary by no later than 12h00 on Monday, 28 September 2009. Relevant banking details for any EFT payments are provided on the Form of Instruction. All payments, whether by EFT, cheque or banker's draft **MUST** be in Rand otherwise the Form of Instruction, will not be valid and no action will be taken by the South African Transfer Secretary in respect of the accompanying Form of Instruction. All non-Rand amounts received by the South African Transfer Secretary will be refunded to the relevant BSX Shareholder net of any applicable costs, following the Second Closing Date;

- will only be able to trade their Rights Offer Shares on the JSE;
- wish to dispose of or renounce all or part of the Rights allocated to them in terms of the Rights Offer, should complete the relevant section of the Form of Instruction and return it timeously to the South African Transfer Secretary in accordance with the instructions contained therein so as to reach the South African Transfer Secretary by no later than 12h00 on Friday, 18 September 2009 in order to allow the South African Transfer Secretary sufficient time to procure the sale of those Rights on the JSE before the Second Closing Date. Proceeds, net of costs, from the sale of Rights will be remitted to such BSX Shareholders as soon as practicable, subject to Exchange Control Regulations, provided that if the net proceeds from the sale of Rights in relation to any such BSX Shareholder are less than R20.00, they will be retained for the benefit of Pallinghurst;
- should note that none of Pallinghurst, Computershare Nominees (Proprietary) Limited, the South African Transfer Secretary or any broker appointed by them will have any obligation or be responsible for any loss or damage whatsoever in relation to the receipt of Forms of Instruction by post or arising out of the timing of such disposals, the price obtained or any failure to dispose of such Rights; and
- will receive Shares on the JSE, to the extent they follow their Rights, which they may, at their own election, transfer to the BSX Register, subject to Exchange Control Regulations.

SALIENT FEATURES OF THE RIGHTS OFFER

The salient features provide an overview of the Rights Offer and should be read in conjunction with the Circular.

I. INTRODUCTION

Since its incorporation, Pallinghurst, in conjunction with its Co-investors, has utilised the Company Funds, raised prior to the Second Equity Raising, to establish four unique Investment platforms, as are set out in greater detail in paragraph 4 of the Revised Listing Particulars. The Directors and the Investment Manager believe that each Investment platform is well positioned to achieve the strategic objectives that were set out for each Investment at the time of the Company's initial investment therein.

At 31 December 2008, the Company had utilised approximately USD198 million of the Company Funds of USD204 million. The Investment platforms presently require further funding to pursue their strategic objectives. Without the raising of additional Company Funds, Pallinghurst will be unable to participate in its *pro rata* funding entitlement in relation to each Investment platform. The Directors and the Investment Manager believe that the dilution by the Company in the Investment platforms, at their current stage of development and at relatively modest investment valuations, would not be in the best interests of the Company and Shareholders.

The Prospectus and Pre-Listing Statement indicated that the Directors may elect to raise additional Company Funds within the 36 month period from the Initial Closing Date. To facilitate the Company's participation in each Investment platform, the Directors have resolved to implement the Second Equity Raising in the form of the Rights Offer. The Rights Offer seeks to raise up to R800 million through the issue of up to 228,571,376 Rights Offer Shares at the Rights Offer Price of R3.50 per Rights Offer Share in the Rights Offer Ratio of 92.452 Rights Offer Shares for every 100 Shares held on the Record Date.

This Circular and the accompanying Forms of Instruction (if applicable) serve to:

- provide Shareholders with information pertaining to the Rights Offer; and
- enable Shareholders to take-up, dispose of and/or renounce all or part of their Rights as well as apply for Excess Rights Offer Shares under the terms of the Rights Offer in accordance with the Act, Guernsey Law, the Company's constitutional documents and the Listings Requirements.

The Forms of Instruction contain details of the Rights to which Certificated JSE Shareholders and BSX Shareholders, as the case may be, are entitled, as well as the procedures for the take-up, disposal or renunciation of such Rights and/or the application for Excess Rights Offer Shares. Dematerialised JSE Shareholders will be advised by their broker or CSDP of their Rights Offer Entitlement as well as the procedure for the take-up, disposal or renunciation of such Rights and/or the application for Excess Rights Offer Shares.

2. PRE-PLACEMENT

Prior to the commencement of the Rights Offer, Pallinghurst concluded the Pre-placement, whereby the Pre-placement Participants as set out on page 31, under the terms of the Subscription Agreements subscribed for 127,752,391 Rights Offer Shares at the Rights Offer Price, for an aggregate consideration of approximately R447 million, representing 56% of the total Rights Offer Shares available in the Rights Offer.

The subscription proceeds of the Pre-placement were received by the Company on Friday, 28 August 2009.

3. UNDERWRITING

Under the terms of the Underwriting Agreements, the Underwriters have agreed to irrevocably underwrite Underwritten Shares, being 100,818,985 Rights Offer Shares and equating to approximately R353 million at the Rights Offer Price, in consideration for which the Underwriters will be paid the Underwriting Fee. Within 2 Business Days of the Second Closing Date, the Underwriters will subscribe for the Underwriters' Subscription Shares, which Shares shall be made up of the Rights Offer Shares not taken up by Shareholders in the Rights Offer.

The number of Underwriters' Subscription Shares shall be such number of the Rights Offer Shares not subscribed for or taken up by Shareholders or their renounees in the Rights Offer; provided that the maximum number of Underwriters' Subscription Shares shall be equal to the Underwritten Shares, being 100,818,985 Rights Offer Shares.

For the avoidance of doubt, the allocation of the Underwriters' Subscription Shares to the Underwriters shall take place and rank in priority to the allocation of any Excess Rights Offer Shares, being those number of Rights Offer Shares in excess of Shareholders' *pro rata* entitlements to Rights Offer Shares.

4. RIGHTS OFFER

In accordance with the Articles of Incorporation, the Company undertook to implement the Second Equity Raising to existing and prospective Shareholders on the same terms and conditions. Furthermore, whilst no rights of pre-emption exist, the Company undertook to implement the Second Equity raising *pro rata* to existing Shareholders. To this end the Board has resolved to implement the Second Equity Raising in the form of the Rights Offer.

The Rights Offer will be implemented on the JSE and in Rand only and will be made to all Shareholders who, for the avoidance of doubt, will include:

- BSX Shareholders who will be able to participate in the Rights Offer in the same manner as JSE Shareholders; and
- Remaining Shareholders who are entitled to take-up such number of Rights Offer Shares, notwithstanding that those Shares may be Conditionally Placed Rights Offer Shares subscribed for by Pre-placement Participants, equal to their Rights Offer Entitlement,

accordingly, all Shareholders will be afforded the opportunity to participate in the Rights Offer, with all Rights Offer Shares issued pursuant to the Rights Offer being listed on the JSE.

The section headed "Action required by Shareholders" sets out the action to be taken by Shareholders in relation to the Rights Offer. In addition, BSX Shareholders and Certificated JSE Shareholders are referred to the Form of Instruction which details the procedures for the take-up, disposal or the renunciation of Rights and/or the application for Excess Rights Offer Shares. Dematerialised JSE Shareholders will be advised by their broker or CSDP of the Rights to which they are entitled as well as the procedure for the take-up, disposal or renunciation of such Rights.

5. TERMS OF THE RIGHTS OFFER

Pallinghurst is seeking to raise up to R800 million through the issue of 228,571,376 Rights Offer Shares at the Rights Offer Price of R3.50 per Share. The Rights Offer Price represents a 12.00% discount to the 30-day VWAP of a Share listed on the JSE and a 15.66% discount to the closing price of a Share listed on the JSE on 8 July 2009, being the day on which the Rights Offer Price was determined.

Shareholders will have the right to subscribe for 92.452 Rights Offer Shares for every 100 Shares held by them on the Record Date, and Shareholders holding fewer than 100 Shares will receive entitlements in accordance with the table of entitlements contained in Annexure V to this Circular:

Fractional entitlements to Rights Offer Shares resulting from the Rights Offer will be rounded down to the nearest whole number if they are less than 0.5 and will be rounded up to the nearest whole number if they are equal to or greater than 0.5.

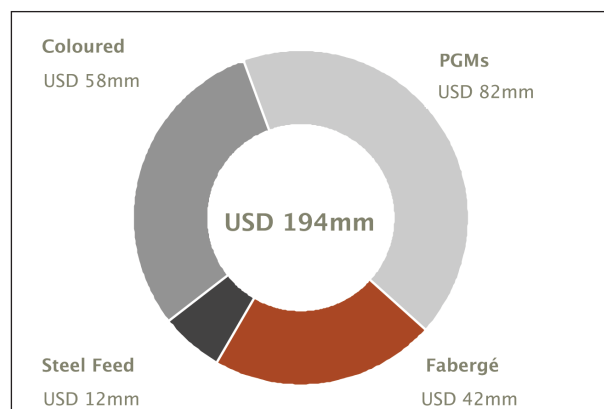
Detailed particulars of the Rights Offer are contained in paragraph 8 commencing on page 33 of this Circular.

6. RATIONALE FOR THE RIGHTS OFFER

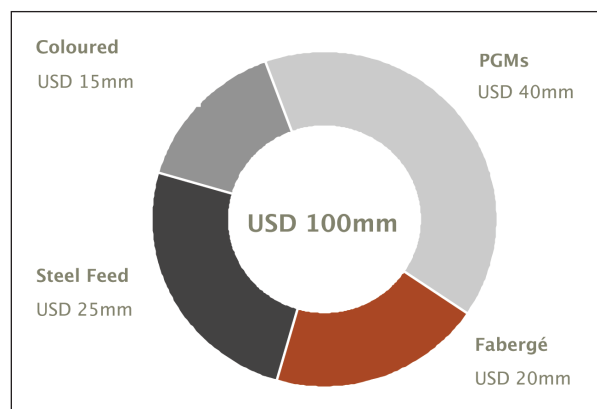
The Investment Manager has analysed the funding required from Pallinghurst and the Co-Investors to achieve the strategic objectives for each Investment platform, as more fully set out in paragraph 4 of the Revised Listing Particulars.

Illustrated below are the utilisation of Company Funds since the Company's incorporation to 31 December 2008 and the proposed utilisation of the Rights Offer proceeds for each of the four Investment platforms.

Utilisation of Company Funds to 31 December 2008



Proposed utilisation of Rights Offer proceeds^{1,2}



¹ Gross Rights Offer proceeds (based on an assumed exchange rate of R8 : USD1 and excluding transaction costs).

² The Company intends to utilise the Rights Offer proceeds for the acquisition of assets in the proportions set out above. The amounts are indicative and are based on the Investment Manager's best estimate of the funds required to achieve the strategic objectives for each Investment platform.

6.1 PGMs

The Investment Manager's PGM strategy is to consolidate the PGM Properties into a regionally optimised mining complex in the pursuit of maximising capital and operating cost efficiencies. The PGM strategy is being pursued through a unique partnership between Pallinghurst, certain Co-investors and the Bakgatla.

Since its incorporation, Pallinghurst has utilised USD82 million of Company Funds to participate in its *pro rata* entitlement to its PGM Investments. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD40 million of the Rights Offer proceeds to participate in its *pro rata* funding entitlement in pursuit of the consolidation initiative.

6.2 Steel Feed Corporation

Competition for raw material supplies (particularly iron ore, coking coal and manganese) to the global steel industry is intensifying and the major steel producers are seeking to secure their raw material supplies through equity ownership of mining companies. Pallinghurst is developing a Steel Feed Materials Investment Platform through two vehicles, Tshipi and Jupiter, for the supply of mainly manganese and also iron ore. This strategy is at an early stage of development. Regardless, Posco, a Pallinghurst co-investor and one of the world's largest steel companies, has recently invested in each of these vehicles.

Since incorporation, Pallinghurst has utilised USD12 million of Company Funds to acquire See-Through Interests in Tshipi and Jupiter. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD25 million of the Rights Offer proceeds to participate in its *pro rata* entitlement to fund the potential development of Tshipi into a world-class manganese producer and of Jupiter into an iron ore producer in the Central Yilgarn area of Western Australia.

6.3 Coloured Gemstones

Pallinghurst has identified the coloured gemstone industry as having attractive dynamics and prospects. The coloured gemstone industry has historically been overlooked, fragmented and undercapitalised. This presents a unique opportunity to create an integrated coloured gemstone producer, simplifying the coloured gemstone value chain and thereby enhancing Investment returns. Pallinghurst and certain co-investors are jointly the controlling shareholder of Gemfields – one of the world's largest emerald producers. Gemfields is committed to bringing ethically produced, conflict-free coloured gemstones of certified provenance directly from the mine to the market.

Since incorporation, Pallinghurst has utilised USD58 million of the Company Funds to participate in its *pro rata* entitlement to acquire, a See-Through Interest in Gemfields. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD15 million of the Rights Offer proceeds to participate in the Company's *pro rata* entitlement in identified acquisition and development initiatives.

6.4 Fabergé

The Fabergé brand name is one of the most revered names in history and to this day remains synonymous with artistry and craftsmanship of the highest order. The Investment Manager facilitated the acquisition by the Company and certain Co-investors of their *pro rata* entitlement to the global portfolio of trademarks, licenses and associated rights relating to the Fabergé brand name from Unilever.

Since its incorporation, Pallinghurst has utilised USD42 million of the Company Funds to participate in its *pro rata* entitlement to acquire a See-Through Interest in Fabergé, to develop the Fabergé brand and to create the first new Fabergé jewellery collection since 1917.

Following the implementation of the Rights Offer, the Company intends to utilise approximately USD20 million of the Rights Offer proceeds to participate in its *pro rata* entitlement to fund Fabergé inventory build-up and product development.

As detailed above, the Rights Offer proceeds will be used by the Company to follow its *pro rata* entitlement to acquire further interests in its Investment platforms, and then in turn by the Investment platforms to execute their respective investment strategies.

Should the Company not fund its *pro rata* entitlement, the Company will suffer dilution in relation to the Co-Investors, at relatively modest valuations, which the Directors and Investment Manager believe would not be in the best interests of the Company and Shareholders.

7. SALIENT STATISTICS OF THE RIGHTS OFFER

Rights Offer Price	R3.50
Number of Shares in issue on the Last Practicable Date	247,232,484
Number of Shares to be issued pursuant to the Rights Offer ¹	228,571,376
Number of Shares in issue immediately following completion of the Rights Offer ¹	475,803,860

	Shares	Rand
Gross Rights Offer proceeds receivable by the Company before expenses	228,571,376	800 million
Subscriptions and commitments received	228,571,376	800 million
Pre-placement Participants	127,752,391	447 million
Underwriters' Commitment	100,818,985	353 million

¹ Assuming all Rights Offer Shares are taken-up and/or otherwise allocated in the Rights Offer.

8. APPLICATIONS FOR EXCESS RIGHTS OFFER SHARES

Excess Rights Offer Shares may be applied for by Shareholders. Rights Offer Shares not subscribed for under the Pre-placement, taken-up during the Rights Offer and/or allocated to the Underwriters, as the case may be, will be available to Shareholders who wish to apply for Excess Rights Offer Shares.

The right to apply for Excess Rights Offer Shares is transferable on renunciation.

Dematerialised JSE Shareholders who wish to apply for Excess Rights Offer Shares should instruct their broker or CSDP in terms of the custody agreement entered into between them and their broker or CSDP, as to the number of Excess Rights Offer Shares for which they wish to apply.

Certificated JSE Shareholders and BSX Shareholders who wish to subscribe for Excess Rights Offer Shares should indicate their intention in their respective Forms of Instruction.

An announcement will be released on SENS on or about Tuesday, 29 September 2009, containing the results of the Rights Offer and the basis of allocation of any Excess Rights Offer Shares for which application is made.

The pool of Rights Offer Shares available to meet Excess Rights Offer Share applications will be dealt with as follows:

- Rights Offer Shares available for allocation to Excess Rights Offer Share applicants (whether during the Pre-placement or the Rights Offer) will be allocated by the Directors in an equitable manner, the Directors' decision being final and binding; and

- Excess Rights Offer Shares will only be available for allocation to Excess Rights Offer Share applicants in the event of and to the extent that the number of Rights Offer Shares is greater than the aggregate of the number of Rights Offer Shares and Underwriters' Subscription Shares taken-up by Shareholders and/or their renounees and the Underwriters, as the case may be, following the Second Closing Date. For the avoidance of doubt, the applications for Excess Rights Offer Shares will rank equally with the subscriptions for Conditionally Placed Rights Offer Shares.

Cheques and/or refunding of monies in respect of unsuccessful applications for Excess Rights Offer Shares by Certificated JSE Shareholders will be posted to the relevant applicants, at their risk, on or about Friday, 2 October 2009 and Dematerialised JSE Shareholders will have their accounts at their broker or CSDP credited on/or about such date. Interest shall not be paid on monies received in respect of unsuccessful applications for Excess Rights Offer Shares received from Remaining Shareholders. Pre-placement Participants who have subscribed for Conditionally Placed Rights Offer Shares in the Pre-placement shall receive interest on monies received in respect of unsuccessful applications for Conditionally Placed Rights Offer Shares at a rate equal to the Investec Call Deposit Rate from (and including) the date monies are received to (and excluding) the Second Closing Date.

9. FOREIGN RESTRICTIONS

Rights Offer Shares will not be registered under the securities laws of Canada or the United States. Accordingly, Rights Offer Shares are not being offered to Shareholders with registered addresses in those countries, as such, this Circular has been sent for information purposes only. In this regard, the approval of the Registrar in terms of section 142(2)(a) of the Act has been obtained. Rights attributable to such Shareholders will, if a premium can be obtained over the costs associated with a disposal, be disposed of on the JSE for the benefit of such Shareholders as soon as practicable. However, if the net proceeds of such disposal is less than R20.00, it will be retained for the benefit of Pallinghurst. No Form of Instruction will be sent to Shareholders who have registered addresses in Canada or the United States, unless, in certain circumstances, Pallinghurst deems it that such a Shareholder has satisfied the Company that an allotment is allowed under permissible exemption to the securities laws referred to above.

For the purposes of the above, "United States" means the United States of America (including the States and District of Columbia), its territories, its possessions and all areas subject to its jurisdiction and "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States and an estate or trust, the income of which is subject to United States Federal Income Taxation, regardless of its source.

This Circular does not incorporate an offer in any jurisdiction in which it is illegal to make it, and, in those circumstances, this Circular and any attached Form of Instruction has been sent for information purposes only.

10. FINANCIAL EFFECTS OF THE RIGHTS OFFER

A summary of the unaudited *pro forma* financial effects after the implementation of the Rights Offer is set out in the table below. In this context, it has been assumed that the Rights Offer was implemented with effect from 1 January 2008 and 31 December 2008 for income statement and balance sheet purposes, respectively. The Directors are responsible for the preparation of the unaudited *pro forma* financial effects. The *pro forma* financial effects set out below and the unaudited *pro forma* income statement and balance sheet of Pallinghurst (attached in Annexure II to this Circular) have been presented for illustrative purposes only and may, because of their nature, not give a fair reflection of Pallinghurst's results, financial position and changes in equity post the implementation of the Rights Offer:

	Before Rights Offer¹ (USD)	After Rights Offer^{2,3} (USD)	Change (%)
Loss per share	(0.19)	(0.10)	48.04
Headline loss per share	(0.19)	(0.10)	48.04
NAV per share	0.65	0.54	(16.95)
Tangible NAV per share	0.65	0.54	(16.95)
Number of Shares in issue	247,232,484	475,803,860 ⁴	92.45

Notes:

¹ The figures in the "Before Rights Offer" column have been extracted without adjustment from the published audited results for the year ended 31 December 2008.

² Transaction costs of approximately USD4,430,000, as set out in paragraph 26 on page 45 of this Circular have been taken into account against share premium as costs directly attributable to the issue of Shares.

³ Assuming the Company raises R800 million before expenses (approximately USD100 million based on an assumed exchange rate of R8 : USD1).

⁴ Assuming all 228,571,376 Rights Offer Shares are issued.

QUESTIONS AND ANSWERS REGARDING THE RIGHTS OFFER

The questions and answers set out below are intended for general information purposes only and, as such, you should read paragraph 8 commencing on page 33 of this Circular for full particulars of the Rights Offer and what action you should take. If you are in any doubt as to what action you should take, please consult your broker, banker, CSDP, accountant, attorney or other professional advisor immediately.

1. HOW MUCH HAS BEEN RAISED IN THE PRE-PLACEMENT?

Pallinghurst has received subscriptions for 127,752,391 Rights Offer Shares from the Pre-placement Participants for a total of R447 million, representing approximately 56% of the Rights Offer. The Pre-placement Participants are listed in paragraph 6 commencing on page 30 of this Circular.

2. IS THE RIGHTS OFFER UNDERWRITTEN?

The Rights Offer is partially underwritten by the Underwriters under the terms of the Underwriting Agreements whereby the Underwriters have agreed to underwrite the issue of 100,818,985 Rights Offer Shares for an aggregate consideration of R353 million. If Remaining Shareholders, or their renounees, do not elect to take-up all of their Rights Offer Shares the Underwriters have provided irrevocable undertakings to the Company to subscribe for any such Rights which remain at the conclusion of the Rights offer up to a maximum of 100,818,985 Rights Offer Shares, for an aggregate consideration of R353 million.

3. HOW MANY RIGHTS OFFER SHARES ARE AVAILABLE FOR ACCEPTANCE BY REMAINING SHAREHOLDERS IN THE RIGHTS OFFER?

By the commencement of the Rights Offer the Company had received subscriptions from Pre-placements Participants and irrevocable commitments from the Underwriters, to collectively take-up Rights Offer Shares as follows:

	Rights Offer shares	Value (Rand)	Percentage of total Rights Offer shares
Pre-placement Participants (<i>pro rata</i> to their shareholding at the Record Date)	108,243,230	379 million	47
Excess applications by Pre-placement Participants	19,509,161	68 million	9
Underwriters	100,818,985	353 million	44
	228,571,376	800 million	100

Whilst the Rights Offer is partially underwritten, the Underwriters will only receive Rights Offer Shares in the event that Remaining Shareholders, or their renounees, elect not to take-up their Rights in accordance with their Rights Offer Entitlements.

Accordingly, Shareholders who did not participate in the Pre-placement **WILL** be able to take-up their *pro rata* Rights Offer Entitlements from the Record Date. Where a Remaining Shareholder takes-up their Rights Offer Entitlement, such Remaining Shareholder will rank in priority to any Excess Rights Offer Share applicants and the Underwriters, in order that **ALL** Remaining Shareholders will be able to take-up Rights Offer Shares pursuant to their Rights Offer Entitlements.

4. IF I DO NOT PARTICIPATE IN THE RIGHTS OFFER, WHAT HAPPENS TO MY RIGHTS?

Rights which are not taken-up, renounced or traded in the Rights Offer will be allocated as follows at the conclusion of the Rights Offer:

- 4.1 to the Underwriters, up to maximum of 100,818,985 Rights Offer Shares; thereafter
- 4.2 to Shareholders who have applied for Excess Rights Offer Shares (including Conditionally Placed Rights Offer Shares).

5. HOW DO I PARTICIPATE IN THE RIGHTS OFFER?

Shareholders will be able to take-up their Rights Offer Entitlement as determined on the Record Date. Remaining Shareholders who are Dematerialised JSE Shareholders will have their safe custody accounts at their broker or CSDP credited with their Letter of Allocation and should timeously instruct their broker or CSDP as to whether they wish to participate in the Rights Offer in accordance with the terms of the custody agreement entered into between them and their broker or CSDP. Certificated Shareholders and BSX Shareholders must complete the Form of Instruction and return it to the South African Transfer Secretary in accordance with the instructions thereon.

6. I UNDERSTAND THAT THERE IS A PERIOD WHERE THERE IS TRADING IN THE LETTERS OF ALLOCATION, WHAT DOES THIS MEAN?

Letters of Allocation representing Rights to participate in the Rights Offer will be listed and will be tradable on the JSE with effect from 09h00 on 31 August 2009. The price you may receive for your Rights will vary with market conditions and will be determined on a willing buyer, willing seller basis. It is important to note that the market price for Letters of Allocation may be different to the Rights Offer Price.

The value of the Letters of Allocation should reflect the difference between the market price of Shares ex-Rights and the Rights Offer Price (allowing for any applicable brokerages and commissions and amounts in respect of VAT). It is possible that you may receive little or no proceeds from the sale of some or all of your Letters of Allocation should the market price of the Rights Offer Shares fall below the Rights Offer Price, thus reducing the discount at which the Rights Offer Shares are issued.

7. AS A BSX SHAREHOLDER, WILL I BE ABLE TO FOLLOW MY RIGHTS ON THE BSX?

No. The Rights Offer is only being implemented on the JSE. To afford BSX Shareholders the same rights and opportunities as those afforded to JSE Shareholders, BSX Shareholders will have a Letter of Allocation created in electronic form with Computershare Nominees (Proprietary) Limited. BSX Shareholders who follow their Rights shall receive Dematerialised Shares listed on the JSE which they may, at their discretion and subject to Exchange Control Regulations, transfer to the BSX Register.

You should complete the enclosed Form of Instruction with instructions regarding your Rights in terms of the Rights Offer; which completed Form of Instruction, together with payment (if applicable) should reach the South African Transfer Secretary in accordance with the instructions contained therein.

SALIENT DATES AND TIMES

2009

Finalisation date announcement released on SENS	Friday, 21 August
Last date to trade in Shares on the JSE for settlement by the Record Date and to be recorded as a Shareholder	Friday, 28 August
Shares trade ex Rights Offer Entitlement on the JSE	Monday, 31 August
Listing and trading of Letters of Allocation on the JSE from the commencement of trade on Record Date	Monday, 31 August Friday, 4 September
Issue of Firm Placed Rights Offer Shares to Firm Placees	Monday, 7 September
Listing and trading on the JSE of Firm Placed Rights Offer Shares commences at 09h00 on	Monday, 7 September
Dematerialised JSE Shareholders' accounts at their broker or CSDP credited with their Rights Offer Entitlement	Monday, 7 September
Certificated JSE Shareholders and BSX Shareholders have their Rights Offer Entitlement created in electronic form and held at Computershare Nominees (Proprietary) Limited	Monday, 7 September
Rights Offer opens at 09h00 on	Monday, 7 September
Circular including a Form of Instruction, where applicable, Mailed to Shareholders	Monday, 7 September
Last date to trade in the Letters of Allocation on the JSE for settlement by 12h00 on Monday, 28 September 2009	Friday, 18 September
Listing of Rights Offer Shares on the JSE at 09h00 on	Monday, 21 September
Payment and Forms of Instruction to be received by the South African Transfer Secretary by 12h00 on	Monday, 28 September
Rights Offer closes at 12h00 on	Monday, 28 September
Record date for the Letters of Allocation	Monday, 28 September
Results of Rights Offer and basis of allocations of Excess Rights Offer Shares released on SENS	Tuesday, 29 September
Expected date on which Share certificates are Mailed to Certificated Shareholders	Tuesday, 29 September
Expected date on which the relevant brokers or CSDPs are updated with their Rights Offer Shares and debited with the costs of the purchase in respect of Dematerialised JSE Shareholders	Tuesday, 29 September
Underwriters subscribe for the Underwriters' Subscription Shares	Wednesday, 30 September
Excess Rights Offer Shares allocated	Wednesday, 30 September
Conditional Placees are refunded the portion of their subscription proceeds relating to Conditionally Placed Rights Offer Shares taken up by the Remaining Shareholders pursuant to the Rights Offer and applicants for Excess Rights Offer Shares are refunded that portion of their application proceeds relating to Excess Rights Offer Shares not issued to them	Friday, 2 October

Notes:

¹ Dematerialised JSE Shareholders are required to notify their duly appointed broker or CSDP of their participation in the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between the Dematerialised JSE Shareholder and his/her broker or CSDP.

- ² BSX Shareholders and Certificated JSE Shareholders must complete the relevant Form of Instruction, which Form of Instruction, must reach the South African Transfer Secretary in accordance with the instructions contained therein.
- ³ No Shares may be Dematerialised or re-materialised from the commencement of trade on Monday, 31 August 2009 to Friday, 4 September 2009.
- ⁴ No transfers of Shares between the JSE Register and the BSX Register may take place from the commencement of trade on Monday, 31 August 2009 to Monday, 28 September 2009.
- ⁵ CSDPs effect payment on a delivery of scrip versus payment method in respect of Dematerialised Shareholders.
- ⁶ These dates and times may be subject to further change. All such changes will be announced on SENS.
- ⁷ Above times are South African times.

DEFINITIONS

In this Circular unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meaning ascribed to them in the second column, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other, expressions denoting natural persons include juristic persons and associations of persons.

"Abort Costs"	means the aggregate amount of costs and expenses (including for the avoidance of doubt travel expenses) or, if investing together with any Co-Investors, the <i>pro rata</i> share of such costs and expenses, in connection with proposals for potential Investments pursued by the Company which do not proceed to completion;
"Accounting Date"	means 31 December of each year and/or the date on which the Company is wound up;
"Accounting Period"	means a period commencing on the day following the preceding Accounting Date and ending on and including the immediately preceding Accounting Date;
"Acquisition Costs"	means the aggregate of all acquisition costs of an Investment together with any duties (including, without limitation, stamp duties), fees, costs and expenses (including, for the avoidance of doubt, travel expenses) related to such Investment, including finance charges (if any), payable by the Company or, if investing together with any Co-Investors, the Company's <i>pro rata</i> share of such duties, fees, costs and expenses;
"Ad hoc Expenses"	means all costs and expenses reasonably incurred in the conduct of the business of the Company including, but not limited to: (a) legal fees and litigation costs; (b) taxes, duties, penalties and government charges; (c) external consultant fees; (d) the Company's <i>pro rata</i> share (if any) of any costs associated with an Investment, including Acquisition Costs, Disposal Costs and Abort Costs; and (e) payments under the indemnity provisions as set out in paragraph 17.1, the section headed "General Information – Indemnities" of Annexure VI to this Circular; but excluding, for the avoidance of doubt, the Annual Operating Expenses;
"Act"	means the South African Companies Act, 1973 (Act 61 of 1973), as amended;
"Administrator and Secretary"	means such administrator of international repute as may be selected by the Directors to be the administrator of the Company, currently being Legis Fund Services Limited;
"Aggregate Proceeds"	means the aggregate cash proceeds received by the Company from the Realisation of Investments (net of any Disposal Costs) and all income less expenses, losses or other charges against the Company that do not arise from the Realisation of Investments plus any of the Company's Funds not used for Investments or set aside to fund the Company's Expenses during the Investment Term;
"AIM"	means the Alternative Investment Market of the LSE;
"Approved Investment"	means the effective shareholding in Fabergé Limited;
"Annual Investment Manager's Benefit"	means the annual management benefit received by the Investment Manager as set out in paragraph 3 of the section headed "Expenses, Fees and Investment Manager's Benefits" of Annexure VI to this Circular;

“Annual Operating Expenses”	<p>means all costs and expenses reasonably incurred by the Company including, but not limited to:</p> <ul style="list-style-type: none"> (a) Administrator and Secretary’s fees; (b) printing and distribution expenses; (c) auditor’s fees; (d) costs of providing directors and officers insurance to the Directors for their services in relation to the Company; (e) Independent Valuer(s) fees; (f) tax and regulatory certificates; (g) regulatory fees; (h) annual sponsor and listing fees; (i) public relation fees; and (j) bank charges, <p>but excluding, for the avoidance of doubt, the Annual Investment Manager’s Benefit, Abort Costs and Acquisition Costs;</p>
“Articles of Incorporation”	means the articles of incorporation of the Company as amended or replaced from time to time;
“ASX”	means the Australian Stock Exchange Limited;
“AUD”	means Australian Dollars, the lawful currency of Australia;
“Bakgatla”	means the Bakgatla-Ba-Kgafela Tribe, a <i>universitas personarum</i> , being a traditional community and tribe established according to indigenous custom, who own land and mineral rights in the BIC;
“BFS”	means bankable feasibility study;
“BIC”	means the Bushveld Igneous Complex of South Africa, a geological structure that is estimated to contain approximately 88% of the world’s platinum reserves;
“Boynton”	means Boynton Investments (Proprietary) Limited (registration number 2000/002572/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“Brownfields Opportunities”	means opportunities related to abandoned operations or producing assets which may be expanded, improved or strategically repositioned;
“BSX Register”	means the register of Shareholders whose Shares are traded on the BSX and which register is maintained by the Administrator and Secretary in Guernsey;
“BSX Shareholders”	means Shareholders registered on the BSX Register, maintained by the Administrator and Secretary;
“BSX”	means the Bermuda Stock Exchange;
“Business Day”	means a day other than a Saturday, Sunday or official public holiday in South Africa;
“CAD”	means Canadian Dollars, the lawful currency of Canada;
“Cause”	<p>means:</p> <ul style="list-style-type: none"> (a) fraud; or (b) wilful misconduct; or (c) gross negligence; or (d) bad faith; or (e) reckless disregard for a person’s obligations and duties, <p>which, in each case, has a material effect on the Company and/or its Shareholders;</p>

“Certificated Shares”	means Shares which are held and represented by a Share certificate or other Documents of Title, which Shares have not been Dematerialised in terms of the requirements of Strate;
“Certificated Shareholder”	means a holder of Certificated Shares;
“Certificated JSE Shareholder”	means a holder of Certificated Shares on the JSE;
“Circular”	means this circular to Shareholders dated 7 September 2009 and the annexures hereto, including the Revised Listing Particulars and, where applicable, a Form of Instruction;
“Co-Investors”	means those parties which may, from time to time, co-invest with the Company in Investments based on their financial, strategic and/or technical expertise;
“Common Monetary Area”	means South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland;
“Company Funds”	means the aggregate amounts received by the Company from Shareholders on the Initial Closing Date up to and including the Second Closing Date;
“Conditional Places”	means Pre-placement Participants who have elected to subscribe for and have paid for Conditionally Placed Rights Offer Shares;
“Conditionally Placed Rights Offer Shares”	means those Rights Offer Shares that are Pre-placed and subscribed for by Pre-Placement Participants under the terms of the Subscription Agreements which represent Rights Offer Shares: <ul style="list-style-type: none"> – over and above their Rights Offer Entitlement; and/or – which are not Renounced Rights Offer Shares, and which are subject to take-up by the Remaining Shareholders under the terms of the Rights Offer;
“CSDP”	means a Central Securities Depository Participant as defined in the Securities Services Act;
“Dematerialise”	means the process by which Certificated Shares are converted to or held in an electronic form as uncertificated securities in terms of the Strate System of the JSE and recorded in the sub-register of Shareholders maintained by a broker or CSDP;
“Dematerialised Shares”	means Shares that have been Dematerialised;
“Dematerialised Shareholder”	means a holder of Dematerialised Shares;
“Dematerialised JSE Shareholder”	means a holder of Dematerialised Shares on the JSE;
“Directors” or “the Board”	means the board of directors of the Company, as set out in the section headed “Corporate Information” of this Circular;
“Disposal Costs”	means the aggregate amount of all duties (including, without limitation, stamp duties), fees, costs and expenses (including, for the avoidance of doubt, travel expenses) or, if investing together with any Co-Investors, the Company’s <i>pro rata</i> share of such duties, fees, costs and expenses, incurred in the Realisation of an Investment;
“Distributions”	means distributions in cash or distributions in specie of any securities to Shareholders (and “Distribution”, “Distribute” and “Distributed” shall be construed accordingly);
“Documents of Title”	means Share certificates, certified transfer deeds, balance receipts or any other documents of title to Shares;
“EFT”	means electronic funds transfer;

“Excess Rights Offer Shares”	means those Rights Offer Shares in excess of a Shareholder’s Rights Offer Entitlement which may be issued to Shareholders who have applied for such Shares;
“Exchange Control”	means the department of the South African Reserve Bank responsible for administering the Exchange Control Regulations;
“Exchange Control Regulations”	means the Exchange Control regulations of South Africa issued under the Currency and Exchanges Act of 1933 (Act 9 of 1933);
“Existing Shares”	means the Shares in issue as at the Last Practicable Date;
“Fabergé Limited”	means Fabergé Limited (registration number WK-178293), an exempted limited liability company duly incorporated and registered in accordance with the laws of the Cayman Islands;
“Fair Value per Share”	means the fair value per Share of the Company as estimated by the Directors, with the valuation methodology thereof reviewed by the Independent Valuers, taking into account the calculation of the Performance Incentive;
“Firm Placed Rights Offer Shares”	means those Rights Offer Shares which are irrevocably subscribed for by Pre-placement Participants in terms of the Subscription Agreements which Rights Offer Shares represent: <ul style="list-style-type: none"> – all or some of their Rights Offer Entitlement; and/or – Renounced Rights Offer Shares, which Shares may not be taken-up by the Remaining Shareholders under the terms of the Rights Offer;
“Firm Placees”	means those Pre-placement Participants who have irrevocably subscribed for Firm Placed Rights Offer Shares under the terms of the Subscription Agreements;
“Firm Placing”	means the placing of 108,243,230 Rights Offer Shares with the Firm Placees;
“Form of Instruction”	means the enclosed printed form of instruction pertaining to a Letter of Allocation, for use by Certificated JSE Shareholders and BSX Shareholders, as the case may be, which provides for the: <ul style="list-style-type: none"> – take-up; and/or – disposal; and/or – renunciation, of the Rights embodied in the Letters of Allocation and for the application for Excess Rights Offer Shares;
“GBP”	means pounds sterling, the lawful currency of the United Kingdom;
“Gemfields”	means Gemfields plc, previously Gemfields Resources plc (registration number 05129023), a public company duly registered and incorporated in accordance with the laws of England and Wales and whose shares are listed on AIM;
“Guernsey”	means the Bailiwick of Guernsey;
“Guernsey Law”	means The Companies (Guernsey) Law, 2008, as amended from time to time together with any regulations or ordinances made thereunder;
“Hurdle”	means an amount of 8% per annum (compounded annually on the Accounting Date each year) on the net amount of the Company Funds still retained by the Company (including any amounts already compounded) and calculated on a daily basis;
“IAS”	means International Accounting Standards;
“IFRS”	means International Financial Reporting Standards;

“Initial Closing Date”	means 14 September 2007, being the initial closing date for the receipt by the Company of the Company Funds;
“Indemnified Person”	means any Director or employee of the Company, including any director(s) nominated by the Investment Manager to be a director of an Investment Vehicle and/or any of its associated entities;
“Independent Valuers”	means such independent valuer(s) of international repute as may be appointed by the Directors to be the independent valuer of the Company’s Investments;
“Investec”	means Investec Bank Limited (registration number 1969/004763/06), a public company duly registered and incorporated in accordance with the company laws of South Africa;
“Investec Call Deposit Rate”	means the rate of interest (percent per annum, calculated on a daily credit balance and compounded monthly in arrears on the last day of each month) from time to time quoted as such by Investec, as certified by any representative of Investec whose appointment and designation need not be proved;
“Investment(s)”	means any investment, asset or other interest acquired by the Company falling within the Investment Scope, including the Approved Investment, (whether for consideration in cash or securities or assets of existing Investments or otherwise) including but not limited to shares, debentures, loan stock or other securities of and loans (whether secured or unsecured) made to any body corporate or other entity;
“Investment Management Agreement”	means the agreement, as amended from time-to-time, between the Company and the Investment Manager, appointing the Investment Manager to act in the capacity as investment manager to the Company;
“Investment Manager”	means Pallinghurst (Cayman) GP L.P., an exempted limited partnership registered in the Cayman Islands;
“Investment Period”	means the period commencing on the Initial Closing Date and ending on the earliest of: <ul style="list-style-type: none"> (a) the 5th anniversary of the Initial Closing Date; or (b) the date determined pursuant to a Key Man Event which has not been resolved within the Suspension Period as defined in Appendix II headed “Material Contracts – Investment Management Agreement” to this Circular; or (c) the date on which the Company’s Funds have been fully invested in or are committed or allocated to Investments or expenses of the Company; or (d) the date on which applicable laws or regulations make it necessary to terminate the Investment Period; or (e) such date as may be recommended by the Board and approved by Shareholders in general meeting by Special Resolution;
“Investment Scope”	means the investment scope of the Company as set out in paragraph 2.2 of the Revised Listings Particulars;
“Investment Term”	means the period which commenced on the Initial Closing Date and ends on the Termination Date;
“Investment Vehicle”	means a body corporate or other entity in which the Company holds, directly or indirectly through associated entities, together with any Co-Investor, on a case-by-case basis, an Investment;
“IRR”	means internal rate of return, expressed as a percentage, being the annual compound discount rate which, when applied to a relevant series of cash flows, results in a net present value of zero;

