PALLINGHURST
RESOURCES

Interim financial report
for the six months ended 30 June 2010

PALLINGHURST RESOURCES LIMITED

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COMPANY INFORMATION

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Arne H. Frandsen – Chief Executive
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Structure

Pallinghurst Resources (Guernsey) Limited was incorporated on 4 September 2007 in accordance with Guernsey Law and initially listed on the Bermuda Stock Exchange ("**BSX**") on 26 September 2007. It subsequently inward listed on the securities exchange of the JSE Limited ("**JSE**") on 20 August 2008, with the JSE becoming the primary listing and the BSX becoming the secondary listing.

On 22 May 2009, a change of name from Pallinghurst Resources (Guernsey) Limited to Pallinghurst Resources Limited ("**the Company**") was approved by the shareholders at an EGM.

The Company's main objective is to carry on the business of an investment holding company in investments falling within its Investment Scope (see below).

Interim financial report

This interim financial report covers the Group. The "Group" is Pallinghurst Resources Limited and all entities controlled by the Company (its subsidiaries), and its associates and joint ventures.

Investment Objectives

On the advice of the Investment Manager, the Company, either alone or with selected strategic equity partners, on a case-by-case basis, 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 investors with a high overall rate of return.

Investment Scope

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

Investment Policy

The Company invests in accordance with the Investment Scope as detailed above. In addition the Company has invested in Fabergé Limited. The Company's Investment Policy has been set out in various documents since the inception of the Company including the prospectus dated 5 September 2007, sets of annual financial statements, and the Circular to shareholders regarding the rights offer issued on 7 September 2009 (the "**Rights Offer Circular**"). The Investment Policy has not changed since the inception of the Company, and the Directors do not anticipate that it is likely to change in the foreseeable future.

Number of investments in the portfolio

At 30 June 2010, the Company had entered into ten investments and exited from three of them. The investment in Consolidated Minerals Limited was exited during 2007 and the investment in Iron Mountain Mining Limited was exited during the second half of 2009. Additionally, the Company's investment in Mindax Limited shares was exchanged for new Jupiter Mines Limited ("Jupiter") shares during March 2009.

Accordingly, the Company currently holds seven separate individual equity investments. There are four separate investment platforms, Fabergé, Steel Feed Corporation, Coloured Gemstones and Platinum Group Metals. The Directors are not anticipating a further expansion in the number of investment platforms in the foreseeable future.

The Company's relationship with the Pallinghurst Co-Investors

The Company has invested alongside certain co-investors or strategic equity partners 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 in this capacity for both the Company and these co-investors (collectively, the "**Pallinghurst Co-Investors**"). In such cases, the Investment Manager negotiates on behalf of the Pallinghurst Co-Investors, and not solely on behalf of the Company. However, each Pallinghurst Co-Investor, including the Company, retains legal title and influence over their individual shareholdings in the investment. The Pallinghurst Co-Investors cooperate to achieve the strategic objectives set for each investment, under the management of the Investment Manager, both in the initial pursuit of and management of investments within the portfolio.

There are a number of key benefits that derive from this arrangement for each Pallinghurst Co-Investor, including the Company:

- The Investment Manager is able to access much higher levels of funding than if they were acting solely on behalf of the Company, meaning that a broader scope of investments can be contemplated;
- This funding scope potentially makes an approach by the Pallinghurst Co-Investors more attractive or credible to a potential target company or group than a stand-alone approach by the Company;
- The Pallinghurst Co-Investors are able to exercise a greater level of influence or control over each investment than if they were acting alone; and
- The Company is able to further diversify its portfolio risk by participating in a larger number of investments, as it only partially funds each investment.

Notwithstanding the above arrangement, the Company has an unconditional entitlement to an initial minimum interest of 20% of the collective Pallinghurst Co-Investor ownership of each investment on acquisition, subject to certain conditions.

Private equity status

The Company is considered by the Directors to be a venture capital/private equity[1] organisation. The Directors have considered the following key factors in making this determination:

- The stakes taken in many of the investments are significant, although not controlling. The executive Directors and/or the Investment Manager usually participate in the management of each investment;
- The investments are generally innovative in nature; and
- 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 International Financial Reporting Standards ("IFRS"). The most important of these is the election to account for associate entities in the investment portfolio under International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement*, as a financial instrument, with movements in fair value taken directly through the income statement, rather than equity accounting under IAS28 *Investments in Associates*. A similar exemption exists in IAS31 *Interests in Joint Ventures,* and the Company chooses to use this exemption in the same way.

[1] The Directors use the terms "private equity" and "venture capital" interchangeably throughout this document. The Directors acknowledge that the terms may have different nuances to certain users of the financial statements, but these distinctions are not relevant to the Group.

Summary

The first six months of the year saw continuing recovery from the global financial crisis, and a further strengthening of stock markets and metal prices; however, concerns remain regarding the stability of the global economy.

The Company has made progress in all of its four investment platforms. Key accomplishments include a successful capital raising by Platmin, record revenue generating auctions by Gemfields, profile-raising events by both Gemfields and Fabergé, the granting of Tshipi's key new order mining right and the approval by Jupiter shareholders of the Tshipi/Jupiter transaction.

The Directors have continued to use conservative asset valuations in light of the uncertain market conditions. That notwithstanding, the net asset value of the Company increased by 2.4% on a South African Rand basis (decreased by approximately 0.5% in US Dollar terms) for the six month period. The pending closure of the Tshipi/Jupiter transaction is expected to result in a significant uplift in the value of the Company's investment in Tshipi. Assuming the Tshipi/Jupiter transaction was completed, the net asset value at the end of the period would have increased by an estimated 10.6% (on a South African Rand basis).

The highlights of the six-month period to 30 June 2010 are as follows:

- Platmin raised US$385 million to fund the completion of the build-up phase of mining operations at PPM;
- Significant progress was made on the Magazynskraal feasibility study, with 75% of the boreholes drilled;
- Tshipi's key new order mining right was granted by the DMR;
- Gemfields' first lower-grade rough emerald auction realised revenues of US$7.2 million;
- Gemfields participated in several profile-raising events, including the World Land Trust "Emeralds for Elephants" event at Selfridges, London, involving jewellery constructed with Gemfields' emeralds;
- An exceptional 6,225-carat rough emerald was discovered at Kagem; and
- Fabergé undertook a series of focused client events across Europe and Asia.

Since the end of the period:

- Gemfields held a higher-quality rough emerald auction in London in July, realising record revenues of US$7.5 million;
- Fabergé achieved further rationalisation of the remaining brand licences acquired from Unilever, gaining greater control over the brand; and
- The shareholders of Jupiter approved the Tshipi/Jupiter transaction.

INVESTMENT PLATFORMS

PLATINUM GROUP METALS ("PGMs")

African Queen Strategy

PGMs are essential to a wide range of industries. An estimated 20% of all consumer products either contain PGMs or require them in their production, making PGMs both unique and essential to industrialised economies. However, PGM resources are rare and occur predominantly in South Africa. The African Queen Strategy is to build Pallinghurst's portfolio of PGM investments, through acquisition and consolidation, into a PGM producer of industry significance.

Background to the African Queen investments

The diverse demand dynamics, combined with continuing supply pressures and high barriers to entry, make the outlook for the PGM industry very attractive. The industry is highly concentrated: According to the South African Department of Mineral Resources ("DMR"), 88% of the world's platinum reserves are located in South Africa. The Company and certain Pallinghurst Co-Investors have pursued the African Queen Strategy through a unique partnership with the Bakgatla-Ba-Kgafela ("Bakgatla") (jointly the "AQ Partners"). The AQ Partners have to date predominantly invested in assets on the Western Limb of the Bushveld Complex ("BC") in South Africa.

Following its inward listing on the JSE on 20 August 2008, the Company exercised its right to participate in the acquisition by the Pallinghurst Co-Investors of an indirect 27.61% interest (25.13% effective interest) in Boynton Investments (Pty) Limited ("Boynton"), via the Moepi Group of companies. Boynton is the 72.39% operating subsidiary of Platmin Limited ("Platmin") (TSX/AIM:PPN, JSE:PLN). Boynton's flagship project, the Pilanesberg Platinum Mine ("PPM"), which is currently ramping up production to full capacity, is located north of the Pilanesberg intrusion on the Western Limb of the BC. Boynton's other assets include the M'phahlele, Grootboom and Loskop prospects, which are on the Eastern Limb of the BC. These projects offer future growth potential.

In December 2008, as credit markets deteriorated and PGM prices fell, Platmin's debt facility, intended to fund the final stage of the PPM project, failed to materialise. After negotiations with the Platmin Board, the Company and certain Pallinghurst Co-Investors agreed to provide US$175 million in equity funding in two tranches in exchange for 69.84% of Platmin's enlarged share capital, under the TSX financial hardship exemption. A vendor consideration placing was conducted to fund US$32.3 million of the initial US$125 million tranche, giving the Company a see-through interest of 16.12% in Platmin. Brian Gilbertson and Arne H. Frandsen, Directors of the Company, were immediately appointed as directors of Platmin. Since October 2009, Mr Gilbertson has been the Chairman of Platmin.

Also in December 2008, the DMR approved the acquisition by the Company and certain Pallinghurst Co-Investors of an interest in Magazynskraal from the Bakgatla. Magazynskraal is a property in close proximity to PPM, with some 23 million ounces of inferred resources of PGMs. In February 2009, the Company and certain Pallinghurst Co-Investors, on behalf of the Bakgatla, completed the second US$50 million tranche of funding to Platmin. These shares were transferred to the Bakgatla as part of the final consideration for Magazynskraal following Platmin's listing on the JSE.