"JSE"	means the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and licensed as an exchange under the Securities Services Act;
"JSE Shareholders"	means Shareholders registered on the South African Register and whose Shares are listed on the JSE;
"Jupiter"	means Jupiter Mines Limited, a public company duly registered and incorporated in accordance with the laws of Australia and whose shares are listed on the ASX;
"Key Man Event"	means: <ul style="list-style-type: none"> (a) Brian Gilbertson or any two of the other Key Men failing to devote substantially all of his/their professional time to the business and affairs of the Programme; or (b) the death or permanent disability of Brian Gilbertson or any two of the other Key Men; or (c) Brian Gilbertson or any two of the other Key Men, ceasing to be an executive(s) of the Investment Manager; or (d) Cause exists with respect to one or more Key Men;
"Key Men"	means each of Brian Gilbertson, Arne H. Frandsen, Sean Gilbertson, Priyank Thapliyal and any person approved as a Key Man in accordance with the terms of the Investment Management Agreement;
"Last Practicable Date"	means the last practicable date for information to be obtained prior to the finalisation of this Circular, being Thursday, 13 August 2009;
"Letters of Allocation"	means the renounceable (nil paid) letters of allocation to be issued by the Company in electronic form to each Shareholder conferring the right to subscribe for Rights Offer Shares under the terms of the Rights Offer;
"Listings Requirements"	means the listing requirements of the JSE;
"LSE"	means the London Stock Exchange plc;
"Magazynskraal"	means the early stage PGM project on Magazynskraal 3, Registration Division J.Q., North West Province, South Africa;
"Mailed" or "Mailing"	unless the context otherwise requires, shall mean the mailing by way of registered mail;
"Management Shares"	means non-redeemable shares in the Company with a par value of USD1.00 each in the share capital of the Company;
"Mindax"	means Mindax Limited, a public company duly registered and incorporated in accordance with the laws of Australia and whose shares are listed on the ASX;
"Moepi Group"	means Moepi Group (Proprietary) Limited (registration number 2001/024438/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
"Moepi Group of Companies"	means Moepi Group, its subsidiaries and associated entities of Moepi Group and/or its subsidiaries;
"NAV"	means net asset value;
"Non-Participation Undertaking"	means an undertaking provided in a Subscription Agreement by a Pre-placement Participant who is a Shareholder that it will: <ul style="list-style-type: none"> – not take-up, renounce or sell its Rights or otherwise participate in the Rights Offer in respect of the Pre-placed Shares, save to apply for Excess Rights Offer Shares; and/or

	– renounce all or a portion of its Rights in the Rights Offer in respect of its Rights Offer Entitlement in favour of such Person/s as may be notified by the Company, in accordance with the instructions of the Company in that regard, and have authorised the Directors to effect such renunciation on their behalf;
“Ntsimbintle”	means Ntsimbintle Mining (Proprietary) Limited (registration number 2004/003269/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“Oasis”	means collectively, Oasis Asset Management Limited and Oasis Crescent Capital (Proprietary) Limited, acting on behalf of and in terms of mandates provided by their clients;
“Oasis Underwritten Shares”	means 57,142,858 Rights Offer Shares in relation to which the Underwriting Commitment relates;
“Ordinary Resolution”	means a resolution, taken in accordance with the Articles of Incorporation, passed by a simple majority of Shareholders, present in person or by proxy and voting at the meeting, convened with the proper notice of the meeting having been provided to the Shareholders;
“Pallinghurst” or “the Company”	means Pallinghurst Resources Limited, previously Pallinghurst Resources (Guernsey) Limited, a public company duly registered and incorporated in accordance with Guernsey law (registration number 47656), and registered as an external company in South Africa (registration number 2009/012636/10), and whose Shares are listed on the JSE and BSX;
“Performance Incentive”	means the benefit attributable to the Investment Manager or an associated entity, as set out in the section headed “Expenses, Fees and Investment Manager’s Benefits” of Annexure VI to this Circular;
“Person”	means any individual, body corporate or corporation, limited liability company, partnership, limited partnership, limited liability partnership, trust or other legal entity;
“PGMs”	means platinum group metals including platinum, palladium, rhodium, ruthenium, iridium and osmium and the metals and minerals having a mineralogical association therewith, including gold, copper, nickel and cobalt;
“PGM Properties”	means collectively, Magazynskraal, Pilanesberg Project and Sedibelo;
“Pilanesberg Project”	means the four PGM properties held by PPM, situated in the Pilanesberg Alkaline Complex on the Western Limb of the BIC, namely Tuschenkomst 135JP, Witkleifontein 136JP, Rooderand 46JQ (portion (Ptn) 3) and Ruighoek 169JP (Ptn 2, 3, 4, 6, 9, 15 and Ptn 1 now split into RE 1, 10, 11, 12, 13 and 14);
“Platmin”	means Platmin Group Limited (registration number 610178-0), a public company duly registered and incorporated in accordance with the laws of Canada and whose shares are listed on the TSX, AIM and the JSE;
“PPM”	means Pilanesberg Platinum Mines (Proprietary) Limited (registration number 2002/015572/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“Pre-listing Statement”	means the pre-listing statement of the Company, dated 13 August 2008;
“Pre-placement”	means the pre-placement of Rights Offer Shares to Pre-placement Participants under the terms of the Subscription Agreements and “Pre-placed” shall have a corresponding meaning;

“Pre-placement Participants”	means existing Shareholders who have entered into a Subscription Agreement(s) with the Company pursuant to the Pre-placement whereby they have: <ul style="list-style-type: none"> – subscribed for Firm Placed Rights Offer Shares; and/or – subscribed for Conditionally Placed Rights Offer Shares; and/or – provided a Non-Participation Undertaking;
“Programme”	means the investment programme, managed by the Investment Manager whereby Investments falling within the Investment Scope are offered to the Company and to the Co-Investors, on a case-by-case basis;
“Prospectus”	means the prospectus of the Company, dated 5 September 2007;
“Rand” or “R”	means South African Rands, the lawful currency of South Africa;
“Realisation”	means the occurrence of any of the following events in relation to an Investment: <ul style="list-style-type: none"> – the receipt of consideration and distribution in cash or the receipt of consideration and distribution <i>in specie</i> of any securities of a capital nature; or – the unconditional completion of an agreement for the sale of the whole, or any part, of an Investment (save that where the consideration for such sale is wholly comprised of securities of a company or, where the consideration for such sale is comprised partly of securities of a company and partly of cash, in relation to that part of the consideration comprised of securities, there shall be no Realisation for the purposes of this sub-paragraph; or – the receipt of any deferred consideration (other than that of an income nature) or the release of a provision in either case arising from a previous Realisation of the whole, or any part, of an Investment; or – the redemption of any securities of a company which is the subject of an Investment (other than any redemption of such securities which is made solely in connection with any other event constituting a Realisation); or – the winding up or dissolution of any entity in which an Investment is held, and “Realised” shall be interpreted accordingly;
“Record Date”	means close of business on Friday, 4 September 2009, being the last day for Shareholders to be recorded in the Registers in order to be entitled to participate in the Rights Offer;
“Redemption Date”	means the date of compulsory redemption of the Shares, being the date one calendar month after the Termination Date, subject to all Investments having been liquidated and/or Distributed;
“Registers”	means, collectively, the South African Register and the BSX Register;
“Registrar” or “Registrar of Companies”	means the Registrar of Companies in South Africa;
“Remaining Shareholders”	means those Shareholders that are not Pre-placement Participants and those Shareholders that are Pre-placement Participants who have not subscribed for their full Rights Offer Entitlement in the Pre-placement and have not provided a Non-Participation Undertaking in respect of the remaining portion of their Rights Offer Entitlement;
“Renounced Rights Offer Shares”	means the portion(s) of Rights Offer Entitlements to which Pre-placement Participant(s) are entitled to but which are not taken up by the Pre-placement Participants and in respect of which Non-Participation Undertakings have been provided;
“Revised Listing Particulars”	means the revised listing particulars of the Company, set out in Annexure VI to this Circular and all appendices thereto;

“Right”	means the renounceable right to subscribe for Rights Offer Shares under the terms of the Rights Offer;
“Rights Offer”	means the renounceable rights offer by Pallinghurst to raise gross proceeds of up to R800 million, through issuing the Rights Offer Shares at the Rights Offer Price, to be extended to Shareholders in the ratio of 92.452 Rights Offer Shares for every 100 Shares held on the Record Date, and includes the subscription and issue of Rights Offer Shares in terms of the Pre-placement;
“Rights Offer Entitlement”	means a Shareholder's <i>pro rata</i> entitlement to participate in the Rights Offer as reflected in its Letter of Allocation;
“Rights Offer Price”	means the subscription price of R3.50 per Rights Offer Share;
“Rights Offer Shares”	means 228,571,376 Shares, including, for the avoidance of doubt, the Firm Placed Rights Offer Shares and the Conditionally Placed Rights Offer Shares;
“RRR”	means Red Rock Resources plc, a public company duly registered and incorporated in accordance with the laws of England and Wales and whose shares are listed on AIM;
“Second Equity Raising”	means the equity raising, after the Initial Closing Date, to be undertaken at the option of the Directors in the form of the Rights Offer to existing Shareholders and prospective investors on the same terms and conditions, to raise additional Company Funds;
“Second Closing Date”	means Monday, 28 September 2009, being the closing date for the receipt of payment and Forms of Instruction by the South African Transfer Secretary, under the terms of the Rights Offer;
“Securities Services Act”	means the Securities Services Act, 2004 (Act 36 of 2004), of South Africa;
“Sedibelo”	means, collectively, the PGM properties held by Itereleng Bakgatla Minerals Resources (Proprietary) Limited, situated in the Pilanesberg Alkaline Complex on the Western Limb of the BIC, namely: the farm Koedoesfontein 42, Registration Division JQ; the farm Legkraal 45, Registration Division JQ; Portion 1 of the farm Rooderand 46, Registration Division JQ; and the farm Wilgerspruit 2, Registration Division JQ;
“See-Through Interest”	means an indirect effective shareholding;
“SENS”	means the Securities Exchange News Service of the JSE;
“Shareholders”	means the registered holders of Shares, recorded in the Registers as such on the Record Date;
“Shares”	means ordinary shares with a par value of USD0.00001 each in the capital of the Company;
“South Africa”	means the Republic of South Africa;
“South African Register”	means the register of Shareholders whose Shares are listed on the JSE and which register is maintained by the South African Transfer Secretary;
“South African Transfer Secretary”	means Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Special Resolution”	means a resolution taken in accordance with the Articles of Incorporation, passed by a majority of not less than three-quarters of the votes of the Shareholders, present in person or by proxy and voting at the meeting, convened with the proper notice of the meeting having been provided to Shareholders;
“SPV”	means a special purpose vehicle;

“Subscription Agreements”	means agreements entered into between Pallinghurst and the Pre-placement Participants, under the terms of which Pre-placement Participants have subscribed and paid for Firm Placed Rights Offer Shares, and/or the Conditionally Placed Rights Offer Shares and/or provided Non-Participation Undertakings, as the case may be;
“Strate System”	means the clearing, custody and settlement environment system for securities transactions to be settled and for the transfer of ownership to be recorded electronically, as managed by Strate;
“Temporary Investments”	means any Investment which is Realised, in whole or in part, within 12 months of its acquisition by the Company (and for these purposes the date of acquisition will be the date on which the Investment is legally or beneficially transferred and held for the account of the Company), which shall include, but shall not be limited to, Underwritten Investments (provided that the syndication of such Underwritten Investments occurs within 12 months of such Investment being made);
“Termination Date”	means: (a) the 10th anniversary of the Initial Closing Date; or (b) the 11th anniversary of the Initial Closing Date; or (c) the 12th anniversary of the Initial Closing Date, as the case may be, pursuant to the applicable resolution, if required, being passed by the requisite majority of Shareholders in general meeting as described set out in the section headed “Sale Arrangements and Redemptions” of Annexure VI to this Circular;
“TSX”	means the Toronto Stock Exchange;
“Transaction Receipts”	means any of the following which are received by the Investment Manager: (a) all advisory, agency fees and monitoring fees payable by an Investment Vehicle which are directly referable to the Company’s Investment in such Investment Vehicle; (b) all break fees payable in connection with a potential Investment which does not proceed to completion; (c) all underwriting fees payable in connection with the underwriting of Underwritten Investments; and (d) all other fees, commissions and amounts including arrangement fees and exit fees which are directly referable to the Company’s Investment in an Investment Vehicle, provided that all directors’ fees and benefits payable in connection with the appointment of a nominated director or reimbursement of costs related to an Investment Vehicle paid by the Investment Manager shall not be deemed Transaction Receipts and may be retained in full by the Investment Manager;
“Transfer Secretaries”	means collectively, the Administrator and Secretary and the South African Transfer Secretary;
“Trinity”	means Trinity Asset Management (Proprietary) Limited acting on behalf of and in terms of mandates provided by its clients;
“Trinity Underwritten Shares”	means 43,676,127 Rights Offer Shares in relation to which the Underwritten Commitment relates;
“Trust”	means a trust declared and registered before the Initial Closing Date known as The Pallinghurst (Guernsey) Charitable Trust, which Trust may facilitate the purchase and sale of Shares;
“Tshipi”	means Tshipi é Ntle Manganese Mining (Proprietary) Limited (registration number 2008/003117/07), a private company duly registered and incorporated in accordance with the laws of South Africa;

“Underwriters”	means collectively, Oasis and Trinity;
“Underwriters’ Subscription Shares”	means the number of Underwritten Shares which the Underwriters are obliged to subscribe for in terms of the Underwriting Agreements, being the number of Rights Offer Shares that are not taken-up by Shareholders in the Rights Offer; if any, provided that the maximum number of Underwriters’ Subscription Shares shall be limited to the number of Underwritten Shares;
“Underwriting Agreements”	means the underwriting agreements dated 24 July 2009 and 6 August 2009, entered into by Pallinghurst with Oasis and Trinity respectively;
“Underwriting Commitment”	means R352,866,448.00, being the maximum aggregate Rights Offer proceeds that could be payable by the Underwriters to the Company for the Underwriters’ Subscription Shares;
“Underwriting Fee”	means the amount payable by the Company to the Underwriters following the Second Closing Date in consideration for providing the Underwriting Commitment, being R10,585,993.44, which is 3% of the Underwriting Commitment;
“Underwritten Investments”	means any Investment in an Investment Vehicle made with a view to its subsequent syndication;
“Underwritten Shares”	means the Oasis Underwritten Shares and the Trinity Underwritten Shares, being collectively 100,818,985 Rights Offer Shares;
“Unrealised Investment(s)”	means any Investment which has not been the subject of a Realisation or the unrealised portion of a partial Realisation of an Investment;
“USD”	means United States Dollars, the lawful currency of the United States of America;
“Valuation Guidelines”	means the valuation guidelines contained in the International Private Equity and Venture Capital Valuation Guidelines, which became effective from 1 January 2005 (as amended, supplemented or replaced from time to time);
“VAT”	means South African value-added tax, levied in terms of the Value-Added Tax Act (89 of 1991), as amended; and
“VWAP”	means Volume Weighted Average Price.

PALLINGHURST

RESOURCES

PALLINGHURST RESOURCES LIMITED

(Previously Pallinghurst Resources (Guernsey) Limited)

(Incorporated in Guernsey)

(Guernsey registration number 47656)

(South African registration number 2009/012636/10)

Share code on the BSX: PALLRES ISIN: GG00B27Y8Z93

Share code on the JSE: PGL

CIRCULAR TO SHAREHOLDERS

I. INTRODUCTION

Since its incorporation, Pallinghurst, in conjunction with its Co-investors, has utilised the Company Funds, raised prior to the Second Equity Raising, to establish four unique Investment platforms, as are set out in greater detail in paragraph 4 of the Revised Listing Particulars. The Directors and the Investment Manager believe that each Investment platform is well positioned to achieve the strategic objectives that were set out for each Investment at the time of the Company's initial investment therein.

At 31 December 2008, the Company had utilised approximately USD198 million of the Company Funds of USD204 million. The Investment platforms presently require further funding to pursue their strategic objectives. Without the raising of additional Company Funds, Pallinghurst will be unable to participate in its *pro rata* funding entitlement in relation to each Investment platform. The Directors and the Investment Manager believe that the dilution by the Company in the Investment platforms, at their current stage of development and at relatively modest valuations, would not be in the best interests of the Company and Shareholders.

The Prospectus and Pre-Listing Statement indicated that the Directors may elect to raise additional Company Funds within the 36 month period from the Initial Closing Date. To facilitate the Company's participation in each Investment platform, the Directors have resolved to implement the Second Equity Raising in the form of the Rights Offer. The Rights Offer seeks to raise up to R800 million through the issue of up to 228,571,376 Rights Offer Shares at the Rights Offer Price of R3.50 per Rights Offer Share in the Rights Offer Ratio of 92.452 Rights Offer Shares for every 100 Shares held on the Record Date.

This Circular and the accompanying Forms of Instruction (if applicable) serve to:

- provide Shareholders with information pertaining to the Rights Offer; and
- enable Shareholders to take-up, dispose of and/or renounce all or part of their Rights as well as to apply for Excess Rights Offer Shares under the terms of the Rights Offer in accordance with the Act, Guernsey Law, the Company's constitutional documents and the Listings Requirements.

The Forms of Instruction contain details of the Rights to which Certificated JSE Shareholders and BSX Shareholders, as the case may be, are entitled, as well as the procedures for the take-up, disposal or renunciation of such Rights and/or the subscription for Excess Rights Offer Shares. Dematerialised JSE Shareholders will be advised by their broker or CSDP of their Rights Offer Entitlement as well as the procedure for the take-up, disposal or renunciation of such Rights and/or the application for Excess Rights Offer Shares.

2. PRE-PLACEMENT

Prior to the commencement of the Rights Offer, Pallinghurst concluded the Pre-placement, whereby the Pre-placement Participants, under the terms of the Subscription Agreements subscribed for 127,752,391 Rights Offer Shares at the Rights Offer Price, for an aggregate consideration of approximately R447 million representing 56% of the total Rights Offer Shares available in the Rights Offer.

The subscription proceeds of the Pre-placement were received by the Company on Friday, 28 August 2009.

3. UNDERWRITING

Under the terms of the Underwriting Agreements, the Underwriters have agreed to irrevocably underwrite Underwritten Shares, being 100,818,985 Rights Offer Shares and equating to approximately R353 million at the Rights Offer Price, in consideration for which the Underwriters will be paid the Underwriting Fee. Within two Business Days of the Second Closing Date, the Underwriters will subscribe for the Underwriters' Subscription Shares, which Shares shall be made up of the Rights Offer Shares not taken up by Shareholders in the Rights Offer.

The number of Underwriters' Subscription Shares shall be such number of the Rights Offer Shares not subscribed for or taken up by Shareholders or their renoucees in the Rights Offer; provided that the maximum number of Underwriters' Subscription Shares shall be equal to the Underwritten Shares, being 100,818,985 Rights Offer Shares. For the avoidance of doubt, the allocation of the Underwriters' Subscription Shares to the Underwriters shall take place and rank in priority to the allocation of any Excess Rights Offer Shares, being those number of Rights Offer Shares in excess of Shareholders' *pro rata* entitlements to Rights Offer Shares.

4. RIGHTS OFFER

In accordance with the Articles of Incorporation, the Company undertook to implement the Second Equity Raising to existing and prospective Shareholders on the same terms and conditions. Furthermore, whilst no rights of pre-emption exist, the Company undertook to implement the Second Equity raising *pro rata* to existing Shareholders. To this end the Board has resolved to implement the Second Equity Raising in the form of the Rights Offer.

The Rights Offer will be implemented on the JSE and in Rand only and will be made to all Shareholders who, for the avoidance of doubt, will include:

- BSX Shareholders who will be able to participate in the Rights Offer in the same manner as JSE Shareholders; and
- Remaining Shareholders who are entitled to take-up such number of Rights Offer Shares, notwithstanding that those Shares may be Conditionally Placed Rights Offer Shares subscribed for by Pre-placement Participants, equal to their Rights Offer Entitlement,

accordingly, all Shareholders will be afforded the opportunity to participate in the Rights Offer, with all Rights Offer Shares issued pursuant to the Rights Offer being listed on the JSE.

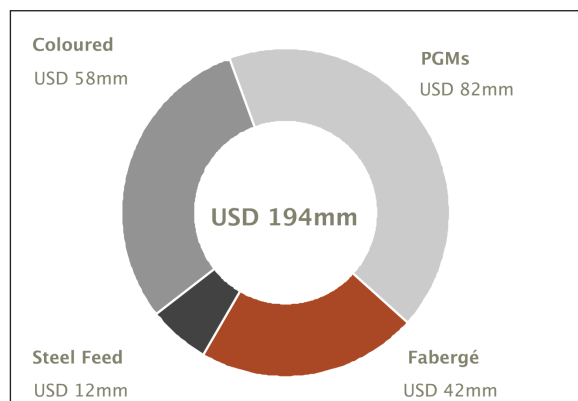
The section headed "Action required by Shareholders" sets out the action to be taken by Shareholders in relation to the Right Offer. In addition, BSX Shareholders and Certificated JSE Shareholders are referred to the Form of Instruction which details the procedures for the take-up, disposal or the renunciation of Rights and/or the application for Excess Rights Offer Shares. Dematerialised JSE Shareholders will be advised by their broker or CSDP of the Rights to which they are entitled as well as the procedure for the take-up, disposal or renunciation of such Rights.

5. RATIONALE FOR THE RIGHTS OFFER

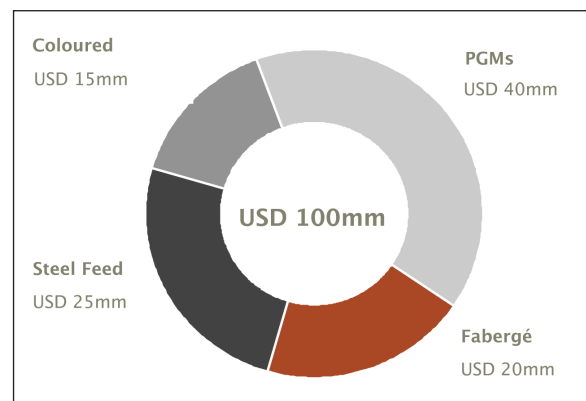
The Investment Manager has analysed the funding required from Pallinghurst and the Co-Investors to achieve the strategic objectives for each Investment platform, as more fully set out in paragraph 4 of the Revised Listing Particulars.

Illustrated below are the utilisation of Company Funds since the Company's incorporation to 31 December 2008 and the proposed utilisation of the Rights Offer proceeds for each of the four Investment platforms.

Utilisation of Company Funds to 31 December 2008



Proposed utilisation of Rights Offer proceeds^{1,2}



¹ Gross Rights Offer proceeds (based on an assumed exchange rate of R8 : USD1 and excluding transaction costs).

² The Company intends to utilise the Rights Offer proceeds for the acquisition of assets in the proportions set out above. The amounts are indicative and are based on the Investment Manager's best estimate of the funds required to achieve the strategic objectives for each Investment platform.

5.1 PGMs

The Investment Manager's PGM strategy is to consolidate the PGM Properties into a regionally optimised mining complex in the pursuit of maximising capital and operating cost efficiencies. The PGM strategy is being pursued through a unique partnership between Pallinghurst, certain Co-investors and the Bakgatla.

Since its incorporation, Pallinghurst has utilised USD82 million of Company Funds to participate in its *pro rata* entitlement to its PGM Investments. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD40 million of the Rights Offer proceeds to participate in its *pro rata* funding entitlement in pursuit of the consolidation initiative.

5.2 Steel Feed Corporation

Competition for raw material supplies (particularly iron ore, coking coal and manganese) to the global steel industry is intensifying and the major steel producers are seeking to secure their raw material supplies through equity ownership of mining companies. Pallinghurst is developing a Steel Feed Materials Investment Platform through two vehicles, Tshipi and Jupiter, for the supply of mainly manganese and also iron ore. This strategy is at an early stage of development. Regardless, Posco, a Pallinghurst co-investor and one of the world's largest steel companies, has recently invested in each of these vehicles.

Since incorporation, Pallinghurst has utilised USD12 million of Company Funds to acquire a See-Through Interest in Tshipi and Jupiter. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD25 million of the Rights Offer proceeds to participate in its *pro rata* entitlement to fund the potential development of Tshipi into a world-class manganese producer and of Jupiter into an iron ore producer in the Central Yilgarn area of Western Australia.

5.3 Coloured Gemstones

Pallinghurst has identified the coloured gemstone industry as having attractive dynamics and prospects. The coloured gemstone industry has historically been overlooked, fragmented and undercapitalised. This presents a unique opportunity to create an integrated coloured gemstone producer, simplifying the coloured gemstone value chain and thereby enhancing Investment returns. Pallinghurst and certain co-investors are jointly the controlling shareholder of Gemfields – one of the world's largest emerald producers. Gemfields is committed to bringing ethically produced, conflict-free coloured gemstones of certified provenance directly from the mine to the market.

Since incorporation, Pallinghurst has utilised USD58 million of the Company Funds to participate its *pro rata* entitlement to acquire a See-Through Interest in Gemfields. Following the implementation of the Rights Offer, the Company intends to utilise approximately USD15 million of the Rights Offer proceeds to participate in the Company's *pro rata* entitlement in identified acquisition and development initiatives.

5.4 Fabergé

The Fabergé brand name is one of the most revered names in history and to this day remains synonymous with artistry and craftsmanship of the highest order. The Investment Manager facilitated the acquisition by the Company and certain Co-investors of their *pro rata* entitlement to the global portfolio of trademarks, licenses and associated rights relating to the Fabergé brand name from Unilever.

Since its incorporation, Pallinghurst has utilised USD42 million of the Company Funds to participate in its *pro rata* entitlement to acquire a See-Through Interest in Fabergé, to develop the Fabergé brand and to create the first new Fabergé jewellery collection since 1917.

Following the implementation of the Rights Offer, the Company intends to utilise approximately USD20 million of the Rights Offer proceeds to participate in its *pro rata* entitlement to fund Fabergé inventory build-up and product development.

As detailed above, the Rights Offer proceeds will be used by the Company to follow its *pro rata* entitlement to acquire further interests in its Investment platforms, and then in turn by the Investment platforms to execute their respective investment strategies.

Should the Company not fund its *pro rata* entitlement, the Company will suffer dilution in relation to the Co-Investors, at relatively modest valuations, which the Directors and Investment Manager believe would not be in the best interests of the Company and Shareholders.

6. PARTICULARS OF THE PRE-PLACEMENT

Prior to the commencement of the Rights Offer, Pallinghurst concluded the Pre-placement, whereby the Pre-placement Participants, under the terms of the Subscription Agreements, have subscribed for 127,752,391 Rights Offer Shares at the Rights Offer Price, for an aggregate consideration of approximately R447 million representing 56% of the total Rights Offer Shares available in the Rights Offer.

The subscription proceeds of the Pre-placement were received by the Company on Friday, 28 August 2009.

6.1 Mechanics of the Pre-placement

The Pre-placement of Rights Offer Shares has been implemented as follows:

6.1.1 Subscriptions by Pre-placement Participants for Rights Offer Shares equal to or less than their Rights Offer Entitlement

Pre-placement Participants who have irrevocably subscribed for Rights Offer Shares up to or equal to their Rights Offer Entitlement will be issued such Rights Offer Shares (as Firm Placed Rights Offer Shares) on Monday, 7 September 2009, the first Business Day following the Record Date. The issue of Firm Placed Rights Offer Shares on the first Business Day following the Record Date is to ensure that no additional Rights are created in the Rights Offer pursuant to their issue and to facilitate the early settlement of the Rights Offer proceeds by the Pre-placement Participants. Subscription proceeds in relation to the Firm Placed Rights Offer Shares were received by the Company on Friday, 28 August 2009.

6.1.2 Subscriptions by Pre-placement Participants for Excess Rights Offer Shares

Pre-placement Participants who have irrevocably elected to apply for Excess Rights Offer Shares have subscribed and paid for Conditionally Placed Rights Offer Shares. Such Conditionally Placed Rights Offer Shares may be taken-up by Remaining Shareholders in respect of valid applications for their Rights Offer Entitlement. Accordingly, only those Conditionally Placed Rights Offer Shares that are not taken-up by Remaining Shareholders in terms of their Rights Offer Entitlement prior to or on the Second Closing Date and/or constituting Underwritten Shares will be available to be allocated and issued to such Pre-placement Participants on Tuesday, 29 September 2009 and only such number of Conditionally Placed Rights Offer Shares shall be allocated and issued as shall be determined on the basis set out in paragraph 8.5 commencing on page 36.

Subscription Proceeds in relation to the Conditionally Placed Rights Offer Shares were received by the Company on Friday, 28 August 2009.

To the extent that Conditionally Placed Rights Offer Shares are not allotted and issued to Pre-placement Participants, the Company shall, as soon as possible after the Second Closing Date, refund such Pre-placement Participants the proceeds for the Conditionally Placed Rights Offer Shares applied for but not allotted and issued, plus interest on that amount at a rate equal to the Investec Call Deposit Rate from (and including) the date the proceeds were received by the Company being Friday, 28 August 2009 to (and excluding) the Second Closing Date.

6.2 Pre-placement Participants

Of the 228,571,376 Rights Offer Shares to be issued under the terms of the Rights Offer, Pre-placement Participants have irrevocably subscribed and paid for 108,243,230 Firm Placed Rights Offer Shares and 19,509,161 Conditionally Placed Rights Offer Shares for an aggregate consideration of R447 million. The Pre-placed Rights Offer Shares represent, collectively, 56% of the total Rights Offer Shares, which proceeds were received by the Company on Friday, 28 August 2009.

Details of the Firm Places in respect of Firm Placed Rights Offer Shares are set out below:

6.2.1 Firm Placed Rights Offer Shares

Pre-placement participant	Shares held prior to the Pre-placement	Percentage holding prior to the Pre-placement	Rights Offer Entitlement	Firm Placed Rights Offer Shares Subscribed for	Shares held after the Pre-placement	Percentage holding after the Pre-placement ¹
Solway Finance Limited	26,592,874	10.76%	24,585,644	24,585,644	51,178,518	10.76%
Hlamogolo Capital (Proprietary) Limited	23,255,814	9.41%	21,500,465	21,500,465	44,756,279	9.41%
Old Mutual Life Assurance Company SA Limited	19,944,656	8.07%	18,439,233	18,439,233	38,383,889	8.07%
Metropolitan Life Limited	20,892,921	8.45%	19,315,923	19,315,923	40,208,844	8.45%
Cadiz Asset Management (Proprietary) Limited	18,170,157	7.35%	16,798,674	16,798,674	34,968,831 ²	7.35%
Stonehage	3,800,000	1.54%	3,513,176	2,819,786	6,619,786	1.39%
Brian Gilbertson						
Discretionary Settlement	10,000,000	4.05%	9,245,200	3,858,985	13,858,985	2.91%
Priyank Thapliyal	250,000	0.10%	231,130	231,130	481,130 ³	0.10%
Sean Gilbertson	250,000	0.10%	231,130	231,130	481,130 ⁴	0.10%
Arne H. Frandsen	250,000	0.10%	231,130	231,130	481,130 ⁵	0.10%
Andrew Willis	250,000	0.10%	231,130	231,130	481,130 ⁶	0.10%
	123,656,422	50.03%	114,322,835	108,243,230	231,899,652	48.74%

¹ Based on 475,803,860 Shares in issue post the implementation of the Rights Offer on the basis of all the Rights Offer Shares being taken up.

² Excludes 13,078,380 Conditionally Placed Rights Offer Shares applied for by Cadiz Asset Management (Proprietary) Limited.

³ Excludes 1,940,280 Conditionally Placed Rights Offer Shares applied for by Priyank Thapliyal.

⁴ Excludes 1,940,280 Conditionally Placed Rights Offer Shares applied for by Sean Gilbertson.

⁵ Excludes 1,940,280 Conditionally Placed Rights Offer Shares applied for by Arne H. Frandsen.

⁶ Excludes 609,941 Conditionally Placed Rights Offer Shares applied for by Andrew Willis.

Details of the Conditional Placees in respect of Conditionally Placed Rights Offer Shares are set out below:

6.2.2 Conditionally Placed Rights Offer Shares

Pre-placement participant	Shares held prior to the Pre-placement (including Firm Placed Rights Offer Shares)	Percentage holding ¹	Conditionally Placed Rights Offer Shares subscribed for	Shares held after the Pre-placement	Percentage holding after the Pre-placement ²
Cadiz Asset Management (Proprietary) Limited	34,968,831	7.35%	13,078,380	48,047,211	10.10%
Priyank Thapliyal	481,130	0.10%	1,940,280	2,421,410	0.51%
Sean Gilbertson	481,130	0.10%	1,940,280	2,421,410	0.51%
Arne H. Frandsen	481,130	0.10%	1,940,280	2,421,410	0.51%
Andrew Willis	481,130	0.10%	609,941	1,091,071	0.23%
	36,893,351	7.75%	19,509,161	56,402,512	11.86%

¹ Based on 475,803,860 Shares in issue post the implementation of the Rights Offer on the basis of all the Rights Offer Shares being taken up.

² Based on a 100% allocation of Conditionally Placed Rights Offer Shares to Pre-placement Participants and 475,803,860 shares in issue post the implementation of the Rights Offer on the basis of all the Rights Offer Shares being taken up.

Pre-placement Participants who have not taken up their full Rights Offer Entitlement but have not provided a Non-Participation Undertaking may elect to take-up, renounce or dispose of all or some of their remaining Rights in the Rights Offer and/or apply for Excess Rights Offer Shares prior to the Second Closing Date.

7. PARTICULARS OF THE UNDERWRITERS

Under the terms of the Underwriting Agreements, the Underwriters have agreed to irrevocably underwrite Underwritten Shares, being 100,818,985 Rights Offer Shares in consideration for which the Underwriters will be paid the Underwriting Fee.

The Underwriters' Subscription Shares, under the terms of the Underwriting Agreements will first be allocated to Oasis, up to a maximum of 57,142,858 Rights Offer Shares. Thereafter, Trinity will be allocated, to the extent available, up to a maximum of 43,676,127 Rights Offer Shares. The Underwriters' Subscription Shares shall not, collectively exceed 100,818,985 Rights Offer Shares.

The statutory details of the Underwriters are as follows:

Oasis

7.1 Oasis Asset Management Limited on behalf of its clients

7.1.1 Place and date of incorporation

Incorporated in South Africa on 13 January 1997

7.1.2 Registration number

1997/000243/06

7.1.3 Company secretary

Nazeem Ebrahim

7.1.4 Registered office

20th Floor, Triangle House
22 Riebeek Street
Cape Town, 8001
(PO Box 1217, Cape Town, 8000)

7.1.5 Banker

The Standard Bank of South Africa Limited

7.1.6 Interest in Pallinghurst before the Pre-placement and Rights Offer

Nil

7.1.7 Directors

Mohamed Shaheen Ebrahim (Chairperson)*
Nazeem Ebrahim (Deputy Chairperson)*
Adam Ismail Ebrahim (Chief Executive)*
Roshin-Ara Ebrahim
* Executive

7.2 Oasis Crescent Capital (Proprietary) Limited on behalf of its clients

7.2.1 Place and date of incorporation

Incorporated in South Africa on 4 March 2002

7.2.2 Registration number

2002/004943/07

7.2.3 Company secretary

Nazeem Ebrahim

7.2.4 Registered office

20th Floor, Triangle House
22 Riebeek Street
Cape Town, 8001
(PO Box 1217, Cape Town, 8000)

7.2.5 Banker

The Standard Bank of South Africa Limited

7.2.6 Interest in Pallinghurst before the Pre-placement and Rights Offer

Nil

7.2.7 Directors

Mohamed Shaheen Ebrahim (Chairperson)*

Nazeem Ebrahim (Deputy Chairperson)*

Adam Ismail Ebrahim (Chief Executive)*

Roshin-Ara Ebrahim

* Executive

Trinity

7.3 Trinity Asset Management (Proprietary) Limited on behalf of its clients

7.3.1 Place and date of incorporation

Incorporated in South Africa on 16 August 1996

7.3.2 Registration number

1996/010864/07

7.3.3 Registered office

Block D

The Terraces

1 Silverwood Close

Steenberg Office Park

Tokai

7945

7.3.4 Bankers

The Standard Bank of South Africa Limited

ABSA Bank Limited

7.3.5 Interest in Pallinghurst before the Pre-placement and Rights Offer

Nil

7.3.6 Directors

Quinton James George (Managing Director)*

Charles Edward Pettit*

Sandile Swana*

* Executive

8. PARTICULARS OF THE RIGHTS OFFER

8.1 Terms of the Rights Offer

Pallinghurst hereby offers, on the terms and conditions set out in this Circular, to Shareholders recorded in the Registers on the Record Date, a total of 228,571,376 Rights Offer Shares, at the Rights Offer Price of R3.50 per Rights Offer Share, payable in full on acceptance in Rand, in the ratio of 92.452 Rights Offer Share for every 100 Shares held on the Record Date. Shareholders holding fewer than 100 Shares will receive Rights Offer Entitlements in accordance with the table of entitlements set out in Annexure V to this Circular. The Rights Offer Price represents a 12.00% discount to the 30-day VWAP of a Share listed on the JSE and a 15.66% discount to the closing price of a Share listed on the JSE on 8 July 2009, being the day on which the Rights Offer Price was determined.

Under the terms of the Rights Offer, Shareholders will not be allocated a fraction of a Rights Offer Share. Any Rights Offer Entitlement to receive a fraction of a Rights Offer Share shall be rounded up or down in accordance with the principles set out in paragraph 8.8 of this Circular.

Excess applications will be permitted in terms of the Rights Offer on the basis set out in paragraph 8.5 of this Circular.

Certificated JSE Shareholders and BSX Shareholders will have their Rights Offer Entitlements credited to an account in electronic form by Computershare Nominees (Proprietary) Limited to be administered by them on the Certificated JSE Shareholders' or BSX Shareholders' behalf. The enclosed Form of Instruction reflects the Rights Offer Entitlement that the Certificated JSE Shareholder and/or BSX Shareholder concerned is entitled. The procedures which Certificated JSE Shareholders and BSX Shareholders should follow for the take-up, disposal or renunciation of their Rights Offer Entitlement is reflected in such Form of Instruction.

Dematerialised JSE Shareholders will have their Rights Offer Entitlement credited to their account by their broker or CSDP in electronic form. The broker or CSDP will advise Dematerialised JSE Shareholders of the procedure they need to follow for the take-up, disposal or renunciation of their Rights Offer Entitlement in accordance with the custody agreement concluded between the broker or CSDP and the Shareholder concerned.

Rights Offer Shares will, when issued, rank *pari passu* with the existing Shares.

Each Shareholder shall receive a Letter of Allocation in terms of which Shareholders shall have the right to take-up their Rights Offer Entitlement. The Letters of Allocation shall be issued in Dematerialised form and shall be negotiable, and tradable electronically on the JSE once listed on the JSE on Monday, 31 August 2009.

For the purposes of the Rights Offer being extended to BSX Shareholders and Certificated JSE Shareholders an electronic record will be maintained by Computershare Nominees (Proprietary) Limited, a wholly-owned subsidiary of Computershare Custodial Services Limited. This arrangement has made it possible for BSX Shareholders and Certificated JSE Shareholders to be afforded the same rights and opportunities as Dematerialised JSE Shareholders.

Rights Offer Shares will not be capable of being traded on the JSE before the listing thereof.

Only Remaining Shareholders will be able to apply to take-up their Rights or elect to renounce or dispose of all or some of their Rights under the terms of the Rights Offer.

8.2 Opening and closing dates of the Rights Offer

The Rights Offer will open at 09h00 on Monday, 7 September 2009 and close at 12h00 on Monday, 28 September 2009.

8.3 Procedure for the take-up of Rights Offer Shares

Full details of the procedure for take-up and payment by BSX Shareholders and Certificated JSE Shareholders are contained in the Forms of Instruction or in the case of Dematerialised JSE Shareholders as advised by their broker or CSDP.

It should be noted that:

8.3.1 acceptances of the Rights Offer are irrevocable and may not be withdrawn;

8.3.2 Shareholders may accept a lesser number of Shares than their full Rights Offer Entitlement and applications for Excess Rights Offer Shares will be allowed in accordance with paragraph 8.5 commencing on page 36.

Certificated JSE Shareholders

8.3.3 Certificated JSE Shareholders may only take-up their Rights Offer Entitlement by means of a Form of Instruction. Certificated JSE Shareholders who wish to take-up only a portion of their Rights Offer Entitlement must complete the relevant section of the Form of Instruction in relation to that portion of the Rights Offer Entitlement taken up;

8.3.4 a properly completed Form of Instruction together with a cheque (crossed "not transferable" and with the words "or bearer" deleted) or bankers' drafts (drawn on a registered bank in South Africa) denominated in Rand, in payment for the Rights Offer Shares being taken up must be received by the

South African Transfer Secretary at one of the addresses referred to in paragraph 8.6 commencing on page 37 hereafter by no later than 12h00 on the Second Closing Date. Certificated JSE Shareholders are advised to take into consideration postal delivery times when posting their Form of Instruction. Each cheque or bankers' draft will be deposited immediately for collection;

- 8.3.5** payment in compliance with paragraph 8.6 commencing on page 37 hereafter will, once the cheque or bankers' draft has been cleared for payment, constitute an irrevocable acceptance of the Rights Offer upon the terms and conditions set out in this Circular and in the Form of Instruction. Should any cheque or bankers' draft be dishonoured, Pallinghurst, in its sole discretion, may treat the acceptance of the Form of Instruction by the acceptor concerned as void;
- 8.3.6** if any Form of Instruction and cheque or bankers' draft is not received as set out above, then the application for Rights Offer Shares will be deemed to have been declined by the Shareholder and the Rights Offer Entitlement of the addressee or the renunciation thereof in respect of such Form of Instruction, will be deemed to have lapsed, regardless of who holds it; and
- 8.3.7** notwithstanding the above, the Company may at its discretion, elect to accept applications to take-up Rights Offer Shares which are received by the South African Transfer Secretary after 12h00 on the Second Closing Date but prior to the announcement of the results of the Rights Offer on SENS.

Dematerialised JSE Shareholders

- 8.3.8** Dematerialised JSE Shareholders should act in accordance with the instructions received from their broker or CSDP.

BSX Shareholders

- 8.3.9** BSX Shareholders may only take-up their Rights Offer Entitlement by means of a Form of Instruction. BSX Shareholders who wish to take-up only a portion of their Rights Offer Entitlement must complete the relevant section of the Form of Instruction in relation to that portion of the Rights Offer Entitlement taken up;
- 8.3.10** a properly completed Form of Instruction together with a cheque (crossed "non transferable" and with the words "or bearer" deleted) or bankers' drafts (drawn on a registered bank in South Africa) or valid EFT swift number (duly certified by a registered bank) denominated in Rand, in payment for the Rights Offer Shares being taken-up, must be received by the South African Transfer Secretary at one of the addresses referred to in paragraph 8.6 commencing on page 37 hereafter by no later than 12h00 on the Second Closing Date. BSX Shareholders are advised to take into consideration postal delivery times when posting their Form of Instruction. Each cheque or bankers' draft will be deposited immediately for collection;
- 8.3.11** payment in compliance with paragraph 8.6 commencing on page 37 hereafter will, once the cheque or bankers' draft has been cleared for payment or the EFT has reflected in the Company's bank account, constitute an irrevocable acceptance of the Rights Offer upon the terms and conditions set out in this Circular and in the Form of Instruction. Should any cheque or bankers' draft be dishonoured, Pallinghurst, in its sole discretion, may treat the acceptance of the Form of Instruction by the acceptor concerned as void;
- 8.3.12** if any Form of Instruction, cheque, bankers' draft or EFT is not received as set out above, then the application for Rights Offer Shares will be deemed to have been declined by the Shareholder and the Rights Offer Entitlement of the addressee or the renunciation thereof in respect of such Form of Instruction will be deemed to have lapsed, regardless of who holds it;
- 8.3.13** acceptances by BSX Shareholders may only be made subject to Exchange Control Regulations as outlined in paragraph 8.9 commencing on page 38; and
- 8.3.14** notwithstanding the above, the Company may at its discretion, elect to accept applications to take-up Rights Offer Shares which are received by the South African Transfer Secretary after 12h00 on the Second Closing Date but prior to the announcement of the results of the Rights Offer on SENS.

8.4 Renunciation or disposal of Rights

Certificated JSE Shareholders

Certificated JSE Shareholders not wishing to take-up all or part of their Rights Offer Entitlement as reflected in the Form of Instruction may dispose of or renounce their Rights.

Certificated JSE Shareholders who wish to dispose of all or part of their Rights Offer Entitlement as reflected in the Form of Instruction, must complete the relevant section of the Form of Instruction and return it to the South African Transfer Secretary in accordance with the instructions set out therein to be received by not later than 12h00 on Friday, 18 September 2009. Computershare Nominees (Proprietary) Limited will endeavour to procure the disposal, on an equitable basis, of such Rights on the JSE on behalf of such Certificated JSE Shareholders and will, subject to the Exchange Control Regulations outlined in paragraph 8.9 commencing on page 38 hereafter, remit the proceeds in accordance with the payment instructions reflected in the Form of Instruction, net of brokerage charges and associated expenses. None of Computershare Nominees (Proprietary) Limited, the South African Transfer Secretary, any broker appointed by them or the Company will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such disposals, the price obtained or any failure to dispose of such Rights. References in this paragraph to a Certificated JSE Shareholder shall include references to the Person(s) executing the Form of Instruction, and any Person(s) on whose behalf such Person(s) executing the Form of Instruction is/are acting. In the event of more than one Person executing the Form of Instruction, the provisions of this paragraph shall apply to them jointly and severally.

Certificated JSE Shareholders who do not wish to dispose of all or part of their Rights as set out in the Form of Instruction and who do not wish to take-up Rights Offer Shares but who wish to renounce their Rights, must complete the relevant section of the Form of Instruction and return it to the South African Transfer Secretary in accordance with the instructions contained therein.

Dematerialised JSE Shareholders

Dematerialised JSE Shareholders should act in accordance with the instructions received from their broker or CSDP.

BSX Shareholders

Instructions for the disposal of Rights by BSX Shareholders may only be made by means of the Form of Instruction, and subject to the Exchange Control Regulations outlined in paragraph 8.9 commencing on page 38, which Form of Instruction should reach the South African Transfer Secretary by no later than 12h00 on Friday, 18 September 2009.

Computershare Nominees (Proprietary) Limited will endeavour to procure the disposal, on an equitable basis, of the Rights on the JSE on behalf of such BSX Shareholders and will, subject to the Exchange Control Regulations outlined in paragraph 8.9 commencing on page 38, remit the proceeds in accordance with the payment instructions reflected in the Form of Instruction, net of brokerage charges and associated expenses. None of Computershare Nominees (Proprietary) Limited, the South African Transfer Secretary, any broker appointed by them or the Company will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such disposals, the price obtained or any failure to dispose of such Rights. References in this paragraph to a BSX Shareholder include references to the Person(s) executing the Form of Instruction, and any Person(s) on whose behalf such Person(s) executing the Form of Instruction is/are acting. In the event of more than one Person executing the Form of Instruction, the provisions of this paragraph shall apply to them jointly and severally.

BSX Shareholders who do not wish to dispose of all or part of their Rights as reflected in the Form of Instruction and who do not wish to take-up the Rights Offer Shares offered in terms of the Form of Instruction but who wish to renounce their Rights, must complete the relevant section of the Form of Instruction and return it to the South African Transfer Secretary in accordance with the instructions set out therein.

8.5 Applications for Excess Rights Offer Shares

Excess Rights Offer Shares may be applied for by Shareholders. Rights Offer Shares not issued in terms of the Pre-placement, taken-up during the Rights Offer and/or allocated to the Underwriters, as the case may be, will be available for allocation to Shareholders who wish to apply for Excess Rights Offer Shares and to Conditional Placees.

The right to apply for Excess Rights Offer Shares is transferable on renunciation.

Dematerialised JSE Shareholders who wish to apply for Excess Rights Offer Shares should instruct their broker or CSDP in terms of the custody agreement entered into between them and their broker or CSDP, as to the number of Excess Rights Offer Shares for which they wish to apply. Certificated JSE Shareholders and BSX Shareholders who wish to subscribe for Excess Rights Offer Shares should indicate their intention in their respective Forms of Instruction.

An announcement will be released on SENS on or about Tuesday, 29 September 2009, stating the results of the Rights Offer and the basis of allocation of any Excess Rights Offer Shares for which application is made.

The pool of Rights Offer Shares available to meet Excess Rights Offer Share applications will be dealt with as follows:

- Rights Offer Shares available for allocation to Excess Rights Offer Share applicants (whether during the Pre-placement or the Rights Offer) will be allocated by the Directors in an equitable manner, the Directors decision being final and binding; and
- Excess Rights Offer Shares will only be available for allocation to Excess Rights Offer Share applicants in the event of and to the extent that the number of Rights Offer Shares is greater than the aggregate of the number of Rights Offer Shares and Underwriters' Subscription Shares taken-up by Shareholders and/or their renounees and the Underwriters, as the case may be, following the Second Closing Date. For the avoidance of doubt, the applications for Excess Rights Offer Shares will rank equally with the subscriptions for Conditionally Placed Rights Offer Shares.

Cheques and/or refunding of monies in respect of unsuccessful applications for Excess Rights Offer Shares by Certificated JSE Shareholders will be posted to the relevant applicants, at their risk, on or about Friday, 2 October 2009 and Dematerialised JSE Shareholders will have their accounts at their broker or CSDP credited on such date. Interest shall not be paid on monies received in respect of unsuccessful applications for Excess Rights Offer Shares received from Remaining Shareholders. Pre-placement Participants who have subscribed for Conditionally Placed Rights Offer Shares in the Pre-placement shall receive interest on monies received in respect of unsuccessful applications for Conditionally Placed Rights Offer Shares at a rate equal to the Investec Call Deposit Rate from (and including) the date monies are received to (and excluding) the Second Closing Date.

8.6 Payment by Shareholders and/or their renounees

Certificated JSE Shareholders

A cheque (drawn on a registered bank, crossed "not transferable" and with the words "or bearer" or "or order" deleted) or bankers' draft (drawn on a registered bank), payable to "**Computershare – Pallinghurst Rights Offer (JSE)**", for the total amount due, and denominated in Rand, for the Rights Offer Shares taken up together with a properly completed Form of Instruction, must be lodged by Certificated JSE Shareholders as follows:

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Postal deliveries (at the risk of the holder) to:

Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown
2107

so as to reach the South African Transfer Secretary by no later than 12h00 on the Second Closing Date.

Dematerialised JSE Shareholders

CSDPs effect payment on a delivery versus payment method in respect of Dematerialised Shareholders.

Dematerialised JSE Shareholders must instruct their broker or CSDP as to the action they must take to enable the broker or CSDP to act timeously on their behalf in terms of the custody agreement entered into between the Dematerialised JSE Shareholders and the broker or CSDP.

BSX Shareholders

A cheque (drawn on a registered bank, crossed "not transferable" and with the words "or bearer" or "or order" deleted) or bankers' draft (drawn on a registered bank), payable to "**Computershare – Pallinghurst Rights Offer (BSX)**", or EFT swift reference number (duly certified by a registered bank), for the total amount due, and denominated in Rand, for the Rights Offer Shares taken-up, together with a properly completed Form of Instruction, must be lodged by BSX Shareholders as follows:

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Postal deliveries (at the risk of the BSX Shareholder) to:

Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown
2107

so as to reach the South African Transfer Secretary by no later than 12h00 on the Second Closing Date.

Relevant banking details for EFT payments are provided on the Form of Instruction. All payments, whether by EFT, cheque or banker's draft **MUST** be in Rands otherwise the Form of Instruction will not be valid and no action will be taken by the South African Transfer Secretary in respect of the accompanying Form of Instruction. All non-Rand amounts received by the South African Transfer Secretary will be refunded to the relevant BSX Shareholder net of any applicable costs following the Second Closing date.

8.7 Documents of Title

In terms of the Rights Offer, all Rights Offer Shares issued pursuant to the Pre-placement and the Rights Offer will be registered on the South African Register and will be listed on the JSE.

Share certificates to be issued to Certificated Shareholders pursuant to the Rights Offer will be Mailed to Persons entitled thereto, by registered post, at the risk of the Shareholders concerned, on or about Tuesday, 29 September 2009.

Certificated Shareholders recorded on the Registers receiving new Certificated Shares must note that they will not be able to trade such Certificated Shares on the JSE until such Shares have been Dematerialised.

Dematerialised Shareholders and Certificated JSE Shareholders who have elected in their Form of Instruction to receive Dematerialised Shares will have their accounts updated at their CSDP or broker in respect of the Rights Offer Shares issued to them on Tuesday, 29 September 2009.

BSX Shareholders will receive Dematerialised Shares on the JSE, which at their own election and acting independently from the Company or the Company's advisers, they may transfer to the BSX, subject to Exchange Control Regulations.

8.8 Fractional entitlements

Fractional entitlements to Rights Offer Shares will be rounded down to the nearest whole number if they are less than 0.5 and will be rounded up to the nearest whole number if they are equal to or greater than 0.5.

A table of Rights Offer Entitlements is set out in Annexure V to this Circular.

8.9 Exchange Control Regulations relating to the Rights Offer

The following instructions are intended as a guide only and are not comprehensive. If you are in any doubt in regard thereto, please consult your broker, banker, CSDP, accountant, attorney or other professional advisor immediately.

8.9.1 Exchange Control Regulations

Non-residents of the Common Monetary Area will be allowed to, using their off-shore funds

- take-up their Rights Offer Entitlement; and/or
 - purchase Letters of Allocation on the JSE; and/or
 - subscribe for Rights Offer Shares in respect of the Letters of Allocation purchased on the JSE; and/or
 - subscribe for Excess Rights Offer Shares which they have applied for in terms of the Rights Offer;
- provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer; in Rand. Electronic statements issued in terms of Strate and any Share certificates issued pursuant to such applications will be endorsed "non-resident". BSX Shareholders who are non-residents (excluding former residents whose Rights Offer Entitlement is based on Shares blocked in terms of the Exchange Control Regulations) of the Common Monetary Area may elect to transfer their Rights Offer Shares to the BSX.

Former residents:

Where a Rights Offer Entitlement accrues to a former resident of the Common Monetary Area, which Rights Offer Entitlement is based on Shares blocked in terms of the Exchange Control Regulations, then such blocked funds may not be used to take-up any Rights Offer Entitlement or Shares.

BSX Shareholders who are residents of the Common Monetary Area

Where a BSX Shareholder wishes to take-up Rights based on his Rights Offer Entitlement and such BSX Shareholder is a resident of the Common Monetary Area, such BSX Shareholder will be able to use funds within the Common Monetary Area to take-up such Rights or legitimate off-shore funds transferred through normal banking channels from abroad to do so.

Following the close of the Rights Offer and the listing of the Rights Offer Shares on the JSE, Rights Offer Shares issued pursuant to applications by BSX Shareholders using funds within the Common Monetary Area will not be transferable by such BSX Shareholder to the BSX. However, where legitimate off-shore funds are used, such BSX Shareholder may elect, acting independently from the Company or its advisers, to transfer such Rights Offer Shares to the BSX.

9. JSE LISTINGS

The JSE has granted separate listings for:

- the Letters of Allocation from the commencement of trade on Monday, 31 August 2009 to Friday, 18 September 2009 (both days inclusive);
- the Firm Placed Rights Offer Shares from the commencement of trade on Monday, 7 September 2009; and
- the Rights Offer Shares (excluding the Firm Placed Rights Offer Shares) to be issued pursuant to the Rights Offer from the commencement of trading on the JSE on Tuesday, 29 September 2009.

10. FINANCIAL EFFECTS OF THE RIGHTS OFFER

A summary of the unaudited *pro forma* financial effects after the implementation of the Rights Offer is set out in the table below. In this context, it has been assumed that the Rights Offer was implemented with effect from 1 January 2008 and 31 December 2008 for income statement and balance sheet purposes respectively. The Directors are responsible for the preparation of the unaudited *pro forma* financial effects. The *pro forma* financial effects set out below and the unaudited *pro forma* income statement and balance sheet of Pallinghurst (attached in Annexure II to this Circular) have been presented for illustrative purposes only and may, because of their nature, not give a fair reflection of Pallinghurst's results, financial position and changes in equity post the implementation of the Rights Offer.

	Before Rights Offer¹ (USD)	After Rights Offer^{2,3} (USD)	Change (%)
Loss per share	(0.19)	(0.10)	48.04
Headline loss per share	(0.19)	(0.10)	48.04
NAV per share	0.65	0.54	(16.95)
Tangible NAV per share	0.65	0.54	(16.95)
Number of Shares in issue	247,232,484	475,803,860 ⁴	92.45

Notes:

- ¹ The figures in the "Before Rights Offer" column have been extracted without adjustment from the published audited results for the year ended 31 December 2008.
- ² Transaction costs of approximately USD4,430,000, as set out in paragraph 26 on page 45 of this Circular have been taken into account against share premium as costs directly attributable to the issue of Shares.
- ³ Assuming the Company raises R800 million before expenses (approximately USD100 million based on an assumed exchange rate of R8 : USD1).
- ⁴ Assuming all 228,571,376 Rights Offer Shares are issued.

II. INFORMATION ON PALLINGHURST

II.1 General description of the business

The Company was incorporated on 4 September 2007 as Pallinghurst Resources (Guernsey) Limited (registration number 47656), in accordance with Guernsey Law.

The Company listed on the BSX on 26 September 2007. On 20 August 2008 Pallinghurst inward listed on the JSE, with the JSE becoming the Company's primary listing and the BSX listing being retained as a secondary listing. On 28 May 2009, the Company changed its name from Pallinghurst Resources (Guernsey) Limited to Pallinghurst Resources Limited. The Company was registered as an external company in South Africa (registration number 2009/012636/10) on 26 June 2009.

The Company's main objective is to carry on the business of an investment holding company in Investments falling within the Investment Scope. To achieve the Investment Objectives as set out in paragraph 2.3 of the Revised Listing Particulars, the Company has appointed the Investment Manager to act in the capacity as investment manager to the Company on the terms set out in the Investment Management Agreement. The Investment Manager is a specialist natural resources entity that seeks to develop strategic partnerships for the Company with companies and/or other entities in order to create and unlock value for Shareholders. The Company is chaired by Brian Gilbertson, widely regarded as one of the leading figures in the natural resources industry, with a proven track-record of value creation.

The Company targets Investments in businesses that hold mines, smelters, refineries and processing plants. The preference is for Brownfields Opportunities, although Investments in businesses with attractive development opportunities are also considered.

A detailed description of the nature and structure of the Company, including a detailed description of its existing Investment portfolio is set out in paragraph 4 of the Revised Listing Particulars.

The Company is an authorised closed-ended investment company. As an existing closed-ended investment company, the Company is deemed to have been granted an authorisation declaration by the Guernsey Financial Services Commission in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and Rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008 on the date when the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989. As an authorised closed-ended investment company, the Company is subject to continuing supervision by the Guernsey Financial Services Commission.

II.2 Future prospects

Whilst significant progress has been made in each of the Company's Investments, the Investments are currently at an early stage of implementation of their intended strategies and continue to promise significant value uplift through organic growth, synergistic acquisitions and/or vertical integration opportunities.

Notwithstanding the current turbulent economic environment, these Investments are expected to unlock significant value as the intended strategies are realised. The application of the Rights Offer proceeds will further benefit the growth and development of the Investments and accelerate the implementation of their strategic objectives.

12. DIRECTORS' INTERESTS

12.1 Directors' interests in Shares

The Directors and partners of the Investment Manager have collectively subscribed for 11,214,286 Rights Offer Shares in the Pre-placement for an aggregate consideration of R39 million (USD5 million), as set out below and in paragraph 6.2 commencing on page 30.

At the Last Practicable Date, the Directors and partners of the Investment Manager held the following interests in Shares:

	BEFORE THE RIGHTS OFFER			AFTER THE RIGHTS OFFER	
	Number of shares	Percentage shareholding ¹	Rights Offer Shares subscribed for	Number of shares	Percentage shareholding ²
Directors					
Brian Gilbertson	10,000,000	4.05%	3,858,985	13,858,985	2.91%
Arne H. Frandsen	250,000	0.10%	2,171,410	2,421,410	0.51%
Andrew Willis	250,000	0.10%	841,071	1,091,071	0.23%
Martin Tolcher	–	–	–	–	–
Stuart Platt-Ransom	–	–	–	–	–
Clive Harris	–	–	–	–	–
Partners of the Investment Manager					
Priyank Thapliyal	250,000	0.10%	2,171,410	2,421,410	0.51%
Sean Gilbertson	250,000	0.10%	2,171,410	2,421,410	0.51%
	11,000,000	4.45%	11,214,286	22,214,286	4.67%

¹ Based on 247,232,484 Shares in issue prior to the implementation of the Rights Offer.

² Based on a 100% allocation of Conditionally Placed Rights Offer Shares to Pre-placement Participants and 475,803,860 Shares in issue post the implementation of the Rights Offer on the basis of all the Rights Offer Shares being taken up.

The above Directors' interests are direct and beneficial, with the exception of Brian Gilbertson whose interest is indirect and beneficial.

Other than subscribing for Rights Offer Shares in terms of the Subscription Agreements, there have been no dealings by Directors in the Shares of the Company since 31 December 2008, being the end of the preceding financial year, to the Last Practicable Date.

12.2 Directors' interests in transactions

Prior to the inception of the Company and the investment by any Co-Investor, in January 2007 a company owned by trusts associated to Brian Gilbertson provided 25% of the interim loan funding made available to the Approved Investment in order to conclude the acquisition of the global portfolio of trademarks, licenses and associated rights relating to the Fabergé brand name from Unilever plc. The interim loan funding was repaid pursuant to the Investment by the Company and certain Co-Investors of the Approved Investment after the Initial Closing Date.

As set out in paragraph 3 headed "Directors of Pallinghurst and Senior Management" of the Revised Listings Particulars, Brian Gilbertson, Arne H. Frandsen and Andrew Willis are all partners of the Investment Manager and Directors of Pallinghurst, and as such have an interest in the Investment Management Agreement. Stuart Platt-Ransom and Martin Tolcher are directors of Legis Fund Services Limited, the Administrator and Secretary, and are, as a result, interested in the Administration Agreement.

No Director or partner of the Investment Manager or any Shareholder holding more than 10% of the issued Shares or any of their respective associates or affiliates, has had any other material beneficial interest in any material transactions of Pallinghurst since incorporation.

13. SHARE CAPITAL

At the Last Practicable Date, the authorised share capital, issued share capital and share premium of Pallinghurst are as follows:

	Before the Rights Offer (USD)	After the Rights Offer (USD)
Authorised share capital		
Management Shares (10 shares with a par value of USD1.00 each)	10	10
Ordinary shares (999,000,000 shares with a par value of USD0.00001 each)	9,990	9,990
Issued share capital		
Management Shares of USD1.00 each	2	2
Ordinary shares of USD0.00001 each	2,472	4,758 ¹
Share premium	200,689,164	296,257,098 ¹

¹ Assuming all Rights Offer Shares are issued.

The information provided in the table above represents the entire authorised and issued share capital of the Company. The Company does not hold any treasury shares.

At the Last Practicable Date, there were no contracts or arrangements or proposed contracts or arrangements, whereby any option or preferential right was or is proposed to be given to any Person(s) to subscribe for any Shares in Pallinghurst or any of its subsidiaries.

14. DETAILS OF MAJOR SHAREHOLDERS

To the best knowledge of the Directors, the following Shareholders are directly beneficially interested in 5% or more of the Shares at the Last Practicable Date:

Name of Shareholder	Shares held before Rights Offer	Percentage held	Rights Offer Shares subscribed for in the Pre-placement	Shares held after the Pre-placement	Percentage held
Titan Resources Limited	35,000,000	14.16%	–	35,000,000	7.36%
Solway Finance Limited	26,592,874	10.76%	24,585,644	51,178,518	10.76%
Hlamogolo Capital (Proprietary) Limited	23,255,814	9.41%	21,500,465	44,756,279	9.41%
Old Mutual Life Assurance Company SA Limited	19,944,656	8.07%	18,439,233	38,383,889	8.07%
Metropolitan Life Limited	20,892,921	8.45%	19,315,923	40,208,844	8.45%

Note:

The above table is based on the following assumptions:

- All Rights Offer Shares are issued;
- All Conditionally Placed Rights Offer Shares are allocated to the subscribing Pre-placement Participants;
- 247,232,484 Shares in issue before the Rights Offer; and
- 475,803,860 Shares in issue after the Rights Offer.

Of the two Management Shares in issue, one is held by First Ovalap Limited, as nominee and trustee for Brian Gilbertson, and the other by Second Ovalap Limited, as nominee and trustee for Arne H. Frandsen.

To the best knowledge of the Directors, at the Last Practicable Date, the Company does not have any controlling Shareholders.

15. PRO FORMA BALANCE SHEET AND INCOME STATEMENT

An unaudited *pro forma* balance sheet and income statement of Pallinghurst as at 31 December 2008, assuming the Rights Offer had been concluded on 1 January 2008 for income statement purposes and 31 December 2008 for balance sheet purposes, has been set out in Annexure II to this Circular. The independent reporting accountant's limited assurance report on the unaudited *pro forma* balance sheet and income statement has been set out in Annexure III to this Circular. The independent reporting accountant is SAB&T Incorporated.

16. HISTORICAL FINANCIAL INFORMATION

Relevant historical financial information extracted from the annual financial statements of Pallinghurst for the financial year ended 31 December 2008 and the 4-month period since incorporation, ended 31 December 2007 is set out in Annexure I to this Circular.

The report of historical financial information is the responsibility of the Directors.

17. TRADING HISTORY OF SHARES ON THE JSE

The recent trading history of Shares on the JSE is set out in Annexure IV to this Circular.

18. MATERIAL CONTRACTS

Other than the material contracts set out in Appendix II to the Revised Listing Particulars, Pallinghurst and its subsidiaries did not enter into any material contracts other than in the ordinary course of business carried on or proposed to be carried on by Pallinghurst and its subsidiaries, since incorporation to the Last Practicable Date. The material contracts, the major terms of which have been set out in Appendix II to the Revised Listing Particulars, consist of the Investment Management Agreement and the Administration Agreement.

19. INVESTMENT MANAGER'S BENEFIT

In terms of the Investment Management Agreement, a summary of which has been set out in Appendix II to the Revised Listing Particulars, the Investment Manager is entitled to an Investment Manager's Benefit (as set out in paragraph 13.3 of the Revised Listing Particulars) of 1.5% per annum of the Company Funds during the Investment Period. With effect from the end of the Investment Period, the Investment Manager is entitled to an amount of 1.5% per annum of the lesser of the aggregate Acquisition Costs or fair value (as determined by the most recent valuation) of unrealised Investments of the Company during the relevant Accounting Period. Accordingly, pursuant to the implementation of the Rights Offer, the Investment Manager's Benefit will increase after the increase in Company Funds.

20. STATEMENT OF INDEBTEDNESS AND LOANS RECEIVABLE

There are no material borrowings and loans receivable as at the Last Practicable Date.

21. LITIGATION

Pallinghurst and its subsidiaries are not involved in any legal or arbitration proceedings, nor are the Directors of Pallinghurst aware of any proceedings, which are pending or threatened, which may have or have had, in the twelve month period preceding the Last Practicable Date, a material effect on Pallinghurst's financial position.

22. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities

The Directors are not aware of any contingent liabilities as at the Last Practicable Date.

Commitments

The Company, with its joint venture partner, RRR, has entered into a transaction to significantly increase their existing stakes in Jupiter (post the fulfilment of certain conditions). Subject to various criteria, Pallinghurst has committed to provide a further AUD5 million to Jupiter for working capital purposes.

As at the Last Practicable Date there are no other commitments.

23. MATERIAL CHANGES

Other than as described herein, there have been no other material changes relating to the trading or financial position of Pallinghurst and its subsidiaries subsequent to the release of the Pallinghurst financial results for the year ended 31 December 2008.

Potential further diminution in valuation of Investment in Gemfields

The ongoing uncertainty in the global economy in general and the decline in the coloured gemstone markets in particular since 2008 have had an adverse impact on Gemfields' business and its share price. The Gemfields share price at 31 December 2008 was 10.5p, compared to the price used in a Gemfields share placing in June 2008 of 45p in which Pallinghurst participated. During 2009 the Gemfields share price has traded between 1.6p to 8p, reaching 8p a share during June 2009 following an announcement by Gemfields regarding a potential acquisition by Rox Conduit Limited of the outstanding Gemfields shares which it does not already own, for approximately 8p per share. Rox Conduit Limited is the Investment Vehicle used by the Company and certain Co-Investors to hold their Gemfields Investment. The Gemfields share price on the Last Practicable Date was 7.63p.

Difficult conditions in the coloured gemstone sector persist, and the business continues to be under pressure. In response to these issues, Gemfields completed a review of group-wide operations during early 2009 and is focused on reducing operating costs, improving operating efficiencies and increasing the level of production inventories.

In February 2009, Gemfields announced that it will minimise all non-essential capital, project development and exploration expenditure and a scaled-down mining plan will be implemented at the Kagem emerald mine. Gemfields appointed a new Chief Executive Officer on 12 February 2009, Ian Harebottle, a veteran of the coloured gemstone industry.

The Directors believe that the steps taken by Gemfields will leave the business well-placed for the eventual recovery in global markets.

Part disposal of an indirect See-Through Interest in Tshipi manganese Investment

On 4 June 2009 Pallinghurst announced the purchase by a subsidiary of Posco of South Korea of an effective 11.36% indirect interest in Tshipi from Pallinghurst and certain Co-Investors for a total consideration of USD34.3 million. To that end, Pallinghurst disposed of an effective 2.27% stake for USD6.9 million. The disposal is effective from 1 July 2009 and is subject to the award of a mining right to Tshipi by the South African Department of Minerals and Energy. The Company's See-Through Interest in Tshipi is held through Pallinghurst Kalahari (Mauritius) Limited.

The fair valuation of Pallinghurst's remaining 7.71% indirect interest in Tshipi of USD23.1 million implied by the Posco acquisition consideration is consistent with the fair valuation used in the most recent audited annual report to 31 December 2008, extracts of which are set out in Annexure I to this Circular. Accordingly there is no impact on the headline earnings, NAV and tangible NAV of the Company. Once the transaction is unconditional, the Company will record a disposal of Investment for the effective 2.27% stake disposed of, and a corresponding increase in Pallinghurst's cash balance.

Issue of new Jupiter shares to the Company

As disclosed in the most recent audited annual report to 31 December 2008, extracts of which are set out in Annexure I to this Circular, the Company and its joint venture partner, RRR, entered into a transaction to significantly increase their existing stakes in Jupiter, the iron ore explorer listed on the ASX.

The transaction was approved on 9 March 2009 by Jupiter shareholders and the Company received 47,339,148 newly issued Jupiter shares in exchange for the 11,671,175 Mindax shares held by the Company and AUD1 million in cash on 1 April 2009. Concurrently, RRR contributed all of the issued share capital of Broadgold Corporation Proprietary Limited, a company holding certain iron ore exploration assets in the Central Yilgarn region of Western Australia, in exchange for 23,839,183 newly issued Jupiter shares.

There are certain further conditions which, if met, would result in the issue of further Jupiter shares to both the Company and RRR, as set out in the most recent audited annual report to 31 December 2008. As at the Last Practicable Date, these conditions have not been met.

24. REGISTRATION OF DOCUMENTS

The Forms of Instruction issued to Shareholders were registered by the Registrar in terms of section 146A of the Act. The following documents were lodged with the Registrar in terms of section 146 of the Act:

- a copy of this Circular;
- a letter from the JSE confirming its approval of the Rights Offer;
- powers of attorney from the Directors; and
- the written consents of the investment bank and JSE sponsor, BSX sponsor, legal advisors in South Africa and Guernsey, South African Transfer Secretary and independent reporting accountant to act in their respective capacities and to their names being stated in this Circular.

The written consents referred to above, have been given, and have not been withdrawn before the lodgement/delivery of this Circular and accompanying documents for registration as referred to above.

25. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors whose names are set out in the "Corporate Information" section on the inside front cover of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

26. COSTS

The following costs, expenses and provisions are expected, or have been provided for in connection with the Rights Offer and will be settled out of the proceeds thereof. Pallinghurst is a Guernsey company and accordingly all amounts listed below are zero rated for VAT purposes.

Costs¹	USD ('000)
Legal fees	96
Investment bank and JSE sponsor fees	2,956
Underwriting Fee	1,323
JSE documentation fee	4
JSE listing fees	22
Independent reporting accountant's fee	4
Printing, publication, distribution and advertising expenses	25
	4,430

¹ Assuming a Rand-Dollar exchange rate of R8 : USD1.

27. CONSENTS

The investment bank and JSE sponsor, BSX sponsor, legal advisors in South Africa and Guernsey, independent reporting accountant and Transfer Secretaries have consented in writing to act in the capacities stated and to their names being included in this Circular and have not withdrawn their consents prior to the publication of this Circular.

28. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of the investment bank and JSE sponsor and at the Transfer Secretaries whose addresses are set out in the "Corporate Information" section of this Circular from Monday, 7 September 2009 to Monday, 28 September 2009:

- a signed copy of this Circular and Forms of Instruction;
- a signed copy of each of the Subscription Agreements;
- a signed copy of the Underwriting Agreements;
- the material contracts referred to in paragraph 18 above;
- the Memorandum and Articles of Incorporation of the Company and its subsidiaries;
- the audited annual financial statements of Pallinghurst since incorporation;

- the independent reporting accountant's assurance report on the unaudited *pro forma* financial effects and the *pro forma* income statement and balance sheet; and
- the letters of consent of the investment bank and JSE sponsor, BSX sponsor, legal advisors in South Africa and Guernsey, Transfer Secretary and independent reporting accountant.

By order of the Board

Director

PALLINGHURST RESOURCES LIMITED

14 August 2009

HISTORICAL FINANCIAL INFORMATION

INTRODUCTION

The following financial information has been extracted from the published audited consolidated financial statements of Pallinghurst for the year ended 31 December 2008 (which includes comparative financial information for the 4-month period from incorporation being 4 September 2007 to 31 December 2007, as restated) as audited by Saffery Champness. Saffery Champness provided an unqualified audit opinion in relation thereto.

CONSOLIDATED INCOME STATEMENT

	Notes	1 Jan 2008 to 31 Dec 2008 USD	4 Sept 2007 to 31 Dec 2007 USD (restated)
INCOME			
(Losses)/revenue on investments			
Realised profits on disposal of investments		–	4,876,409
Dividends received from financial asset investment		84,000	–
Unrealised net losses in the fair value of investments	7	(27,466,529)	–
Unrealised net foreign exchange losses in the portfolio of investments	7	(10,940,413)	–
		(38,322,942)	4,876,409
Portfolio income			
Break fee income		–	2,025,736
Loan interest income	8	497,433	10,561
		497,433	2,036,297
(Losses)/revenue on investments and income from operations		(37,825,509)	6,912,706
EXPENSES			
Investment Manager's Benefit	4	(2,556,643)	(2,328,095)
Operating expenses	5	(2,476,545)	(330,787)
Net foreign exchange losses		(2,037,036)	–
		(7,070,224)	(2,658,882)
(Loss)/profit from operations		(44,895,733)	4,253,824
Net finance income	6	1,349,047	1,202,830
(Loss)/profit before share in loss of associates		(43,546,686)	5,456,654
Share in loss of associates	10	(2,883,815)	(7,871)
(Loss)/profit before tax		(46,430,501)	5,448,783
Income tax expense		(144)	–
NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR/PERIOD		(46,430,645)	5,448,783
(Loss)/earnings, diluted (loss)/earnings and headline (loss)/earnings per share	17	(0.19)	0.03

CONSOLIDATED BALANCE SHEET

	Notes	2008 USD	2007 USD (restated)
ASSETS			
Non-current assets			
Investments in associates	10	1,804,765	193,257
		1,804,765	193,257
<i>Investment portfolio</i>			
Quoted investments	7,8	48,617,689	–
Unquoted investments	7,8	101,795,361	58,401,505
Loan receivable	7,8	519,327	2,298,490
		150,932,377	60,699,995
Total non-current assets		152,737,142	60,893,252
Current assets			
Trade and other receivables	12	764,546	25,609,537
Loan receivable from associate	11	11,127,017	–
Cash and cash equivalents		20,939,970	86,113,647
		32,831,533	111,723,184
		185,568,675	172,616,436
LIABILITIES			
Current liabilities			
Trade and other payables	13	25,841,436	219,718
		25,841,436	219,718
Net assets		159,727,239	172,396,718
EQUITY			
Share capital	14	2,474	1,695
Share premium	14	200,689,164	166,928,777
Cumulative translation adjustment reserve		17,463	17,463
Retained earnings		(40,981,862)	5,448,783
		159,727,239	172,396,718
NAV and tangible NAV per share	17	0.65	1.02*

* As restated see Note 17.