As part of the Magazynskraal transaction, the Company and certain Pallinghurst Co-Investors secured the right, through the Bakgatla-Pallinghurst Joint Venture ("BPJV"), to acquire 49.9% of the Bakgatla's interest in Sedibelo at "fair market value". The Sedibelo property, which lies between Magazynskraal and the eastern boundary of the PPM opencast pit, has an estimated 19 million ounces of PGM resources.

Key developments during the period

In April 2010, Platmin announced a conditional agreement with Barrick Platinum South Africa ("BPSA") to acquire BPSA's 10% interest in Sedibelo for US$15 million. Barrick separately undertook to sell to Platmin various long-lead items required for the development of the project, for up to US$45 million. Subsequent to the period end, Platmin announced that the conditions precedent had not been fulfilled. Negotiations were continued with the Bakgatla to determine the "fair market value" for Sedibelo in order to transfer Sedibelo into the BPJV.

Due to the industrial action at PPM during the second half of 2009 (which was widespread throughout the South African mining industry) and the lower than expected recoveries from the weathered and oxidised surface ore, the expected production build-up to full capacity was delayed. During the June quarter, Platmin released a revised mine plan that accelerates the mining of deeper, unaltered ore and targets annualised commercial production of 250,000 PGM ounces during 2011.

In May 2010, Platmin completed a US$385 million capital raising to fund the completion of the build-up phase of mining operations at PPM. New equity worth US$250 million was issued at US$1.215 per share, as well as convertible notes ("CNs") with a face value of US$135 million. The CNs are convertible at the option of the holders by 31 December 2010, at a conversion price of US$1.215. The Group participated in both the equity and CNs tranches of the capital raising, having earlier in the period extended a US$26 million short-term loan facility to Platmin (on arms-length commercial terms).

During the second quarter, the Magazynskraal feasibility study gained momentum, and most of the initial drilling is now complete. Boynton has been appointed as the lead consultant and is currently implementing a phased diamond drilling and exploration programme, with more than 70 of the total planned 93 boreholes drilled. The feasibility study is expected to be completed during 2011.

Outlook

During the first six months of 2010, the platinum price reached a 22-month high above US$1,700 per ounce. Whilst supplies of platinum were expected to increase during 2010, escalating cash costs and missed production targets continue to affect many companies in the PGM industry. Global industrial demand, particularly from auto catalyst producers who depleted stocks in 2009, is expected to continue to strengthen over the coming years. The Company's PGM investments are thus well placed to benefit from an improved environment.

STEEL FEED CORPORATION ("SFC")

The Steel Feed Corporation Strategy

Competition for raw materials (in particular manganese, iron ore and coking coal) is intensifying as the major steel producers seek to secure their input materials through equity ownership of mining companies. The Steel Feed Corporation strategy seeks to develop a platform to supply these key raw materials to the steel industry.

Background to the Steel Feed Corporation investments

In 2007, the Company made its initial SFC investment though the acquisition of a stake in the Australian manganese, chrome and nickel producer, Consolidated Minerals Limited. In the face of competing bidders, that stake was divested in the same year, realising a profit of US$6.2 million. The Investment Manager has continued to pursue the SFC strategy, with a particular focus on manganese and iron ore.

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 Field ("KMF") in South Africa spans approximately 400 square kilometres and contains an estimated 20 billion tonnes of manganese resources at grades of between 20% – 48% manganese. The KMF's size and geological simplicity render it amongst the most important manganese resources in the world.

The Investment Manager, for and on behalf of the Company and certain Pallinghurst Co-Investors, formed a joint venture vehicle, Tshipi é Ntle Manganese Mining (Pty) Limited ("Tshipi"), with Ntsimbintle Mining (Pty) Limited ("Ntsimbintle"), a broad based Black Economic Empowerment consortium. Tshipi holds manganese prospecting rights over a property in the north of the KMF (Tshipi Bokone, Bokone meaning "North" in the local languages, Setswana and Sesotho), but its key asset is a new order mining right over a manganese property located in the south of the KMF (Tshipi Borwa, Borwa meaning "South" in the Setswana and Sesotho languages). This property has a mineral resource of 163 million tonnes of manganese, at a grade of 37%. The geology is expected to be similar to Samancor's adjacent Mamatwan mine, which has been in production for over 45 years.

Separately, the Company together with certain Pallinghurst Co-Investors have invested in Jupiter Mines Limited ("Jupiter"), an Australian Stock Exchange ("ASX") listed iron ore and manganese explorer. Jupiter's iron ore assets are located in the Central Yilgarn region of Western Australia and include inferred resources of 5.75 million tonnes of high grade hematite (59.9% iron), and a conceptual exploration target containing an estimated 1.1 – 1.3 billion tonnes of magnetite iron ore at an expected grade of between 30% – 40% Fe. Jupiter's iron ore assets form part of several early stage projects in the Yilgarn region that presently appear not to be economically viable individually, but which, through sensible consolidation and development of joint operations, might take advantage of the existing rail and port infrastructure, to create a sizeable iron ore producing region. Jupiter's Australian manganese assets (Oakover) include 700 km^2 of exploration tenements located in the Pilbara area of Western Australia. Jupiter has recently completed a Versatile Time-Domain Electromagnetic survey of the area and the first drill holes have revealed encouraging intersections of manganese ore.

Posco, one of the world's largest steel producers, has invested in both Tshipi and Jupiter, providing a significant endorsement of each investment, and the overall SFC strategy. Posco also entered into off-take arrangements to acquire a proportion of the future production of each of Tshipi Borwa's manganese and Jupiter's direct shipping ore at future prevailing prices.

KEY DEVELOPMENTS DURING THE PERIOD

Tshipi

On 1 March 2010, Jupiter announced that it was to acquire the Pallinghurst Co-Investors' collective 49.9% equity and loan interests in Tshipi in return for the issue of 1,208,667,347 new shares at a price of 21.1 Australian cents per share (based on the 30 day volume weighted average price of the Jupiter shares prior to the announcement), valuing the 49.9% equity stake at AUD245 million. As part of the transaction, the Company and certain of the Pallinghurst Co-Investors agreed to subscribe for AUD5 million of new Jupiter shares. The transaction was approved by Jupiter's shareholders at an EGM on 12 August 2010, and it is anticipated that the transaction will close shortly. Following completion, the Group will own 18.3% of the enlarged Jupiter.

A tender process has been completed for the Front End Engineering Design ("FEED") of the new mine yet to be constructed on the Tshipi Borwa property. Drilling is in progress to better define the mineral resources and accurately determine the location of the manganese suboutcrop. These data will assist the planners in optimising the mining layout and in addition should allow Tshipi to understand, and thus market, its initial ore specifications. Tshipi has also concluded an agreement to acquire the surface rights of a 342 hectare farm located adjacent to the Tshipi Borwa property, these surface rights will be required for mining operations and associated infrastructure.

In early September 2010, approval was received from the DMR to transfer the new order mining right on the Tshipi Borwa property from Ntsimbintle, which had been granted the mining right in April 2010, to Tshipi.

Drilling has commenced at Tshipi Bokone with the purpose of evaluating a geological anomaly that historic studies indicate is likely to contain a high grade manganese body. Similar drilling programmes are progressing on neighbouring properties, giving rise to the potential to collaborate with a view to opening a small high grade underground manganese mine.

Jupiter

In June 2010, Jupiter suffered the tragic loss of its then Chairman, Mr Geoff Wedlock, in an aircraft crash in poor weather conditions in the Republic of Congo. In these sad circumstances, Brian Gilbertson was appointed as a Non-Executive Director of Jupiter and as its Non-Executive Chairman, it having been originally proposed that he join the board of Jupiter upon closing of the Tshipi/Jupiter transaction.

In February 2010, the Company and Red Rock Resources plc ("Red Rock") announced the termination of their joint venture arrangements, the initial objectives of the relationship having been achieved.

At Jupiter's Mount Ida Iron Ore Project, an 11,000 metre reverse circulation ("RC") drilling programme has been fast tracked to target magnetic-high anomalies. The programme is expected to take three months and will test both the geological model and the quality of magnetite concentrate that might be produced. Jupiter has also commissioned a structural mapping programme and a detailed Vegetation and Flora Survey. The drilling programme will be undertaken on the conceptual indicated resource of 1.1 – 1.3 billion tonnes of magnetite iron ore.

The results of the first pass RC drilling programme at Jupiter's Oakover Manganese Project returned results of up to 49.6% manganese at shallow depth, and confirmed the presence of host rocks similar to that of Consolidated Minerals Limited's Woodie Woodie manganese mine. The additional exploration licence applied for last year has recently been granted, increasing Jupiter's ground position to 890 km². Jupiter has approved an exploration budget of AUD2 million for Oakover for the 2011 financial year, and further exploration work is planned during the current field season.

Outlook

Demand for steel in the emerging nations and particularly in China (which now accounts for almost half of global steel production) shows no signs of abating. The Company's Steel Feed Corporation investments are well positioned to benefit from this growing demand in an improving economic environment.

GEMFIELDS PLC ("GEMFIELDS")

The Gemfields Strategy

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

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

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

Background to the Gemfields investment

In October 2007, the Company and certain Pallinghurst Co-Investors acquired a controlling interest in the Kagem emerald mine in northern Zambia. In June 2008, the Kagem emerald mine was vended into AIM-listed Gemfields via a reverse takeover to secure approximately 55% of the enlarged group. Following various corporate actions, the Group and the Pallinghurst Co-Investors presently own 63.4% of Gemfields. The Kagem mine is the largest emerald mine in Africa (and one of the largest in the world) and is now Gemfields' key asset.

Since acquisition, significant improvements have been made to the infrastructure, security and management of the operation, delivering considerable increases in mining capabilities and gemstone production. In an effort to meet the market's need for reliable and consistent supply, Gemfields favoured an initial policy of inventory building. The onset of the global financial crisis in 2008 and its resulting fallout had a material adverse effect on the diamond and coloured gemstone markets (and on the value of the stockpile Gemfields had built). Gemfields adapted to this environment by reducing the scale of its mining activities and minimising all non-essential capital, project development and exploration expenditure. Focus was placed on cost minimisation and improving operational efficiencies.

In the second half of 2009, as coloured gemstone markets showed early signs of recovery, Gemfields initiated its formal auction programme with two auctions of higher-quality rough emeralds, realising aggregate revenues of US$11.5 million.

Key developments during the period

Gemfields held its first lower-grade rough emerald auction (since October 2007) in Jaipur, India, in March 2010, realising revenues of US$7.2 million. A total of 22.8 million carats were sold for an average per carat revenue of US$0.31. (Emerald value declines dramatically as quality decreases. Prices for rough emerald vary widely, from US$0.01 per carat for low quality material, which is produced in large volumes, through to US$500 per carat for very high quality material, of which very little is produced.)

Subsequent to the period, in July 2010, Gemfields held a third higher-quality rough emerald auction, realising revenues of US$7.5 million. This represented the highest auction revenue to date. The average per carat price of US$9.35 represented an 83% increase over the previous higher-quality rough emerald auction held in November 2009. Whilst Gemfields has scaled back its cutting and polishing operations, an auction of cut and polished emerald inventory took place in Hong Kong between 18 – 20 September 2010. The next auction of higher-quality rough emerald is scheduled to take place in December 2010.

In February 2010, Gemfields announced the first production of emerald and beryl from its trial underground mining project. The shaft and tunnel system was designed, developed and constructed by the in-house team. Underground mining has the potential to transform Zambian emerald mining by reducing rock handling requirements and allowing mining operations to follow the ore zone in a "surgical" fashion, without the need to strip and move all of the surrounding barren rock. If Gemfields' trial underground shaft proves successful, the model could be rolled out to access further emerald ore bodies across Gemfields' licence areas. The underground mining project continues to make progress with a total of 76.6 metres of development achieved by 30 June 2010.

Kagem's unaudited total operating costs for the year ending 30 June 2010 totalled US$12.7 million, implying an average unit production cost for the financial year of US$0.73 per carat of emerald and beryl (versus US$0.77 per carat for the year ending 30 June 2009). Unit production costs have decreased despite an overall reduction in the scale of mining (2.6 million tonnes of rock handling in the year ending 30 June 2010 versus 4.1 million tonnes in the prior year) and is indicative of the mine achieving true economies of scale in its reworked mine plan.

Gemfields has also continued to raise its profile, having now completed a re-branding exercise and launched its new-look website *www.gemfields.co.uk* and corporate literature. In addition, Gemfields has initiated a series of marketing initiatives to promote emeralds generally and Zambian emeralds in particular. Most recently this has included sponsoring the sixth annual Retail Jeweller India Awards in August 2010, the event previously sponsored by De Beers.

Earlier in the period, Gemfields collaborated with UK-based jeweller Sabine Roemer to produce an emerald-themed pair of customised Nelson Mandela "46664" bracelets using emeralds from Gemfields' Kagem mine. The bracelets were expressly designed for the leading actor Mr Morgan Freeman and the producer of "Invictus" Ms Lori McCreary to wear at the 2010 Oscars. The Morgan Freeman bracelet was auctioned in South Africa during the World Cup, raising US$137,000 for the 46664 charity. The bracelets generated much publicity, appearing in footage of the red carpet, and featuring on the Jay Leno show in the United States.

In February 2010, Gemfields discovered an exceptionally rare 6,225 carat rough emerald. The emerald has been named "Insofu" (or "elephant" in the local Bemba language) in consideration of its size, and in honour of the World Land Trust's "Wild Lands Elephant Corridor Project", in which Gemfields is a participant. In support of this project and the London Elephant Parade, Gemfields conceived the "Emeralds for Elephants" project, culminating in an auction and gala event on 23 June 2010 in the "Wonder Room" at the Selfridges department store in London. Emerald jewellery, incorporating Gemfields' emeralds, was crafted for the event by eight leading international jewellers, including Theo Fennell, Shaun Leane, James Currens and Francis Mertens. The profits from this high profile event were donated to the World Land Trust.

Outlook

The ongoing successful auctions, combined with the operational improvements and innovations, provide a solid platform from which to pursue future growth as the global economy improves. There continue to be encouraging signs of increasing demand for emeralds from all key markets, with prices expected to continue to strengthen.

FABERGÉ

Fabergé Strategy

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

Background to the Fabergé investment

Fabergé is one of the most revered names in history and to this day remains synonymous with artistry and craftsmanship of the highest order. In 2007, the Investment Manager facilitated the acquisition by the Company and certain Pallinghurst Co-Investors of the global portfolio of trademarks, licences and associated rights relating to the Fabergé name (which had been owned by Unilever since 1989).

Following the acquisition, to assist in reawakening the ethos and philosophy of Peter Carl Fabergé and ensure the integrity and authenticity of the new masterpieces, the Fabergé name was reunited with the Fabergé family from which it had been separated for more than 50 years. The Fabergé Heritage Council, which includes members of the Fabergé family, was established to continue Peter Carl Fabergé's relentless pursuit of excellence and cultivated artistry, underpinned by superlative craftsmanship.

A team of luxury sector specialists was recruited to implement the Fabergé vision and pursue an innovative model of selling directly to its customers. In addition, Paris-based artist-jeweller Frédéric Zaavy was selected to create the first new Fabergé collection. His work emphasises extraordinary colouration, artistry and innovative design, and elevates jewellery into works of art.

The renaissance of Fabergé took place with a highly successful international launch on 9 September 2009 at which Fabergé's first high jewellery collection since 1917, dubbed "*Les Fabuleuses*", was unveiled. The collection was comprised of 132 unique pieces, ranging in price from US$40,000 to US$7 million. To coincide with this event, *www.fabergé.com* was launched, a pioneering online "Global Flagship" store that replicates the traditional High Jewellery purchasing experience which had previously been confined to a traditional retail environment. The launch received overwhelmingly positive international press coverage, including CNN airtime and a cover story and feature in the Financial Times' "How to Spend It" magazine.

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

In December 2009, Fabergé opened its first boutique in Geneva, Switzerland, within an elegant historic townhouse and overlooking *Le Jardin Anglais*. The boutique is the first Fabergé boutique outside Russia since 1915 (when the former London boutique at 173 Bond Street was closed). Both the location and ethos of this boutique are intended to complement the unique online experience and brand positioning.

Key developments during the period

Fabergé's strategy of engaging directly and personally with its customers saw a series of carefully tailored events hosted in St. Moritz and Gstaad in Switzerland during February and March 2010 respectively. In April there was a further trip to Malaysia and Singapore. June was marked by a three-week trip to Asia where the new Fabergé collection was presented.

Fabergé intends now to develop the client base through diversification of the product portfolio, whilst maintaining the highest standards of design, craftsmanship and materials. Creation of the new "classics collection" is underway at three ateliers. An initial twelve pieces (featuring white diamonds, and having an average retail price over EUR100,000) will be available during the autumn for the Christmas market.

Subsequent to the period end, Fabergé finalised the termination of the licensing agreement held by Franklin Mint of the United States since 1986. Only one licence now remains of those inherited from Unilever. The termination of the prior licensing agreements gives increased control over the brand, ensuring the supply of Fabergé products and services remains world-class.

Outlook

The successful international launch in the prior year, along with the enthusiastic media response, has significantly reduced the risks of the Fabergé investment. Fabergé's rising profile and increased control of the brand have put Fabergé on track to liberate the significant value inherent in the revered name.

Pallinghurst (Cayman) GP L.P.
Investment Manager

21 September 2010

PRINCIPAL RISKS AND UNCERTAINTIES
For the six months ended 30 June 2010

Principal risks and uncertainties

A summary of the Group's principal risks and uncertainties is presented below.

The Group is exposed to a variety of risks and uncertainties which may have a financial or reputational impact on the Group. The key risk to the Group is the valuation of its investments, which represents the key area of accounting judgement and key source of estimation or uncertainty likely to have a material impact on the balance sheet.

In particular, investors' attention is drawn to the following risks associated with the investment portfolio:

- Some investments are unlisted;
- The investments are still mostly early stage;
- The investments are in a variety of countries and jurisdictions;
- There are relatively few investments and therefore the poor performance of any single investment could have a material adverse impact on the balance sheet;
- Each investment has associated operational performance, political, economic, foreign exchange and country risks; and
- The Directors' valuations of the assets in the balance sheet are subjective, particularly for unlisted investments, and could be materially incorrect.

The Group is also exposed in varying degrees to a variety of financial instrument related risks. The annual consolidated financial statements make certain further financial instrument related risk disclosures as required by IFRS7 *Financial Instruments: Disclosures.*

A significant proportion of the assets in the Group's balance sheet are located within South Africa. The political, economic, foreign exchange and country risks of South Africa are therefore the most relevant to the Group.

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. 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 Fabergé investment remains at an early stage in its development, and has certain associated risks.

As the Group has developed and become more fully invested, the relative importance of certain risks compared to others has also changed and developed.

As mining investments move closer towards production, the risks associated with the investments significantly change and develop. Material new types of risk such as energy security, safety, sustainable development, employee relations and the risk of not being awarded or potentially losing mining rights or permits are all likely to become more significant for the Group. Users of the financial statements should anticipate significant changes in the Group's risk profile over time.

There have been no specific material changes to the risk profile of the Group since the year-end.