CONSOLIDATED STATEMENT OF CASH FLOWS

	1 Jan 08 to 31 Dec 08 USD	4 Sept 07 to 31 Dec 07 USD (restated)
Net(loss)/profit for the year/period	(46,430,645)	5,448,783
<i>Adjustments for:</i>		
Additions to investments	(128,602,782)	(104,711,568)
Loan interest reinvested	(36,542)	–
Fair value net losses in investment portfolio	27,466,529	–
Unrealised foreign exchange losses on Investment portfolio	10,940,413	–
Loans extended to investments	(29,012,464)	(2,287,929)
Loan repayments from investments	15,622,082	–
Revaluation of loan to Rox Conduit	2,358,776	–
Accrued interest on loan to Rox Conduit	(95,411)	–
Part disposal of investments	–	51,186,594
Gain on return of capital and sale of investments	–	(4,876,409)
Net finance income	(1,349,047)	(1,202,830)
Share in loss of associates	2,883,815	7,871
Cash flows from operating activities before changes in working capital and provisions	(146,255,276)	(56,435,488)
Decrease/(increase) in trade and other receivables	24,844,991	(25,620,098)
Increase in trade and other payables	25,621,718	175,286
Cash flows from operating activities	(95,788,567)	(81,880,300)
Investing activities		
Investments in associates	(4,495,323)	(156,818)
Net cash used in investing activities	(4,495,323)	(156,818)
Financing activities		
Issue of ordinary and management shares	33,761,166	166,930,472
Net finance income	1,349,047	1,202,830
Net cash generated from financing activities	35,110,213	168,133,302
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(65,173,677)	86,096,184
Cash and cash equivalents at the beginning of the year/period	86,113,647	–
Foreign exchange translation	–	17,463
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	20,939,970	86,113,647

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD	Share premium USD	Retained earnings USD	Cumulative translation adjustment reserve USD	Total USD
2008					
Balance at 1 January 2008	1,695	166,928,777	5,448,783	17,463	172,396,718
Vendor consideration placing	779	33,760,387	–	–	33,761,166
Total recognised (expense)	–	–	(46,430,645)	–	(46,430,645)
Balance at 31 December 2008	2,474	200,689,164	(40,981,862)	17,463	159,727,239
2007 (restated)					
Balance at 4 September 2007	–	–	–	–	–
Issue of share capital	1,695	166,928,777	–	–	166,930,472
Total recognised income	–	–	5,448,783	17,463	5,466,246
Balance at 31 December 2007	1,695	166,928,777	5,448,783	17,463	172,396,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRS issued by, or adopted by, the International Accounting Standards Board (the "IASB"), interpretations issued by the International Financial Reporting Interpretation Committee, applicable legal and regulatory requirements of Guernsey Law. These financial statements cover the Group. The "Group" is defined as Pallinghurst Resources Limited and all entities under its common control.

The financial statements are prepared on the historical cost basis, except for the revaluation of certain financial instruments, including the investments within the investment portfolio, which are fair valued in accordance with IAS 39 *Financial instruments: Recognition and Measurement*.

2. ACCOUNTING POLICIES

A summary of the principal Group accounting policies is set out below:

Basis of consolidation

Subsidiaries

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Entities are subsidiaries where the Company has the power to govern the financial and operating policies of the entity.

Where subsidiaries are acquired or disposed of during the year, the results are consolidated only from the effective date of acquisition, or up to the date of disposal, as appropriate.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The Group's associate entities include those associates that are held as part of the Group's investment portfolio, and associate entities through which the Group carries on its business.

Change in accounting policy for associates held within the investment portfolio

The accounting policies applied are consistent with those adopted and disclosed in the Group's annual financial statements for the period ended 31 December 2007, with the exception of a change in accounting policy to take advantage of the exemption from equity accounting for venture capital organisations contained within IAS 28 *Investments in Associates*, and to instead account for associate investments under IAS 39 at fair value through profit and loss. The change in accounting policy was adopted and disclosed in the 30 June 2008 interim financial statements. The explanation for this change in accounting policy is set out below.

The Group's accounting policy for investments was not described in detail in the 31 December 2007 financial statements, as there were only two Investments at that date, both of which were associates that were equity accounted. Due to the change in accounting policy described below, and the acquisition during the current year of new investments in which stakes lower than 20% are held, the Group is now disclosing more information on the recognition and measurement criteria used for the investment portfolio than in the prior year.

IAS 28 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, with changes in fair value recognised in the income statement in the period of the change.

This treatment permitted by IAS 28 has been applied to the year to 31 December 2008 and therefore associates that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value per IAS 39, although the Group has significant influence over those investments.

This accounting policy choice was not made at 31 December 2007 and instead the balance sheet included the equity accounted net asset value of associates held as part of the Group's investment portfolio. Accordingly, the Group has retrospectively accounted for those associates within the investment portfolio at 31 December 2007 as investments at fair value through profit and loss, under IAS 39, and has restated the comparative figures accordingly. The two investments at 31 December 2007 are considered to have had a fair value equal to cost at that date, as the investments were made relatively close to the year-end, and cost is considered by the Directors to be the best measure of fair value for very recent investments unless any specific circumstances suggest otherwise. The balance sheet as at 31 December 2007 has been restated accordingly; the impact in the balance sheet in the comparative period is not material. The restatement was fully disclosed in the 30 June 2008 interim financial statements.

The impact on the income statement comparative figures is the removal of the equity accounted profit/loss for those associates within the investment portfolio for the period to 31 December 2007. The presentation of the income statement has also been changed to clearly indicate which items of income and expense relate directly to the investment portfolio and which do not.

The cash flow statement has also been restated as investments into associates that are part of the investment portfolio are classified as investments within operating activities. Furthermore, all cash movements relating to the investment portfolio, including part disposal of investments, are now included within operating cash flows, not investing cash flows, in line with standard practice in the venture capital industry.

Explanation for change in accounting policy

The election to use the exemption in IAS 28 was considered by the Directors to provide shareholders with the most relevant information with respect to the performance of each investment and the overall investment portfolio. The change brings the accounting in line with standard practice in the venture capital industry, and gives users of the financial statements more reliable and relevant information.

To give users of the financial statements a full and comparable picture of the overall performance of the investment portfolio, it is felt that a single, consistent basis should be used to account for each and every investment; the most suitable basis is therefore to account for each investment at fair value under IAS 39. Where stakes of between 0% – 20% are held, investments are designated as at fair value through profit and loss and accounted for under IAS 39. Where a stake of between 20% – 50% is held (assuming this stake gives significant influence), the Company takes advantage of the exemption from equity accounting included within IAS 28 and also accounts for these investments at fair value through profit and loss and accounted for under IAS 39. Accounting for all investment in which non-controlling stakes are held in a similar way enables shareholders to more easily compare the performance of each investment in the portfolio.

The accounting policy change brings the Company into line with normal practice in the venture capital industry, and therefore makes the financial statements more comparable with other similar venture capital organisations. Many difficulties can be encountered by venture capital organisations that do not take advantage of the exemption to account for investments in associates under IAS 39 at fair value through profit and loss account, such as the associate entities having non-contiguous period ends, using different GAAPs, or having made different accounting policy choices. Such difficulties could affect the accuracy and timeliness of the Group's financial reporting.

It is therefore considered that applying this change in accounting policy to the financial statements means that the users of the financial statements will be provided with more reliable and more relevant information about the Group's financial position and financial performance, and users should be aware that the change complies with IFRS, specifically IAS 8 *Accounting Policy, Changes in Accounting Estimates and Errors*.

Accounting for associates through which the Group carries on its business

Where the Group has interests in associates through which it carries on its business, and are part of the capital structure of the Group (as opposed to associates which are part of the investment portfolio) the Group has continued to equity account for these associates, per the requirements of IAS 28.

Accounting for interests in joint venture

Where the Group has interests in joint ventures through which it carries on its business, it elects to proportionately consolidate these interests in line with IAS 31 *Interests in Joint Ventures*.

Where the Group has interests in joint ventures which are part of the investment portfolio, the Group takes advantage of the exemption contained within IAS 31 for venture capital organisations and accounts for these investments in accordance with IAS 39, with changes in fair value recognised in the income statement in the period of the change.

Accounting for the investment portfolio

(i) Recognition

Investments are recognised and de-recognised on the date where the purchase or sale of an investment is under a contract whose terms require the unconditional delivery or settlement of the investment.

(ii) Measurement

The Directors determine the measurement of each investment at fair value, using the most appropriate basis to determine fair value. Fair value is the value of an asset or liability in an arm's length transaction between two willing and knowledgeable parties. Where no such transaction exists an estimate of fair value is made by the Directors. This generally provides the best estimate of what the Group would receive if the Group sold the investment at the date of valuation.

In addition, the Group complies with all material aspects of the International Private Equity and Venture Capital ("IPEVC") valuation guidelines when determining what method to use to determine fair value. The IPEVC valuation guidelines specify the valuation methodology which is the most appropriate to use for each individual investment, at each point in time in the lifecycle of the investment.

All investments are initially recognised at the fair value of the consideration given, and held at this cost until it is appropriate to measure fair value on a different basis.

Generally, quoted investments are valued at closing bid price at the date of valuation, unless another measure of fair value is more appropriate. This could be the case particularly if a significant stake is taken in a listed entity very close to the end of a reporting period; in this circumstance, it may be more appropriate to use cost as a measure of fair value, not the listed price.

In line with the IPEVC valuation guidelines, a number of different valuation methods can be used for unquoted investments. These include the cost of investment, which is normally used for recent investments, or valuing the investment in line with the price of a recent investment by an external party in an arm's length transaction. Discounts for illiquidity are applied to investment valuations where appropriate.

Other valuation methodologies recommended by the IPEVC valuation guidelines include using earnings multiples, net assets, or discounted cash flows of the underlying business, or the investment, to determine the fair value of an investment. The Directors may use any of these other valuation methodologies if deemed appropriate.

The Directors also consider whether there are any factors that could indicate that a diminution of value in a particular investment has occurred, including but not limited to the following:

- Whether the performance of the business has been worse than the original expectations when the investment was made;
- Whether there has been any unexpected deterioration in the cash position of the underlying business;
- Whether there have been any adverse or unexpected results from drilling or exploration activities in the particular investments; and
- Whether external factors such as deterioration in the global economy or in industry conditions, could have had a material impact on the value of the investment.

(iii) Loans and receivables

The investment portfolio, in non-current assets, includes loans made to portfolio companies.

Where a loan is made to a portfolio company, it is often the case that the loan will be extended at the end of its official term, and/or could be converted into an equity stake, so in reality the repayment date may not be anticipated by the Directors to be within one year, despite the legal terms. Accordingly loans made to portfolio companies may be repayable within one year, or after one year. It is considered more useful to shareholders to show all equity investments and all loans to portfolio companies within the investment portfolio so that a true picture of the whole investment portfolio is given. This is consistent with typical practice in the venture capital industry.

(iv) *Role of the independent valuer*

The Directors have estimated the fair value of the individual investments. The Company has, in addition, engaged an independent valuer who has provided an opinion that the valuations of the investments as determined by the Directors have been prepared using a methodology and approach which are reasonable and consistent with the concept of fair value, and are in accordance with the IPEVC valuation guidelines.

Cash and cash equivalents

Cash and cash equivalents represent cash held at bank by the Company and its subsidiaries.

Trade and other receivables

The trade and other receivables balance usually relates to balances receivable upon the exit from an investment.

The Group's operating activities are the entering into and exit from investments; it does not carry out other trading activities.

Foreign currency transactions and translation

Transactions entered into by Group entities are booked in their functional currencies at the exchange rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are used by the Group to manage the risk associated with foreign currency fluctuations of the investment portfolio, particularly when entering into and exiting from investments. This is normally achieved by the use of foreign currency contracts. The Group also considers the use of currency swaps in some circumstances. The Group does not currently use any other derivative financial instruments. Many of these instruments are held within equity accounted associate entities.

All derivative financial instruments are held at fair value. Derivative financial instruments are recognised initially at fair value on the contract date and subsequently remeasured to the fair value at each reporting date. All changes in the fair value of financial instruments are taken to the income statement.

Revenue including gains/(losses) on investments

Profits and losses realised on the disposal of investments are calculated as the net proceeds of the disposal less the carrying value of the asset in the balance sheet.

Revenue includes dividends received from entities not within the investment portfolio.

Unrealised movements in the fair value of investments relate to changes in the fair value of investments between the opening and closing balance sheet date. Unrealised net foreign exchange movements occur when investments are denominated in currencies other than USD, and relate to the movement in exchange rates between the opening and closing balance sheet date.

Portfolio income

Portfolio income is directly related to the return from individual investments within the investment portfolio. The balance includes fee income earned directly from portfolio companies, interest on loans made to portfolio companies, and dividends received from portfolio companies.

Fee income is included in portfolio income between from when an investment is first made and through the life of the investment.

Trade payables

Trade payables are not interest bearing, and are stated at their nominal amount. They are translated into USD at the foreign exchange rate at the balance sheet date.

Headline earnings

"Headline earnings" is a JSE defined performance measure which is intended to give a single, comparable earnings number for companies listed on the JSE. Headline earnings are equivalent to earnings as determined in IAS 33 *Earnings per Share* and therefore the Group's headline earnings and its earnings as stated in the income statement are the same.

The gain or loss on disposal of associates is normally excluded from headline earnings (and headline earnings per share). However, per the circular on Headline Earnings issued in July 2007 by The South African Institute of Chartered Accountants ("SAICA"), private equity companies should include gains or losses on disposal of associates because any profit realised on the disposal of these investments is considered to be part of the trading results of private equity operations and the profit does not relate to the capital platform of the business as would normally be the case. The circular further explains that in this context the choice to recognise an investment in an associate at fair value through profit or loss instead of applying equity accounting does not imply that the investment is part of the capital or platform of the business and should not have any impact on the decision to include the gain or loss on disposal of associates within headline earnings. Therefore where a gain or loss is made on the disposal of an associate that is part of the investment portfolio the item is included within headline earnings. If an associate that is part of the capital structure of the Group were to be disposed of the arising gain or loss would be excluded from headline earnings in line with the guidance from SAICA.

Segmental reporting

As the Group's portfolio of investments has increased in size, the nature of internal reporting on investment performance has also developed, and new business segments are now also being reported where appropriate.

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

Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The key area of risk/judgement is the valuation of the investment portfolio. As discussed above, the Directors assess each investment on a regular basis to ensure that the valuation included in the balance sheet is materially accurate. The IPEVC valuation guidelines mandate that where equity investments are in listed entities, the valuation should be based on the closing bid price, and as such the valuation of the listed investments do not involve the same level of judgements/estimates by the Directors. However, the application of the IPEVC guidelines to the valuation of a listed investment does not mean these valuations are free of risk. The unlisted investments make up a material element of the portfolio, and the valuations involve judgements and estimates by the Directors. The Directors use a wide variety of means to ensure that the valuations of the investment portfolio are materially accurate, including but not limited to the review of business plans, cash flow forecasts, and reports on likely reserves/resources from third parties where relevant. The Directors continue to believe in the long-term prospects for each investment in the portfolio.

New standards and interpretations not yet adopted

The IASB has issued the following standards, interpretations and amendments to standards, to be applied to financial statements with periods commencing on or after the following dates:

Amendment	Effective for periods beginning on or after
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> – amendment relating to cost of an investment on first-timer adoption	1 January 2009
IFRS 2 <i>Share-based Payment</i> – amendment relating to vesting conditions and cancellations	1 January 2009
IFRS 3 <i>Business Combinations</i> – comprehensive revision	1 July 2009
IFRS 7 <i>Financial Instruments: Disclosures</i> – presentation of finance costs	1 January 2009
IFRS 8 <i>Operating Segments</i> – new standard	1 January 2009
IAS 1 <i>Amendment to Presentation of Financial Statements</i> (comprehensive revision including statement of comprehensive income and disclosure of puttable instruments and obligations arising on liquidation)	1 January 2009
IAS 14 <i>Segment Reporting</i> – replaced by IFRS 8 <i>Operating Segments</i>	1 January 2009
IAS 23 <i>Amendment to Borrowing Costs (Revised)</i>	1 January 2009
IAS 27 <i>Consolidated and Separate Financial Statements</i> ; amendment – arising from revised IFRS 3 and; Amendments relating to cost of an investment on first time adoption	1 July 2009
IAS 28 <i>Investments in Associates</i> ; amendments arising from Revised IFRS 3	1 July 2009
IAS 31 <i>Interests in Joint Ventures</i> ; amendments arising from Revised IFRS 3	1 July 2009
IAS 32 <i>Financial Instruments: Presentation</i> ; amendments to accounting for puttable instruments and obligations arising on liquidation	1 January 2009
IAS 34 <i>Interim Financial Reporting</i> – affected by IFRS 8	1 January 2009
IAS 39 <i>Financial Instruments: Recognition and measurement</i> ; amendment in July 2008 relating to eligible hedged items;	1 January 2009
and in October 2008 on reclassification of financial assets	1 January 2009
IFRIC 17 <i>Distribution of Non-cash Assets to Owners</i>	1 July 2009
IFRIC 18 <i>Interim Financial Reporting and Impairment</i>	1 July 2009

The Directors have not early adopted any of these standards or interpretations. The Directors do not anticipate that the adoption of any of these standards and interpretations will have a material impact on the financial statements. Users of the financial statements should note the following points:

The 2007 *Comprehensive revision to IAS 1*, including a statement of comprehensive income, will have an affect on the presentation of various aspects of the financial statements.

The replacement of IAS 14 *Segment Reporting* with IFRS 8 *Operating Segments* requires that the amounts disclosed in the financial statements should be the measures reported to the Chief Operating Decision Maker (“CODM”), with a reconciliation (where necessary) to the measuring amounts in the financial statements. The CODM is Brian Gilbertson, the Chairman, who uses more than one measure to assess the performance of the various operating segments, including the fair value of the investments per the balance sheet, and also the management accounts of the entities (containing costs, revenues, etc). The reported measures in the Group’s segmental reporting will be the fair value measurements for the investments, as these are consistent with what is reported in the income statement and balance sheet; as such, the introduction of IFRS 8 is not expected to have a significant impact.

3. SEGMENTAL REPORTING

Primary reporting format – by business segment

	Luxury brands USD	Steel Feed Corporation USD	Coloured Gemstones USD	Platinum USD	Other USD	Group USD
2008						
Realised profits on disposal of investments	–	–	–	–	–	–
Unrealised fair value/ FX gains/(losses) of investments	5,396,651	22,233,185	(41,083,300)	(24,953,478)	–	(38,406,942)
Dividend income	–	–	–	–	84,000	84,000
Portfolio income	182,243	213,272	101,918	–	–	497,433
Revenue and income from operations	5,578,894	22,446,457	(40,981,382)	(24,953,478)	84,000	(37,825,509)
Other expenses, net finance income and share of loss of associates	–	–	–	–	(8,605,136)	(8,605,136)
Net profit/(loss) for the year	5,578,894	22,446,457	(40,981,382)	(24,953,478)	(8,521,136)	(46,430,645)
Valuation of investment portfolio ¹	46,858,032	33,398,544	13,317,430	57,358,371	–	150,932,377
Other net assets	–	–	–	–	8,794,862	8,794,862
Total net assets	46,858,032	33,398,544	13,317,430	57,358,371	8,794,862	159,727,239
2007 (restated)						
Realised profits on disposal of investments	473,624	4,402,785	–	–	–	4,876,409
Unrealised fair value/ FX gains of investments	–	–	–	–	–	–
Dividend income	–	–	–	–	–	–
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 of 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 portfolio ¹	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

¹ The portfolio includes both equity investments and loans made to the investments.

Reporting format – by geography

	Africa USD	Australasia USD	Other USD	Group USD
2008				
Change in fair value of investments	(38,134,874)	(5,668,719)	5,396,651	(38,406,942)
Portfolio income	315,190	–	266,243	581,433
Revenue and income from operations	(37,819,684)	(5,668,719)	5,662,894	(37,825,509)
Other expenses, net finance income and share of loss in associates	–	–	(8,605,136)	(8,605,136)
Net loss for the year	(37,819,684)	(5,668,719)	(2,942,242)	(46,430,645)
Valuation of investment portfolio ¹	101,135,128	2,939,217	46,858,032	150,932,377
Other net assets	(25,334,688)	861,984	33,267,536	8,794,862
Total net assets	75,800,440	3,801,201	80,125,568	159,727,239
2007 (restated)				
Realised profits on disposal of investments	–	4,402,785	473,624	4,876,409
Portfolio income	10,561	2,025,736	–	2,036,297
Revenue and income from operations	10,561	6,428,521	473,624	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	10,561	6,428,521	(990,299)	5,448,783
Valuation of investment portfolio ¹	34,713,149	–	25,986,846	60,699,995
Other net assets	–	25,801,716	85,895,007	111,696,723
Total net assets	34,713,149	25,801,716	111,881,853	172,396,718

¹ The portfolio includes both equity investments and loans made to the investments.

4. INVESTMENT MANAGER

Investment Manager

Pallinghurst (Cayman) GP LP was appointed as Investment Manager to the Company on 4 September 2007 by the Board. The Investment Manager has been appointed in order to provide the Company with investment advisory and management services in relation to investments falling within the Investment Scope.

The executives of the Investment Manager have extensive experience in creating value in the mining industry with in-depth knowledge of the assets, companies, people and trends. The senior executives are recognised for their strategic insight and vision, are highly regarded by international investors, and are renowned for pioneering innovative transactions. The executives of the Investment Manager consist of the following:

Mr Brian Gilbertson (former Chairman of Gencor; former Chief Executive of BHP Billiton, former CEO of SUAL, current Chairman of Pallinghurst Advisors LLP), Arne H. Frandsen (former CEO of Incwala and senior banker with Goldman Sachs and JPMorganChase), Sean Gilbertson (former CEO of globalCOAL and investment banker with Deutsche Bank), Priyank Thapliyal (former executive of Vedanta plc and investment banker with CIBC) and Andrew Willis (former executive of Candover Investments plc).

The Investment Manager has over 70 years of collective experience in the resources sector.

Investment Manager's Benefit and Performance Incentive

The Investment Manager is entitled to an Investment Manager's Benefit of 1.5% per annum of the funds subscribed for in the Company during the Investment Period. With effect from the end of the Investment Period, the Investment Manager is entitled to an amount of 1.5% per annum of the lesser of the aggregate acquisition cost or fair value (as determined by the most recent valuation) of the unrealised investments of the Company during the relevant accounting period.

The vendor consideration placing on 19 December 2008 (see the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008 for further detail) subscribed for USD34,274,931 of new funds in the Company, and has therefore increased the amount of the Investment Manager's Benefit per annum. The total charge to the Income Statement during the year was USD2,556,643 (2007: USD2,328,095) for the Investment Manager's Benefit. It is anticipated that the Investment Manager's Benefit for 2009 will be USD3,053,864.

In addition, and subject to certain conditions, the Investment Manager is entitled to a Performance Incentive. The conditions, and the terms for the calculation of the Performance Incentive, are set out in paragraph 13.3.2 of the Revised Listing Particulars. The Company has not made an accrual for the Performance Incentive in the current year.

5. ADMINISTRATIVE EXPENSES

	1 Jan 08 to 31 Dec 08 USD	4 Sept 07 to 31 Dec 07 USD (restated)
Amounts payable to auditors	121,844	25,000
Independent valuers' fees	139,594	–
JSE listing expenses	599,082	–
JSE listing – structuring costs	1,017,164	–
Directors' fees	22,667	5,333
Legal and professional fees	57,787	148,820
Management and administration fees	456,696	108,299
Formation fees	–	25,230
Listing, sponsor, regulatory filing fees	61,711	18,105
	2,476,545	330,787

6. NET FINANCE INCOME

	1 Jan 08 to 31 Dec 08 USD	4 Sept 07 to 31 Dec 07 USD (restated)
Finance income		
Interest received on bank deposits	1,383,199	1,202,830
Interest paid on finance activities	(34,152)	–
Net finance income	1,349,047	1,202,830

7. FAIR VALUATION OF INVESTMENTS

<i>Investment</i>	Current cost USD	Unrealised fair value adjustments USD	Unrealised FX gains/(losses) USD	Accrued interest USD	Total valuation USD
2008					
Quoted equity investments					
Platmin Limited	32,317,190	–	43,852	–	32,361,042
Gemfields plc	54,350,730	(34,559,320)	(6,523,980)	–	13,317,430
Jupiter Mines Ltd	5,196,693	(3,028,782)	(1,384,154)	–	783,757
Mindax Ltd	3,349,775	(293,469)	(909,047)	–	2,147,259
Iron Mountain Mining Ltd	61,468	(36,644)	(16,623)	–	8,201
	95,325,856	(37,918,215)	(8,789,952)	–	48,617,689
Unquoted equity investments					
Fabergé Ltd ¹	41,461,381	5,396,651	–	–	46,858,032
Moepi Group (Boynton)	13,373,316	(6,686,658)	–	–	6,686,657
Richtrau No. 123 Ltd (Magazynskraal)	36,621,344	(16,084,951)	(2,225,721)	–	18,310,672
Kalahari joint venture ²	2,000,000	27,826,644	113,356	–	29,940,000
	93,456,041	10,451,686	(2,112,365)	–	101,795,361
Loan investments					
Kalahari joint venture ³	520,881	–	(38,096)	36,542	519,327
Total investment portfolio	189,302,778	(27,466,529)	(10,940,413)	36,542	150,932,377

1 The investment in Fabergé was revalued in May 2008 in line with a third party round of funding, at USD78.7 million, significantly above cost of USD26.1 million. In August 2008, the Company invested a further USD15 million, at this price per share, increasing the total cost of investment to USD41.4 million and valuation to USD93.7m. In line with the IPEVC guidelines and IFRS, the valuation was then impaired by 50% from that level to USD46.9 million.

2 The Kalahari joint venture relates to an unincorporated manganese joint venture in the Kalahari Basin. The joint venture agreement gives the Company the right to take an equity interest in Tshipi é Ntle Manganese Mining (Pty) Ltd, the entity which will hold the relevant Mining Rights. The entity has been incorporated and will assume 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.

<i>Investment</i>	Current cost USD	Unrealised fair value adjustments USD	Unrealised gains/ (losses) USD	Accrued interest USD	Total valuation USD
2007 (restated)					
Unquoted equity Investments					
Fabergé Limited	26,461,381	–	–	–	26,461,381
Rox Limited (relating to Gemfields)	31,940,124	–	–	–	31,940,124
	58,401,505	–	–	–	58,401,505
Loan investments					
Pallinghurst Kalahari ¹	2,287,929	–	–	10,561	2,298,490
Total investment portfolio	60,689,434	–	–	10,561	60,699,995

1 The loan was provided to Pallinghurst Kalahari (Mauritius) Limited ("Pallinghurst Kalahari") to enable the latter to acquire an initial equity participation in the joint venture, per the terms of the agreement concluded with Ntsimbintle Limited. The terms of the loan were interest bearing (at a rate of 1 month USD LIBOR +2%), unsecured and repayable within twelve months. The loan has now been repaid.

8. LARGEST INVESTMENTS

In accordance with the listing requirements of the JSE, the Company has disclosed the following information for the ten largest Investments within its investment portfolio. Fewer than ten separate Investments have been entered into both in the current and prior periods and accordingly the following details are included for each investment in the investment portfolio:

Investment	Date of original investment	Sector	Listing	% shares held	Current cost USD	Income USD	Total valuation USD
2008							
African Queen							
Boynnton	Aug-08	Platinum	n/a				
<i>Private company, owns platinum interests in South Africa, including PPM on the Western limb of the BIC</i>							
Equity shares				2.33%	13,373,316	–	6,686,657
Platmin Limited	Dec-08	Platinum	TSX/AIM				
<i>Listed platinum producer, primary asset is 72.39% share of Boynnton</i>							
Equity shares				16.12%	32,317,190	–	32,361,042
Magazynskraal	Dec-08	Platinum	n/a				
<i>Platinum prospect on Western Limb of BIC, close to PPM</i>							
Equity shares				6.19%	36,621,344	–	18,310,672
Coloured Gemstones							
Gemfields plc	Oct-07	Precious stones	AIM				
<i>Leading international coloured gemstone producer, mainly focused on emeralds</i>							
Equity shares				29.24%	54,400,730	–	13,317,430
Loans				–	–	101,918	–
Luxury Brands							
Fabergé Limited	Sep-07	Luxury goods	n/a				
<i>Owner of Fabergé luxury goods brand and trademarks</i>							
Equity shares				47.55%	41,461,381	–	46,858,032
Loans				–	–	182,243	–
Steel Feed Corporation							
Jupiter Mines	May-08	SFC – iron ore	ASX				
<i>Junior mining explorer with assets in Western Australia including the Yilgarn</i>							
Equity shares				11.06%	5,196,693	–	783,757
Mindax	Jun-08	SFC – iron ore	ASX				
<i>Mineral exploration company based in Western Australia</i>							
Equity shares				9.04%	3,349,775	–	2,147,259
Iron Mountain Mining Ltd	Jun-08	SFC – iron ore	ASX				
<i>Mineral exploration company focused on iron ore exploration in Australia</i>							
Equity shares				0.37%	61,468	–	8,201

Investment	Date of original investment	Sector	Listing	% shares held	Current cost USD	Income USD	Total valuation USD
Kalahari joint venture	Aug-08	SFC- manganese	n/a				
<i>Manganese explorer in Kalahari Basin of South Africa</i>							
JV interest				9.98%	2,000,000	–	29,940,000
Loans				–	520,881	213,272	519,327
Total investment portfolio					189,302,778	497,433	150,932,377
2007 (restated)							
Rox Limited (relating to Gemfields)	Oct-07	Precious stones	n/a				
<i>Leading international coloured gemstone producer, mainly focused on emeralds</i>							
Equity shares				44.07%	31,940,124	–	31,940,124
Luxury Brands Fabergé Limited	Sep-07	Luxury goods	n/a				
<i>Owner of Fabergé luxury goods brand and trademarks</i>							
Equity shares				46.77%	26,461,381	–	26,461,381
Steel Feed Corporation							
Consolidated Minerals	Sep-07	Nickel and iron ore producer	ASX				
<i>Diversified producer of mineral resources in Australia</i>							
Equity shares – break fee income				–	–	2,025,736	–
Project Kalahari	Oct-07	SFC- manganese	n/a				
<i>Manganese explorer in Kalahari Basin of South Africa</i>							
Loans				–	2,287,929	10,561	2,298,490
Total investment portfolio					60,689,434	2,036,297	60,699,995

9. TAXATION

The Company pays an annual exempt tax fee of GBP600, as it is an 'Exempt Collective Investment Scheme' under the Income Tax (Zero-10) (Guernsey) (No 2) Law 2007. This is included in operating costs.

The Group's subsidiaries, associates and joint ventures pay corporation tax in the jurisdictions they operate in where applicable.

10. INVESTMENTS IN ASSOCIATES

	Rox Conduit Limited USD	Rox Limited USD	Pallinghurst Kalahari (Mauritius) Limited USD	Ivy Lane Capital Limited USD	Other associates USD	Total USD
2008						
Loss for the year	(516,312)	(682,935)	(947,924)	(734,683)	(1,961)	(2,883,815)
Assets	386,165	1,553,602	131,891	–	20,555	2,092,213
Liabilities	(74,199)	(232,553)	(696)	–	–	(307,448)
Net assets	331,966	1,321,049	131,195	–	20,555	1,804,765
2007 (restated)						
Loss for the period	–	–	–	–	(7,871)	(7,871)
Assets	–	–	–	–	193,257	2,092,213
Liabilities	–	–	–	–	–	(307,448)
Net assets	–	–	–	–	193,257	193,257

All associates' financial year-ends are 31 December. None of the associates has any revenue.

The fair value of each associate is considered to be equal to the net asset value as consolidated. None of the associates have a listed share price.

11. LOAN TO ROX CONDUIT (ASSOCIATE)

As per the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008, during the year, Gemfields, in which the Group owns a 27% stake, made a proposed bid for TanzaniteOne. The proposed bid was to be partially funded by the Group, along with other Pallinghurst Investors; Gemfields were expected to buy TanzaniteOne shares partially using cash raised by issuing new Gemfields shares to investors, including the Group.

Accordingly, in September 2008, the Group made a GBP denominated loan of GBP10,166,966, at a cost of USD18,117,534, to Rox Conduit Limited, its associate, to facilitate the proposed bid. Rox Conduit is the controlling shareholder of Rox Limited, which is the controlling shareholder of Gemfields. Rox Conduit purchased TanzaniteOne shares which were then transferred to Gemfields in return for new Gemfields shares.

Interest income on the loan was accrued at the prevailing GBP interest rate during the period and is included in net finance costs. The outstanding loan including interest was repaid on 11 February 2009. The loan was unsecured.

	2008 USD	2007 USD (restated)
Loan advanced	18,117,534	–
Repayment of loan in return for Gemfields shares	(4,727,152)	–
Foreign exchange loss	(2,358,776)	–
Accrued interest	95,411	–
Outstanding loan at 31 December 2008	11,127,017	–

12. TRADE AND OTHER RECEIVABLES

	2008 USD	2007 USD (restated)
Amount receivable for the sale of Consolidated Minerals Limited	–	25,608,459
Prepaid Annual Management Benefit	763,466	–
Other amounts receivable	1,080	1,078
	764,546	25,609,537

13. TRADE AND OTHER PAYABLES

	2008 USD	2007 USD (restated)
Amounts payable for Magazynskraal purchase	23,900,190	–
Accrual for African Queen transaction costs	599,054	–
Amounts payable for Moepi Group purchase	835,444	–
Directors' fees payable	10,667	2,000
Administration fees payable	41,788	64,133
Reimbursable expenses owed to the Investment Manager	–	73,111
Amounts owed to other Pallinghurst strategic equity partners	112,343	–
Audit fee accrual	55,385	25,000
Fee payable to independent valuer	51,135	–
Other payables	235,430	55,474
	25,841,436	219,718

14. SHARE CAPITAL

The authorised share capital of the Company is as follows:

	2008 USD	2007 USD (restated)
Authorised		
10 Management shares of USD1 each	10	10
999,000 Ordinary shares of USD0.01 each	–	9,990
999,000,000 Ordinary shares of USD0.00001 each	9,990	–
	10,000	10,000

Management Shares each carry the right to receive notice of, attend and vote at any general meeting of the Company, provided that no shares are in issue at such date. When such rights exist, each holder of a Management Share who is present or by proxy at a general meeting will have 10,000 votes in respect of each Management Share held by them.

Since incorporation, there have been two amendments to the Company's issued ordinary share capital:

The 1,000-for-1 share split was approved by shareholders on 9 June 2008.

A vendor consideration placing occurred on 19 December 2008 to raise capital to fund the new investment in Platmin, the listed platinum developer. The Company allotted and issued 77,916,484 new Pallinghurst shares on 19 December 2008 at an issue price of R4.30 per share, raising a total of R335 million/USD34,274,931. The issue price represents a discount of 4.23% and 4.66% to the 3 business day volume weighted average closing price of the Company of R4.44 and R4.51, respectively, being the closing prices on the JSE on 9 December 2008 (the date of signature of the Platmin Investors and Subscription Agreement) and 28 November 2008 (the business day immediately prior to the approval by Directors of the vendor consideration placing).

Neither of these amendments had any effect on the Company's authorised share capital.

The effect on the issued share capital is set out below:

Issued and fully paid up	No.	Share capital USD	Share premium USD
Management shares of USD1 each			
Balance at 4 September 2007	–	–	–
Issued	2	2	–
Redeemed	–	–	–
Balance at 31 December 2007	2	2	–
Issued	–	–	–
Redeemed	–	–	–
Balance at 31 December 2008	2	2	–
<i>Ordinary shares of USD0.01 each</i>			
Balance at 4 September 2007	–	–	–
Issued	169,316	1,693	169,314,307
Share issue costs	–	–	(2,385,530)
Redeemed	–	–	–
Balance at 31 December 2007	169,316	1,693	166,928,777
<i>Ordinary shares of USD0.00001</i>			
Issued by way of stock split	169,146,684	–	–
Issued in vendor consideration placing	77,916,484	779	34,274,152
Share issue costs	–	–	(513,765)
Balance at 31 December 2008	247,232,484	2,472	200,689,164

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments and risk profile

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board monitors each of these risks, and an approved risk management policy is in place. The types of risk exposure and quantification of the level of exposure in the balance sheet is provided as follows:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign exchange rate risk, and price risk on the investment portfolio).

The Group's principal financial assets are trade and other receivables, cash, equity investments, and loans made to investments within the portfolio. The Group currently does not have any borrowing or borrowing facilities.

Credit risk

Credit risk is the risk of loss due to a debtor's non-payment or the failure of a counterparty with whom cash balances are held. The Group's credit risk primarily arises on the trade and other receivables and cash balances.

The trade and other receivables balance usually relates to balances receivable upon the exit from an investment and as such is concentrated into a small number of counterparties. The Directors monitor these counterparties closely and believe that the danger of default in these situations is low. If an exit from an investment occurs the counterparty's creditworthiness is assessed before any commitment to sell is made. The Group does not carry out trading activities other than entering into and exiting from investments and there are no other material trade and other receivables. As such, the Group's exposure to credit risk from this balance is not considered to be significant. The Group currently holds no provisions against bad or doubtful debtors.

Substantially all the cash of the Company is held with Investec Bank (Channel Islands) Limited. The Group's subsidiary, Pallinghurst Resources (Australia) Limited, holds its cash balance with National Australia Bank. The Group's associates hold cash balances with various other banks.

Bankruptcy or insolvency of any of these entities, but particularly Investec Bank (Channel Islands) Limited, may affect the Group's rights with respect to the cash held. The Directors closely monitor the credit rating of Investec Bank (Channel Islands) Limited, and are satisfied that Investec Bank (Channel Islands) Limited has high levels of both capital and liquidity. Nonetheless, due to current market conditions, and the increased level of risk associated with all companies in the banking sector, the Group may extend its range of counterparties to minimise its credit/counterparty risk.

The Group's other loan receivable balances are part of the investment portfolio, and have been made to existing equity investments, for example, where it is chosen to fund short-term working capital requirements through loans rather than further equity investment. The Directors believe in the long-term prospects of all of the investments, and are involved in the strategic planning of the investments, so are aware of the financial position of the investments, and why they may require loan funding. As such, the danger of default on these loans is considered to be an acceptable risk.

Maximum exposure to credit risk

	2008 USD	2007 USD (restated)
Investment portfolio		
Loan receivable	519,327	2,298,490
Current assets		
Trade and other receivables	764,546	25,609,537
Loan Receivable from associates	11,127,017	–
Cash and cash equivalents	20,939,970	86,113,647
Less Prepayments	(763,466)	–
	32,587,394	114,021,674

Although the Group's credit risk on loans to the investment portfolio is considered to be low, clearly there are risks associated with the investment portfolio. (See the Market risk and Price risk sections below for more detail on the price risks affecting the investment portfolio.)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group does not hold any financial liabilities at discounted values. As such, the expected undiscounted cash flow of the Group's financial liabilities at the balance sheet date is as follows:

	2008		2007	
	1 year or less	more than 1 year	1 year or less	more than 1 year
Non-derivative financial liabilities	25,841,346	–	219,718	–
Derivative liabilities	–	–	–	–
	25,841,346	–	219,718	–

The Group has not utilised any overdrafts since incorporation. The Group ensures that there are sufficient levels of cash for any investment commitments and expenses as they fall due and does not anticipate entering into significant borrowing in the future.

As referred to in the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008, the Group conducted a vendor consideration placing in December 2008, to participate in the Platmin investment. If required, the Group will consider all alternatives to raise further capital in the future, ensuring that any actions comply with relevant legislation and the requirements of the JSE and BSX. Any such actions are likely to have an impact on the Group's liquidity risk in the future.

Market risk

Market risk is the risk that the values of financial instruments fluctuate due to changes in market prices. As the Group has significant investments in mining assets, changes in commodity prices are a key risk to the business. However, the Group does not consolidate any mining assets or hold any physical commodities on its balance sheet, so commodity price changes have no direct impact on the financial statements. The impact of commodity prices is therefore omitted from this analysis (as there would be no disclosable impact). Nonetheless, users of the financial statements should be aware that commodity price movements, particularly of PGMs, manganese and iron ore, and coloured gemstone prices, are likely to have an impact on the valuation of the Group's investments.

The other significant market risks affecting the Group are foreign exchange risk, interest rate risk and market price risk (relating to the investment portfolio).