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Notes	**1 January 2010 to 30 June 2010 US$**	1 January 2009 to 30 June 2009 US$	1 January 2009 to 31 December 2009 US$
INCOME				
Gains/(losses) on investments				
Unrealised net gains in the fair value of investments	**4**	57,078	23,592,455	53,194,795
Unrealised net foreign exchange (losses)/gains in the portfolio of investments	**4**	(1,451,127)	4,748,500	8,801,081
Net gain on Platmin convertible note	**5**	863,331	–	–
Net realised gains on Jupiter Mindax transaction	**6**	–	442,248	4,616,685
		(530,718)	28,783,203	66,612,561
Portfolio Income				
Loan interest income	**4**	564,057	51,767	95,616
Structuring fee and other income	**7**	1,040,000	–	6,741
		1,604,057	51,767	102,357
Net gains on investments and income from operations		1,073,339	28,834,970	66,714,918
EXPENSES				
Investment Manager's benefit	**8**	(2,312,262)	(1,526,932)	(3,532,946)
Operating expenses		(383,625)	(761,298)	(1,435,571)
Other gains/(losses) including foreign exchange		64,632	563,266	(241,956)
		(2,631,255)	(1,724,964)	(5,210,473)
(Loss)/profit from operations		**(1,557,916)**	**27,110,006**	**61,504,445**
Finance income		298,846	395,001	599,488
Finance costs		(2)	–	–
Net finance income		**298,844**	**395,001**	**599,488**
(Loss)/profit before share in loss of associates		**(1,259,072)**	**27,505,007**	**62,103,933**
Share in (loss)/profit of associates		(69,860)	629,428	327,818
(LOSS)/PROFIT BEFORE TAX		**(1,328,932)**	**28,134,435**	**62,431,751**
Income tax expense		–	(74)	(74)
NET (LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR		**(1,328,932)**	**28,134,361**	**62,431,677**
(Loss)/earnings and diluted (loss)/earnings per share	**12**	**(0.003)**	**0.114**	**0.200**

All elements of profit and loss for the period and all comparative periods are attributable to owners of the parent company; there are no non-controlling interests. The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010

	1 January 2010 to 30 June 2010 US$	1 January 2009 to 30 June 2009 US$	1 January 2009 to 31 December 2009 US$
NET (LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(1,328,932)**	28,134,361	62,431,677
Exchange differences on translation of foreign operations	**–**	–	(17,463)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	**(1,328,932)**	**28,134,361**	**62,414,214**

All elements of total comprehensive expense for the period and all comparative periods are attributable to owners of the parent; there are no non-controlling interests. The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED BALANCE STATEMENT
As at 30 June 2010

	Notes	30 June 2010 US$	30 June 2009 US$	31 December 2009 US$
ASSETS				
Non-current assets				
Investments in associates		1,836,748	2,506,504	2,204,894
Investment portfolio				
Quoted investments	9	84,293,325	57,721,204	82,951,671
Unquoted investments	9	163,224,707	122,521,049	154,069,371
Loans and receivables	9	29,154,381	1,195,663	1,320,594
Platmin convertible note	5,9	9,998,931	–	–
		286,671,344	181,437,916	238,341,636
Total non-current assets		288,508,092	183,944,420	240,546,530
Current assets				
Trade and other receivables		1,180,585	12,597	1,112,029
Loan receivable from associate		–	76,689	–
Cash and cash equivalents		30,971,778	4,254,586	80,406,350
		32,152,363	4,343,872	81,518,379
Total assets		**320,660,455**	**188,288,292**	**322,064,909**
LIABILITIES				
Current liabilities				
Trade and other payables		308,554	426,692	384,076
Total liabilities		**308,554**	**426,692**	**384,076**
Net assets		**320,351,901**	**187,861,600**	**321,680,833**
Capital and reserves attributable to equity holders				
Share capital		4,760	2,474	4,760
Share premium		300,226,258	200,689,164	300,226,258
Cumulative translation adjustment reserve		–	17,463	–
Retained earnings/(deficit)		20,120,883	(12,847,501)	21,449,815
EQUITY		**320,351,901**	**187,861,600**	**321,680,833**
NAV and tangible NAV per share	12	**0.673**	**0.760**	**0.676**

The interim report was approved by the Board of Directors on 21 September 2010.

Brian Gilbertson
Chairman

Arne H. Frandsen
Chief Executive

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2010

	Notes	**1 January 2010 to 30 June 2010 US$**	1 January 2009 to 30 June 2009 US$ (restated)	1 January 2009 to 31 December 2009 US$
Cash outflows from operations	**3,10**	**(2,839,965)**	**(25,549,771)**	**(30,208,441)**
Taxation paid		–	(74)	(74)
Additions to investments		(11,843,102)	(1,670,569)	(20,720,225)
Loans extended to investments	**9**	(26,277,667)	–	–
Acquisition of convertible note	**5**	(9,135,600)	–	–
Loan repayments from investments		–	11,146,799	11,127,017
Proceeds from disposal of investment		–	–	19,144
Net cash outflows from operating activities		**(50,096,334)**	**(16,073,615)**	**(39,782,579)**
Investing activities				
Net decrease/(increase) in investments in associates		298,286	(72,311)	(72,312)
Net cash from/(used in) investing activities		**298,286**	**(72,311)**	**(72,312)**
Financing activities				
Issue of ordinary shares		–	–	106,509,219
Share issue costs		–	–	(4,557,760)
Net foreign exchange losses on share issue		–	–	(2,412,079)
Finance income received		298,846	395,001	599,488
Finance costs paid		(2)	–	–
Net cash generated from financing activities		**298,844**	**395,001**	**100,138,868**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(49,499,204)	(15,750,925)	60,283,977
Cash and cash equivalents at the beginning of the period/year		80,406,350	20,939,970	20,939,970
Exchange gain/(loss) on cash		64,632	(934,459)	(817,597)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**30,971,778**	**4,254,586**	**80,406,350**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2010

	Share capital US$	Share premium US$	Retained earnings US$	Cumulative translation adjustment reserve US$	Total equity US$
Balance at 1 January 2009	2,474	200,689,164	(40,981,862)	17,463	159,727,239
Total comprehensive income for the period	–	–	28,134,361	–	28,134,361
Balance at 30 June 2009	**2,474**	**200,689,164**	**(12,847,501)**	**17,463**	**187,861,600**
Issue of ordinary shares	2,286	106,506,933	–	–	106,509,219
Share issue costs	–	(4,557,760)	–	–	(4,557,760)
Net foreign exchange losses on share issue	–	(2,412,079)	–	–	(2,412,079)
Total comprehensive income/(loss) for the year	–	–	34,297,316	(17,463)	34,279,853
Balance at 31 December 2009	**4,760**	**300,226,258**	**21,449,815**	**–**	**321,680,833**
Total comprehensive loss for the period	–	–	(1,328,932)	–	(1,328,932)
Balance at 30 June 2010	**4,760**	**300,226,258**	**20,120,883**	**–**	**320,351,901**

The accompanying notes form part of these financial statements.

1. General information

The financial information for the year ended 31 December 2009 included in these interim financial statements does not constitute statutory financial statements as defined in The Companies (Guernsey) Law, 2008. The information included in this document for the comparative year was derived from the annual financial statements for the year ended 31 December 2009, a copy of which has been delivered to the Guernsey Financial Services Commission, the Johannesburg Stock Exchange and the Bermuda Stock Exchange. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and stated that the annual financial statements had been properly prepared in accordance with The Companies (Guernsey) Law, 2008.

2. Accounting policies

Basis of preparation

These condensed consolidated interim financial statements ("interim financial statements") are for the six months ended 30 June 2010. These interim financial statements have been prepared in accordance with IAS34 *Interim Financial Reporting* and applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008. They do not include all of the information required for full annual financial statements and are to be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

Accounting for the investment portfolio

The Group's investment portfolio is accounted for using the various recognition, measurement and valuation requirements of IFRS, particularly IAS39 *Financial Instruments: Recognition and Measurement*. Users are reminded that the Group complies with all material aspects of the International Private Equity and Venture Capital ("IPEVC") valuation guidelines (the "Valuation Guidelines") when determining the fair value of the investment portfolio.

Role of the independent valuer in the valuation of investments

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 Directors' valuations have been prepared using a methodology and approach which are reasonable and consistent with the concept of fair value, and which are in accordance with the Valuation Guidelines.

Accounting for the convertible note

A detailed accounting policy for the convertible note has been included in these interim financial statements for the first time, as the Group has not previously had any convertible notes on the balance sheet.

The convertible note forms part of a contract containing one or more derivatives and has been designated by the Directors at fair value through the profit and loss ("FVTPL") as defined by IAS39.

Changes in accounting policy

The accounting policies applied are consistent with those adopted and disclosed in the Group's annual report for the year ended 31 December 2009. There have been various amendments to accounting standards and new interpretations issued by the International Accounting Standards Board, applicable from 1 January 2010. None of these amendments and new interpretations has had a material impact on the Group.

3. Comparative figures

Comparative figures have been restated as necessary to give users of the financial statements a more accurate understanding of the Group's results in the prior period.

1. The cash flow statement for the period ending 30 June 2009 has been restated to include an exchange gain on cash balances of US$934,459 as a reconciling item between net profit for the year and net cash outflows from operations, and also include it as part of the reconciliation between opening and closing cash and cash equivalents (previously omitted from both).
2. Note 10 *Cash (outflows)/ inflows from operations* has been restated to exclude the impact of a non-cash accrued expense of US$139,202 from trade and other payables and include accrued expenses of US$139,202 as a separate item in the reconciliation from net profit for the period to 30 June 2009 to net cash outflows from operations.