The sensitivity analysis tables enclosed below show the potential impact of possible changes in the relevant foreign exchange rates, interest rates and quoted/unquoted equity prices on the Group's financial instruments at the year-end. The only material assumption that has been made is that all income statement sensitivities also impact equity.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has entered into various equity and loan investments, denominated in currencies other than the USD, including in the Australian Dollar ("AUD"), the Rand, Canadian Dollar ("CAD") and the British Pound ("GBP"). These are translated each financial period end with the foreign exchange gain or loss reflected in the income statement. The Board consider the relevant foreign exchange exposure when assessing each investment decision.

The Group's current policy is to hold all cash balances in USD at all times, other than when allocated for a specific investment or for specific material expenses. Cash balances are translated into a currency other than USD only when an outflow of cash is imminent, or if required for legal or statutory reasons.

The cash outflows on an investment may be significantly later than the approval of the initial investment amount and translation out of USD, meaning the Group is at risk of fluctuations in the relevant exchange rate. For example, a portion of the initial cash allocated for investment into the Australian SFC investment is not invested at 31 December 2008 and is held in AUD. This has resulted in an FX loss from the strengthening of the USD against the AUD since the initial investment allocation in May 2008.

The Group may occasionally hold balances in currencies other than the USD for a material investment which is considered likely but is not yet certain, meaning there is some foreign exchange risk if the investment does not occur and the balance is translated back into USD at a different exchange rate. Alternatively, for specific material investments (or expenses) the Group may choose to enter into appropriate hedging strategies eg forward contracts or options to minimise the Group's foreign exchange exposure. The Group does not hold any such derivatives at the year-end, although it did enter into certain derivatives during the year, particularly forward contracts to purchase Rands for investments located in South Africa.

The Group's liabilities mainly relate to outstanding payments for investments. The most material balance is payable to the Bakgatla for the sale of the Magazynskraal asset (in Rands). The Group's other liabilities at the year-end relate to various USD expenses; as such there is no foreign exchange risk attached to these balances.

The Group's exposure to foreign exchange risk on its assets and liabilities is as follows:

Financial assets at 31 December 2008:

Currency	Financial assets excluding derivatives USD	Impact of currency derivatives USD	Derivative assets to currency risk USD	Total financial asset exposure USD
USD	50,589,715	–	–	50,589,715
GBP	24,444,447	–	–	24,444,447
Rands	71,600,766	–	–	71,600,766
CAD	32,361,042	–	–	32,361,042
AUD	4,004,475	–	–	4,004,475
Total financial assets	183,000,444	–	–	183,000,444
At 31 December 2007:				
USD	114,874,596	–	–	114,874,596
GBP	31,940,124	–	–	31,940,124
Rands	–	–	–	–
CAD	–	–	–	–
AUD	25,608,459	–	–	25,608,459
Total financial assets	172,423,179	–	–	172,423,179

Financial liabilities at 31 December 2008:

Currency	Financial liabilities excluding derivatives USD	Impact of currency derivatives USD	Liabilities derivative assets USD	Total financial exposure to currency risk USD
USD	400,228	–	–	400,228
GBP	106,520	–	–	106,520
Rands	25,334,688	–	–	25,334,688
Total financial liabilities	25,841,436	–	–	25,841,436
At 31 December 2007				
USD	219,718	–	–	219,718
GBP	–	–	–	–
Rands	–	–	–	–
Total financial liabilities	219,718	–	–	219,718

Foreign exchange risk – sensitivity analysis

If the USD strengthens relative to the various currencies in which the Group's financial assets are held, the Group's assets denominated in currencies other than USD would decline in the value. Sensitivity to various potential changes in foreign exchange rates is as follows:

2008

+10% USD to GBP	–2,444,445
+5% USD to Rands	–2,313,304
+5% USD to CAD	–1,618,052
+10% USD to AUD	–400,447

2007

+5% USD to GBP	–1,597,006
+5% USD to Rands	–
+5% USD to CAD	–
+5% USD to AUD	–1,280,423

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash balances and interest bearing loans made to companies within the investment portfolio.

The Group's policy is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders. The Group may amend these policies in the future; for example if the Company raises further equity via a Second Equity Raising or by any other means, it may be appropriate to hold some cash balances in longer-term investments in order to increase the return for shareholders on uninvested cash. During the current and prior period all uninvested cash was held in short-term investments.

The Group makes loans to companies within the investment portfolio, which may be in either USD or local currency. These loans are usually based on the relevant national inter-bank rates and accordingly any changes in these rates would have an impact on the consolidated income statement.

The Group may make non-interest bearing loans to companies within the investment portfolio in specific circumstances.

	Financial assets; interest bearing		Financial assets; non-interest bearing		Total USD
	Floating rate financial assets USD	Fixed rate financial assets USD	Portfolio of equity investments USD	Other non- interest bearing financial assets USD	
2008					
Financial assets (excluding derivatives)	32,586,314	–	150,413,051	1,080	183,000,445
Derivative financial assets	–	–	–	–	–
	32,586,314	–	150,413,051	1,080	183,000,445
2007					
Financial assets (excluding derivatives)	88,412,137	–	58,401,505	25,609,537	172,423,179
Derivative financial assets	–	–	–	–	–
	88,412,137	–	58,401,505	25,609,537	172,423,179

Interest rate risk– sensitivity analysis

The Group's sensitivity to potential changes in interest rates is as follows:

2008	
50 basis points fall in US interest rates	–76,879
50 basis points fall in Rand interest rates	–86,052
2007	
50 basis points fall in US interest rates	–114,555

Price risk

Price risk is the risk that the price for listed investments fluctuates with a corresponding impact on the income statement. The Directors' valuations for unlisted investments are also likely to increase or decrease over time. These changes will be linked to the performance of the underlying investments. The performance of investments could be affected by factors including but not limited to relevant commodity prices, results from exploration/drilling, global or regional political events, or specific developments relating to the investment, all of which could impact on the valuation of the investments.

The quoted/unquoted investments in the balance sheet subject to price risk are set out in Note 7 *Fair valuation of investments*.

Price risk – sensitivity analysis

A 10% decrease in the fair value of the Group's quoted investments, and a 25% decrease in the unquoted investments, would have the following impacts on the income statement:

USD	2008	2007
Quoted	-4,861,769	-
Unquoted	-25,448,840	-5,840,151
	-30,410,609	-5,840,151

The fair value of each of the Group's quoted/unquoted investments could vary significantly from period to period. The sensitivity analysis shows the results of a potential 10% movement in quoted investments, which is considered to be a likely potential movement in the overall portfolio of quoted investments in the next six or twelve months. The valuation of the investment in Gemfields has fallen significantly since the year-end; see Note 20 *Events occurring after the end of the year* for more details.

Sensitivity analysis has been disclosed for 25% movement in unquoted investments. Any material change in global economic conditions would be likely to impact the valuations of the Group's unquoted investments. Per the IPEVC guidelines, any impairments or impairment reversals would be made in 25% tranches.

Other price risk disclosures

The price risk sensitivity analysis above may not be fully representative of the risks the Group is subject to, for the reasons set out below as required by IFRS 7 *Financial Instruments: Disclosures*.

The unquoted investments are illiquid and there are no regular transactions in these shares. As such the Group may find it difficult to exit these assets at the current valuations as stated in the balance sheet, and may be unable to sell partial stakes easily, as there may be a shortage of willing buyers.

Similarly, although the markets for the Company's quoted investments are more active, the shares are not fully liquid. The Group owns significant stakes in some of its investments, for example 29.24% of Gemfields, plus other Pallinghurst investors hold further significant stakes. As such, if the Group wished to exit an investment in its entirety, it may be necessary for the Group to sell its stakes at a discount to market price, which could be higher than the 10% discount included in the sensitivity analysis above.

However, the Directors believe in the future prospects all of the Group's investments, which are all still at an early stage, and therefore it is unlikely that such an exit at a discounted price will occur. Accordingly, the Directors do not attempt to hedge this risk.

Sensitivity analysis representative for the position throughout the year

All the sensitivity analysis enclosed above is based on the financial instruments held at the year-end. The mix of financial instruments has changed significantly over the course of the year and the sensitivity analysis does not fully represent the risks the Group has been subject to over the past year (or anticipates as the likely risks over the next). This section explains why not, as required by IFRS 7, and discloses more representative sensitivity disclosures, where relevant.

Over the year the cash balances have decreased significantly and there have been material cash outflows on new investments, mostly in currencies other than USD. In particular, during the year further investment in Gemfields has occurred (GBP), plus new investments have been made into the Kalahari joint venture (Rands) and platinum (Boynton and Magazynskraal, both in Rands). (The investment in Platmin was made in USD, post the vendor consideration placing which raised equity capital in Rands).

Using a split of financial instruments earlier in 2008, the sensitivity particularly to the Rand, and the GBP would have been materially lower. Using the 30 June 2008 mix of financial instruments as an example, the sensitivity to the same foreign exchange movements would have been as follows:

Financial assets as at 30 June 2008

+ 10% USD to GBP	6,175,252
+ 5% USD to Rands	-
+10% Euro to USD	-
+10% USD to AUD	1,037,557

Similarly, the lower cash position at the year-end means that the sensitivity of the balance sheet to changes in interest rates is also currently much lower. Using the 30 June 2008 balance sheet (USD41,606,595 of cash plus USD interest bearing loans to Fabergé and Pallinghurst Kalahari (Mauritius) Limited) as an example, the sensitivity to a 50 basis points fall in US interest rates (annualised) would have been USD287,887. The impact of the same fall in the Rand rate would have been zero (there were no Rand denominated loans at 30 June 2008).

As the Group has become fully invested during 2008, the sensitivity to share price movements in quoted investments (and comparable fair value movements in unquoted investments) has increased during the year. Using the 30 June 2008 balance sheet as an example, the sensitivity of the income statement to a 10% fall in the price of quoted investments would have been USD6,957,657, and for unquoted investments USD7,871,594.

The sensitivity analysis presented for December 2008 is considered likely to be representative of the risks to the balance sheet in the immediate future. However, the Group's risk profile could change over time. For example if the Group raises significant further cash through a Second Equity Raising or enters into any borrowing, future changes in interest rates would be likely to have a significant impact on the Group. The Group is also likely to make further investments in the future into both quoted and unquoted investments, in various currencies other than USD, any of which would impact the Group's split of financial assets and its sensitivity to movements in foreign exchange rates and quoted/unquoted market prices.

16. RELATED PARTY TRANSACTIONS

The Company has significant stakes in most of the investments within the investment portfolio. Per Note 2 *Accounting policies*, where the Company owns stakes giving either significant influence or joint control, the Company accounts for these investments under IAS 39 at fair value through the profit and loss account. Nonetheless, per IAS 24 *Related Party Disclosures*, these investments are considered to be related parties, and transactions with them are related party transactions. Related party transactions include the entering into and exiting from equity investments, and also loaning cash to investment entities. See Note 7 *Fair valuation of investments* and Note 8 *Largest investments* for the detail of these transactions.

The Investment Manager, Administrator and Secretary are all related parties of the Group due to common directors. The amounts due for the Investment Manager's Benefit and the Performance Incentive are disclosed in Note 4 *Investment Manager*. The Administrator is entitled to annual minimum fees totalling USD80,000, payable quarterly in arrears.

Stuart Platt-Ransom, Clive Harris, and Martin Tolcher each receive a director's fee of USD8,000 per annum, prorated as necessary. Martin Tolcher did not receive a fee for his role as Permanent Alternate to Stuart Platt-Ransom. Brian Gilbertson, Arne H. Frandsen and Andrew Willis have each waived their director's fee.

In addition, Clive Harris receives fees of USD5,000 for acting as a director of subsidiaries of the Group, and a further USD24,000 in his role as Director for some of the Group's investments and equity accounted associates.

At 31 December 2008, Directors' interests in the equity shares of the Company were as follows:

- The Brian Gilbertson Discretionary Settlement, a discretionary trust of which Brian Gilbertson is a beneficiary, owns 4.05%;
- Arne H. Frandsen owns 0.10%; and
- Andrew Willis owns 0.10%.

17. HEADLINE EARNINGS PER SHARE AND NAV PER SHARE

The key earnings measures included in this note are earnings per share, diluted earnings per share and headline earnings per share ("HEPS"), and also Net Asset Value ("NAV") and Tangible Net Asset Value per share. The disclosure of earnings per share is required by IAS 33 *Earnings per Share*. Additionally, HEPS is a JSE-defined performance measure, the disclosure of which is also required.

There is no difference between earnings per share, diluted earnings per share and HEPS for the Group, and there is also no difference between NAV per share and tangible NAV per share, in either the current year or the comparative period.

As disclosed in Note 2 *Accounting Policies*, a change in accounting policy has been implemented to account for investments in associates that are part of the investment portfolio at fair value through the profit and loss account. This has had an impact on earnings, diluted earnings and headline earnings per share, and also on NAV and tangible NAV per share, in the comparative period.

As disclosed in Note 14 *Share Capital*, a 1,000-for-1 share split was approved by shareholders on 9 June 2008. The share split has also had an impact on earnings, diluted earnings and headline earnings per share, and also on NAV and tangible NAV per share, in the comparative period.

As disclosed in Note 14 *Share Capital*, a vendor consideration placing occurred on 19 December 2008 to raise capital to pay for the new investment in Platmin. The transaction changed the number of shares in issue, impacting on HEPS and NAV per share. It does not have any impact on the comparative figures for EPS and NAV per share.

The table below includes HEPS and NAV for the year to 31 December 2008. It also includes for reference the restated HEPS and NAV per share:

Headline (loss)/earnings per share	1 Jan 08 to 31 Dec 08 USD	4 Sept 07 to 31 Dec 07 (restated) USD
Headline (loss)/headline earnings	(46,430,645)	5,448,783
Number of shares in issue	247,232,484 ¹	169,316,000 ²
HEPS after change in accounting policy, effect of 1,000-for-1 share split and vendor consideration placing (see Note 14)	(0.19)	0.03 ³

¹ A vendor consideration placing occurred on 19 December 2008, issuing 77,916,484 new shares, and changing the number of shares for the HEPS calculation in the current year. This transaction does not have any impact on the comparative figures for HEPS.

² A 1,000-for-1 share split was approved on 9 June 2008. For the purpose of calculating the comparative HEPS figure it has been assumed that the share split occurred before 31 December 2007.

³ The HEPS per the 2007 financial statements was USD24.40. The HEPS assuming that the change in accounting policy had occurred before 31 December 2007, but the share split had not occurred, would have been USD32.18 (this is USD0.03 after taking into account the 1,000-for-1 share split).

NAV per share	2008 USD	2007 USD (restated)
Net assets	159,727,239	172,396,718
Number of shares in issue	247,232,484¹	169,316,000²
NAV per share after change in accounting policy and effect of 1,000-for-1 share split and vendor consideration placing (see Note 14)	0.65	1.02³

¹ A vendor consideration placing occurred on 19 December 2008, issuing 77,916,484 new shares, and changing the number of shares for the NAV calculation in the current year. This transaction does not have any impact on the comparative figures for NAV per share.

² A 1,000-for-1 share split was approved by Shareholders on 9 June 2008; for the purpose of calculating NAV per share it has been assumed that the share split occurred before 31 December 2007.

³ The NAV per share per the 2007 financial statements was USD1,010.41. The NAV per share assuming that the change in accounting policy had occurred before 31 December 2007, but the share split had not occurred, would have been USD1,018.20 (this is USD1.02 after taking into account the 1,000-for-1 share split).

18. COMMITMENTS

The Investment Manager has negotiated a deal to take-up to a combined 55% controlling stake in Jupiter Mines, under a joint venture with Red Rock Resources, as referred to in Note 20 *Events occurring after the end of the year*. The Group has committed to provide a further AUD5 million to Jupiter for working capital purposes, which is subject to the investment criteria of the Group.

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

Group's share of the Platmin Guarantee

As disclosed in the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008, on 19 December 2008, the Company and certain other strategic equity partners acquired a controlling 62.36% interest in Platmin, through the issue of new Platmin shares.

As part of this agreement the Bakgatla also agreed to invest R500 million and subscribe for further shares (the "Bakgatla subscription") in Platmin at the same price as the other Pallinghurst Investors, including the Company. This second tranche of 73,529,411 shares was to increase the ownership of Platmin by the Company and its strategic equity partners, including the Bakgatla, to 69.84%.

The total acquisition price for the Platmin transaction (USD125 million plus USD50 million/R500 million) was negotiated based on the total anticipated amount required for Platmin to complete the construction of PPM. Accordingly, Pallinghurst and its other strategic equity partners, guaranteed the payment would be made to Platmin by 31 March 2009 if the Bakgatla were unable to do so (the "Platmin Guarantee").

The Company's relevant proportion of this funding was 18.56% or USD9.3 million which was a contingent liability at the balance sheet date. This contingent liability was not secured on any assets held by the Group.

Since the year-end, the conditions for the Bakgatla to invest had not been met and accordingly the Platmin Guarantee became due and was paid on 12 February 2009. A further contingent liability for the amount payable to the Bakgatla for Magazynskraal now exists, see Note 20 *Events occurring after end of year*.

No other contingent liabilities existed at the balance sheet date.

Contingent assets

There were no significant contingent assets in the Group at 31 December 2008 or 31 December 2007.

Contingent liabilities and assets of associates

There were no contingent liabilities for any of the Group's associate entities.

20. EVENTS OCCURRING AFTER THE END OF THE YEAR

Potential further diminution in valuation of investment in Gemfields

The share price of Gemfields plc has fallen significantly since the balance sheet date, and has traded well below the its average traded price in 2008.

As per the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008 given poor markets for precious stones, the directors of Gemfields are taking steps to rationalise the scale of mining activity at the Kagem emerald mine and to minimise all non-essential capital, project development and exploration expenditure.

The Directors consider this diminution in value to be of a short-term nature and believe that in the medium term, Gemfields will be a successful business with a correlating recovery in the Gemfields share price.

In line with the disclosure requirements of IAS 10, *Events After The Reporting Period*, an estimate of the impact of this non-adjusting event is as follows:

The share price of Gemfields plc on 17 March 2009 was 3.5p, and the GBP/USD exchange rate was GBP1=USD1.406. Using the updated share price and foreign exchange rate to value the Gemfields year-end holding, the fair value of the Company's see-through interest in Gemfields would be USD4,271,461 with an unrealised loss in fair value of USD43,308,780 and an unrealised foreign exchange loss of USD6,820,489. This valuation is USD9,045,969 lower than the valuation in the balance sheet at 31 December 2008.

Settlement of liability for Magazynskraal

As per the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008, a key step in the African Queen strategy is for the Company, along with various strategic equity partners, to purchase a stake in the Magazynskraal property from the Bakgatla. This transaction was negotiated in June 2008, and all conditions were fulfilled in December 2008. Accordingly, a liability for payment of R223 million/USD23,900,190 (using a year-end exchange rate of R9.3378=USD1) is included in the year-end balance sheet, see Note 13 *Trade and other payables*.

The USD strengthened against the Rand between the balance sheet date and the dates of payment, from around USD1= 9.3 to USD1=10.1, reducing the USD outflow on these assets; the first payment was made on 22 January 2009, for the Rand equivalent of USD12,992,055, and the second payment on 12 February 2009, for the Rand equivalent of USD9,537,324. The second payment for Magazynskraal actually settled the Group's contingent liability for the Platmin Guarantee.

The outflow for this investment had been partially hedged through holding approximately R151 million over the year-end. Due mainly to uncertainty over the exact timing of the cash outflows, the rest of the Rand denominated liability was not fixed at 31 December 2008. See below for more detail.

Realisation of the Platmin Guarantee and new contingent liability for further Magazynskraal payment

The Bakgatla subscription was dependent on a number of conditions being met on or before 20 March 2009 including the following:

- Platmin to inward list its shares on the securities exchange of the JSE;
- the Exchange Control Division of the South African Reserve Bank to approve various conditions of the transaction; and
- the completion of the Magazynskraal transaction.

It became clear during February 2009 that not all these conditions would be met on time. The conditions precedent for the Magazynskraal transaction occurred during December 2008 but the JSE listing of Platmin was not going to be completed before 20 March 2009.

Accordingly, the second payment for the Magazynskraal transaction described above fulfilled the obligations made under the Platmin Guarantee, and paid for the Bakgatla subscription for Platmin shares. These shares are being warehoused until Platmin's JSE listing, at which point the shares will be sold to the Bakgatla (at the same acquisition price) in order to satisfy the liability to pay the Bakgatla for the final outstanding amount for Magazynskraal.

On 12 February 2009, the contingent liability to take-up more Platmin shares therefore was extinguished, and was replaced by a new contingent liability for the outstanding payment for Magazynskraal.

The new contingent liability will be extinguished upon Platmin listing on the JSE by 31 December 2009 or if a structure is identified that would allow the Bakgatla to be the long-term beneficial shareholders of the Platmin shares in the same time frame. The JSE listing is scheduled to be implemented by the second quarter of 2009.

The new contingent liability payable to the Bakgatla for the acquisition of further Magazynskraal shares has been secured on the Platmin shares purchased in December 2008 by the Group and its strategic equity partners. The Group has a see-through interest in 47,800,130 Platmin shares. The maximum amount of the Group's contingent liability is approximately USD12.9 million, using an exchange rate of R10/USD1.

If this contingent liability did materialise, the payment would see the Group owning a larger stake in Platmin and Magazynskraal than currently anticipated, at the expense of the Bakgatla, until such time as all conditions are met for the Bakgatla to take-up their Platmin shares.

The process for listing Platmin on the JSE is well advanced, and the Directors believe that the liability should not become due.

Repayment of loan to Rox Conduit

As disclosed in the Investment Managers Report in the Company's Annual Report for the year ended 31 December 2008 and Note 11 *Loan to Rox Conduit – associate*, a loan to Rox Conduit was made during 2008 to partially fund Gemfields' proposed bid for TanzaniteOne. The outstanding amount of USD11,127,017 was repaid on 11 February 2009, including accrued interest.

Purchases of Gemfields shares by Rox Limited

As disclosed above, the Directors continue to believe in the future prospects of Gemfields, and that the current share price is artificially low. Accordingly, during January and February 2009, the Company has increased its interest in Gemfields through purchasing shares on the open market at between 2.75p and 4.25p, through its associate Rox Limited.

The Company's see-through interest in Gemfields has increased from 29.24% to 30.30% since the balance sheet date.

Approval of Jupiter mines transaction by Jupiter shareholders

The Company has completed the first stage of a transaction whereby the Company and its joint venture partner, AIM-listed Red Rock Resources plc ("RRR") take a stake of up to 55% in Jupiter Mines Limited ("Jupiter"), the iron ore explorer listed on the ASX.

The approval by the Jupiter shareholders was given on 9 March 2009, and the Company together with RRR will take a significant stake in Jupiter. Under the terms of the transaction, a subsidiary of the Group will receive 47,339,148 newly issued Jupiter shares in exchange for the 11,671,175 Mindax shares held by the Company, and AUD1 million in cash. This will increase the Group's holding of Jupiter shares from 18,715,000 to 66,054,148 shares, or approximately 26% of the then issued share capital.

Concurrently with the transfer by the Company, RRR will contribute certain iron ore exploration assets in the central Yilgarn region of Western Australia, in exchange for 23,839,183 newly issued Jupiter shares.

In addition, within two years, the Company may receive a further 26,845,017 Jupiter shares and RRR a further 54,155,579 Jupiter shares upon certain manganese tenements being granted to RRR and unencumbered title to those tenements being transferred from RRR to Jupiter (the "Manganese Option"). Furthermore, within two years, the Company and RRR could be issued, in equal proportions, up to an additional 180 million Jupiter shares depending on the amount of saleable direct shipping hematite ore resource certified to be existing on Tenement E29/581, known as the Mount Alfred Project, subject to a minimum of ten million tonnes of certified resources. The Company and RRR could together control 55% of the then issued shares of Jupiter.

PRO FORMA BALANCE SHEET AND INCOME STATEMENT

The unaudited *pro forma* consolidated balance sheet and income statement of Pallinghurst prior to and after the implementation of the Rights Offer is set out below. The unaudited *pro forma* consolidated balance sheet and income statement of Pallinghurst have been presented for illustrative purposes only and may, because of their nature, not give a fair reflection of Pallinghurst's results, financial position and changes in equity post the implementation of the Rights Offer. It has been assumed for purposes of the unaudited *pro forma* financial effects that the Rights Offer was implemented with effect from 1 January 2008 and 31 December 2008 for income statement and balance sheet purposes respectively. The Directors are responsible for the preparation of the unaudited *pro forma* consolidated balance sheet and income statement. The independent reporting accountant's report relating to the *pro forma* financial information is set out in Annexure III to this Circular.

PRO FORMA CONSOLIDATED BALANCE SHEET

	Before the Rights Offer ¹ (USD)	Pro forma adjustment (USD)	Pro forma after the Rights Offer (USD)
ASSETS			
Non-current assets			
Investments in associates	1,804,765	–	1,804,765
	1,804,765	–	1,804,765
Investment portfolio			
Quoted investments	48,617,689	23,892,555	72,510,244
Unquoted investments	101,795,361	57,342,132	159,137,493
Loan receivable	519,327	14,335,533	14,854,860
	150,932,377	95,570,220	246,502,597
Total non-current assets	152,737,142	95,570,220	248,307,362
Current assets			
Trade and other receivables	764,546	–	764,546
Loan receivable from associate	11,127,017	–	11,127,017
Cash and cash equivalents	20,939,970	–	120,939,970
	32,831,533	–	32,831,533
	185,568,675	95,570,220	281,138,895

	Before the Rights Offer¹ (USD)	Pro forma adjustment (USD)	Pro forma after the Rights Offer (USD)
LIABILITIES			
Current liabilities			
Trade and other payables	25,841,436	–	25,841,436
	25,841,436	–	25,841,436
Net assets	159,727,239	95,570,220	255,297,459
EQUITY			
Share capital	2,474	2,286	4,760
Share premium	200,689,164	95,567,934	296,257,098
Cumulative translation adjustment reserve	17,463	–	17,463
Retained earnings	(40,981,862)	–	(40,981,862)
	159,727,239	95,570,220	255,297,459
Shares in issue	247,232,484	228,571,376	475,803,860
NAV per Share	0.65	(0.11)	0.54
Tangible NAV per Share	0.65	(0.11)	0.54

Notes:

- ¹ The figures in the "Before Rights Offer" column have been extracted without adjustment from the published audited financial statements of Pallinghurst as at 31 December 2008.
- ² Share capital has been adjusted to include the ordinary share capital portion of 228,571,376 Rights Offer Shares issued at a value of R3.50 per Share.
- ³ Transaction costs of approximately USD4,430,000, as set out in paragraph 26 on page 45 of this Circular, have been taken into account against share premium as costs directly attributable to the issue of shares.
- ⁴ The Company will raise R800 million before expenses (approximately USD100 million based on an assumed exchange rate of R8 : USD1).
- ⁵ The *pro forma* financial information has been prepared in accordance with IFRS and in terms of The Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants, in line with the Listings Requirements.
- ⁶ The R800 million raised by way of the Rights Offer will be reinvested, net of transaction costs, in the Investments as outlined in this Circular and in accordance with the Investment policy outlined in paragraph 2.1 of the Revised Listing Particulars.

PRO FORMA INCOME STATEMENT

	Before the Rights Offer ¹ (USD)	Pro forma adjustment (USD)	Pro forma after the Rights Offer (USD)
INCOME			
(Losses)/revenue on investments	(38,322,942)	–	(38,322,942)
Realised profits on disposal of investments	–	–	–
Dividends received from financial asset investment	84,000	–	84,000
Unrealised net losses in the fair value of investments	(27,466,529)	–	(27,466,529)
Unrealised net foreign exchange losses in the portfolio of investments	(10,940,413)	–	(10,940,413)
Portfolio income	497,433	–	497,433
Break fee income	–	–	–
Loan interest income	497,433	–	497,433
(Losses)/revenue on Investments and income from operations	(37,825,509)	–	(37,825,509)
EXPENSES	(7,070,224)	–	(7,070,224)
Investment Manager's Benefit	(2,556,643)	–	(2,556,643)
Operating expenses	(2,476,545)	–	(2,476,545)
Net foreign exchange losses	(2,037,036)	–	(2,037,036)
(Loss)/profit from operations	(44,895,733)	–	(44,895,733)
Net finance income	1,349,047	–	1,349,047
(Loss)/profit before share in loss of associates	(43,546,686)	–	(43,546,686)
Share in loss of associates	(2,883,815)	–	(2,883,815)
(Loss)/profit before tax	(46,430,501)	–	(46,430,501)
Income tax expense	(144)	–	(144)
NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR/PERIOD	(46,430,645)	–	(46,430,645)
Shares in issue at year end	247,232,484	228,571,376	475,803,860
Loss per Share	(0.19)	(0.09) ²	(0.10)
Headline loss per Share	(0.19)	(0.09) ²	(0.10)
Diluted loss per Share	(0.19)	(0.09) ²	(0.10)

Notes:

¹ The figures in the "Before Rights Offer" column have been extracted without adjustment from the published audited results for the year ended 31 December 2008.

² Shares in issue have been adjusted for the 228,571,376 Rights Offer Shares to be issued.

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS

"The Directors
Pallinghurst Resources Limited
1 Le Marchant Street
St Peter Port
Guernsey
GY1 4HP
Channel Islands

14 August 2009

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS

Introduction

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects on the income statement and balance sheet (collectively, "**the *Pro Forma* Financial Information**") of Pallinghurst Resources Limited ("**Pallinghurst**") set out in paragraph 15 on page 43 and Annexure II to the Circular to be dated on or about 7 September 2009 issued in connection with the renounceable rights offer ("**Circular**").

The *Pro Forma* Financial Information has been prepared for purposes of complying with the requirements of the JSE Limited ("**JSE**"), for illustrative purposes only, to provide information about how the rights offer ("**Rights Offer**") might have affected the reported financial information had the transaction been undertaken on 31 December 2008 for balance sheet purposes, and on 1 January 2008 for income statement purposes.

Because of its nature, the *Pro Forma* Financial Information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of Pallinghurst, after the Rights Offer.

Directors' responsibility

The directors of Pallinghurst ("**Directors**") are solely responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information contained in the Circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *Pro Forma* Financial Information contained in the Circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Pallinghurst and the *pro forma* adjustments are appropriate for the purposes of the *Pro Forma* Financial Information as disclosed in terms of the listings requirements of the JSE ("**Listings Requirements**").

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the *Pro Forma* Financial Information included in the Circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *Pro Forma* Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of Pallinghurst with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Pallinghurst, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *Pro Forma* Financial Information with the Directors of Pallinghurst.

In arriving at our conclusion, we have relied upon financial information prepared by the Directors of and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance are obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Pallinghurst; and
- the adjustments are not appropriate for the purposes of the *Pro Forma* Financial Information as disclosed pursuant to Section 8.30 of the Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued by Pallinghurst in the form and context in which it appears.

SAB&T Chartered Accountants Incorporated

Registered Accountants and Auditors

Per **Bashier Adam**

Registered Auditor

TRADING HISTORY OF SHARES ON THE JSE

	High (cents)	Low (cents)	Volume (Shares)	Value (Shares) R
Quarterly				
30/09/2008	1,221	740	117,651,070	828,788,317
31/12/2008	888	400	7,514,514	50,545,130
31/03/2009	475	200	5,567,555	16,499,857
30/06/2009	460	265	16,581,793	63,464,018
Monthly				
31/08/2008	1,221	850	115,069,936	808,363,925
30/09/2008	940	740	2,581,134	20,424,392
31/10/2008	888	580	4,963,894	36,905,817
30/11/2008	625	444	1,926,272	10,875,429
31/12/2008	475	400	624,348	2,763,884
31/01/2009	475	335	1,824,768	6,843,777
28/02/2009	350	220	1,324,091	3,894,047
31/03/2009	300	200	2,418,696	5,762,033
30/04/2009	450	265	5,682,330	20,275,171
31/05/2009	460	360	8,465,687	33,204,247
30/06/2009	450	340	2,433,776	9,984,600
Daily				
02/07/2009	410	405	55,500	227,475
03/07/2009	415	415	6,401	26,564
06/07/2009	415	415	26,650	110,597
07/07/2009	415	415	13,500	56,025
08/07/2009	415	415	6,100	25,315
09/07/2009	413	413	11,000	45,430
10/07/2009	413	400	159,000	637,820
13/07/2009	395	365	460,496	1,789,780
14/07/2009	390	389	16,500	64,348
15/07/2009	390	385	552,000	2,125,250
16/07/2009	385	370	90,150	338,243
17/07/2009	520	385	242,594	955,053
20/07/2009	–	–	–	–
21/07/2009	444	400	152,109	636,726
22/07/2009	440	440	6,600	29,040
23/07/2009	474	440	4,763	21,288
24/07/2009	460	450	23,655	107,301
27/07/2009	450	447	12,915	57,979
28/07/2009	455	440	78,315	348,043
29/07/2009	450	440	15,320	68,408
30/07/2009	–	–	–	–
31/07/2009	440	430	208,500	897,400
03/08/2009	450	435	108,500	487,250
04/08/2009	450	450	86,000	387,000

	High (cents)	Low (cents)	Volume (Shares)	Value (Shares) R
Daily (cont)				
05/08/2009	447	425	141,700	607,983
06/08/2009	442	430	41,870	182,470
07/08/2009	440	435	71,100	311,567
11/08/2009	441	424	182,705	782,575
12/08/2009	425	424	59,373	251,760
13/08/2009	424	412	95,100	401,931

TABLE OF ENTITLEMENTS

The rounded number of Rights to Shares to which Shareholders are entitled are as follows:

Shares held	Rights Offer Entitlement	Shares held	Rights Offer Entitlement	Shares held	Rights Offer Entitlement
1	1	35	32	69	64
2	2	36	33	70	65
3	3	37	34	71	66
4	4	38	35	72	67
5	5	39	36	73	67
6	6	40	37	74	68
7	6	41	38	75	69
8	7	42	39	76	70
9	8	43	40	77	71
10	9	44	41	78	72
11	10	45	42	79	73
12	11	46	43	80	74
13	12	47	43	81	75
14	13	48	44	82	76
15	14	49	45	83	77
16	15	50	46	84	78
17	16	51	47	85	79
18	17	52	48	86	80
19	18	53	49	87	80
20	18	54	50	88	81
21	19	55	51	89	82
22	20	56	52	90	83
23	21	57	53	91	84
24	22	58	54	92	85
25	23	59	55	93	86
26	24	60	55	94	87
27	25	61	56	95	88
28	26	62	57	96	89
29	27	63	58	97	90
30	28	64	59	98	91
31	29	65	60	99	92
32	30	66	61	100	92
33	31	67	62	1,000	925
34	31	68	63	10,000	9,245

PALLINGHURST

RESOURCES

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

REVISED LISTING PARTICULARS

(Issued in terms of the Listings Requirements)

The "Corporate Information" section on the inside front cover of the Circular and the "Definitions and interpretations" on pages 16 to 26 hereto apply, *mutatis mutandis*, to the Revised Listings Particulars.

The Revised Listings Particulars form part of the Circular and are issued in compliance with the Listings Requirements for the purpose of providing information to the public regarding to the implications of the Rights Offer on Pallinghurst and its Shareholders and have been prepared on the assumption that the Rights Offer has been implemented.

As at the Last Practicable Date, based on the above assumption, the authorised ordinary share capital of Pallinghurst comprises 999,000,000 ordinary shares with a par value of USD0.00001 each and 10 management shares with a par value of USD1.00 each, and the issued ordinary share capital will comprise 475,803,860 ordinary shares with a par value of USD0.00001 each and two management shares with a par value of USD1.00 each.

The Directors, whose names appear in the "Corporate Information" section on the inside front cover of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that on the Last Practicable Date, to the best of their knowledge and belief, there are no facts, the omission of which, would render any statement in the Revised Listings Particulars false or misleading and that they have made all reasonable enquiries to ascertain such facts and that the Revised Listings Particulars contains all information required by the Act, Guernsey Law and the Listings Requirements.

The investment bank and JSE sponsor, BSX sponsor, auditors, independent reporting accountant, legal advisors, and Transfer Secretaries have consented in writing to act in the capacity stated and to their name being stated in the Revised Listings Particulars and in the case of the reporting accountants, reference to their reports in the form and context in which they appear and have not withdrawn their consents prior to the publication of the Revised Listings Particulars.

Investment bank



JSE sponsor



Investment Manager



Legal advisors in South Africa



Legal advisors in Guernsey



Independent reporting accountant



CONTENTS

The definitions and interpretations set out on pages 16 to 26 of the Circular apply *mutatis mutandis* to these contents.

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I. INTRODUCTION

I.1 Introduction

The details of the Rights Offer are set out in the Circular. The purpose of the Revised Listing Particulars is to inform Shareholders of the effects of the Rights Offer in terms of the Listings Requirements and accordingly have been prepared on the assumption that the Rights Offer has been successfully implemented.

I.2 Incorporation and history of Pallinghurst

The Company was incorporated on 4 September 2007 as Pallinghurst Resources (Guernsey) Limited (registration number 47656), in accordance with Guernsey Law. The Company listed on the BSX soon afterwards on 26 September 2007. On 20 August 2008 Pallinghurst inward listed on the JSE, with the JSE becoming the Company's primary listing and the BSX listing being retained as a secondary listing. On 28 May 2009, the Company changed its name from Pallinghurst Resources (Guernsey) Limited to Pallinghurst Resources Limited. The Company was registered as an external company in South Africa (registration number 2009/012636/10) on 26 June 2009. The Company has an authorised share capital of 999,000,000 Shares of USD0.00001 each and 10 Management Shares of USD1.00 each. The Company operates under Guernsey Law as its principal legislation. Pallinghurst's registered office is currently located at 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP, Channel Islands.

The Company is an authorised closed-ended investment company. As an existing closed-ended investment company, the Company is deemed to have been granted an authorisation declaration by the Guernsey Financial Services Commission in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and Rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008 on the date when the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989. As an authorised closed-ended investment company, the Company is subject to continuing supervision by the Guernsey Financial Services Commission.

I.3 Nature of business

The Company's main objective is to carry on the business of an investment holding company in Investments falling within the Investment Scope. To achieve the Investment Objectives as set out in paragraph 2.3 below, the Company has appointed the Investment Manager to act in the capacity as investment manager to the Company on the terms set out in the Investment Management Agreement. The Investment Manager is a specialist natural resources entity that seeks to develop strategic partnerships for the Company with companies and/or other entities in order to create and unlock value for Shareholders.

2. INVESTMENT STRATEGY

2.1 Investment policy

The Company invests in Investments falling within the Investment Scope and in the Approved Investment. An overview of existing Investments has been provided in paragraph 4 below. The Company endeavours to hold, whether directly or indirectly, through one or more special purpose vehicles to ensure the most efficient corporate structure, an initial minimum 20% interest in each Investment Vehicle, subject to the following limitations:

- (a) the aggregate investment by the Company in any Investment Vehicle may not exceed the greater of 30% of the Company's Funds or USD100 million, unless such excess Investment is approved by Shareholders by Ordinary Resolution. Aggregate Investments shall for this purpose include any guarantees and undertakings provided by the Company with respect to an Investment Vehicle but shall exclude any Temporary Investments; and
- (b) Temporary Investments may, when added to the Company's other Investments in an Investment Vehicle, not exceed the greater of 40% of the Company's Funds or USD150 million. The Investment Manager will use reasonable endeavours to reduce the aggregate amount invested in a single Investment Vehicle to the greater of 30% of the Company's Funds or USD100 million within the 12-month period following the date on which such Investment is concluded, unless such excess Investment is approved by Shareholders by Ordinary Resolution.