For the period ended 30 June 2009	**US$**
Adjustments to the cash flow statement:	
Cash flows from operating activities	
As previously stated	(17,008,074)
Effect of restatement[1]	934,459
As restated	**(16,073,615)**

Effects of exchange rate changes were included as part of cash and cash equivalents as follows:

Net decrease in cash and cash equivalents	(15,750,925)
Cash and cash equivalents at the beginning of the year	20,939,970
Net impact of foreign exchange rate changes on cash flow items[1]	(934,459)
Cash and cash equivalents at the end of the period	**4,254,586**

Adjustments to Note 10 *Cash (outflows)/inflows from operations*:

Accrued expenses	
As previously stated	–
Effect of restatement[2]	139,202
As restated	**139,202**
Decrease in trade and other payables	
As previously stated	(25,414,744)
Effect of restatement[2]	(139,202)
As restated	**(25,553,946)**

The net cash outflows from operations balance for the period to 30 June 2009 of US$25,549,771 has not been impacted by the restatement.

4. Segmental reporting

The Group has four investment platforms that qualify as reportable business segments (Fabergé or Luxury Brands, Steel Feed Corporation, Coloured Gemstones and PGMs).

The Chief Operating Decision Maker ("CODM") is Brian Gilbertson, the Chairman, who measures the performance of the various operating segments by assessing the Group's investment portfolio for fair value and foreign exchange movements.

IFRS8 *Operating Segments* requires that the balances disclosed in the financial statements should be the measures reported to the CODM, with reconciliation to the amounts included in the financial statements.

The income statement segment information provided to the CODM for the reportable segments for the six months ended 30 June 2010 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
30 June 2010						
Income						
Unrealised gains/(losses) in fair value of investments	–	1,667,894	–	(809,563)	(801,253)	57,078
Unrealised foreign exchange losses	–	(624,682)	(47,937)	(563,411)	(215,097)	(1,451,127)
Net gain on Platmin convertible note	–	–	–	–	863,331	863,331
Loan interest income	–	–	99,924	–	464,133	564,057
Total segmental income	**–**	**1,043,212**	**51,987**	**(1,372,974)**	**311,114**	**33,339**
Structuring fee and other income	–	–	–	–	1,040,000	1,040,000
Total segmental income	**–**	**1,043,212**	**51,987**	**(1,372,974)**	**1,351,114**	**1,073,339**
Net gains on investments and income from operations						**1,073,339**
Expenses, net finance income, share of profit of associates, and taxation						(2,402,271)
Net loss for the six months ended 30 June 2010						**(1,328,932)**

The income statement comparative information for the six months ended 30 June 2009 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
30 June 2009						
Income						
Unrealised net gains/(losses) in fair value of investments	20,633,478	5,125,227	–	(4,255,361)	2,089,111	23,592,455
Unrealised foreign exchange gains	–	646,468	208,577	1,955,967	1,937,488	4,748,500
Net realised gains on Jupiter Mindax transaction	–	442,248	–	–	–	442,248
Loan interest income	–	–	51,767	–	–	51,767
Total segmental income	**20,633,478**	**6,213,943**	**260,344**	**(2,299,394)**	**4,026,599**	**28,834,970**
Expenses, net finance income, share of profit of associates, and taxation						(700,609)
Net profit for the six months ended 30 June 2009						**28,134,361**

4. Segmental reporting (continued)

The comparative information for the year ended 31 December 2009 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
31 December 2009						
Income						
Unrealised gains/(losses) in fair value of investments	20,633,478	6,135,733	–	(7,055,936)	33,481,520	53,194,795
Unrealised foreign exchange gains	–	1,478,991	289,659	1,599,950	5,432,481	8,801,081
Net realised gains on Jupiter Mindax transaction	–	–	–	–	–	4,616,685
Loan interest income	–	–	95,616	–	–	95,616
Total segmental income	**20,633,478**	**12,231,409**	**385,275**	**(5,455,986)**	**38,914,001**	**66,708,177**
Other income						6,741
Net gains on investments and income from operations						**66,714,918**
Expenses, net finance income, share of profit of associates, and taxation						(4,283,241)
Net profit for the year ended 31 December 2009						**62,431,677**

The balance sheet segment information provided to the CODM for the reportable segments at 30 June 2010 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
30 June 2010						
Investment portfolio						
Quoted investments	–	16,888,205	–	7,286,064	60,119,056	84,293,325
Unquoted investments	86,633,377	–	29,940,000	–	46,651,330	163,224,707
Loans and receivables	–	–	1,804,839	–	27,349,542	29,154,381
Convertible note	–	–	–	–	9,998,931	9,998,931
Total segmental assets	**86,633,377**	**16,888,205**	**31,744,839**	**7,286,064**	**144,118,859**	**286,671,344**
Total investments in associates, current assets, and liabilities						33,680,557
Net assets						**320,351,901**

4. Segmental reporting (continued)

The comparative balance sheet segment information provided to the CODM for the reportable segments at 30 June 2009 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
30 June 2009						
Investment portfolio						
Quoted investments	–	9,846,671	–	11,486,892	36,387,641	57,721,204
Unquoted investments	67,583,720	–	29,940,000	–	24,997,329	122,521,049
Loans and receivables	–	–	1,195,663	–	–	1,195,663
Total segmental assets	**67,583,720**	**9,846,671**	**31,135,663**	**11,486,892**	**61,384,970**	**181,437,916**
Total investments in associates, current assets, and liabilities						6,423,684
Net assets						**187,861,600**

The comparative balance sheet segment information provided to the CODM for the reportable segments at 31 December 2009 is as follows;

	Luxury Brands	Steel Feed Corporation		Coloured Gemstones	PGMs	Total
	Cayman Islands US$	Australia US$	South Africa US$	Zambia US$	South Africa US$	US$
31 December 2009						
Investment portfolio						
Quoted investments	–	15,844,993	–	8,330,300	58,776,378	82,951,671
Unquoted investments	86,633,377	–	29,940,000	–	37,495,994	154,069,371
Loans and receivables	–	–	1,320,594	–	–	1,320,594
Total segmental assets	**86,633,377**	**15,844,993**	**31,260,594**	**8,330,300**	**96,272,372**	**238,341,636**
Total investments in associates, current assets, and liabilities						83,339,197
Net assets						**321,680,833**

5. Platmin convertible note

On 13 May 2010, the Group acquired an interest in a convertible note issued by Platmin, at a cost of US$9,135,600.

	US$
Cost of convertible note	9,135,600
Unrealised gain recognised at acquisition	1,683,550
Fair value of convertible note at acquisition	10,819,150
Unrealised fair value loss between 13 May 2010 and 30 June 2010	(820,219)
Fair value of convertible note at 30 June 2010	**9,998,931**
Total unrealised net gain in fair value of convertible note at 30 June 2010	863,331

Convertible note terms

The non-interest bearing convertible note is denominated in US$ and can be converted into Platmin shares with a conversion ratio of 1:US$1.215. The holders of the convertible note are entitled to convert the note into Platmin shares at any time between acquisition and 31 December 2010. If the convertible note is not converted in full prior to 31 December 2010, the principal amount will be returned.

6. Net realised gains on Jupiter Mindax transaction

During 2008, the Group acquired shares in Jupiter and Mindax Limited on-market as part of its Central Yilgarn iron ore strategy. On 9 March 2009, the shareholders of Jupiter approved a transaction by which the Group would receive a further significant stake in Jupiter. In "Phase One", completed in March 2009, the Group received 47,339,148 newly issued Jupiter ordinary shares, the "Manganese Option" and the "Mount Alfred Bonus Option" in exchange for all of its 9.04% effective interest in Mindax (11,671,175 shares) and US$693,510/ AUD1,000,000 in cash. The completion of the initial transaction led to an initial fair value loss of US$364,831 on the Jupiter shares acquired, and a fair value gain of US$821,409 on the Mindax share disposal.

"Phase Two" of the Jupiter transaction completed in August 2009, when the Manganese Option was exercised. The value of the Jupiter shares received by the Group was US$4,174,437, for no consideration. This gain offset the initial fair value loss on the Jupiter shares acquired, leading to a gain of US$3,809,606.

In the current year, no comparable transactions have taken place.

The net realised gains on the Jupiter Mindax transaction in the prior period/year were as follows:

	1 January 2010 to 30 June 2010	*1 January 2009 to 30 June 2009*	*1 January 2009 to 31 December 2009*
	US$	*US$*	*US$*
Realised fair value gain on Mindax shares	–	821,409	821,409
Realised foreign exchange loss on Mindax shares	–	(14,330)	(14,330)
Net realised (loss)/gain on Jupiter shares	–	(364,831)	3,809,606
Net realised gains on Jupiter Mindax transaction	**–**	**442,428**	**4,616,685**

"Phase Three" – the "Mount Alfred Bonus Option"

The Mount Alfred Bonus Option entitles the Group and Red Rock Resources plc ("Red Rock"), the Group's previous joint venture partner, the right to receive a maximum of 90 million ordinary shares each in Jupiter upon the receipt of written notification from the Group and Red Rock confirming that an independent expert has certified the existence of in excess of ten million tonnes of measured resources (per the Joint Ore Reserves Committee code or "JORC" code) of saleable Direct Shipping Hematite Ore on tenements comprising the Mount Alfred Project. The independent expert certification must be made by 1 September 2011. The Mount Alfred Bonus Option will expire on the second anniversary of the date on which the ten million tonnes of resources is certified as existing.

The terms of the "Mount Alfred Bonus Option" have not yet been met.

As there is no certainty that the terms of the Mount Alfred Bonus Option will be met, no asset has been recognised in the balance sheet. The Mount Alfred Bonus Option still exists and has not been affected by the completion of the Tshipi/Jupiter transaction referred to in the Investment Manager's report and Note 15 *Events occurring after the end of the period*.

7. Structuring fee and other income

Structuring fee and other income in the current period consists of a structuring fee of US$1,040,000. The Group provided a loan of US$25,845,409 to Platmin in two tranches during the period. The terms of the loan included a structuring fee for the arrangement of the loan, which accrued at the date of the first drawdown.

The structuring fee has been added to the outstanding balance of the Platmin loan and is earning interest at the Johannesburg Interbank Agreed Rate ("JIBAR") plus 2%.

8. Investment Manager's benefits

Investment Manager

Pallinghurst (Cayman) GP L.P. was appointed as Investment Manager to the Company on 4 September 2007. 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.

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 are the following individuals:

- Brian Gilbertson
- Arne H. Frandsen
- Sean Gilbertson
- Priyank Thapliyal
- Andrew Willis

The Investment Manager has over 80 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 total charge to the condensed consolidated income statement during the period was US$2,312,262 (30 June 2009: US$1,526,932; 31 December 2009: US$3,532,946) for the Investment Manager's Benefit. The increase in the charge compared to the prior period to 30 June 2009 was due to new shares subscribed for in the September 2009 capital raising, where US$106,509,219 of new equity share capital was raised.

In addition, and subject to certain conditions, the Investment Manager is entitled to a Performance Incentive in respect of investments made by the Company before the termination of the Investment Management Agreement. The conditions and the terms for the calculation of the Performance Incentive have not been changed.

The Company has not raised an accrual for the Performance Incentive in the current period.

9. Fair valuation of investments

The fair valuation of the portfolio of investments at 30 June 2010 is as follows;

Investment	Opening fair value at 31 December 2009 US$	Unrealised fair value adjustments US$	Unrealised foreign exchange losses US$	Additions/ disposals US$	Accrued interest and structuring fee US$	Closing fair value at 30 June 2010 US$
30 June 2010						
Quoted equity investments						
Platmin Limited	58,776,378	(9,956,589)	(215,097)	11,514,364	–	60,119,056
Gemfields plc	8,330,300	(809,563)	(563,411)	328,738	–	7,286,064
Jupiter Mines Ltd	15,844,993	1,667,894	(624,682)	–	–	16,888,205
	82,951,671	**(9,098,258)**	**(1,403,190)**	**11,843,102**	**–**	**84,293,325**
Unquoted equity investments						
Fabergé Ltd	86,633,377	–	–	–	–	86,633,377
Moepi Group (Boynton)	10,029,986	–	–	–	–	10,029,986
Richtrau No. 123 Ltd (Magazynskraal)	27,466,008	9,155,336	–	–	–	36,621,344
Tshipi[1]	29,940,000	–	–	–	–	29,940,000
	154,069,371	**9,155,336**	**–**	**–**	**–**	**163,224,707**
Loans and receivables						
Tshipi loan[2]	1,320,594	–	(47,937)	432,258	99,924	1,804,839
Platmin loan	–	–	–	25,845,409	1,504,133	27,349,542
	1,320,594	**–**	**(47,937)**	**26,277,667**	**1,604,057**	**29,154,381**
Convertible note						
Platmin convertible note (see Note 5)	**–**	**863,331**	**–**	**9,135,600**	**–**	**9,998,931**
Total investment portfolio	**238,341,636**	**920,409**	**(1,451,127)**	**47,256,369**	**1,604,057**	**286,671,344**

[1] *The partial disposal of an indirect interest of 2.27% in Tshipi to Posco for US$6.9 million, and the transaction whereby the Group's 7.71% interest in Tshipi will be exchanged for shares in Jupiter, are expected to complete in the near future; see Note 15 Events occurring after the end of the period.*

[2] *The terms of the Tshipi loan are that it is unsecured, and earns interest at the South African Prime Rate, currently 10.0% per annum. As part of the Tshipi/Jupiter transaction, the Tshipi loan will also be exchanged for Jupiter shares; see Note 15 Events occurring after the end of the period.*

9. Fair valuation of investments (continued)

The fair valuation of the portfolio of investments at 30 June 2009 is as follows;

Investment	Opening fair value at 31 December 2008 US$	Unrealised fair value adjustments US$	Unrealised foreign exchange gains US$	Gains/(losses) on Jupiter Mindax transaction and other additions/ disposals US$	Accrued interest US$	Closing fair value at 30 June 2009 US$
30 June 2009						
Quoted equity investments						
Platmin Limited	32,361,042	2,089,111	1,937,488	–	–	36,387,641
Gemfields plc	13,317,430	(4,255,361)	1,955,967	468,856	–	11,486,892
Jupiter Mines Ltd	783,757	5,119,394	645,216	3,283,018	–	9,831,385
Mindax Ltd	2,147,259	–	–	(2,147,259)	–	–
Iron Mountain Mining Ltd	8,201	5,833	1,252	–	–	15,286
	48,617,689	**2,958,977**	**4,539,923**	**1,604,615**	**–**	**57,721,204**
Unquoted equity investments						
Fabergé Ltd	46,858,032	20,633,478	–	92,210	–	67,583,720
Moepi Group (Boynton)	6,686,657	–	–	–	–	6,686,657
Richtrau No. 123 Ltd (Magazynskraal)	18,310,672	–	–	–	–	18,310,672
Tshipi[1]	29,940,000	–	–	–	–	29,940,000
	101,795,361	**20,633,478**	**–**	**92,210**	**–**	**122,521,049**
Loans and receivables						
Tshipi[2]	**519,327**	**–**	**208,577**	**415,992**	**51,767**	**1,195,663**
Total investment portfolio	**150,932,377**	**23,592,455**	**4,748,500**	**2,112,817**	**51,767**	**181,437,916**

[1] *The partial disposal of an indirect interest of 2.27% in Tshipi to Posco for US$6.9 million, and the transaction whereby the Group's 7.71% interest in Tshipi will be exchanged for shares in Jupiter, are expected to complete in the near future; see Note 15 Events occurring after the end of the period.*

[2] *The terms of the Tshipi loan are that it is unsecured, and earns interest at the South African Prime Rate, currently 10.0% per annum. As part of the Tshipi/Jupiter transaction, the Tshipi loan will also be exchanged for Jupiter shares; see Note 15 Events occurring after the end of the period.*

9. Fair valuation of investments (continued)

The fair valuation of the portfolio of investments at 31 December 2009 is as follows:

Investment	Opening fair value at 31 December 2008 US$	Unrealised fair value adjustments US$	Unrealised foreign exchange gains US$	Gains/(losses) on Jupiter Mindax transaction and other additions/ disposals US$	Accrued interest US$	Closing fair value at 31 December 2009 US$
31 December 2009						
Quoted equity investments						
Platmin Limited	32,361,042	20,982,855	5,432,481	–	–	58,776,378
Gemfields plc	13,317,430	(7,055,936)	1,599,950	468,856	–	8,330,300
Jupiter Mines Ltd	783,757	6,129,160	1,474,621	7,457,455	–	15,844,993
Mindax Ltd	2,147,259	–	–	(2,147,259)	–	–
Iron Mountain Mining Ltd	8,201	6,573	4,370	(19,144)	–	–
	48,617,689	**20,062,652**	**8,511,422**	**5,759,908**	**–**	**82,951,671**
Unquoted equity investments						
Fabergé Ltd	46,858,032	20,633,478	–	19,141,867	–	86,633,377
Moepi Group (Boynton)	6,686,657	3,343,329	–	–	–	10,029,986
Richtrau No. 123 Ltd (Magazynskraal)	18,310,672	9,155,336	–	–	–	27,466,008
Tshipi[1]	29,940,000	–	–	–	–	29,940,000
	101,795,361	**33,132,143**	**–**	**19,141,867**	**–**	**154,069,371**
Loans and receivables						
Tshipi[2]	519,327	–	289,659	415,992	95,616	1,320,594
Total investment portfolio	**150,932,377**	**53,194,795**	**8,801,081**	**25,317,767**	**95,616**	**238,341,636**

[1] *The partial disposal of an indirect interest of 2.27% in Tshipi to Posco for US$6.9 million, and the transaction whereby the Group's 7.71% interest in Tshipi will be exchanged for shares in Jupiter, are expected to complete in the near future; see Note 15 Events occurring after the end of the period.*

[2] *The terms of the Tshipi loan are that it is unsecured, and earns interest at the South African Prime Rate, currently 10.0% per annum. As part of the Tshipi/Jupiter transaction, the Tshipi loan will also be exchanged for Jupiter shares; see Note 15 Events occurring after the end of the period.*

The valuation methodologies and other details for the Group's principal investments are detailed on the following pages.

Fewer than ten separate investments were held at the balance sheet date. The JSE requires the disclosure of certain information on the Company's ten largest investments; accordingly the following details are included for each investment in the investment portfolio.

9. Fair valuation of investments (continued)

Platmin Limited

Nature of investment	Platmin is a mineral exploration, development and production company, engaged in the exploration and the development of PGM projects, all located in the BC, through its 72.39% interest in Boynton, the remaining 27.61% interest being held by the Moepi Group.
	Platmin is listed on the TSX, JSE, and AIM.
	At 30 June 2010, the Group owned an effective 8.80% interest in the equity shares of Platmin. The initial investment was made in December 2008.
	The Group's cost of investment for the equity shares in Platmin is US$43,831,554.
	The Group acquired an interest in a convertible note issued by Platmin during the period, at a cost of US$9,135,600.
	The Group also made a loan to Platmin of US$25,845,409 during the period, which is accruing interest at the Johannesburg Interbank Agreed Rate ("JIBAR") plus 2%.
Valuation methodology	*Equity investment – listed share price*
	The closing Platmin bid price of CAD1.10 per share on the TSX translated at the closing US$/CAD foreign exchange rate of US$1=CAD1.0480.
	Convertible note – fair value
	The Platmin CN is a financial instrument with a debt element and a warrant element. The warrant allows the debt to be converted into equity under certain conditions. The CN was designated as being valued at fair value through the profit and loss ("FVTPL") at inception.
	The debt element of the CN was discounted at the US$ risk free rate.
	The warrant element was valued using a binomial model. The key drivers for the binomial model include the Platmin equity share price, the expected future volatility of the Platmin share price, the time to expiry of the warrant, any expectations of future dividends, the risk free rate, and the strike price for conversion of the CN.
	The loan to Platmin is measured at amortised cost using the effective interest method.