Whilst the Company has the ability to gear its balance sheet, it is intended that each Investment be ring-fenced and that the funding thereof, if any, will be based on the strength of such Investment's balance sheet and/or cash flow potential on a stand-alone basis, thereby increasing the insolvency remoteness of each Investment.

2.2 Investment scope

The Company maintains a global focus across the commodities spectrum, with a primary focus on underperforming assets and businesses that lack direction, are poorly managed, or are stranded or distressed. The Investment Manager, on behalf of the Company, seeks to develop strategic platforms in pursuit of consolidation, vertical integration and turnaround opportunities and expansion projects. The Company targets investments in businesses that hold mines, smelters, refineries and processing plants. The preference is for Brownfields Opportunities, although investments in businesses with attractive development opportunities are also considered.

Investments include, but are not limited to, the acquisition and disposal of shares, preference shares, debentures, loan stocks, other securities, options and warrants of and in listed and in unlisted companies and/or other vehicles that focus in the global natural resources sector and in the Approved Investment.

2.3 Investment objectives

On the advice of the Investment Manager, the Company, whether individually or with certain Co-Investors, utilises its financial ability and unique expertise and execution skill in the natural resources sector to participate in Investments falling within the Investment Scope with the principal objective of providing Shareholders with a high overall rate of return.

Each Investment Vehicle, together with certain Co-Investors, attempts to secure board and management control as a prerequisite to influence the future strategic direction of each Investment.

2.4 Investment process

The Company has appointed the Investment Manager, under the terms of the Investment Management Agreement, to provide it with investment advisory and management services in relation to Investments.

The Investment Manager is responsible for identifying potential Investments, making Investment recommendations and providing advice to the Board regarding Investments or the Realisation or refinancing thereof.

The Board considers the advice and recommendations of the Investment Manager and any other advice received from additional third party external experts and service providers, to the extent required, prior to making an Investment or Realisation decision. Once the Directors resolve that the Company should participate in an Investment or the Realisation or refinancing thereof, the Investment Manager is responsible for negotiating, implementing and executing the transaction within the parameters set by the Board.

In terms of the Programme, all potential Investments falling within the Investment Scope are offered to the Company for investment at a price equal to the cost at which such Investments have been negotiated and concluded.

To the extent the Company wishes to amend its Investment Scope and its Investment Objectives (as set out in paragraph 2.3 above) and/or approve a potential Investment falling outside the Investment Scope, it will seek prior Shareholder approval by means of an Ordinary Resolution.

2.5 Targeted returns

The Company aims to achieve a gross IRR of 25% per annum to Shareholders prior to the Performance Incentive. The IRR will be based and calculated on the Aggregate Proceeds attributable to Shareholders over the Investment Term.

2.6 Relationship with co-investors

The Company has invested alongside certain Co-Investors in a number of the Investments, and may, on a case-by-case basis, invest alongside these or other Co-Investors in the future. The Investment Manager acts as investment manager for both the Company and the Co-Investors (collectively, the "**Pallinghurst Investors**"). In such cases, the Investment Manager negotiates on behalf of the Pallinghurst Investors, and not solely on behalf of the Company. However, each Pallinghurst Investor, including the Company, retains legal title to and influence

over their individual shareholdings in each Investment. The Pallinghurst Investors co-operate to achieve the strategic objectives set for each Investment opportunity, under the management of the Investment Manager, both in the initial pursuit and management of Investments.

The salient benefits of this arrangement for the Company as a Pallinghurst Investor includes:

- 2.6.1** the Investment Manager having access to high levels of funding, meaning that a broader scope of Investments can be contemplated;
- 2.6.2** potentially making an approach by the Pallinghurst Investors more attractive and credible to a potential portfolio company or target group;
- 2.6.3** exercising a greater level of influence or control over each Investment than if they were acting alone; and
- 2.6.4** diversifying its portfolio risk by participating in a larger number of Investments, due to not having to fund the entire amount necessary for each Investment.

Notwithstanding the above, the Company has an unconditional entitlement, subject to the Investment limitations imposed by the Investment Policy, to an initial minimum interest of 20% of the Co-Investors' ownership of each Investment Vehicle on acquisition.

2.7 Private equity status

The Company is considered by the Directors to be a venture capital/private equity organisation. The Directors have considered the following key factors in making this determination:

- 2.7.1** the stakes taken in many of the Investments are significant, although not controlling. The Directors and/or the Investment Manager usually participate in the management of each Investment;
- 2.7.2** the Investments are generally innovative in nature; and
- 2.7.3** the Investments typically have defined exit strategies.

As a result of being a venture capital organisation, the Company is able to make certain accounting policy choices under IFRS. The most significant of these is the election to account for associate entities under IAS 39 *Financial Instruments: Recognition and Measurement*, as a financial instrument at fair value through the profit and loss account, rather than equity accounting under IAS 28 *Investments in Associates*. A similar exemption exists in IAS 31 *Interests in Joint Ventures*, and the Company chooses to use this exemption in the same way. See Note 2 *Accounting Policies* of Annexure I to the Circular for further details of how the exemption applies.

2.8 Investment manager's investment in shares

To ensure that the interests of Shareholders are aligned with those of the Investment Manager, the partners of the Investment Manager, on the Initial Closing Date, subscribed for and were allotted 11 million Shares (post the 1,000-for-1 Share split) in the Company for an aggregate consideration of USD11 million. The partners of the Investment Manager undertook not to cede, pledge, dispose of or otherwise encumber such Shares during the Investment Term.

The partners of the Investment Manager will collectively invest a further USD5 million in the Rights Offer. The interest in Shares of the partners of the Investment Manager, at the Last Practicable Date, is set out in paragraph 12 of the Circular.

2.9 Currency

The functional currency of the Company is USD. All commitments by, and Distributions to, Shareholders and all calculations pursuant to the terms of the Revised Listing Particulars are in USD.

2.10 Future prospects

Whilst significant progress has been made in each of the Company's Investments, the Investments currently are at a relatively early stage of implementation of their intended strategies and continue to promise significant value uplift through organic growth, synergistic acquisitions and/or vertical integration opportunities.

Notwithstanding the current turbulent economic environment, these Investments are expected to unlock significant value as the intended strategies are realised. The application of the Rights Offer proceeds will further benefit the growth and development of the existing platforms and accelerate the implementation of their investment strategies as set out in paragraph 4 below.

3. DIRECTORS OF PALLINGHURST AND SENIOR MANAGEMENT

The following table sets out, details of each of the Directors:

Name, nationality and age	Business address	Principal occupation and function	Date appointed to Board
Brian Gilbertson (65) British and South African	54 Jermyn Street London SW1Y 6LX United Kingdom	Chairman	On incorporation (4 September 2007)
Arne H. Frandsen (42) Danish	54 Jermyn Street London SW1Y 6LX United Kingdom	Chief Executive Officer	On incorporation (4 September 2007)
Andrew Willis (30) British and New Zealand	54 Jermyn Street London SW1Y 6LX United Kingdom	Finance Director	25 November 2008
Stuart Platt-Ransom (41) British and South African	1 Le Marchant Street St Peter Port Guernsey GY1 4HP Channel Islands	Non-executive Director	On incorporation (4 September 2007)
Clive Harris (54) British and Cayman Islands	Box 30142 SMB Grand Cayman Cayman Islands	Non-executive Director	On incorporation (4 September 2007)
Martin Tolcher (46) British	1 Le Marchant Street St Peter Port Guernsey GY1 4HP Channel Islands	Non-executive Director	25 November 2008*

* Initially appointed as permanent alternate to Stuart Platt-Ransom on 3 June 2008. Appointed as a Director on 25 November 2008.

The following table sets out, details of each of the partners of the Investment Manager:

Name, nationality and age	Business address
Brian Gilbertson (65) British and South African	54 Jermyn Street, London, SW1Y 6LX United Kingdom
Arne H. Frandsen (42) Danish	54 Jermyn Street, London, SW1Y 6LX United Kingdom
Andrew Willis (30) British and New Zealand	54 Jermyn Street, London, SW1Y 6LX United Kingdom
Priyank Thapliyal (37) British	54 Jermyn Street, London, SW1Y 6LX United Kingdom
Sean Gilbertson (37) British and South African	54 Jermyn Street, London, SW1Y 6LX United Kingdom

3.1 Experience and qualifications of the directors

3.1.1 Executive Directors:

Brian Gilbertson (BSc (Maths & Physics), BSc (Hons) in Physics, MBL and PMD)

Mr Gilbertson has extensive experience in the global natural resources industry. He was Managing Director of Rustenburg Platinum Mines Limited, which gained recognition as the world's foremost producer of platinum in the 1980s. Later, as Executive Chairman of Gencor Limited, Mr Gilbertson led the restructuring of the South African mining industry into the post-Apartheid era, transforming

Gencor Limited into a focused minerals and mining group. During this period he held ultimate responsibility for Impala Platinum Holdings, and of Samancor Limited, the world's largest producer of manganese and chrome ore and alloys. Important initiatives included the Hillside and Mozal aluminium projects and the purchase of the international mining assets (Billiton plc) of the Royal Dutch Shell Group. In 1997, Gencor Limited restructured its non-precious metals interests as Billiton plc and, with Mr Gilbertson as Executive Chairman, Billiton plc raised USD1.5 billion in an initial public offering on the LSE, taking the company into the FTSE100. In 2001, Billiton plc merged with BHP Limited to create what is widely regarded as the world's premier resources company, BHP Billiton plc. In late 2003, Mr Gilbertson led the mining group Vedanta Resources plc to the first primary listing of an Indian company on the LSE in the second largest Initial Public Offering of the year. He was Chairman of Vedanta Resources plc until July 2004. In 2004 he initiated the foundation of Incwala Resources (Proprietary) Limited, a pioneering Black Economic Empowerment Corporation in South Africa, and was its first Chairman until March 2006. In 2004, Mr Gilbertson joined Sibirsko-Uralskaya Aluminum Company (SUAL), an aluminium producer in Russia and led the company into the USD30 billion merger with RUSAL and the alumina assets of Glencore International A.G., creating the largest aluminium company in the world. Mr Gilbertson established Pallinghurst Advisors LLP and the Investment Manager during 2006 and 2007, respectively, and is the Chairman of and a partner in both entities. Mr Gilbertson is a British and South African citizen.

Arne H. Frandsen (BA, LLB, Master in Law from University of Copenhagen, Post-graduate Research and Studies in Japan and South Africa)

Following completion of his degrees, Mr Frandsen undertook extensive legal research in Europe, Japan and South Africa, leading to the publishing of a number of articles as well as a book. Once his research was successfully completed, Mr Frandsen moved to London to start a professional career as an Investment Banker. Mr Frandsen has over 10 years of investment banking experience with Goldman Sachs and JPMorganChase, providing strategic advice and structuring mergers and acquisitions as well as corporate finance transactions for clients in 30 different countries, raising in excess of USD20 billion of capital. From 2004, Mr Frandsen acted as Client Executive for JPMorganChase in South Africa, followed by a year as Chief Executive Officer of Incwala Resources (Proprietary) Limited, one of South Africa's leading Black Economic Empowerment mining companies. Mr Frandsen joined Pallinghurst Advisors LLP in 2006 and is a partner of the limited liability partnership and the Investment Manager. In addition, Mr Frandsen is a non-executive director of many of the companies in which the Company has invested. Mr Frandsen is a Danish citizen.

Andrew Willis (MBA (INSEAD), ACCA Affiliate Accountant, ACIS, BA/BCom)

Mr Willis has over ten years experience in international finance, structuring and private equity, and spent three years with pan-European private equity investment manager Candover Investments plc. Mr Willis is the Finance Director of a number of resource related companies advised by Pallinghurst Advisors LLP. Mr Willis joined Pallinghurst Advisors LLP in 2006 and is a partner of the limited liability partnership and the Investment Manager. Mr Willis is a British and New Zealand citizen.

3.1.2 Independent Non-Executive Directors:

Stuart Platt-Ransom

Mr Platt-Ransom is the Managing Director of the Legis Group, a role to which he was appointed in July 2007. Mr Platt-Ransom spent the previous 12 years with State Street Bank & Trust Company in its South African, Luxembourg, Dublin, London and Guernsey offices in various management, operational, business development and relationship management roles. Prior to that, Mr Platt-Ransom worked for GAM in the Isle of Man. Most recently, Mr Platt-Ransom was the Managing Director of State Street's business in Guernsey and was responsible for its business in Africa from 2002 to 2006. Mr Platt-Ransom is a Fellow of the Securities and Investment Institute and holds British and South African citizenship, and is resident in Guernsey.

Clive Harris (BSc. (Econ), ICAEW)

Mr Harris is a British and Cayman Islands citizen, and is resident in the Cayman Islands. He is a Chartered Accountant (England and Wales) and a member of the Society of Trust and Estate Practitioners. Mr Harris graduated in 1976 from The University of Wales with a BSc.(Econ) with combined honours in Accountancy and Law. In 1979 he qualified as a Chartered Accountant with the City of London Office of Deloitte Haskins & Sells. He has resided in the Cayman Islands since December 1979 where he was

employed for some 20 years as a director and Managing Director of International Management Services Limited, an independent Cayman Islands based firm of company and insurance managers, and was a partner in its associated accounting firm. In 2001 Mr Harris took up a consulting position with the Bank of Bermuda (Cayman) Limited and was subsequently appointed Managing Director and head of Global Fund Services during a time of reorganisation, leaving the Bank on its completion in 2003. Mr Harris has extensive and in depth knowledge and experience in the fields of company management, investment services, and the management and administration of Hedge Funds and Special Purpose Vehicles, and since 2004 has been self-employed, serving as an independent non-executive director to a number of Cayman Island funds, managers and other regulated entities.

Martin Tolcher (FSI)

Mr Tolcher is a Fellow of the Securities Institute (FSI) and has been involved within the fund administration industry in Guernsey for over 20 years. He has gained considerable experience in the administration of a wide range of fund and private equity structures. He is Managing Director of Legis Fund Services Limited, the Company's Administrator. He holds directorships on a number of Guernsey domiciled funds as well as Guernsey management companies. Mr Tolcher is a British citizen and a resident of Guernsey.

3.2 Directors' remuneration

For the financial year ended 31 December 2008, the following amounts were paid or accrued as payable to the Directors for services as Directors¹:

Year ended	Service fees	Basic salary	Performance bonus	Other	Total
31 December 2008	(USD)	(USD)	(USD)	(USD)	(USD)
Non-executive directors					
Stuart Platt-Ransom ²	8,000	–	–	–	8,000
Clive Harris ^{2, 3}	37,000	–	–	–	37,000
Martin Tolcher ²	8,000	–	–	–	8,000
	53,000	–	–	–	53,000

¹ No fees or benefits in kind were paid or accrued as payable directly or indirectly to the Executive Directors (Brian Gilbertson, Arne H. Frandsen and Andrew Willis) from the Company other than as derived from their interests in the Investment Manager. The Investment Manager or its associated entities receives the Annual Investment Manager's Benefit and the Performance Incentive as set out in paragraphs 13.3.1 and 13.3.2 below. The Annual Investment Manager's Benefit for the financial year ended 31 December 2008 was USD2,556,643. No accrual for the Performance Incentive was made for the financial year ended 31 December 2008.

² Each Non-executive Director receives a fee of USD8,000 per annum.

³ Clive Harris also received a fee of USD5,000 for acting as director of subsidiaries of Pallinghurst and a further USD24,000 in his role as director for certain of Pallinghurst's Investments and equity accounted associates.

3.2.1 Directors' service contracts

There are no service contracts or letters of appointment in respect of the Directors.

3.2.2 Directors' emoluments

There are no other Directors' fees or benefits in kind receivable by the Directors from the Company other than as set out above. The partners of the Investment Manager do not receive any emoluments or fees from the Company. The Investment Manager or its associated entity receives the Annual Investment Manager's Benefit and the Performance Incentive as set-out in paragraphs 13.3.1 and 13.3.2 below.

The remuneration receivable by any of the Directors will not be varied as a consequence of the Rights Offer, except as set-out in paragraph 19 of the Circular.

3.2.3 Directors' loans

No loans have been made or security furnished by the Company to or for the benefit of any Director or manager or associate of any Director or manager of the Company.

3.3 Directors' interests in shares

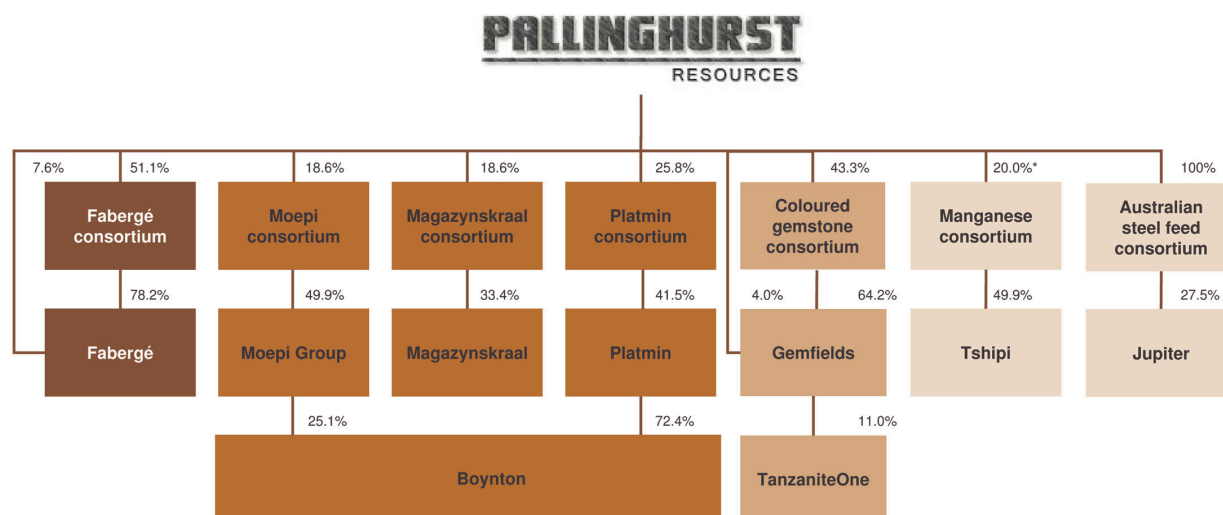
Interests of the Directors and partners of the Investment Manager in Shares at the Last Practicable Date are set out in paragraph 12.1 of the Circular:

3.4 Directors' interests in transactions

Directors' interests in transactions since incorporation of the Company are set out in paragraph 12.2 of the Circular:

4. OVERVIEW OF INVESTMENTS

In the period since incorporation, the Company has acquired four unique Investment platforms as set out in the organogram and paragraphs below:



* As announced on 4 June 2009, Pallinghurst has disposed of a portion of its interest in its manganese consortium for USD6.9 million to a subsidiary of Posco, one of the world's leading steel producers, subject to certain conditions precedent. Upon completion, Pallinghurst's interest will reduce from 20% to 15.45%.

4.1 PGMs

Overview of PGMs

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 uses of PGMs are primarily industrial, with the largest demand from the automotive industry, which uses PGMs in catalytic converters, spark plugs and sensors.

For the past ten years, the BIC in South Africa has consistently produced 70% – 80% of the world's primary PGMs. According to the South African Department of Minerals and Energy, 88% of the world's platinum reserves are located in South Africa.

The barriers to entry for companies into the platinum industry in the BIC have been high due to limited access to refining facilities and resources. However, recent political, contractual, technological and economic developments have created opportunities for new entrants to the market.

Combined demand pressures and supply constraints led to a series of record prices for platinum and other PGMs during 2008, with the former rising to a peak of USD2,280 per ounce in March 2008. Although the supply constraints continued, with a number of the key platinum producers lowering their actual and estimated production figures, collapsing economic growth across the world resulted in significant falls in PGM prices, with platinum declining to USD771 per ounce in October 2008. Since then, an element of stability seems to have returned and the platinum price has slowly risen to the recent level of between USD1,100 and USD1,200 per ounce. Notwithstanding the impact of the economic crisis on a number of the key industries that use platinum (automobile and jewellery), supply constraints and moves in many countries to further reduce automobile emissions indicate sound long-term prospects for the industry.

The long-range fundamental analysis of the PGM market from 2010 to 2015 points to a constructive balance between supply and demand only up to 2015; beyond this, a significant market deficit emerges. It is anticipated that, for the next six years, the rise in primary and secondary supply (primarily autocatalytic recycling) will be easily absorbed by growing demand.

Project African Queen

The Investment Manager's PGM strategy is to consolidate the PGM Properties into a regionally optimised mining complex in the pursuit of maximising capital and operating cost efficiencies. The PGM strategy is being pursued through a unique partnership between Pallinghurst, certain Co-investors and the Bakgatla.

4.1.1 Platmin and Boynton

Introduction

Platmin is a mineral exploration, development and producing company engaged in the exploration and the development of PGM projects, all located in the BIC, whose sole asset comprises its 72.39% interest in Boynton, the remaining 27.61% interest being held by the Moepi Group of Companies.

Boynton's flagship Pilanesberg Project, is currently in the process of ramping up production to full capacity. In addition, Platmin owns new order mining rights over a number of other PGM properties.

Shareholders are referred to Platmin's website (www.platmin.com) and its pre-listing statement dated 20 July 2009 for its inward listing on the JSE, which contain extracts from the competent person reports prepared in accordance with the South African Mineral Resource Committee ("SAMREC") and South African Mineral Asset Valuation Committee codes for the purposes of the inward listing. Platmin inward listed on the JSE under the share code PLN with effect from 22 July 2009.

Investment

The Investment Manager, for and on behalf of Pallinghurst and certain Co-Investors, concluded an agreement to acquire an indirect 27.61% interest (25.13% See-Through Interest) in Boynton, through the Moepi Group of Companies, which agreement was declared unconditional in June 2008.

In December 2008, as credit markets deteriorated and PGM prices fell, Platmin's intended debt facility to fund the final stage of the Pilanesberg Project failed to materialise. As a key shareholder in Boynton the Investment Manager approached Platmin to provide USD175 million in immediate equity funding to enable Platmin to avoid insolvency.

The transaction, approved by the TSX, was structured in three tranches:

- On 19 December 2008, Pallinghurst and certain Co-Investors injected USD125 million, to subscribe for 184,886,627 common shares in Platmin at CAD0.85 per share, equivalent to 62.36% of the increased total issued share capital of Platmin;
- By 31 March 2009, the Bakgatla or Pallinghurst and certain Co-Investors were to inject an additional R500 million or USD50 million to subscribe for a further 73,529,411 common shares in Platmin at CAD0.85 per share, increasing the total interest held by Pallinghurst, certain Co-Investors and the Bakgatla to 69.84% of the increased total issued share capital of Platmin. In February 2009, Pallinghurst and certain Co-Investors subscribed for the 73,529,411 common shares for R500 million. These shares were warehoused on behalf of the Bakgatla and are in the process of being transferred to the Bakgatla, in full and final settlement of Pallinghurst and certain Co-Investors' collective 33.4% interest in Magazynskraal; and
- By 31 March 2010, the Moepi Group of Companies is to exchange their 27.61% interest in Boynton for a further interest of up to 27.61% of the then issued share capital of Platmin on the terms and conditions of the investors and subscription agreement concluded with Platmin. Pursuant to the share exchange, Platmin would own 100% of Boynton.

To fund its participation in the Platmin transaction, the Company conducted a vendor placing under the Listings Requirements, which placing was oversubscribed and enabled the acquisition by the Company of a 16.12% See-Through Interest in Platmin for USD32.3 million.

Pursuant to a private placement concluded in May 2009, in terms of which Platmin issued 75 million new common shares at a price of CAD0.92 (52p), and the transfer of the warehoused shares to the Bakgatla as referred to above. Pallinghurst's See-Through Interest in Platmin reduces to 10.74%.

The Company, certain Co-Investors and the Bakgatla collectively, hold a 58.07% interest in Platmin and 67.16% interest in Boynton of which the Company has a See-Through Interest of 10.74% and 10.10%, respectively.

4.1.2 Magazynskraal

Magazynskraal is located on the Western Limb of the BIC in close proximity to the Pilanesberg Project and Sedibelo. Recent studies suggest that Magazynskraal has approximately 22.7 million ounces of inferred resources.

In May 2008, the Investment Manager concluded an agreement with the Bakgatla for Pallinghurst and the Co-Investors to acquire a 33.4% interest in Magazynskraal and to provide the funding needed to complete a BFS on the property. Pursuant to the agreement being declared unconditional on 9 December 2008, the Company acquired a 6.19% See-Through Interest in Magazynskraal. Collectively, the Company, certain Co-Investors and the Bakgatla hold an effective 80% interest in Magazynskraal.

4.1.3 Sedibelo

Sedibelo is located on the Western Limb of the BIC and is contiguous to both the Pilanesberg Project and Magazynskraal.

Currently, the Bakgatla hold an effective 90% interest in Itereleng Bakgatla Minerals Resources (Proprietary) Limited ("**IBMR**"), which company holds the Sedibelo properties, with the remaining 10% held by Barrick Platinum South Africa (Proprietary) Limited ("**BPSA**").

Under the suite of agreements concluded by the Investment Manager (on behalf of the Company and certain Co-Investors), the Company and the Co-Investors, negotiated a contractual undertaking to transfer the Bakgatla's then shareholding in IBMR to the parties' Investment Vehicle at the fair market value thereof at the time of such disposal. As at the Last Practicable Date, the Company and certain Co-Investors had not yet concluded an agreement with the Bakgatla in respect of the Bakgatla Shareholding.

4.2 Steel Feed Corporation

Consolidation in the global steel industry has created a limited number of large companies, commonly referred to as the "*majors*". The Investment Manager foresees competition for raw material input (particularly iron ore, coking coal and manganese) intensifying, as evidenced by the "*majors*" now seeking to secure their raw material supplies through equity ownership of producing and developing mining companies.

Accordingly, the Investment Manager is developing two Investment Vehicles, Tshipi and Jupiter, for the supply of raw materials to the steel industry. Whilst this strategy is at an early stage of development, Posco, a Co-investor and one of the world's largest steel companies, has recently invested in each of these Investment Vehicles.

4.2.1 Tshipi – Manganese

South Africa contains approximately 80% of the world's known economic manganese resources and is a major contributor to global manganese ore production. The Kalahari Manganese Basin in South Africa spans approximately 400 square kilometres and contains an estimated 20 billion tonnes of manganese resources at grades of between 20% to 48% manganese. The Kalahari Manganese Basin's size and geological simplicity render it amongst the most important manganese resources in the world.

The Investment Manager, for and on behalf of Pallinghurst and certain Co-investors, concluded an agreement to form a joint venture with Ntsimbintle, a Black Economic Empowerment consortium with new order manganese prospecting rights covering two properties located in the north and south of the Kalahari Manganese Basin. Subject to the requisite approvals by the South African Department of Minerals and Energy, Ntsimbintle, Pallinghurst and certain Co-investors will exploit and develop the resources through Tshipi, with the aim to create a world-class manganese producer within the next three year period.

The key property is the southern property which is adjacent to, and indicates very similar geology to, Samancor Limited's Mamatwan mine. Ntsimbintle, Pallinghurst and the Co-investors have concluded a feasibility study on the southern property and have established an inferred and indicated resource base 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. The property is expected to produce 2.5 million run-of-mine tonnes per annum with a potential life of mine in excess of 60 years. The feasibility study confirmed that the property was economically robust with forecast production costs in the lowest cost-quartile of the industry. No significant technical production issues were uncovered. Following the completion of the feasibility study, Tshipi is engaging with Transnet to finalise transport and port capacity arrangements. From project commencement, it is expected to take approximately one year to produce the first saleable manganese ore.

Exploration of the northern property, adjacent to Samancor Limited's Wessels mine, is underway and the property is expected to share similar geological characteristics.

Effective 1 July 2009, a subsidiary of South Korea's Posco, one of the world's largest steel producers, concluded an agreement to acquire an indirect 11.36% interest in Tshipi from Pallinghurst and its Co-Investors, for a total consideration of USD34.3 million. The acquisition is subject to the award of a mining right to Tshipi by the South African Department of Minerals and Energy. On completion, the Company, will dispose of a See-Through Interest of 2.27% for USD6.9 million, which will result in its remaining See-Through Interest in Tshipi being reduced to 7.71%.

Posco also procured an off-take arrangement to purchase a minimum of 11% and a maximum of 20% of the manganese ore production from the southern property, at market-related prices. The Investment Manager believes that the Posco acquisition and off-take arrangement constitute an endorsement of the Investment.

4.2.2 Jupiter – Iron Ore

A second initiative in the Investment Manager's Steel Feed Corporation strategy is the pursuit of an iron ore consolidation opportunity in the Central Yilgarn Area of Western Australia. The objective is to promote the consolidation of a number of small, fragmented, early stage iron ore companies and projects in the Central Yilgarn Area of Western Australia, which individually are not economically viable, and bring them to production.

As at the Last Practicable Date, the Company had invested USD10 million in acquiring interests in various iron ore explorers in the Central Yilgarn Area of Western Australia, including Mindax and Jupiter. During May 2008, a joint venture was formed with RRR to pursue the aforementioned strategy, pursuant to which in March 2009, the joint venture increased its shareholding in Jupiter to 43.68% and also received options over the Mt Alfred iron ore and Oakover manganese tenements in exchange for Pallinghurst's and RRR's Mindax shares and AUD1 million of cash (attributable to the Company). The transaction expanded and diversified Jupiter's asset base and the new assets complement Jupiter's existing iron ore and nickel exploration portfolio in Central Yilgarn Area of Western Australia.

On 1 July 2009, Jupiter announced the acquisition by Posco Australia (Proprietary) Limited of a strategic interest in Jupiter, subject to the approval of Jupiter's shareholders. Posco Australia (Proprietary) Limited also agreed an arms-length off-take agreement with Jupiter for up to 50% of Jupiter's direct shipping ore (DSO) grade iron ore production.

4.3 Gemfields

The coloured gemstone industry has historically been overlooked, fragmented and undercapitalised. The situation presents a unique opportunity to create an integrated coloured gemstone producer, simplifying the coloured gemstone value chain and thereby enhancing Investment returns.

In October 2007, Pallinghurst and certain Co-Investors acquired a controlling interest in the Kagem emerald mine through Rox Limited, the Investment Vehicle controlled by Pallinghurst and the Co-Investors. In June 2008, a reverse take-over of Gemfields was approved by Gemfields shareholders in terms of which the Kagem emerald mine (together with options over gemstone exploration licenses in Madagascar and a license to use the Fabergé name on coloured gemstones) was vended into Gemfields by Rox Limited in exchange for a fully diluted interest of approximately 55% of the enlarged group. The Kagem mine is the largest emerald mine in Africa and is Gemfields' key asset. Gemfields simultaneously completed a GBP30 million share placing, in terms of which Rox Limited followed its subscription rights to acquire new Gemfields shares at 45 pence (88 US cents) per share for a total consideration of GBP16.3 million (USD32.0 million).

Update on prospects for Gemfields and Kagem mine

A number of key operational changes have been made at Kagem since the acquisition by the Company and the Co-Investors, including a major improvement in the capacity and condition of mining machinery, a revamping of management and security, and a significant infrastructure upgrade. The sorting facility has been expanded and the capacity of the washing plant increased. These improvements resulted in significant increases in the amount of ore mined and gemstones produced. However, the recent global economic crisis seriously affected demand for diamonds and coloured gemstones. Whilst signs of economic revival are appearing, the markets for diamonds and coloured gemstones have yet to recover.

Various initiatives were introduced in response to these circumstances. Opencast mining has been scaled-back to known producing areas, and a focus only on the “Chama” area (the central part of the pit). In addition, Kagem continues to minimise all non-essential capital, project development and exploration expenditure.

4.4 Fabergé

The Fabergé brand name is one of the most revered names in history and to this day remains synonymous with artistry and craftsmanship of the highest order. The Investment Manager facilitated the acquisition by the Company and certain Co-investors of their *pro rata* entitlement to the global portfolio of trademarks, licenses and associated rights relating to the Fabergé brand name from Unilever.

Since its incorporation, until the Last Practicable Date, Pallinghurst has utilised USD42 million of the Company Funds to participate in its *pro rata* entitlement to acquire an indirect interest in Fabergé, to develop the Fabergé brand and to create the first Fabergé jewellery collection since 1917.

5. ADMINISTRATION

5.1 Administrator and Secretary

The Administrator and Secretary was appointed by the Directors to manage the day-to-day operations and administration of the Company and to perform general administrative tasks, including but not limited to dealing with all correspondence from regulatory bodies, exchanges, Shareholders and service providers, processing Share subscriptions, Redemptions and withdrawals, disbursing payments, establishing and maintaining books of accounts on behalf of the Company, liaising with the Investment Manager, acting as Company secretary and attending to any other matters incidental thereto and usually performed for the administration of a company. The Administrator and Secretary also liaises with the Auditors and the Independent Valuer(s) and keeps the accounts of the Company in accordance with IFRS.

5.2 Valuation of Investments

Valuation of Investments is performed by the Directors on a six monthly basis in accordance with the Valuation Guidelines contained in the International Private Equity and Venture Capital Valuation Guidelines, which became effective from 1 January 2005 (as amended, supplemented or replaced from time to time).

The Company also engages an Independent Valuer(s) to provide an opinion as to whether in its professional view such valuations as prepared by the Directors have been prepared using a methodology and approach which are reasonable and consistent with the concept of fair value and in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Details of such Directors' valuations are incorporated in the interim and annual financial statements of the Company which are communicated to Shareholders via SENS.

6. SALE ARRANGEMENTS AND REDEMPTIONS

6.1 Sale arrangements and redemptions

6.1.1 Sale arrangements

Notwithstanding the fact that the Company and its Shares are listed on the BSX and the JSE, pursuant to the Investment Scope and Investment Objectives (as set out in paragraph 2.3 above) of the Company and the potential long-term nature of the Investments, the secondary market for Shares may be limited and relatively illiquid over the Investment Term. In an endeavour to facilitate increased liquidity and tradeability in the Shares, the following mechanisms are available to Shareholders:

6.1.2 Sale on the BSX

(a) Willing buyer, willing seller transactions:

The BSX Broker, through one or more of its associate entities, provides broking, execution and clearing services for secondary market trades between Shareholders and prospective Shareholders. Secondary market trades are effected through a matched sale transaction on condition that there is a willing buyer and willing seller who have indicated the price at which they are willing to acquire and dispose of Shares. The BSX Broker ensures that the sale proceeds, less the settlement and

registration fees, are paid to the relevant Shareholders, who are disposing of the Shares, by electronic transfer into the bank account specified by the disposing Shareholders on receipt of the sale proceeds from the purchaser of the Shares and that the relevant documentation including share transfer forms and/or share certificates, to the extent required, have been duly completed and received by the BSX Broker.

The BSX Broker facilitates trades by dealing with Shareholders directly and providing Shareholders with instructions for clearing their Shares with the relevant Administrator/relevant transfer agent.

All Shareholders are advised to review the pricing of the Shares on the JSE prior to executing a trade on either the JSE or BSX.

(b) Purchases by the Trust:

In all instances above, the BSX Broker will notify the Trust when a willing seller of Shares is available. The Trust may be willing, but is not obliged, to acquire Shares during the Investment Term. The Company shall pay all costs associated with the Trust. Prior to the Redemption Date, no sale to the Trust of less than 10,000 Shares per transaction (post the 1,000-for-1 share split) or any disposal as a result of which a Shareholder will hold less than 10,000 Shares in the Company will be allowed, except where a Shareholder disposes of all his Shares.

6.1.3 Sale on the JSE

Willing buyer, willing seller transactions:

The JSE will facilitate secondary market trades between Shareholders and prospective Shareholders during the Investment Term. Secondary market trades will be effected through a matched sale transaction on the condition that there is a willing buyer and willing seller who have indicated the price at which they are willing to acquire and dispose of Shares. This process will be facilitated by the relevant Shareholder's appointed broker.

6.1.4 Pricing

All Shareholders are advised to review the pricing of the shares on the JSE prior to executing a trade on either the JSE or BSX.

6.1.5 Transfer between Registers

Shares are fully fungible and may be transferred between Registers, subject to the requisite Exchange Control Regulations.

6.2 Redemptions

6.2.1 Redemption prior to the Redemption Date

Prior to the Redemption Date there is no entitlement in favour of Shareholders to have their Shares redeemed by the Company, but the Company shall be entitled to redeem Shares at its election at any time prior to the Redemption Date, as set out below. Redemptions are wholly at the discretion of the Directors and will comply with and be subject to the Listings Requirements. However, subject to their overall discretion, the Directors have determined to operate the following policy in respect of redemptions prior to the Redemption Date, namely that redemptions prior to the Redemption Date will be considered by the Directors if:

- (a) redemptions are effected *pro rata* to all Shareholders, for part of their Shares, at the audited Fair Value per Share less all costs associated with and incidental to the redemption; and
- (b) there is sufficient cash or gearing available to fund such redemptions; and
- (c) the number of Shares to be redeemed shall be proportionate to the value that the Realisation proceeds received by the Company (less any Disposal Costs and Performance Incentive, if applicable) represents to the NAV of the Company as a whole prior to such redemption.

The costs associated with and incidental to the redemption will be estimated by an independent auditor or will be based on the actual costs billed to ensure that there is no surplus remaining in the Company after the redemption.

For the avoidance of doubt, the final redemption of unredeemed Shares will not take place until all Investments of the Company have been liquidated into cash and/or Distributed and all remaining Aggregate Proceeds have been Distributed to Shareholders.

In addition, no redemption prior to the Redemption Date will be considered by the Directors, where:

- (d) such redemption would or might leave the Company with insufficient funds to meet any future contemplated obligations or contingencies; or
- (e) such redemption would render the Company insolvent; or
- (f) such redemption may in the opinion of the Directors be prejudicial to the Company or other Shareholders.

Redemption proceeds will be paid to Shareholders in accordance with the Listings Requirements and the rules of the BSX.

6.2.2 Redemption on the Redemption Date

On or prior to the tenth anniversary of the Initial Closing Date, the Directors shall convene an extraordinary general meeting at which time an Ordinary Resolution will be proposed to either: (i) if recommended by the Board, to extend the Termination Date by one year or (ii) voluntarily wind up the Company and to redeem all the Shares on the Redemption Date, at the audited Fair Value per Share less any costs associated with the liquidation, if any.

- (a) If on, or prior to, the tenth anniversary of the Initial Closing Date an Ordinary Resolution in terms of (a)(i) above was proposed and approved, then on, or prior to, the eleventh anniversary of the Initial Closing Date the Directors shall convene an extraordinary general meeting and propose an Ordinary Resolution on terms similar to (a)(i) and (a)(ii) above but references to the tenth anniversary of the Initial Closing Date shall be replaced by reference to the eleventh anniversary of the Initial Closing Date.
- (b) If on, or prior to, the eleventh anniversary of the Initial Closing Date an Ordinary Resolution in terms of (a)(i) above was proposed and approved, then on, or prior to, the twelfth anniversary of the Initial Closing Date, the Directors shall convene an extraordinary general meeting at which time an Ordinary Resolution will be proposed to voluntarily wind up the Company, except if a Special Resolution (that will be proposed at the same meeting) to extend the life of the Company indefinitely is proposed and approved.

In the event that either the Ordinary Resolution or the Special Resolution referred to in paragraph (a) or (b) or (c) above are not approved by the requisite majority of Shareholders, the Directors shall apply to the Royal Court of Guernsey for an order to place the Company into compulsory liquidation and that a liquidator be appointed. Such liquidator shall wind-up and liquidate the affairs of the Company subject to Guernsey Law and the Articles of Incorporation.