Gemfields plc

Nature of investment	Gemfields is a leading international coloured gemstone producer, primarily focussed on emeralds, and is listed on AIM.
	The Group owns an effective 33.15% interest in the ordinary shares of Gemfields. The initial investment was made in October 2007.
	The Group's cost of investment is US$55,198,324.
Valuation methodology	*Listed share price*
	The closing Gemfields bid price of GBP0.045 per share on AIM translated at the closing US$/GBP foreign exchange rate of US$1=GBP0.6635.

9. Fair valuation of investments (continued)

Jupiter Mines Limited

Nature of investment	Jupiter is a junior mining explorer with assets in Western Australia including the Yilgarn, and is listed on the ASX.
	The Group owns an effective 25.12% interest in the ordinary shares of Jupiter. The initial investment was made in May 2008.
	The Group's cost of investment is US$9,402,012.
Valuation methodology	*Listed share price*
	The closing Jupiter bid price of AUD0.21 per share on the ASX translated at the closing US$/AUD foreign exchange rate of US$1=AUD1.1552.

Fabergé Limited

Nature of investment	Fabergé is a luxury goods business.
	The Group currently owns an effective 48.88% interest in the ordinary shares of Fabergé Limited. The initial investment was made in September 2007.
	The Group's cost of investment is US$60,603,248.
Valuation methodology	*Price of Recent Investment*
	Fabergé completed a capital raising during September 2009 to both existing and new investors, including the Company. The Directors have valued the Company's investment in Fabergé in line with the price per share of the new shares issued, in line with the Price of Recent Investment methodology as recommended by the Valuation Guidelines.

The Moepi Group – Boynton

Nature of investment	The Moepi Group holds a 27.61% interest in Boynton, the other 72.39% of which is owned by Platmin.
	Platmin, as defined above, is a mineral exploration, development and producing company engaged in the exploration and the development of PGM projects, all located in the BC, through its 72.39% interest in Boynton.
	The Group owns an effective 2.33% interest in the ordinary shares of Boynton via the Moepi Group. The initial investment was made in August 2008.
Valuation methodology	*Cost less impairment*
	Boynton is an unlisted operating company. The Group's cost of investment is US$13,373,316. The investment in Boynton via the Moepi Group companies was previously impaired to 50% of cost, in the light of the difficulties faced by the global economy as evidenced by lower PGM prices and depressed share prices for listed PGM explorers and producers.
	2009 saw a recovery in both PGM prices and share prices for listed PGM explorers and producers, including Platmin. The Directors therefore partially reversed the impairment of Boynton in the year to 31 December 2009, valuing the investment at 75% of initial cost.
	The valuation of the Moepi interest remains at 75% of initial cost. There has been a recovery in PGM prices and share prices of similar listed platinum companies during the period. The interest in Boynton via the Moepi Group is effectively an interest in the same operating asset as Platmin. The most important evidence is therefore the implied valuation of the Moepi interest based on the Platmin share price. This did not suggest compelling evidence that the impairment to the investment in Moepi should be reversed during the current period; the Directors believe that the investment in Moepi should continue to be held at 75% of cost.

9. Fair valuation of investments (continued)

Richtrau No.123 (Pty) Ltd - Richtrau/Magazynskraal

Nature of investment

Richtrau is the company which owns the prospecting rights to Magazynskraal.

Magazynskraal is located on the Western Limb of the BC in close proximity to PPM and Sedibelo. Geological studies suggest that Magazynskraal has approximately 22.7 million ounces of inferred resources of PGMs.

The Group owns an effective 6.19% interest in the ordinary shares of Richtrau. The initial investment was made in December 2008.

Valuation methodology

Cost of investment

Richtrau is an unlisted investment, with platinum reserves but no mining operations. As no mining deposits/companies are exactly the same, valuation is relatively subjective and difficult.

The Group's cost of investment is US$36,621,344. The investment in Richtrau was previously impaired to 50% of cost, in the light of the difficulties faced by the global economy as evidenced by lower PGM prices, and depressed share prices for listed PGM explorers and producers.

2009 saw a recovery in both PGM prices and share prices for listed PGM explorers and producers. The Directors therefore partially reversed the impairment of Richtrau in the year to 31 December 2009, valuing the investment at 75% of initial cost.

The Directors have reversed the remaining 25% impairment during the period and Richtrau is now held at cost. The initial impairment to Richtrau was made based on the difficulties faced by the global economy and the related decline in Platinum prices. The reversal of the Magazynskraal impairment to cost during the period is mainly based on the continuing recovery in the global economy which has been reflected in higher PGM prices and share prices for listed PGM explorers and producers.

Tshipi é Ntle Manganese Mining (Proprietary) Limited

Nature of investment

Tshipi is a joint venture company between the Pallinghurst Co-Investors and Ntsimbintle, a broad based BEE consortium with new order manganese prospecting rights covering two properties located in the north and south of the Kalahari Manganese Field in South Africa.

The Group owns an effective 9.98% see-through interest in the ordinary shares of Tshipi. The Group's initial contribution to the joint venture was made in August 2008.

The cost of the Group's indirect equity investment is US$2,000,000.

The Group also has made indirect loans to Tshipi. The loans are unsecured, and earn interest at the South African Prime Rate, which was 10.0% per annum at 30 June 2010. The loans will be converted to new shares in Jupiter post completion of the Tshipi/Jupiter transaction, see Note 15 *Events occurring after the end of the period.*

Valuation methodology

Price of Recent Investment

Effective 1 July 2009, Posco concluded an agreement to acquire an indirect 11.36% interest in Tshipi from the Pallinghurst Co-Investors for a total consideration of US$34.3 million, valuing Tshipi at US$300 million. The implied valuation of the Company's 9.98% interest in Tshipi at 30 June 2010 is US$29,940,000.

The loan to Tshipi is measured at amortised cost using the effective interest method.

10. Cash (outflows)/inflows from operations

	Notes	1 January to 30 June 2010 US$	1 January to 30 June 2009 US$	1 January to 31 December 2009 US$
Net (loss)/profit for the period/year		**(1,328,932)**	**28,134,361**	**62,431,677**
Accrued interest and structuring fee	**7**	(1,604,057)	(51,767)	(95,616)
Unrealised net gains on investment portfolio	**9**	(920,409)	(23,592,455)	(53,194,795)
Unrealised foreign exchange losses/(gains) on investment portfolio	**9**	1,451,127	(4,748,500)	(8,801,081)
Realised fair value gain on Mindax shares		–	(821,409)	(821,409)
Realised foreign exchange loss on Mindax shares		–	14,330	14,330
Net realised gain on Jupiter transaction		–	364,831	(3,809,606)
Revaluation of loan to Rox Conduit		–	(96,471)	–
Net foreign exchange (gain)/loss on cash balances		(64,632)	934,459	817,597
Net foreign exchange gain on translation of foreign operations		–	–	(17,463)
Finance income received		(298,846)	(395,001)	(599,488)
Finance costs paid		2	–	–
Taxation paid		–	74	74
Share in loss/(profit) of associates		69,860	(629,428)	(327,818)
Accrued expenses		26,937	139,202	88,830
(Increase)/decrease in trade and other receivables		(68,556)	751,949	(347,483)
Decrease in trade and other payables		(102,459)	(25,553,946)	(25,546,190)
Net cash outflows from operations		**(2,839,965)**	**(25,549,771)**	**(30,208,441)**

11. Related party transactions

Related parties

All subsidiaries, joint ventures and associated companies of the Group are related parties.

The Group owns significant stakes in most of the investments within the investment portfolio. Where the Group's investment results in significant influence or joint control, the Company accounts for the investment at fair value through the profit and loss account. Nonetheless, these investments are considered to be related parties, per IAS24 *Related Party Disclosure*, and transactions with them are related party transactions. Related party transactions include the entering into and exiting from equity investments, and also loans extended to and from investments, which are detailed in Note 9 *Fair valuation of investments*.

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 8 *Investment Manager's benefits*.

Legis Fund Services Limited ("Legis") is the Group's Administrator. The total fees paid to Legis during the period ended 30 June 2010 amounted to approximately US$57,500 (period to 30 June 2009: US$58,561; year to 31 December 2009: US$140,883). Legis is entitled to annual minimum fees totalling US$80,000.

Transactions entered into with related parties are on terms no more favourable than those with third parties.

Directors

The non-executive Directors each receive a director's fee of US$25,000 per annum, prorated as necessary. In 2009, the non-executive Directors received US$8,000 each per annum.

The executive Directors have waived their directors' fees.

Patricia White was appointed as a Permanent Alternate to Stuart Platt-Ransom and Martin Tolcher on 7 September 2010. Ms White does not receive a director's fee.