In the event of a Special Resolution to extend the life of the Company indefinitely being proposed and approved by the Shareholders in extraordinary general meeting, the Directors will endeavour, as soon as practicable thereafter, to provide an exit mechanism for those Shareholders wishing to dispose of their Shares at that date, in terms of which Shareholders will be provided with an opportunity to dispose of Shares to the Company, the Trust, existing Shareholders or prospective Shareholders at the audited Fair Value per Share (or such other price as may be agreed between the relevant parties).

The Company will redeem all of the Shares on the Redemption Date. Should all the Investments not have been liquidated, then the redemption may be deferred until such time as all Investments have been liquidated, which liquidation shall be effected as soon as reasonably possible. The redemption price shall be equal to the audited Fair Value per Share less any costs associated with the liquidation, if any, at the Redemption Date.

No settlement and registration fees will be payable in respect of redemptions effected on the Redemption Date. The Administrator and Secretary will pay the redemption proceeds to the relevant Shareholder in accordance with the Listings Requirements and the rules of the BSX. In the event that invalid banking details of a Shareholder are made available to the Company, the redemption proceeds will be transferred by the Administrator and Secretary to a trust which trust will hold such redemption proceeds until the earlier of the redemption proceeds being claimed by the relevant Shareholder or a period of 3 years. If the redemption proceeds are not claimed prior to the expiry of the aforementioned period such redemption proceeds will be paid to a charitable institution. Such Shareholder will pay an administration charge for this service of 0.1% per annum of the redemption proceeds payable to it.

The costs associated with and incidental to the redemption will be estimated by an independent auditor or will be based on the actual costs billed to ensure that there is no surplus remaining in the Company after the redemption.

6.2.3 Distributions in specie

Should:

- (a) the Directors deem it to be in the best interests of Shareholders; or
 - (b) the Company be unable to liquidate all the Investments by the Redemption Date,
- then the Company will on the Redemption Date, or as soon as possible thereafter, Distribute such Investments to the Shareholders as a Distribution *in specie*.

When a Distribution in specie is made, the Administrator and Secretary shall provide Shareholders with written notice, specifying:

- (c) the date of the proposed Distribution;
- (d) the assets to be Distributed (including, where appropriate, the class and number of securities); and
- (e) the basis on which the Distribution will be made.

If there is a reasonable likelihood that Shareholder is prohibited by applicable law or regulation from directly holding any security to be Distributed or in any case in which applicable law or regulations prohibit the issuance or sale to such Shareholder of the securities which would otherwise be Distributed to such Shareholder, then the Administrator and Secretary shall use reasonable endeavours to sell the securities proposed to be Distributed *in specie* to a third party, with the proceeds thereof being Distributed to the relevant Shareholder, provided that the costs of such sale and any losses or gains in respect thereof shall be for the account of such Shareholder.

Distributions *in specie* of securities of any class shall be made on the same basis as Distributions of cash, such that any Shareholder in receipt of the Distributions shall receive the relevant proportionate amount of the total securities of such class available for Distribution or (if such method of Distribution is for any reason impracticable) such that each Shareholder shall receive as nearly as possible the relevant proportionate amount of the total securities of such class available for Distribution together with a balancing payment in cash in the case of any Shareholder who shall not receive the full proportionate amount of securities to which he would otherwise be entitled.

The value attributable to any Investment Distributed *in specie* pursuant to this paragraph shall be:

- (f) where the Investment is Distributed on the same day that it achieves a listing, the listing price;
- (g) where the Investment already comprises listed securities, the average of the bid and offer prices of the listed securities for the five trading days preceding the Distribution and the five trading days following the Distribution; and
- (h) where the Investment is unlisted, the value as determined by the Directors.

6.3 Financial information

To assist Shareholders and prospective Shareholders in acquiring and disposing of Shares and evaluating the potential returns to be received in respect of their investment, the Directors estimate the Fair Value per Share on a six-monthly basis, which fair value is utilised in the preparation of the Audited annual financial statements and reviewed interim financial statements of the Company which are communicated to Shareholders, on a six-monthly basis, via SENS, amongst other means.

7. CORPORATE GOVERNANCE

7.1 Corporate governance practices

The Board supports the principles of good governance contained in the King Report on Corporate Governance for South Africa (“**King Code**”). The Board complies with the King Code where this is commercially justified, allowing for the practical limitations relating to the Company's size.

Directors

The Board is the focal point of the Company's corporate governance system and is ultimately accountable and responsible for the key processes and the performance and affairs of the Company.

Board responsibilities

The Board's responsibilities include providing the Company with clear strategic direction, evaluating potential Investments identified by the Investment Manager, and overseeing the performance of the Company's Investments. The Board is also responsible for determining policies and processes which seek to ensure the integrity of the Company's risk management and internal controls, implementing and maintaining the Company's communication strategy and for ensuring the integrity and effectiveness of the Company's governance processes.

Board committees

Prior to inward listing on the JSE, given the size and nature of the Company's operations, it was not considered appropriate to have separate audit, remuneration and nomination committees. However, in line with the Board's stated aim of complying with the recommendations of the King Code, and the increase in the number of Investments, an audit committee has been established which meets bi-annually, or more frequently if necessary, and a committee, excluding the independent non-executive Directors, meets to discuss the remuneration of the independent non-executive Directors once a year.

The audit committee consists of the three independent, non-executive Directors being Messrs Harris, Platt-Ransom and Tolcher. The audit committee considers the appointment and reappointment of external auditors, the appropriateness of engaging the external auditors for non-audit services, and compliance with laws and regulations. The audit committee considers and reviews the interim and annual financial statements of the Company, and reports its findings to the Board to enable further consideration and ultimate approval of the same. Where appropriate, the audit committee meets separately with the external auditors without other Board members present. The Chairman of the audit committee is Stuart Platt-Ransom.

The effectiveness, quality, integrity and reliability of the Company's risk management processes and internal controls have not been delegated to the audit committee, and remain the responsibility of the full Board.

In accordance with the Articles of Incorporation, Directors are each entitled to receive fees for their services as determined by the remuneration committee, provided that the amount shall not exceed USD10,000 per annum. Shareholders may by way of Ordinary Resolution increase this amount. The three executive Directors, namely Messrs Gilbertson, Frandsen and Willis have agreed not to receive any fees for their services as Directors. As a result, being non-conflicted, Messrs Gilbertson and Frandsen form the Remuneration Committee.

In accordance with the Articles of Incorporation, Directors have authority to appoint any person as a Director to fill a casual vacancy. Any Director appointed in this manner will hold office only until the next annual general meeting and will then be eligible for re-election. Shareholders may, by Special Resolution, appoint any person as Director or remove any Director from office.

Chairman and Board composition

Brian Gilbertson, an executive director, has been the Chairman of the Company since its incorporation on 4 September 2007.

The Board presently comprises three executive and three non-executive directors. As well as Brian Gilbertson, the two other executive directors are Arne H. Frandsen, the Chief Executive and Andrew Willis, the Finance Director.

The three non-executive Directors, Clive Harris, Stuart Platt-Ransom and Martin Tolcher are considered independent in terms of the definitions contained in the King Code.

Board meetings

A minimum of four Board meetings are scheduled each year to consider strategic and financial issues and the quarterly performance of the Company. Additional Board meetings are convened on an *ad hoc* basis, if necessary, to deal with certain issues which require attention or urgent decisions.

Directors are required to use their best endeavours to be present at Board meetings and to participate fully, frankly and constructively in discussions and to bring the benefit of their particular knowledge and expertise to the Board meetings.

Matters are decided at Board meetings by a majority of votes. In case of an equality of votes the Chairman at the meeting shall have a second or casting vote. This ensures that no one individual has unfettered powers of decision making. All Board decisions taken to date have been unanimous.

Four Board meetings were held during the 2008 financial year. Each Board meeting was fully attended by all of the Directors (or their nominated alternates).

8. SHARE CAPITAL

8.1 Share capital

Details of the share capital of the Company as at the Last Practicable Date are set out in paragraph 13 of the Circular.

8.2 Rights attaching to Shares

As at the Last Practicable Date, the authorised share capital of Pallinghurst consists of two classes of Shares: 999,000,000 ordinary Shares (of which 475,803,860 have been issued) with a nominal value of USD0.00001 each and 10 management Shares (of which 2 have been issued) with a nominal value of USD1.00 each. Of the 475,803,860 ordinary shares in issue, 228,571,376 ordinary Shares are issued pursuant to the Rights Offer.

Each Share carries the right to one vote on a poll at any general meeting and Shares rank *pari passu*. The Shares have no special rights or restrictions attached.

Management Shares each carry the right to receive notice of, attend and vote at any general meeting of the Company, provided that no Shares are in issue at such date. When such rights exist, each holder of a Management Share who is present or by proxy at a general meeting will have 10,000 votes in respect of each Management Share held by them.

The holders of Shares are entitled to receive, and participate in, any Distributions resolved to be distributed during any Accounting Period. On winding up and after the payment of all creditors of the Company, the payment of the Fair Value per Share of the Shares less any cost associated with the liquidation and the nominal value of the Management Shares, the holders of the Shares shall be entitled to any surplus.

The holders of Management Shares have no right to receive or participate in any Distributions of the Company except that on winding up, after the payment of all creditors of the Company and the payment of the Fair Value per Share of the Shares less any costs associated with the liquidation, the nominal value of the Management Shares shall be paid to the holders of the Management Shares.

Directors control the issue or disposal of the authorised but unissued share capital of the Company, subject to Guernsey Law. The Company may, by Special Resolution, make changes to the authorised share capital structure (including authorising an increase to the authorised share capital, a consolidation of the share capital, and a share split). Any reduction of share capital requires a Special Resolution and is subject to Guernsey Law.

The Articles of Incorporation also provide that the attachment, variation and deletion of special rights and restrictions to a class of shares must be authorised by Special Resolution of the holders of the shares of that class. The rights attached to the Management Shares cannot be amended unless a Special Resolution is also passed by the holders of the Shares.

8.3 Changes to issued share capital

Apart from the Rights Offer, since the Company's incorporation in September 2007, there have been no amendments to the issued share capital, other than as follows:

A 1,000-for-1 share split which was approved by Shareholders on 9 June 2008. The effect of the 1,000-for-1 share split on the authorised and issued share capital is set out below:

	USD
Before the Share split	
Authorised	
999,000 Shares of USD0.01 each	9,990
Issued	
169,316 Shares of USD0.01 each	1,693
After the Share split	
Authorised	
999,000,000 Shares of USD0.00001 each	9,990
Issued	
169,316,000 Shares of USD0.00001 each	1,693

A vendor consideration placing was concluded on 19 December 2008. The effect of the vendor consideration placing on the authorised and issued share capital is set out below:

	USD
Before the vendor consideration placing	
Authorised	
999,000,000 Shares of USD0.00001 each	9,990
Issued	
169,316,000 Shares of USD0.00001 each	1,693
After the vendor consideration placing	
Authorised	
999,000,000 Shares of USD0.00001 each	9,990
Issued	
247,232,484 Shares of USD0.00001 each	2,472

Changes to issued share capital as a result of the Rights Offer have been set out in paragraph 13 on page 42 of this Circular.

9. DETAILS OF MAJOR SHAREHOLDERS OF PALLINGHURST

Details of the major shareholders of the Company at the Last Practicable Date are set out in paragraph 14 on page 42 of the Circular.

10. DIVIDENDS AND OTHER DISTRIBUTIONS

The Company has not declared or paid any Distributions since its incorporation. Any decision to make Distributions will be made by the Board according to the terms as set out in paragraph 6 above. The Company may pay dividends to the extent that it has profits available for distribution. Any dividends paid will be paid in accordance with the Articles of Incorporation, the BSX, the Listings Requirements and Guernsey Law. In accordance with the Articles of Incorporation, holders of Management Shares are not entitled to Distributions.

11. TRADING HISTORY OF SHARES ON THE JSE

The trading history of Shares on the JSE has been disclosed in Annexure IV to the Circular.

12. EXCHANGE CONTROL REGULATIONS

12.1 Exchange Control Regulations

Set out below is a summary of the Exchange Control Regulations relating to the acquisition of Shares.

Pallinghurst is an African inward listed company as referenced in Section H(C)(VII) of the Exchange Control Regulations. As such, the Exchange Control Regulations, as amended by the Medium Term Budget Policy Statement by the South African Minister of Finance on 28 October 2004, will apply to the acquisition of Shares by South African residents, as summarised below:

Exchange Control Regulations restrict the export of capital from the Common Monetary Area, without the prior consent of the South African Reserve Bank. The Exchange Control Regulations apply to transactions involving South African residents, including both natural persons and legal entities.

Funds raised outside the Common Monetary Area by Pallinghurst and its non-South African Subsidiaries are not restricted under the Exchange Control Regulations. Non-South African residents may freely sell their Shares on the JSE and freely remit the proceeds outside of the Common Monetary Area.

The following summary is intended as a guide and is not comprehensive. It is recommended that Shareholders and prospective Shareholders consult their independent professional advisors if they have any doubt regarding the implications of the Exchange Control Regulations.

South African individuals

South African individuals will be able to acquire shares in African inward listed companies that are listed on the JSE, such as Pallinghurst, without restriction. Consequently, an acquisition of Shares by a South African individual will not affect such person's offshore investment allowance.

South African institutional investors

South African retirement funds, long-term insurers, collective investment scheme management companies as well as investment managers who have registered with Exchange Control as institutional Shareholders for Exchange Control purposes are entitled to a foreign portfolio investment allowance. In addition to such institutional Shareholders' general foreign portfolio investment allowance, they will be able to invest an additional 5% of their total retail assets in the equity securities of African companies that are inward listed on the JSE.

South African corporate entities

A South African corporate entity may invest in instruments that are inward listed on the JSE without restriction.

Member brokers of the JSE

In terms of section H(E) of the South African Reserve Bank Exchange Control Rulings, a special dispensation was provided to local brokers to facilitate the trading in shares of African inward listed companies. South African brokers are now allowed, as a book building exercise, to purchase Shares offshore and to transfer them to Pallinghurst's South African Register. This special dispensation is confined to shares of inward listed companies and brokers may warehouse such shares for a maximum period of 30 days only.

Exchange Control provisions applicable to South African residents in respect of acquisition issues and rights by African companies that are listed on the JSE

African companies with inward listings on the JSE, such as Pallinghurst, will be allowed to issue shares to South African residents in consideration for acquisitions. South African institutional Shareholders will be given 12 months to re-align their portfolios, should they be in excess of their Exchange Control foreign exposure limits as a result of such acquisition issues. South African institutional Shareholders and corporate entities will be allowed to exercise their rights in terms of any rights issues by African companies with inward listings on the JSE, such as Pallinghurst. South African institutional Shareholders will be given a period of twelve months to realign their portfolios should they be in excess of their offshore investment allowances as a result of exercising their rights in terms of a rights offer.

Non-residents of the Common Monetary Area

Non-residents of the Common Monetary Area may acquire Shares on the JSE, provided they pay the purchase price from a non-resident account at a South African registered bank in Rands. However, former residents of the Common Monetary Area who have emigrated may not use emigrant blocked funds to acquire any inward listed Shares.

Transfer of Shares between Registers

Shares are fully fungible and may be transferred between the South African Register and the BSX Register. Eligible South African Shareholders, being those described in the paragraphs above, may only acquire Shares via the JSE that are already on the South African Register maintained by the Transfer Secretaries. Member brokers of the JSE may acquire Shares on foreign exchanges and transfer them to the South African Register as described above. Non-residents are not subject to the Exchange Control Regulations and may freely transfer Shares between the South African Register and the BSX Register.

13. EXPENSES, FEES AND INVESTMENT MANAGER'S BENEFITS

13.1 Expenses

The Company is responsible for all the expenses incurred in the formation and operation of the Company including, but not limited to, the Annual Operating Expenses and *Ad hoc* Expenses. In addition, the Company has agreed and acknowledged that the Investment Manager or its associated entities shall be entitled to the financial benefits, described in paragraph 13.3 below.

The Company shall reimburse all reasonable out-of-pocket expenses properly incurred by the Investment Manager, the Administrator and Secretary, and each of the Directors in the performance of their duties on behalf of the Company.

13.2 Administrator and Secretary fee

Under the Administration Agreement, the Company has agreed to pay or procure to be paid to the Administrator and Secretary, for its services as administrator and company secretary, a minimum fee of USD80 000 per annum payable within 20 Business Days of the end of each quarter to which the fee applies, until the Redemption Date or if earlier, termination of the Administration Agreement.

13.3 Investment Manager's Benefits

13.3.1 Annual Investment Manager's Benefit

The Investment Manager shall, as consideration for the investment advisory and management services provided to the Company in relation to Investment opportunities falling within the Investment Scope, be entitled to an annual benefit that will not exceed:

- (a) during the Investment Period, an amount of 1.5% per annum of the Company's Funds, payable quarterly in advance; and
- (b) with effect from the end of the Investment Period, an amount of 1.5% per annum of the lesser of the aggregate Acquisition Cost or market value (as determined by the most recent independent valuation) of Unrealised Investments of the Company during the relevant Accounting Period, calculated and payable quarterly in advance.

The Annual Investment Manager's Benefit shall be reduced by an amount equal to such part of all Transaction Receipts received and retained by the Investment Manager in the previous Accounting Period and not previously taken into account pursuant to this paragraph (and if the amount of such reduction is greater than the Annual Investment Manager's Benefit for the Accounting Period in question, the excess amount will be carried forward and off-set against the Annual Investment Manager's Benefit to be allocated in the next Accounting Period(s)).

If, on the Redemption Date, there remains any excess Transaction Receipts which have not been off-set against the Annual Investment Manager's Benefit pursuant to this paragraph, then the Investment Manager shall reimburse the Company for an amount equal to such excess.

The Annual Investment Manager's Benefit shall be subject to a *pro rata* refund to the Company for any period for which a portion of the Annual Investment Manager's Benefit was paid in advance, but during which the Investment Management Agreement has been terminated.

13.3.2 Performance Incentive

The Investment Manager or its associated entity, notwithstanding the termination of the Investment Management Agreement other than pursuant to Cause by the Investment Manager, shall be entitled to the Performance Incentive, in respect of Investments made by the Company before the termination of the Investment Management Agreement, calculated as follows:

- (a) all Aggregate Proceeds which are not allocated to further Investments during the Investment Period and/or which are received after the Investment Period, will be allocated entirely to Shareholders until such time as Shareholders have received an aggregate amount of the Company's Funds plus the Hurdle;
- (b) following the receipt by Shareholders of all Aggregate Proceeds equal to the aggregate amount of Company's Funds plus the Hurdle, the Investment Manager or its associated entity is entitled to all further Aggregate Proceeds until it has received an amount equal to 25% of the Hurdle; and
- (c) thereafter, Aggregate Proceeds will be allocated 80% to Shareholders and 20% to the Investment Manager or its associated entity.

Post the Investment Period, unless otherwise resolved by Special Resolution and with the prior written consent of the Investment Manager, the Company is obliged to Distribute all Aggregate Proceeds to Shareholders within 30 Business Days of the receipt of such Aggregate Proceeds, whether through Distributions, the redemption of Shares or otherwise.

13.4 Payment of expenses, fees and investment manager's benefits

A provision for the Company's expenses expected to be incurred by the Company over the Investment Term has been paid into an interest bearing bank account in the name of the Company (**"the Expense Provision"**).

The Company uses the Expense Provision to pay the Company's expenses as and when they become due and payable by the Company.

In the event that there is a surplus in the interest bearing bank account on the Termination Date, such surplus will be Distributed *pro rata* to Shareholders on such Termination Date.

14. CONFLICTS OF INTEREST

The Investment Manager and its associated entities shall not, except with the prior consent of Shareholders by means of an Ordinary Resolution, commence investing, or act as the primary source of transactions for a new investment entity with a similar Investment Scope as that of the Company at any time prior to whichever is the earliest to occur of:

- (a) the removal of the Investment Manager as investment manager to the Company;
- (b) the expiry of the Investment Period; and
- (c) the winding-up of the Company.

Thereafter the Investment Manager and its associated entities shall be entitled to establish a new entity with a similar Investment Scope and to raise funds for such new entity whilst simultaneously continuing to act as Investment Manager for the Company with a view to managing and Realising Investments.

The Administrator and Secretary and the Directors, other than Brian Gilbertson, Arne H. Frandsen and Andrew Willis, may provide similar services to other companies and/or entities even where the business of those other companies and/or entities is or may be in competition with the Company.

In the event that any of the Directors, in accordance with the provisions of the Articles of Incorporation, the Investment Manager and the Administrator and Secretary, in the ordinary course of business, have potential conflicts of interest with the Company, each will, at all times, have regard in such event to their obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal as principal or agent with the Company, provided that such dealings are carried out on normal commercial terms negotiated on an arm's length basis and, in the case of the Directors, in accordance with the Articles of Incorporation.

Certain interests of the Directors are set out in paragraph 3 above. The Articles of Incorporation specify the circumstances in which a Director may or may not vote in relation to a matter in which he may be interested, as described in paragraph 4 in Appendix I headed "Extracts from the Articles of Incorporation" to the Revised Listing Particulars.

None of the Directors have existing or proposed service contracts with the Company. None of the Directors have any contract or arrangement existing at the date of the Revised Listing Particulars in which the Director is materially interested and which is material in relation to the business of the Company, save for as disclosed in the Revised Listing Particulars and, in particular, in the case of Brian Gilbertson, Arne H. Frandsen and Andrew Willis, *inter alia*, the Investment Management Agreement.

A Director may own Shares in the Company, but there is no requirement that he or she does so. The Directors and the executives/partners of the Investment Manager may from time to time have beneficial interests in the Investment Manager and/or the Company, as the case may be. Directors, who are executives/partners of the Investment Manager and the executives/partners of the Investment Manager, will be precluded from voting as Shareholders on any proposal in relation to the Investment Management Agreement, subsequent to the conclusion thereof by the Company.

15. TAXATION

The following is a general summary of certain tax considerations that an existing or prospective Shareholder should consider. The summary below is based upon current law and administrative practice, which is subject to change, and does not address all of the tax considerations that may be relevant to a particular Shareholder in light of its own particular circumstances. Shareholders and prospective Shareholders should consult their professional advisors on the tax consequences of acquiring, holding, disposing, transferring or the redemption of their Shares, which will normally depend upon their country of citizenship, ordinary residence or domicile.

In Guernsey

The following summary of the anticipated tax treatment in Guernsey applies to Shareholders:

15.1 General

The information below, which relates only to Guernsey taxation, summarises the advice received by the Directors. It is applicable to the Company and to Shareholders who are resident or ordinarily resident in Guernsey for taxation purposes and who hold Shares in the Company as an investment. It is based on current Guernsey revenue law and published practice, which revenue law or practice is, in principle, subject to any subsequent amendments. This summary does not constitute legal or tax advice and is based on current Guernsey revenue law and published practice existing at the date of the Revised Listing Particulars. Prospective Shareholders should be aware that the level and bases of taxation may change from those described and they should consult their own professional advisors on the implications of acquiring, holding, disposing, transferring or the redemption of their Shares under the laws of the countries in which they are liable to taxation.

The following information does not deal with certain types of Shareholders, such as Shareholders acquiring, holding, disposing, transferring or the redemption of their Shares in the course of trade, collective investment schemes or insurance companies.

15.2 The Company

The Company has been granted tax exempt status by the Administrator of Income Tax in Guernsey for confirmation that the Company will be eligible for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (the "**Ordinance**"). The Company will need to re-apply annually for exempt status for Guernsey tax purposes, incurring the current fee of GBP600 per annum.

As exempt status has been granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability for Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

In the absence of an exemption, the Company would be treated as resident in Guernsey for Guernsey income tax purposes and subject to the zero rate regime, described below.

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey has agreed to abolish exempt tax status for the majority of companies and to introduce a zero rate of tax for companies carrying on all but a few specified types of regulated business. The Company, in the absence of an exemption, together with any Guernsey incorporated subsidiaries, and any other companies controlled by the Company would become Guernsey resident companies subject to the zero rate of Guernsey tax. Under this regime, the Company and any subsidiaries would not be required to withhold Guernsey income tax from interest or dividends paid by them other than in respect of distributions to Guernsey resident individuals.

The States of Guernsey has also agreed that because closed ended investment vehicles are not one of the regimes in Guernsey classified by the EU Code of Conduct Group as being harmful, closed ended investment vehicles will continue to be able to apply for exempt status for Guernsey tax purposes. The changes introduced by the zero tax regime are not expected to have any material impact on the Company, as it is expected that the Company will be granted exempt tax status.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in 2011/2012, including possibly the introduction of a goods and services tax, depending on the state of Guernsey's public finances at that time.

Non-Guernsey resident Shareholders will not be subject to Guernsey tax on the redemption or disposal of their holding of Shares in the Company.

Guernsey currently does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax) gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

15.3 Shareholders

Shareholders resident outside Guernsey will not be subject to any income tax in Guernsey in respect of any Shares owned by them. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid on Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey.

In South Africa

15.4 Transfer of Shares from the BSX Register to the South African Register

Certain South African residents are currently Shareholders in the Company through the BSX and hold their shares through the BSX Register.

With regard to the transfer of the Shares to the South African Register, such a transfer would not trigger a disposal of the Shares and would therefore not result in any South African Capital Gains Tax consequences.

The Shares transferred from the BSX Register to the South African Register will be the same Shares with the same rights and entitlements and therefore the transfer will not constitute a disposal for South African Capital Gains Tax purposes.

15.5 Shareholder taxation

As the investment is in the Shares of the Company, the tax consequences relating to the investment will depend on the nature and status of each Shareholder. Existing and potential Shareholders should seek advice from their own independent professional advisors in relation to the taxation consequences of acquiring, holding, disposing, transferring or the redeeming of their Shares.

16. RISK FACTORS

There are a number of risks which should be considered by prospective Shareholders in determining whether an investment in the Company is a suitable investment. The risks as set out in the Pre-Listing Statement remain appropriate. The key risks are as follows:

- 16.1** Suitability of Investment;
- 16.2** Nature of Investment;
- 16.3** Investments in unlisted entities;
- 16.4** Past performance not indicative of future performance;
- 16.5** Sourcing of Investments;
- 16.6** General risks of Investments;
- 16.7** Early stage Investment;
- 16.8** Uncertain nature of mining;
- 16.9** Operational risk;
- 16.10** Legislation change risks;
- 16.11** Market volatility;
- 16.12** Environmental compliance risk;
- 16.13** Risk of limited number of Investments;
- 16.14** Competition for Investments;
- 16.15** Litigation risk;
- 16.16** Indemnification of the Investment Manager;
- 16.17** Lack of operating history;
- 16.18** Restricted liquidity in Shares;

- 16.19** Sophisticated Investors;
- 16.20** Tax and regulatory changes;
- 16.21** Foreign Investment risk;
- 16.22** Exchange rate risk;
- 16.23** Lack of Investor control;
- 16.24** Gearing; and
- 16.25** Country risk.

The abovementioned risk factors are not intended to be comprehensive and there may be other risk factors that relate to or may be associated with an investment in the Company.

17. GENERAL INFORMATION

17.1 Indemnities

- (a) Subject to (g) below, the Company shall indemnify each of the Indemnified Persons against any liabilities, claims, costs or expenses (including reasonable legal fees) suffered or incurred or threatened by reason of such Indemnified Person's activities under the relevant agreements, if applicable, concluded between such Indemnified Persons and the Company provided however that such person shall not be so indemnified with respect to any matter resulting from its Cause.
- (b) Without prejudice to the generality of the foregoing, and subject to the terms hereof, the Company agrees to pay all reasonable costs and expenses incurred by any Indemnified Person in defending, resisting or investigating any threatened or pending action, claim or proceeding in respect of which the Indemnified Person claims to be entitled to be indemnified pursuant to this paragraph 17.1 in advance of the final determination of such action, claim or proceeding upon receipt of a legally binding undertaking by or on behalf of such Indemnified Person to repay such amount if it shall subsequently be determined by a court of competent jurisdiction that such Indemnified Person is not entitled to be so indemnified or receive a contribution in accordance herewith.
- (c) The provisions of this paragraph shall continue in effect notwithstanding that the Indemnified Person shall have ceased to carry out its respective activities under the relevant agreement, if applicable, but only as regards the services provided in the period prior to and including such cessation (but not thereafter).
- (d) Each Indemnified Person will be entitled to enforce the provisions of this paragraph 17.1.
- (e) Any Indemnified Person shall first seek recovery under any other indemnity or any insurance policies by which such Indemnified Person is indemnified or covered, as the case may be, but only to the extent that the indemnifier with respect to such indemnity or the insurer with respect to such insurance policy provides (or acknowledges its obligation to provide) such indemnity or coverage on a timely basis, as the case may be.
- (f) The Investment Manager will use reasonable efforts to ensure that each Investment Vehicle for which an Indemnified Person serves as a director or officer: (i) has adopted charter documents providing mandatory indemnification therefore to the fullest extent permitted by law and (ii) obtains director and officer insurance to the extent available at market-related rates.
- (g) The Company's obligations under this indemnity shall:
 - (i) where the matter requiring the indemnity arises from an Investment in an Investment Vehicle with one or more selected Co-Investors, on a case-by-case basis, be several and in proportion to the Investment Amount paid in relation to the Investment Vehicle;
 - (ii) where the matter requiring the indemnity arises from a specific Investment, be several in proportion to its respective Investment Amount in that Investment; and
 - (iii) in either case, shall be limited to the higher of the applicable Investment Amount(s) and any amounts Realised in relation thereto, either in respect of the arrangements contemplated in the Investment Vehicle agreement or the specific Investment, as the case may be.

17.2 NAV of the Company

The NAV of the Company is the value of the assets of the Company less the total liabilities attributable to it and a provision for, if applicable, the Performance Incentive. The value of the assets of the Company and the amount of its liabilities shall be determined by the Board as follows:

- (a) The assets of the Company shall be deemed to include the following:
 - (i) Investments;
 - (ii) all cash on hand, on loan or on deposit, or on call, including any interest accrued thereon;
 - (iii) all bills, demand notes, promissory notes and accounts receivable;
 - (iv) all interest accrued on any interest bearing securities owned by the Company; and
 - (v) all other assets of the Company of every kind and nature, including prepaid expenses as valued by the auditors.
- (b) The assets of the Company shall be valued as follows:
 - (i) unlisted Investments shall be valued by the Directors on a six-monthly basis in accordance with the Valuation Guidelines contained in the International Private Equity and Venture Capital Valuation Guidelines, which became effective from 1 January 2005 (as amended, supplemented or replaced from time to time). The Independent Valuers will review the valuation methodology used by the Directors, and ensure that it is reasonable and consistent with the Valuation Guidelines;
 - (ii) Investments which are listed or quoted on any securities exchange or similar electronic system and regularly traded thereon shall be valued at its last traded price on the relevant Business Day or, if no trades occurred on such Business Day, at the closing bid price, as at the relevant Business Day and as adjusted in such manner as the Directors, in their sole discretion, deem fit, having regard to the size of the holding. Where prices are available on more than one exchange or system for a particular Investment, the Directors shall in their discretion determine which of those prices shall apply;
 - (iii) cash on hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be valued at their full nominal amount unless, in any case, the Directors are of the opinion that the same is unlikely to be paid or received in full in which case their value will be arrived at after making such discount as the Directors may consider appropriate in such case to reflect their true value;
 - (iv) demand notes, promissory notes and accounts receivable shall be valued at their face value or full amount after making such discount as the Directors may consider appropriate to reflect their true current value;
 - (v) deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;
 - (vi) certificates of deposit, treasury bills, bank acceptances and trade bills shall each be valued (on the basis of a notification to the Directors by a person approved by the Board for the purposes of this paragraph whose business includes dealing in or effecting transactions in the relevant Investment) according to the normal dealing practice in, and at the price of, the relevant Investment at close of business (or as near thereto as may be practicable whether before or after close of business) on the relevant Business Day; and
 - (vii) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution, shall be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average shall be taken between the lowest offer price and the highest bid price at the close of business on the relevant Business Day on any market on which such Investments are or can be dealt in or traded, provided that where such Investments are dealt in or traded on more than one market, the Directors may determine at their discretion, which markets shall prevail and provided also that the Directors, at their absolute discretion, may permit some other method of valuation to be used if they consider that it better reflects value and is in accordance with International Financial Reporting Standards.
- (c) If in any case a particular value is not ascertainable as provided above or if the Directors and/or the Independent Valuer considers that some other method of valuation better reflects the fair value of the relevant Investment, then in such case the method of valuation of the relevant Investment shall be such as the Directors and/or the Independent Valuer shall decide.

- (d) Notwithstanding the foregoing, where at the time that the assets are being valued, any Investment of the Company that has been Realised or contracted to be Realised, there shall be included in the assets of the Company in place of such Investment the net amount receivable by the Company in respect thereof provided that, if the net amount receivable is not then known exactly, then its value shall be the net amount estimated by the Directors and/or the Independent Valuer as receivable by the Company, and if the net amount receivable is not payable until some future time after the time that the assets are being valued, the Directors and/or the Independent Valuer may make such allowances as it considers appropriate.
- (e) Any valuations made pursuant to the Articles of Incorporation shall be binding on all Persons.
- (f) The liabilities of the Company shall be deemed to include all its liabilities (including such amount as the Directors and/or Auditors determine to provide in respect of contingent liabilities) of whatsoever kind.
- (g) The provision for the Performance Incentive shall be calculated in accordance with the terms set out in the section headed "Expenses, Fees and Investment Manager's Benefits" of the Revised Listing Particulars.
- (h) Notwithstanding the foregoing, where at the time that the assets are being valued, any Investment of the Company that has been Realised or contracted to be Realised, there shall be included in the assets of the Company in place of such Investment the net amount receivable by the Company in respect thereof provided that, if the net amount receivable is not then known exactly, then its value shall be the net amount estimated by the Directors and/or the Independent Valuer as receivable by the Company, and if the net amount receivable is not payable until some future time after the time that the assets are being valued, the Directors and/or the Independent Valuer may make such allowances as it considers appropriate.

17.3 Reports and financial statements

The financial statements, books and records of the Company will be prepared and maintained in accordance with IFRS and denominated in USD.

The Accounting Period of the Company ends on 31 December each year. Audited annual financial statements and reviewed interim financial statements are communicated to Shareholders, on a six-monthly basis, via SENS, amongst other means.

17.4 Share certificates

Shares are traded in Dematerialised form.

The BSX Register is maintained at the office of the Administrator and Secretary, and the South African Register is maintained by the South African Transfer Secretary.

17.5 General meetings

The Board shall convene a general meeting of the Company as an annual general meeting in each calendar year at which the Directors and the executives/partners of the Investment Manager will report on the progress of the Company and its Investments in addition to any other meetings held in that year; and shall specify the meeting as such in the notice thereof.

The annual general meeting of the Company will be held in Guernsey or such other place as the Directors may determine. Notices convening the annual general meeting in each year, at which the audited annual financial statements of the Company will be presented, will be sent to Shareholders in accordance with the requirements of the Articles of Incorporation and the Listings Requirements.

Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere. Shareholders holding at least one tenth of the issued Shares between them may convene an extraordinary general meeting.

17.6 Corporate relationships and material contracts

Other than the material contracts referred to in Appendix II to these Revised Listing Particulars, Pallinghurst and its subsidiaries did not enter into any material contracts other than in the ordinary course of business carried on or proposed to be carried on by Pallinghurst and its subsidiaries, since incorporation to the date of the Revised Listing Particulars or at any time and containing an obligation or settlement that is material to Pallinghurst or its subsidiaries at the date of the Revised Listing Particulars. The material contracts, the major terms of which have been disclosed in Appendix II to these Revised Listing Particulars, consist of the Investment Management Agreement and the Administration Agreement.

17.7 Material borrowings and loans receivable

Material borrowings and loans receivable at the Last Practicable Date are set out in paragraph 20 of the Circular.

17.8 Commitments, lease payments and contingent liabilities

Commitments, lease payments and contingent liabilities at the Last Practicable Date are set out in paragraph 22 of the Circular to which the Revised Listing Particulars form part.

17.9 Statement as to working capital

The Directors are of the opinion and have reasonable grounds for believing that, subsequent to the Revised Listing Particulars:

- 17.9.1** Pallinghurst and its subsidiaries will, in the ordinary course of business, be able to pay its debts for a period of twelve months after the date of approval of the Revised Listing Particulars;
- 17.9.2** the assets of Pallinghurst and its subsidiaries will be in excess of its liabilities for a period of twelve months after the date of approval of the Revised Listing Particulars. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- 17.9.3** the share capital and reserves of Pallinghurst and its subsidiaries will be adequate for business purposes for a period of twelve months after the date of approval of the Revised Listing Particulars; and
- 17.9.4** the working capital of Pallinghurst and its subsidiaries will be adequate for ordinary business purposes for a period of twelve months after the date of approval of the Revised Listing Particulars.

17.10 Litigation statement

Pallinghurst and its subsidiaries are not involved in any legal or arbitration proceedings, nor are the Directors aware of any proceedings, which are pending or threatened, which may have or have had, in the twelve month period preceding the Last Practicable Date, a material effect on Pallinghurst's financial position.

17.11 Material changes

Material changes in the business, controlling shareholders, financial and trading position or trading objects of Pallinghurst since the end of the preceding Accounting Period, are set out in paragraph 23 of the Circular.

17.12 Miscellaneous

- (a) The Company does not have and does not expect to have, nor has it since its incorporation had, any employees.
- (b) The Company is liable for all the Annual Operating Expenses and *Ad hoc* Expenses, and the Annual Investment Manager's Benefit and the Performance Incentive.
- (c) The Company may be subject to withholding tax on distributions received in respect of its Investments, which withholding tax may not be recoverable.
- (d) No share or loan capital of the Company has been issued, or agreed to be issued, as fully or partly paid-up, otherwise than in cash.
- (e) Save as disclosed under the section headed "Expenses, Fees and Investment Manager's Benefits" of the Revised Listing Particulars, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the Company.
- (f) Save as disclosed under the section headed "Expenses, Fees and Investment Manager's Benefits" of the Revised Listing Particulars, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any Shares or loan capital.
- (g) All consents, approvals, authorisations or other orders of all regulatory authorities (if any) required by the Company under Guernsey Law for the Administrator to undertake its obligations under the Administration Agreement and for the establishment and management of the Company have been obtained.

- (h) No Person has, or is entitled to be given, an option to subscribe for Shares.
- (i) No Shares have been or will be issued as partly paid-up, and no Shares have been issued or agreed to be issued, otherwise than in cash.
- (j) The Company does not have a place of business in the United Kingdom.
- (k) Copies of all the "Material Contracts" set out in Appendix II headed "Material Contracts" of the Revised Listing Particulars are held by the Administrator and Secretary (or its nominated agent) on behalf of the Company.
- (l) Any dispute resulting from the Revised Listing Particulars will be governed by Guernsey Law.

17.13 Advisors' interests

None of the advisors of Pallinghurst, other than as set out in the Circular, had an interest in the issued share capital of Pallinghurst as at the Last Practicable Date.

Other than as set out in the Circular, the Company does not know of any person who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under Guernsey Law.

17.14 Consents

The investment bank and JSE sponsor, legal advisors, independent reporting accountant, and South African Transfer Secretaries have consented in writing to act in the capacities stated and to their names being included in these Revised Listing Particulars and have not withdrawn their consents prior to the publication of the Revised Listing Particulars.

17.15 Directors' responsibility statement

The Directors, whose names are given in the "Corporate Information" section of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted, which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Revised Listing Particulars contains all information required by the Listings Requirements.

17.16 Documents available for inspections

Documents available for inspection are set out in paragraph 28 of the Circular.

By order of the board

Director

Pallinghurst Resources Limited

14 August 2009

EXTRACTS FROM THE ARTICLES OF INCORPORATION

Below are extracts from the Articles of Incorporation. The summary is not complete and Shareholders should read the Articles of Incorporation for a full appreciation thereof. The Articles of Incorporation contain, *inter alia*, provisions to the following effect:

1. SUBJECT TO THE PROVISIONS OF GUERNSEY LAW

- (a) the Company may purchase any of its Shares whether or not they are redeemable and may pay in respect of such purchase otherwise than out of its distributable profits or the proceeds of a fresh issue of Shares;
- (b) the Company and any of its associates may provide financial assistance, directly or indirectly, for the purpose of, or in connection with, the acquisition of Shares or in connection with reducing or discharging any liability incurred in connection with the acquisition of Shares; and
- (c) the Company may convert all or any of its Shares, the nominal amount of which is expressed in a particular currency, into Shares of a nominal amount of a different currency, the conversion being effected at the prevailing rate of exchange (calculated to not less than three significant figures) on the date of the resolution or on such other date as may be specified therein.

2. VARIATION OF RIGHTS, ALTERATION OF CAPITAL, AND SURRENDER OF SHARES

- (a) Subject to the provisions of Guernsey Law, all or any of the rights attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Company is being wound up) be altered or abrogated by Special Resolution of the holders of the shares of that class provided that the rights attached to the Management Shares cannot be amended unless a Special Resolution is also passed by the Shareholders. At every such separate general meeting, all the provisions of the Articles of Incorporation as to general meetings of the Company shall (with certain exceptions) *mutatis mutandis* apply.
- (b) After the Initial Closing Date, further Shares may be issued for the purposes of raising further capital in the Company. Further Shares, provided no Shares shall be issued at a discount to the Fair Value per Share, shall be offered to existing Shareholders *pro rata* to their shareholding and to existing Shareholders and prospective Shareholders on the same terms and conditions unless authorised in a general meeting or the issue of Shares is for an acquisition of assets or the reduction of debt. Any such further offering of Shares will be made at the discretion of the Directors, subject to the terms of the Articles of Incorporation and the approval of the JSE (where necessary).
- (c) The Company may:
 - (i) by Special Resolution cancel any Shares which at the date of the resolution have not been taken or agreed to be taken by any Shareholder and diminish the amount of its authorised share capital accordingly; and
 - (ii) the Company may by Special Resolution reduce its share capital or any capital redemption reserve or any share premium account in any manner subject to any authorisation and/or consent required by Guernsey Laws provided always that such authority shall not be required to permit the redemption of Shares out of the share premium account.

3. VOTING RIGHTS

On a show of hands every Shareholder who is present in person at a general meeting of the Company shall have one vote per Person, and on a poll every Shareholder who is present in person or by proxy shall be entitled to one vote for each Share held by such Shareholder.

The Trust, as holders of the Management Shares, shall have the right to receive notice of, attend and vote at any general meeting of the Company, provided that no Shares are in issue at such date. When such rights exist, each holder of a Management Share who is present or by proxy at a general meeting will have 10,000 votes in respect of each Management Share held by them.

Directors, who are executives/partners of the Investment Manager, and the executives/partners of the Investment Manager will be precluded from voting as Shareholders on any proposal in relation to the Investment Management Agreement, subsequent to the conclusion thereof by the Company.

4. DIRECTORS

- (a) Unless otherwise approved by Shareholders in general meeting by Ordinary Resolution, the number of Directors (disregarding alternate Directors) will be not less than 4 and not more than 10. A majority of Directors must not be resident either in the United Kingdom or in South Africa.
- (b) The Directors have the power to elect a Chairman who will hold office only for the duration of the meeting at which he was elected.
- (c) No shareholding qualification for Directors is required.
- (d) Shareholders may by Special Resolution appoint a person to be a Director or remove any Director from office.
- (e) Without prejudice to the power of the Company in general meeting, in pursuance of any of the Articles of Incorporation to appoint any person to be a Director and subject to Guernsey Law, the Directors have the power to appoint any person to be a Director to fill a casual vacancy. Any Director so appointed by the Directors shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.
- (f) No person other than a Director retiring at an annual general meeting may be appointed or re-appointed as a Director at a general meeting unless no less than 10 nor more than 35 clear Business Days before such meeting, notice executed by a Shareholder qualified to vote at the meeting (not being the person to be proposed), has been given to the secretary of the Company of the intention to propose that person for appointment or re-appointment together with notice executed by that Person of his willingness to be appointed or re-appointed.
- (g) At the annual general meeting held in each year $\frac{1}{3}$ (one-third) of the Directors, excluding the executive directors shall retire from office. Director's subject to retire by rotation may offer themselves up for re-election. The period of office for executive Directors shall be subject to and determined by the terms of their employment. The Company may, by Special Resolution, remove any Director before the expiration of his period of office, and may by Special Resolution, elect another person as Director. The Company may, by Special resolution in general meeting increase (or reduce, but not below four), the number of Directors and may also determine in which manner or rotation such increased (or reduced) number is to go out of office.
- (h) A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board. In the case of a proposed contract or arrangement such disclosure shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangement, at the next meeting of the Board held after he became so interested. In a case where the Director becomes interested in a proposed contract or arrangement after it is made, disclosure shall be made at the first meeting of the Board held after the Director becomes so interested. For the purpose of the foregoing a general notice in writing given to the Board by such Director to the effect that he is a member of a specified company and/or entity and is to be regarded as interested in any proposed contract or arrangement which may after the date of the notice be made with that company and/or entity shall be deemed to be a sufficient disclosure of interest provided that it is given at a meeting of the Board or the Director takes reasonable steps to ensure that it is raised and read at the next meeting of the Board after it is given.
- (i) A Director may not vote (but may in accordance with the Articles of Incorporation be counted in the quorum) in respect of any resolution of the Directors or subcommittee of the Directors concerning a proposed contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of associates) is, to his knowledge, a material interest (otherwise than by virtue of his interest in Shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:
 - (i) providing a guarantee, security or indemnity in respect of money lent or obligations incurred by the Director or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) providing a guarantee, security or indemnity by the Director to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (iii) a proposed contract, arrangement, transaction or proposal concerning an offer of Shares, debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase, in which offer the Director is or may be entitled to participate as a Shareholder or in the underwriting or sub-underwriting of which the Director is to participate;
- (iv) a proposed contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary of the company) in which the Director (and any associate) is interested directly or indirectly and whether as an officer, shareholder, creditor or otherwise, provided that the Director has disclosed his interest in such proposed contract, arrangement, transaction or proposal in accordance with sub-paragraph (1);
- (v) a proposed contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme for the benefit of employees of the Company or any of its subsidiaries under which the Director may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes; and
- (vi) a proposed contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.
- (vii) (1) For the purposes of the Articles of Incorporation a person shall be treated as being connected with a Director if that person is:
 - (a) a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the Director; or
 - (b) an associated body corporate which is a company and/or entity in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20% or more of the nominal value of the equity share capital, or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20% of the voting power at general meetings; or
 - (c) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within paragraph (a) or (b) above excluding trustees of an employees share scheme or pension scheme; or
 - (d) a partner and/or member (acting in that capacity) of the Director or persons in categories (a) to (c) above.
- (2) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office under the Company, or whereat the terms of any such appointment are arranged or whereat any contract in which he is interested is considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of 2 or more Directors to offices with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (3) A Director may hold any other office under the Company (other than Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director or his firm shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or as vendor purchaser or otherwise nor shall any such proposed contract or arrangement entered into by or on behalf of the Company in which any Director or firm and/or entity is in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such proposed contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (4) Any Director may act by himself or his firm and/or entity in a professional capacity for the Company (other than Auditor) and he or his firm and/or entity shall be entitled to remuneration for professional services as if he were not a Director.
- (5) Any Director may continue to be or become a director, managing director, manager or other officer or Shareholder of any company which promotes or is promoted by the Company or which is interested in the Company or in which the Company may be interested, and unless otherwise agreed, any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer or Shareholder of any such company.

The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to themselves as directors, managing directors, managers or other officers of such company) and any Director of the Company may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be or be about to be appointed a director, managing director, manager or other officer of such other company, and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

- (6) If any question arises at any meeting as to the materiality of the Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.
- (7) The Company may by Ordinary Resolution suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention of any such provision.

5. BORROWING POWERS OF THE COMPANY

The borrowing powers of the Company and the powers of the Company to mortgage or encumber its Investments and/or assets or any part thereof and to issue debentures or debenture stock (whether secured or unsecured), whether outright or as security for any debt, liability or obligation of the Company or any third party, shall be limited to 30% of the value of the Company's assets.

6. DIVIDENDS/REDEMPTIONS/RETURNS TO SHAREHOLDERS

- (a) Subject to Guernsey Law and as set out below, the Company in general meeting may from time to time declare dividends but no dividend may exceed the amount recommended by the Directors. During the Investment Period, no dividends may be declared or paid other than from the profits or gains resulting from the Realisation of Investments and thereafter no dividends may be declared or paid other than from Aggregate Proceeds. Any dividends paid will be paid in accordance with the policy of the BSX and those of the Listings Requirements.
- (b) No unclaimed dividends will bear interest against the Company. Any dividend unclaimed will be transferred to a trust which will hold it until the earlier of the date on which such dividends are claimed by the relevant Shareholder or 3 years from the date on which the Company attempted to pay such dividend to the Shareholder. If dividends are not claimed before the expiry of the aforementioned period, such dividends will be paid to a charitable institution. The Shareholder will pay administration charges for the service of 0.1% per annum of the amount of such unclaimed dividend.
- (c) The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they deem appropriate as reserves which will, at the discretion of the Directors, be applicable for any purpose to which the Aggregate Proceeds of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or, during the Investment Period, be invested in such Investments as the Directors may from time to time deem fit. The Directors also, at their discretion, and subject to 6(d) below, may without placing the same to reserve, carry forward any profits which they deem prudent not to distribute.
- (d) Post the Investment Period, unless otherwise resolved by Special Resolution and with the prior written consent of the Investment Manager, the Company is obliged to Distribute or redeem *pro rata* all Aggregate Proceeds to Shareholders within 30 Business Days of the receipt of such Aggregate Proceeds, whether through Distributions, the redemption of Shares or otherwise.

7. RIGHTS ON A WINDING-UP

Under Guernsey Law the Company can be wound up at any time as provided for by those Laws. In particular, the Company can be wound up by way of a Special Resolution at an extraordinary general meeting duly convened by the Directors and carried, whether on a show of hands or on a poll, by a majority consisting of 75% of the total number of votes cast for such Special Resolution.

In the event of the Company being wound up:

- (a) the liquidator will apply the assets of the Company, subject to the provisions of the Laws, in satisfaction of:
 - (i) creditors' claims;
 - (ii) settlement of the Fair Value per Share of the Shares, less any costs associated with such liquidation;
 - (iii) settlement of the nominal value of the Management Shares; and (iv) any surplus will be paid to Shareholders.
and
- (b) the liquidator may, with sanction by Shareholders by Special Resolution, divide amongst Shareholders *in specie* any part of the assets of the Company.

MATERIAL CONTRACTS OF PALLINGHURST

I. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement dated 4 September 2007 between the Company and the Investment Manager, the Investment Manager has been appointed to provide the Company with investment advisory and management services in relation to Investments falling within the Investment Scope as described under the section headed "Investment Strategy – Investment Scope" of the Revised Listing Particulars. Details of the benefits attributable to the Investment Manager are shown in the section headed "Expenses, Fees and Investment Manager's Benefits" of the Revised Listing Particulars.

The Investment Manager shall not be under any liability as a consequence of any action performed by the Investment Manager acting in good faith in accordance with the terms of the Investment Management Agreement or any specific written request of the Company. The Investment Manager shall not be liable to the Company for any decline in the value of the Investments or any part thereof to the extent that such decline results from the Investment Manager's implementation of any express direction of the Board or from any Investment recommendation made by the Investment Manager acting in good faith unless such recommendation was as a result of Cause.

The Investment Management Agreement contains certain Key Man provisions to ensure that the Investment Manager retains its key executives with the necessary expertise and experience in order to provide the investment advisory and management services to the Company in accordance with the scope and terms of the Investment Management Agreement.

In summary, the Key Man provisions state that the Investment Management Agreement will be immediately suspended for a period of up to twelve months upon the occurrence of a Key Man Event (the "Suspension Period"), during which Suspension Period no acquisition or disposal of Investments may occur but that all other obligations of the Company will continue to be met by the Company (including the payment of the Annual Investment Manager's Benefit and the completion of contracts entered into by or on behalf of the Company before entering into such Suspension Period).

Upon the occurrence of a Key Man Event, the Investment Manager will have until the end of the Suspension Period to appoint a replacement Key Man, failing which, the Investment Period shall immediately terminate. If the Board approves of and recommends a replacement Key Man appointment, as soon as practicable thereafter, the Board will propose and seek Shareholders' approval in general meeting by Ordinary Resolution of such replacement Key Man. Once the replacement Key Man has been approved by Shareholders, the Suspension Period will immediately terminate. Should the requisite Ordinary Resolution not be passed by Shareholders or any such subsequent Ordinary Resolution proposed by the Board during the Suspension Period for the replacement of such Key Man, the Investment Period shall immediately terminate.

The Investment Management Agreement contains indemnity provisions by the Company in favour of the Investment Manager, which are similar in all material respects with the indemnity provisions set out in the section headed "General Information – Indemnities" of the Revised Listing Particulars.

In addition the Investment Management Agreement may be terminated:

- (a) automatically on the date of winding-up of the Company;
- (b) by the Company, at any time from its commencement, by Shareholders in extraordinary general meeting by Special Resolution if such termination is as a result of the Investment Manager's Cause. No further Annual Investment Manager's Benefit or Performance Incentive shall be payable on or after the date of such termination. The termination of the Investment Management Agreement shall not take effect until the Shareholders of the Company have by Special Resolution approved the appointment of a replacement investment manager; and
- (c) by Shareholders, at any time from its commencement, in general meeting by Ordinary Resolution, if such termination is as a result of:
 - (i) Brian Gilbertson failing to devote substantially all of his professional time to the business and affairs of the Programme; and/or
 - (ii) Brian Gilbertson ceasing to be an executive of the Investment Manager or its associated entities.

In the event that the Investment Management Agreement is terminated:

- (a) pursuant to (a) or (c) above, the Investment Manager shall be entitled to receive 100% of any Performance Incentive in respect of those Investments which had been made at the time of the termination of the Investment Management Agreement; and
- (b) pursuant to (b) above, the Investment Manager shall not be entitled to receive any Performance Incentive, whether earned at the time of the termination of the Investment Management Agreement or otherwise.

2. ADMINISTRATION AGREEMENT

Pursuant to the Administration Agreement dated 4 September 2007 between the Administrator and Secretary and the Company, the Administrator and Secretary has been appointed by the Company to carry out the day-to-day administration, secretarial and registrar functions of the Company. The Administrator and Secretary is also responsible for performing certain duties in relation to the issue, transfer and redemption of Shares and their settlement.

In the absence of Cause, the Administrator and Secretary shall not be liable for any error of judgment or for any loss or damage suffered by the Company, any Shareholder or the Investment Manager or otherwise arising, directly or indirectly, as a result of or in the course of the discharge of its duties in good faith including (but without limitation) any loss arising from anything done or omitted to be done by the Administrator and Secretary in good faith on reliance on or in accordance with the opinion or advice of the Investment Manager (or its associated entities), the Company's legal advisors, auditors, bankers, or other competent professional advisors, nor for any loss or damage sustained in the sale of any Investment howsoever any such loss may have occurred. The Administrator and Secretary shall not be liable for any loss or damage which may arise where the Administrator and Secretary has acted in good faith or upon any instruction or communication from the Company or its Directors which the Administrator and Secretary reasonably believes to be genuine.

The Administration Agreement contains an indemnity by the Company in favour of the Administrator and Secretary, which are similar in all material respects with the indemnity provisions set out in the section headed "General Information – Indemnities" of the Revised Listing Particulars.

The Administrator and Secretary shall not be responsible for any loss or damage to the Company or for any failure to fulfil its duties if such loss, damage or failure was caused by or directly or indirectly due to war, damage, enemy action, the act of any Government or other competent authority, riot, civil commotion, rebellion, storm, tempest, accident, fire, strike, lockout or other cause whether similar or not beyond the control of the Administrator and Secretary.

Either the Administrator and Secretary or the Company shall be entitled to terminate the Administration Agreement by giving not less than 6 months' notice in writing to the other party provided that the Administration Agreement may be terminated forthwith upon:

- (a) the commencement of winding-up proceedings in respect of either party (except for a summary winding-up for the purpose of reconstruction or amalgamation upon terms previously approved by the parties in writing), or following any other event of bankruptcy, *désastre*, or any event of insolvency with respect to the Administrator and Secretary or the Company or other similar or analogous procedure or step has been taken in any jurisdiction in relation to the Administrator and Secretary or the Company; or
- (b) the Administrator and Secretary ceasing to be qualified to act as such pursuant to the Articles of Incorporation or ceases to be licensed under the Protection of Investors (Bailiwick of Guernsey) Law 1987; or
- (c) either party committing any material breach of its obligations under the Administration Agreement and (if such breach shall be capable of remedy) shall fail within 30 days of receipt of notice in writing served by the Administrator and Secretary or the Company on the other party concerned requiring it to do so, to remedy such breach.

DIRECTORS' INTERESTS

Other directorships of the Directors and the executives and/or partners of the Investment Manager held currently and during the previous five-year period, from the date of the Revised Listing Particulars are set out in the table below:

Name	Directorship/Partnerships	Country	South African registration number	Status
Brian Gilbertson	F&W Properties (Proprietary) Limited	South Africa	1949/032654/07	Current
	Mean Variance Portfolios (Proprietary) Limited	South Africa	1979/002864/07	Current
	Pallinghurst (Cayman) General Partner LP (GP) Limited	Cayman Islands	n/a	Current
	Pallinghurst Advisors LLP (partner) (formerly Pallinghurst Resources LLP)	United Kingdom	n/a	Current
	Pallinghurst Founder GP Limited	Cayman Islands	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	Pallinghurst-Utima (Cayman) Limited	Cayman Islands	n/a	Current
	Platmin Limited	Canada	n/a	Current
	Renova Feeder LP (GP) Limited	Cayman Islands	n/a	Current
	Tshipi é Ntle Manganese Mining (Proprietary) Limited	South Africa	2008/003117/07	Current
	Woolston View Properties (Proprietary) Limited	South Africa	1988/003448/07	Current
	BHP Billiton Limited	Australia	n/a	Resigned
	BHP Billiton plc	United Kingdom	n/a	Resigned
	Billiton plc	United Kingdom	n/a	Resigned
	Emergofin BV	The Netherlands	n/a	Resigned
	Incwala Resources (Proprietary) Limited	South Africa	2003/015355/07	Resigned
	SUAL Holdings	Russia	n/a	Resigned
	Vedanta Resources plc	United Kingdom	n/a	Resigned
Arne H. Frandsen	Bakgatla Pallinghurst JV (Proprietary) Limited	South Africa	2007/030554/07	Current
	Born Free Investments 330 (Proprietary) Limited	South Africa	2005/005075/07	Current
	Boynton	South Africa	2000/002572/07	Current
	Fabergé Conduit Limited	Cayman Islands	n/a	Current
	Fabergé Limited	Cayman Islands	n/a	Current
	Fabergé S.a.r.l.	Luxembourg	n/a	Current
	Ivy Lane Capital Limited	Mauritius	n/a	Current
	Moepi Group (Proprietary) Limited	South Africa	2001/024438/07	Current
	Moepi Platinum (Proprietary) Limited	South Africa	2005/044235/07	Current
	Moepi Uranium (Proprietary) Limited	South Africa	2007/003718/07	Current
	Pallinghurst (Cayman) Founder L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) Founder Limited	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP Limited	Cayman Islands	n/a	Current
	Pallinghurst Advisors LLP (formerly, Pallinghurst Resources LLP) (partner)	United Kingdom	n/a	Current
	Pallinghurst Consolidated (Cayman) Limited	Cayman Islands	n/a	Current
	Pallinghurst Investor (Dutch) B.V.	The Netherlands	n/a	Current
	Pallinghurst Investor Consortium (Proprietary) Limited	South Africa	2007/030604/07	Current
	Pallinghurst Kalahari (Mauritius) Limited	Mauritius	n/a	Current*
	Pallinghurst Kalahari Limited	Cayman Islands	n/a	Current
	Pallinghurst Platinum (Mauritius) Limited	Mauritius	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	Pallinghurst Advisors (Pty) Limited	South Africa	2009/005781/07	Current
	Pallinghurst Resources Australia Limited	Australia	n/a	Current
	Platmin Limited	Canada	n/a	Current
	Richtrau No 123 (Proprietary) Limited	South Africa	2006/017346/07	Current
	Rox Conduit Limited	Cayman Islands	n/a	Current
	Eastern Platinum (Proprietary) Limited	South Africa	1987/070294/06	Resigned
	Incwala Resources (Proprietary) Limited	South Africa	2003/015355/07	Resigned
	Rox Limited	Cayman Islands	n/a	Resigned
	Tshipi é Ntle Manganese Mining (Proprietary) Limited (formerly Newshelf 955 (Proprietary) Limited)	South Africa	2008/003117/07	Resigned
	Western Platinum (Proprietary) Limited	South Africa	1963/003589/06	Resigned

* Resigned as director effective 1 July 2009, and subsequently reappointed as permanent alternate to another director on 17 July 2009.

Name	Directorship/Partnerships	Country	South African registration number	Status
Andrew Willis	Andrew Willis Limited	New Zealand	n/a	Current
	Aquacorp Limited	New Zealand	n/a	Current
	Fabergé Services Limited	United Kingdom	n/a	Current
	Freedommakers Limited	New Zealand	n/a	Current
	Ivy Lane Capital Limited	Mauritius	n/a	Current
	Moepi Group (Proprietary) Limited	South Africa	2001/024438/07	Current
	Moepi Platinum (Proprietary) Limited	South Africa	2005/044235/07	Current
	Moepi Uranium (Proprietary) Limited	South Africa	2007/003718/07	Current
	Pallinghurst (Cayman) Founder L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst Advisors LLP			
	(formerly Pallinghurst Resources LLP) (partner)	United Kingdom	n/a	Current
	Pallinghurst Platinum (Mauritius) Limited	Mauritius	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	Fabergé Limited	Cayman Islands	n/a	Resigned
	Mandolin Internet Services Limited	United Kingdom	n/a	Resigned
	Pallinghurst (Cayman) Founder Limited	Cayman Islands	n/a	Resigned
	Pallinghurst (Cayman) GP Limited	Cayman Islands	n/a	Resigned
	Pallinghurst Consolidated (Cayman) Limited	Cayman Islands	n/a	Resigned
	Pallinghurst Kalahari (Mauritius) Limited	Mauritius	n/a	Resigned
Stuart Platt-Ransom	Collins International Limited	Guernsey	n/a	Current
	Doric Limited	Guernsey	n/a	Current
	Fifth Ovalap Limited	Guernsey	n/a	Current
	First Ovalap Limited	Guernsey	n/a	Current
	Fourth Ovalap Limited	Guernsey	n/a	Current
	Global Phoenix Investments Limited	Guernsey	n/a	Current
	Ionic Limited	Guernsey	n/a	Current
	Lapco Limited	Guernsey	n/a	Current
	Laub Investment Management Limited	Guernsey	n/a	Current
	Legis (MRL) Limited	Guernsey	n/a	Current
	Legis BVI Limited	Guernsey	n/a	Current
	Legis Compliance Services Limited			
	(formerly Legis Insurance Services Limited)	Guernsey	n/a	Current
	Legis Corporate Services Limited	Guernsey	n/a	Current
	Legis Fund Services (IOM) Limited	Isle of Man	n/a	Current
	Legis Fund Services (IOM) Limited	Guernsey	n/a	Current
	Legis Fund Services Limited	Guernsey	n/a	Current
	Legis Group (BVI) Limited	Guernsey	n/a	Current
	Legis Group (IOM) Holdings Limited	Isle of Man	n/a	Current
	Legis Group (IOM) Holdings Limited	Guernsey	n/a	Current
	Legis Group Limited	Guernsey	n/a	Current
	Legis Limited	Guernsey	n/a	Current
	Legis Nominees Limited	Guernsey	n/a	Current
	Legis Trust Limited	Guernsey	n/a	Current
	Lesing PE Limited	Guernsey	n/a	Current
	Lesing Tag Limited	Guernsey	n/a	Current
	Longterm Performance Holding Limited	Guernsey	n/a	Current
	Longterm Performance Holdings Limited	Guernsey	n/a	Current
	Nayamsa Holding Limited	Guernsey	n/a	Current
	Nayamsa Holding Limited	Guernsey	n/a	Current
	Nomos Trustees Limited	Guernsey	n/a	Current
	Ovaco Limited	Guernsey	n/a	Current
	Ovalap Nominees Limited	Guernsey	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	Second Ovalap Limited	Guernsey	n/a	Current
	Sixth Ovalap Limited	Guernsey	n/a	Current
Third Ovalap Limited	Guernsey	n/a	Current	
Legis Maritime Services Limited	Guernsey	n/a	Resigned	

Name	Directorship/Partnerships	Country	South African registration number	Status
Clive Harris	23 Bellevue Road	Cayman	n/a	Current
	5 Nicosia Road	Cayman	n/a	Current
	ABBA Management Cayman Limited	Cayman	n/a	Current
	ABBA Multistrategy Partners	Cayman	n/a	Current
	ABBA Partners	Cayman	n/a	Current
	Adept Capital Partners Fund SPC Limited	BVI	n/a	Current
	Alpha Strategies Fund Inc	Cayman	n/a	Current
	AlphaWorks Long/Short Opportunities, Limited	Cayman	n/a	Current
	Asian Special Opportunities Fund	Cayman	n/a	Current
	Atlas Insurance Management (Cayman) Limited	Cayman	n/a	Current
	Blue Heron Investments Limited	BVI	n/a	Current
	Calypso Asian Fund	Cayman	n/a	Current
	Cobalt Hill Capital Limited	BVI	n/a	Current
	Constellation Capital Limited	Cayman	n/a	Current
	Dune Limited	Cayman	n/a	Current
	EG Capital Market Fund (SPC) Limited	Cayman	n/a	Current
	EG Strategic Fund (SPC) Limited	Cayman	n/a	Current
	Euboulos Management Limited	Cayman	n/a	Current
	EuroCapital Fund	Cayman	n/a	Current
	Fabergé Conduit Limited	Cayman	n/a	Current
	Fabergé Hospitality Limited	BVI	n/a	Current
	Fabergé Limited	Cayman	n/a	Current
	Fabergé Suisse SA	Switzerland	n/a	Current
	FCM Absolute Return Fund	Cayman	n/a	Current
	Fidam Global Fund SPC Limited	BVI	n/a	Current
	Fides Asset Management Limited	Cayman	n/a	Current
	Fides Capital Growth Fund Limited	Cayman	n/a	Current
	Fiduciary Management Services Limited	Cayman	n/a	Current
	FIOF Japan Limited	Cayman	n/a	Current
	Fundamental Capital Management Limited	Cayman	n/a	Current
	Giano Capital (US Dollars) Limited	Cayman	n/a	Current
	Giano Capital Limited	Cayman	n/a	Current
	Halberdier Alius Fund	Cayman	n/a	Current
	Halberdier Alius Portfolio	Cayman	n/a	Current
	Halberdier Fund Limited	Cayman	n/a	Current
	Halberdier Portfolio Limited	Cayman	n/a	Current
	HB Asia Holdings Limited	Cayman	n/a	Current
	HB Commodity Strategies Fund Limited	Cayman	n/a	Current
	HB Leveraged Loan Partners Offshore Holdings Limited	Cayman	n/a	Current
	HB Multi-Strategy Holdings Limited	Cayman	n/a	Current
	HB/SA Limited	Cayman	n/a	Current
	HCC Feeder Fund Limited	Cayman	n/a	Current
	Highbridge Asia Opportunities Fund Limited.	Cayman	n/a	Current
	Highbridge Asia Opportunities Institutional Fund Limited	Cayman	n/a	Current
	Highbridge Capital Corporation	Cayman	n/a	Current
	Highbridge Convertible Arbitrage Fund Limited	Cayman	n/a	Current
	Highbridge Convertible Arbitrage Opportunities Fund Limited	Cayman	n/a	Current
	Highbridge Convertible Opportunities Fund Limited	Cayman	n/a	Current
	Highbridge Fixed Income Opportunity Fund Limited	Cayman	n/a	Current
	Highbridge Fixed Income Opportunity Institutional Fund Limited	Cayman	n/a	Current
	Highbridge G.P.Limited	Cayman	n/a	Current
	Highbridge G.P.LLC	Delaware	n/a	Current
	Highbridge Long/Short Equity Fund Limited	Cayman	n/a	Current
	Highbridge Long/Short Institutional Fund Limited	Cayman	n/a	Current
	Highbridge Statistical Opportunities Fund Limited	Cayman	n/a	Current
	Highbridge Statistically Enhanced Equity Fund Limited.	Cayman	n/a	Current
	Highbridge Statistically Enhanced Equity Portfolio – Europe Limited	Cayman	n/a	Current
	Highbridge Statistically Enhanced Equity Portfolio – Japan Limited	Cayman	n/a	Current
	Highview Global Macro Limited	Cayman	n/a	Current
	HSE Partners Limited	Cayman	n/a	Current
	Index Partners Inc	Cayman	n/a	Current
	Index Partners Inc	Cayman	n/a	Current
	Innovation Fund	Cayman	n/a	Current
	Intercontinental Diversified Corp	Cayman	n/a	Current

Name	Directorship/Partnerships	Country	South African registration number	Status
	Jade Limited	Cayman	n/a	Current
	Jemekk Long/Short Canada Limited	Cayman	n/a	Current
	Jemekk Total Return Canada Limited	Cayman	n/a	Current
	JSM IndoChina Limited	Cayman	n/a	Current
	JSM IndoChina Properties Limited	Cayman	n/a	Current
	LDH Energy Opportunities Fund Limited	Cayman	n/a	Current
	LDHE GP LLC	Delaware	n/a	Current
	LDHL GP Limited	Cayman	n/a	Current
	Malbec Emerging Markets Opportunities Fund LLC	Delaware	n/a	Current
	Malbec Emerging Markets Opportunities Fund SPC	Cayman	n/a	Current
	Malbec Emerging Markets Opportunities GP Limited	Cayman	n/a	Current
	Malbec Quantys Fund LLC	Delaware	n/a	Current
	Malbec Quantys Fund SPC	Cayman	n/a	Current
	Malbec Quantys GP Ltd	Cayman	n/a	Current
	Marathon Asset Management (Cayman) Limited	Cayman	n/a	Current
	Marathon European Hedge Fund Limited	Cayman	n/a	Current
	Marathon Fulcrum Japan Fund Limited	Cayman	n/a	Current
	Marathon Vertex Japan Fund Limited	Cayman	n/a	Current
	Modular Capital One (MC-1)	Cayman	n/a	Current
	NinePeaks Multi-Strategy Fund Limited	Cayman	n/a	Current
	Oceana Assets Corp.	BVI	n/a	Current
	Odey Asia	Cayman	n/a	Current
	Odey Capital Strategies	Cayman	n/a	Current
	Odey European Inc	Cayman	n/a	Current
	Odey Opportunity Fund (formerly Ottoman Fund)	Cayman	n/a	Current
	Odey Tactical Advantage	Cayman	n/a	Current
	OEI Mac Inc	Cayman	n/a	Current
	Pallinghurst (Cayman) Founder Limited	Cayman	n/a	Current
	Pallinghurst (Cayman) GP Limited	Cayman	n/a	Current
	Pallinghurst Consolidated (Cayman) Limited	Cayman	n/a	Current
	Pallinghurst Kalahari Limited	Cayman	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	Pendragon Field Holdings Limited	Cayman	n/a	Current
	Petrofond S.A.	Luxembourg	n/a	Current
	Polyenergias Fund Limited	BVI	n/a	Current
	Riverview Focus Fund (Cayman) Limited	Cayman	n/a	Current
	Riverview Multi Series Fund SPC Limited	Cayman	n/a	Current
	Riverview Multi Series International Fund SPC Limited	Cayman	n/a	Current
	Rox Conduit Limited	Cayman	n/a	Current
	Rox Limited	Cayman	n/a	Current
	Sheerwater Limited	Cayman	n/a	Current
	Texel Capital Management Limited	Cayman	n/a	Current
	Texel Macro Fund Limited	Cayman	n/a	Current
	Texel Macro Master Fund Limited	Cayman	n/a	Current
	The Carrousel Fund Limited	Cayman	n/a	Current
	The Daytona Fund	Cayman	n/a	Current
	The Dynamo Fund	Cayman	n/a	Current
	The Kintaro Fund	Cayman	n/a	Current
	The Milestone Offshore Funds	Cayman	n/a	Current
	The Packard Fund Limited	Bahamas	n/a	Current
	Tintagel Financial Limited	Cayman	n/a	Current
	TT Asian Opportunities Alpha Fund Limited	Cayman	n/a	Current
	TT Asian Opportunities Fund Limited	Cayman	n/a	Current
	TT Europe LiquidFund Inc	Cayman	n/a	Current
	TT Europe Liquidfunds Limited	Cayman	n/a	Current
	TT Event Driven Alpha Fund Limited	Cayman	n/a	Current
	TT Event Driven Fund Limited	Cayman	n/a	Current
	TT Financials Long Short Alpha Fund Limited	Cayman	n/a	Current
	TT Financials Long Short Fund Limited	Cayman	n/a	Current
	TT Long Short Europe Alpha Fund Limited	Cayman	n/a	Current
	TT Long Short Europe Fund Limited	Cayman	n/a	Current
	TT Long Short Japan Alpha Fund Limited	Cayman	n/a	Current
	TT Long Short Japan Fund Limited	Cayman	n/a	Current
	TT Mid Cap Europe Long Short Alpha Fund Limited	Cayman	n/a	Current
	TT Mid Cap Europe Long Short Fund Limited	Cayman	n/a	Current
	Vigor Absolute Return Fund	Cayman	n/a	Current
	ZAM Asset Finance Fund Limited	Cayman	n/a	Current

Name	Directorship/Partnerships	Country	South African registration number	Status
	ZAM Specialist Opportunities Fund Limited	Cayman	n/a	Current
	Cape Point Master Fund Limited	Cayman	n/a	Resigned
	Cape Point Partners Offshore Fund Limited	Cayman	n/a	Resigned
	Energy Capital Investments Limited	Cayman	n/a	Resigned
	Energy Capital Management Limited	Cayman	n/a	Resigned
	FFTW Diversified Alpha Fund Limited	Cayman	n/a	Resigned
	FFTW Global Credit Fund SPC	Cayman	n/a	Resigned
	FFTW US LIBOR Plus Fund Limited	Cayman	n/a	Resigned
	Fides Absolute Appreciation Fund Limited	Cayman	n/a	Resigned
	Highbridge European Special Situations Fund, Limited	Cayman	n/a	Resigned
	Highbridge Event Driven/Relative Value Fund Limited	Cayman	n/a	Resigned
	Innovation Management Limited	Cayman	n/a	Resigned
	LDH Energy Funds Trading Limited	Cayman	n/a	Resigned
	Oasis Funds SPC	Cayman	n/a	Resigned
	Odey Japan & General Inc	Cayman	n/a	Resigned
	Odey Treasury Fund	Cayman	n/a	Resigned
	Sword Fund Limited	Cayman	n/a	Resigned
	Texel Fixed Income Hedge Fund Limited	Cayman	n/a	Resigned
	Texel Fixed Income Master Fund Limited	Cayman	n/a	Resigned
	ZAM Cayman Limited	Cayman	n/a	Resigned
Martin Tolcher	Blue Skye GP Limited	Guernsey	n/a	Current
	British Capital Property Investments Limited	Guernsey	n/a	Current
	Collins International Limited	Guernsey	n/a	Current
	Cornerstone Asset Managers Limited	Guernsey	n/a	Current
	D&G Investment Management Limited	Guernsey	n/a	Current
	Eagle Venture Partners Limited	Guernsey	n/a	Current
	Global Phoenix Investments Limited	Guernsey	n/a	Current
	Global Specialised Opportunities I Limited	Guernsey	n/a	Current
	Japan Special Opportunities Limited	Guernsey	n/a	Current
	KDC Properties Limited	Guernsey	n/a	Current
	Legis Fund Services Limited	Guernsey	n/a	Current
	Louis Group European Property Limited	Guernsey	n/a	Current
	MENA Capital Management Limited	Guernsey	n/a	Current
	NBAD Fund Managers (Guernsey) Limited	Guernsey	n/a	Current
	NBAD Global Growth Fund PCC Limited	Guernsey	n/a	Current
	Nevsky Property Asset Management Limited	Guernsey	n/a	Current
	Pallinghurst Resources (Guernsey) GP Limited	Guernsey	n/a	Current
	St Peter Port Investments (Guernsey) Limited	Guernsey	n/a	Current
	St Peter Port Investments PCC Limited	Guernsey	n/a	Current
	Catagnana Limited	Guernsey	n/a	Resigned
	In Vivo Capital GP Limited	Guernsey	n/a	Resigned
	Novar Finance (Guernsey) Limited	Guernsey	n/a	Resigned
	Novar Finance GP Limited	Guernsey	n/a	Resigned
Priyank Thapliyal	Fabergé Services Limited (Company Secretary)	United Kingdom	n/a	Current
	Jupiter Mines Limited	Australia	n/a	Current
	Pallinghurst (Cayman) Founder L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst Advisors LLP (formerly Pallinghurst Resources LLP)	United Kingdom	n/a	Current
	Pallinghurst Kalahari (Mauritius) Limited	Mauritius	n/a	Current
	Pallinghurst Resources Australia Limited	Australia	n/a	Current
	Pallinghurst Steel Feed (Dutch) B.V.	The Netherlands	n/a	Current
	Tshipi é Ntle Manganese Mining (Proprietary) Limited (formerly Newshelf 955 (Proprietary) Limited)	South Africa	2008/003117/07	Current

Name	Directorship/Partnerships	Country	South African registration number	Status
Sean Gilbertson	Arianna Investments Limited	BVI	n/a	Current
	Fabergé Conduit Limited	Cayman Islands	n/a	Current
	Fabergé Limited	Cayman Islands	n/a	Current
	Gemfields plc (formerly Gemfields Resources plc)	United Kingdom	n/a	Current
	GigaJoule Limited	United Kingdom	n/a	Current
	Pallinghurst (Cayman) Founder L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) Founder Limited	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP L.P. (partner)	Cayman Islands	n/a	Current
	Pallinghurst (Cayman) GP Limited	Cayman Islands	n/a	Current
	Pallinghurst Advisors LLP			
	(formerly Pallinghurst Resources LLP) (member)	United Kingdom	n/a	Current
	Pallinghurst Consolidated (Cayman) Limited	Cayman Islands	n/a	Current
	Pallinghurst Kalahari Limited	Cayman Islands	n/a	Current
	Rox Conduit Limited	Cayman Islands	n/a	Current
	Rox Limited	Cayman Islands	n/a	Current
	Sandfontein & Houms Rivier Properties (Proprietary) Limited	Namibia	n/a	Current
	Vegagraphics (Proprietary) Limited	South Africa	2004/018789/07	Current
	Venturellectual Limited	United Kingdom	n/a	Resigned