The Directors' shareholdings in the Company are as follows:

	30 June 2010		30 June 2009		31 December 2009	
	Number of shares	%	Number of shares	%	Number of shares	%
The Brian Gilbertson Discretionary Settlement[1]	13,858,985	2.91	10,000,000	4.05	13,858,985	2.91
Arne H. Frandsen	2,425,821	0.51	250,000	0.10	2,425,821	0.51
Andrew Willis	1,092,554	0.23	250,000	0.10	1,092,554	0.23
Clive Harris	250,000	0.05	–	–	250,000	0.05
	17,627,360	**3.70**	**10,500,000**	**4.25**	**17,627,360**	**3.70**

[1] *A discretionary trust of which Brian Gilbertson is a beneficiary.*

12. Headline earnings per share and Net Asset Value ("NAV") per share

Headline (loss)/earnings per share is as follows:

	30 June 2010 US$	30 June 2009 US$	31 December 2009 US$
Headline (loss)/earnings	(1,328,932)	28,133,395	62,431,677
Weighted average number of shares in issue[1]	475,803,860	247,232,484	312,155,327
Headline (loss)/earnings per ordinary share	**(0.003)**	**0.114**	**0.200**

[1] *The Company issued 228,571,376 ordinary shares in September 2009, increasing the number of shares in issue to 475,803,860. The weighted average number of shares for the year ended 31 December 2009 was 312,155,327. At 30 June 2010, the weighted average number of shares in issue is the same as the actual number of shares in issue as there were no further shares issued during the period.*

NAV per share is as follows:

	30 June 2010 US$	30 June 2009 US$	31 December 2009 US$
Net assets	320,351,901	187,861,600	321,680,833
Number of shares in issue	475,803,860	247,232,484	475,803,860
NAV per share	**0.673**	**0.760**	**0.676**

13. Commitments

Commitment to invest in Sedibelo

As described in the Investment Manager's report, the Company has a commitment to take up its share of the investment in Sedibelo. Sedibelo is located on the Western Limb of the BC and is contiguous to both PPM and Magazynskraal. Currently, the Bakgatla hold an effective 90% interest in Sedibelo, with the remaining 10% held by Barrick, which announced during the period that it had agreed to sell this 10% stake to Platmin, although this transaction has not yet completed.

The Company and certain Pallinghurst Co-Investors have a commitment to acquire 49.9% of the Bakgatla's interest in Sedibelo at "fair market value". Negotiations continue to determine Sedibelo's "fair market value".

The timing and amount of cash outflows are uncertain; however, it is anticipated that the cash outflow will be material.

Commitment to loan up to US$25 million to Fabergé

The Company made a commitment on 24 May 2010 to loan Fabergé up to US$25 million. The commitment can be drawn upon by Fabergé between 1 October 2010 and 31 May 2011. Any amount loaned under the terms of the loan agreement will accrue interest at three month US$ LIBOR plus 4%, until repayment. The Group will also earn an arrangement fee of US$375,000 assuming the commitment is drawn upon. Any amounts drawn down, plus accrued interest, must be repaid to the Company by 31 July 2011.

Commitment to invest AUD5 million into Jupiter

The Group has held an interest in Jupiter since 2008, and increased the interest held during March 2009 and September 2009. As part of the transaction terms with Jupiter agreed in March 2009, the Group committed to provide a further AUD5 million to Jupiter for working capital purposes. There has been no actual cash outflow at the date of these interim financial statements.

The transaction whereby the Group, along with certain Pallinghurst Co-Investors, vended its interest in Tshipi into Jupiter for new Jupiter shares, has been approved by the shareholders of Jupiter and is expected to complete in the near future. See Note 15 *Events occurring after the end of the period* for more detail.

The Directors anticipate that Jupiter will undertake a review of its future capital expenditure requirements for both Tshipi and its existing projects. Once this review has been undertaken, it is likely that the existing AUD5 million commitment made by the Group will be either revised or formally rescinded.

Commitment to partially dispose of indirect interest in Tshipi to POSCO

The disposal of 2.27% of Tshipi to a subsidiary of South Korea's POSCO, one of the world's largest steel producers, is expected to complete during September 2010. See Note 15 *Events occurring after the end of the period* for more detail.

14. Contingent liabilities and contingent assets

The Group had no significant contingent liabilities or contingent assets at 30 June 2010, 30 June 2009 or 31 December 2009.

15. Events occurring after the end of the period

Completion of conditions precedent relating to the Tshipi/Jupiter transaction

As disclosed in the Investment Manager's Report, the transaction to vend the 49.9% interest in Tshipi held by the Group and certain Pallinghurst Co-Investors into Jupiter for new equity shares has been approved by Jupiter shareholders. The last remaining condition precedent is expected to complete in the near future.

Jupiter will acquire a collective 49.9% interest in Tshipi from the Pallinghurst Co-Investors and issue 1,160,363,867 new Jupiter shares at a price of AUD0.211 per share, based on the 30 day volume weighted average price of Jupiter shares on 1 March 2010. The Company's respective proportion of this consideration received will equate to 179,247,878 new Jupiter shares.

The Company will also exchange its shareholder loans in Tshipi for additional shares in Jupiter and subscribe for further shares in Jupiter in the form of an issue of shares for cash. The Company will receive an additional 7,810,981 and 13,205,667 new Jupiter shares as consideration for its shareholder loans and the issue for cash respectively. These shares were also priced at AUD0.211 per share.

Currently, the Company's interest in Jupiter equates to 92,899,165 shares, or 25.12% of the 369,786,471 shares in issue. Following completion of the Tshipi Jupiter transaction, the Company will own 293,163,691 shares in Jupiter, or 18.30% of the 1,602,150,501 shares then in issue.

The completion of the Tshipi/Jupiter transaction will represent a major step in the SFC strategy. The Company will have an implied fair value gain on the Tshipi/Jupiter transaction as follows;

	Number of Jupiter shares acquired	AUD price per Jupiter share on 20 September 2010	US$/AUD exchange rate on 20 September 2010	Amount US$
Fair value of 7.71% equity interest in Tshipi, loans and cash vended into Jupiter				(27,249,521)
Fair value of Jupiter shares received	200,264,526	0.275	1.068	51,542,582
Total fair value gain on transaction				**24,293,061**
Estimated transaction costs[1]				(300,000)
Total fair value gain on the transaction less estimated transaction costs				**23,993,061**

[1] *The estimated transaction costs are likely to change, as the amount of these costs has not yet been finalised. Any variation in transaction costs will not be material to the Group.*

Disposal of 2.27% interest in Tshipi to POSCO (the "POSCO transaction")

Effective 1 July 2009, the Company disposed of an indirect interest of 2.27% in Tshipi for US$6.9 million to a group company of South Korean steel producer, POSCO, resulting in the indirect interest in Tshipi being reduced to 7.71%.

The POSCO transaction will complete on the same date as the Tshipi/Jupiter transaction, and the Company will then receive the US$6.9 million POSCO consideration, which is currently held in escrow. The completion of the POSCO transaction will have no impact on the Company's NAV or Earnings, as the consideration that will be received for the 2.27% interest disposed of is equal to the carrying value of the asset in the balance sheet.

15. Events occurring after the end of the period (continued)

Potential diminution in valuation of Platmin equity investment and convertible note

The Platmin share price has fallen since the balance sheet date. The estimated impact of this non-adjusting event is as follows:

The Platmin share price on 20 September 2010 was CAD0.98, and the US$/CAD exchange rate was US$1=CAD1.0337. Using this information, the fair value of the Company's investment would be US$54,300,426, or US$5,818,630 lower than the valuation of US$60,119,056 at the balance sheet date.

The fair value of the Platmin convertible note held by the Group will also vary, dependent in particular on the Platmin share price, and the associated expected future volatility of the Platmin share price. A lower Platmin share price would reduce the valuation of the convertible note, assuming the expected future volatility of Platmin equity had not changed.

Potential diminution in valuation of Gemfields shares

The Gemfields share price has also fallen since the balance sheet date. The estimated impact of this non-adjusting event is as follows:

The Gemfields share price on 20 September 2010 was GBP0.0375, and the US$/GBP exchange rate was US$1=GBP0.6399. Using this information, the fair value of the Company's investment would be US$6,295,802, or US$990,262 lower than the valuation of US$7,286,064 at the balance sheet date.

Approval of interim financial report

The interim financial report was approved by the Board of Directors and authorised for issue on 21 September 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the six months ended 30 June 2010

As disclosed in Note 2, the annual financial statements are prepared in accordance with IFRS. These condensed consolidated interim financial statements (the "interim financial statements") do not include all of the information required for full annual financial statements and are to be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

The Directors confirm to the best of their knowledge that this interim financial report has been prepared in accordance with IAS34 *Interim Financial Reporting*.

The Directors of Pallinghurst Resources Limited are listed on page 2.

On behalf of the board

Brian Gilbertson

21 September 2010

Arne H. Frandsen

21 September 2010

INDEPENDENT REVIEW REPORT TO PALLINGHURST RESOURCES LIMITED
For the six months ended 30 June 2010

Introduction

We have reviewed the condensed consolidated interim financial statements (the "interim financial statements") for the six months ended 30 June 2010, which comprise the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related notes 1 to 15. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

Our responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*" ("ISRE 2410"). Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Scope of Review

We conducted our review in accordance with ISRE 2410. A review of the interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and therefore does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with IAS 34, and in accordance with The Companies (Guernsey) Law, 2008.

Saffery Champness
Chartered Accountants
Guernsey

21 September 2010

Cover photos

Main

The plant at the Tuschenkomst operation at Platmin's Pilanesberg Platinum Mine ("PPM"), which is located on the Western Limb of the Bushveld Complex, South Africa.

Inset from left to right

PPM's fully commissioned UG2 plant.

Sabine Roemer designed the "Emerald Queen" elephant as part of Gemfields' "Emeralds for Elephants" initiative. Her work, which was sold for £150,000 at a charity auction, incorporated a 678 carat emerald from Gemfields' Kagem mine, northern Zambia.

A drill rig operates close to a cliff at Jupiter Mine's Mount Ida magnetite project in Western Australia.

Fabergé's "Red Hibiscus" bracelet, using rubies and diamonds.

Confirmatory drilling (required for mine design purposes) at Tshipi Borwa. The Tshipi Borwa property is located adjacent to Samancor's Mamatwan mine in the south of the Kalahari Manganese Field, South Africa.

GREYMATTER & FINCH # 5037

Pallinghurst

RESOURCES LIMITED

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