PALLINGHURST

Pallinghurst Resources Limited

INTERIM REPORT 2012

Cover photos from left to right

Waste stripping at the new Tshipi Borwa manganese mine.
2.5 carat cut and polished ruby from Gemfields’ “Rare Coloured Gemstones” marketing campaign.
Fine jewellery egg pendants from Fabergé’s Les Spirales and Les Émaux Impérioux collections.

Investment Manager's Report

for the six months ended 30 June 2012

The Company successfully completed a rights offer (the "Rights Offer") to shareholders in July 2012 raising ZAR637.6 million (US$80 million) at ZAR2.24 per share. The funds were raised to enable the Company to continue to support its existing investments and potentially to create significant shareholder value by participating in identified new investment opportunities. Since completion of the Rights Offer, the Company has invested a further AUD13 million in Jupiter's capital raising and committed an incremental US$25 million to Fabergé.

Platinum Group Metals

In May 2012, the Department of Mineral Resources ("DMR") gave its approval to the Pallinghurst Co-Investors' acquisition of a 49.9% stake in Sedibelo from the Bakgatla. The Pallinghurst Co-Investors also increased their aggregate interest in Magazynskraal to 40% (an additional 6.6%) and acquired key water and electricity rights and entitlements necessary for the development of the three contiguous properties (the "Consolidation"). Platmin has also received the DMR approvals necessary for the completion of its acquisition of Sedibelo West. Sedibelo West will increase Platmin's 4E PGM (platinum, palladium, rhodium and gold) resources, extend the life of mine, provide operational flexibility and provide access to non-oxidised material at depth. These transactions are significant steps towards the completion of the African Queen strategy and effecting the Consolidation, with potential for significant synergies.

On 31 March 2012, the Industrial Development Corporation of South Africa Limited ("IDC") agreed to invest, upon the Consolidation, ZAR3.24 billion, in return for 16.2% of the Consolidation vehicle and to establish a PGM beneficiation joint venture with Pallinghurst. Although completion of the IDC's investment is subject to various conditions, it is likely to have a positive effect on the Group's Net Asset Value ("NAV"). The introduction of the IDC as a cornerstone investor is a significant step in the PGM strategy to create a low cost producer of industry significance. It also provides a significant equity injection which will be used to fund the further development and growth strategy of the Consolidation vehicle.

On 21 May 2012, Platmin announced a marked improvement in performance due to higher feed grades and better recoveries, contributing to record PGM sales of 22,458 ounces in Q1. Following the reorganisation of its mining contracts last year, on 30 June 2012 Platmin took direct control of the operation of its concentrator, increasing management control of its beneficiation process.

Steel Making Materials

Pre-stripping and construction of the 2.4mtpa Tshipi Borwa manganese mine has progressed significantly and remains on track for the mining of first ore before the end of the year. The rail siding has been completed and was used recently by Transnet to compile a trial 208-wagon distributed power train, double the length typically used by manganese trains to Port Elizabeth. The technology is the same as is used on the heavy haul Sishen-Saldanha iron ore line, and could significantly increase manganese rail capacity from the Kalahari Manganese Field. Formal negotiations with Transnet to secure rail allocation to Port Elizabeth have progressed well and Tshipi is confident that rail entitlement will be provided ahead of production.

On 4 September 2012, Jupiter announced a 132% increase in the Mount Ida JORC-compliant resource to 1.2 billion tonnes at 29.8% Fe, with 86% of the resource being in the measured/indicated category, underlining the potential for a robust, long-life operation. The increased resource relates only to the central section of Mount Ida and a further increase is expected when the results of the recent drilling on the surrounding zones are available. Work on the Mount Ida feasibility study is due to be completed by the end of the year, with the feasibility study due to be delivered by mid-2013.

Jupiter continued with mine optimisation analysis on the Mount Mason Direct Shipping Ore ("DSO")/hematite project feasibility study. The focus of port access has been on the Port of Esperance following the West Australian Government announcing its commitment in January 2012 to expand Esperance's iron ore handling capacity by up to 20 million tonnes per annum. The expansion is expected to unlock the Yilgarn region's potential to emerge as Australia's second-largest iron ore producing area outside the Pilbara.

Following the end of the period, the Group invested AUD13 million of the Rights Offer proceeds in Jupiter's capital raising, which raised AUD76 million, including AUD45 million from the Netherlands-based institutional investor Stichting Pensioenfonds ABP. Jupiter will use the funds to complete the feasibility studies and optimisation work on Mount Ida and Mount Mason and provide working capital to Tshipi as it moves into the production phase.

Coloured Gemstones

Gemfields' robust sales performance continued during the period. An auction of higher quality emerald and beryl rough was held in Singapore in March 2012. A total of 0.69 million carats were sold for US$26.2 million, representing an average price of US$38 per carat. Gemfields also hosted an auction of lower grade rough emerald and beryl in Jaipur in June 2012. A total of 3.47 million carats were sold for US$9.0 million, another healthy auction outcome. The Jaipur auction did however see some weakness in demand and prices for the lowest grades of beryl, with these lots not being sold. These auction results contributed to Gemfields receiving a total of US$134 million in revenues across the ten auctions that have been held since July 2009, a significant endorsement of Gemfields' auction formula and its approach to the coloured gemstone sector. Gemfields' next auction of higher quality

Investment Manager's Report (continued)

for the six months ended 30 June 2012

rough emeralds is scheduled to take place in Singapore between 29 October and 3 November 2012.

Production during the year ending 30 June 2012 was 21.1 million carats, a 36% decrease from the record breaking 33.0 million carats in the prior year. The decrease resulted from the short term focus on waste mining to push back the high wall and open up new areas of ore.

For the half year ending on 31 December 2011, Gemfields announced unaudited net profits after tax of US$22.0 million, higher than the record full year profits posted for the 12 months to 30 June 2011. At 30 June 2012, Gemfields held cash balances of US$36.7 million, and its full year results (to 30 June 2012) are due to be released in October 2012.

In February 2012, Gemfields completed the acquisition of 75% of a potentially world class ruby deposit in the Montepuez district of the Cabo Delgado province in northern Mozambique. The deposit comprises mining and exploration rights covering approximately 34,000 hectares and is believed to be one of the largest ruby concessions in private hands in the world. Since acquisition, development has been accelerated with the construction of the temporary base-camp and the commencement of bulk sampling. The project management team is in place and all work streams are progressing to develop the project into a fully operational business unit.

Luxury Brands

Fabergé has continued to expand its global retail presence, opening a new boutique at 694 Madison Avenue in New York in May 2012. Fabergé also opened a concession within Lane Crawford, Hong Kong's leading speciality store for luxury brands. The total number of directly operated retail outlets now stands at five. The Hong Kong and New York openings attracted significant publicity and quickly established Fabergé's presence in those markets. Fabergé also participated in BaselWorld 2012 in Switzerland, the world's largest jewellery and watch trade fair.

As a profile-raising initiative, Fabergé collaborated with two charities in bringing the largest and most interactive egg hunt ever held to the streets of central London. Called "The Fabergé Big Egg Hunt", and running for 40 days to Easter 2012, participants searched for over 200 designer eggs, each measuring some 75 centimetres in height, in high profile locations around central London. Each of the 200 eggs had been uniquely designed and decorated by a leading designer or artist, including Candy & Candy, Diane von Furstenberg, Theo Fennell, Zaha Hadid, Nicky Haslam and Vivienne Westwood. These eggs were sold at auction raising in excess of GBP1 million for the charities. The funds were split equally between Action for Children, the leading UK provider of family and community centres, and the Elephant Family, an organisation for the protection of the endangered Asian elephant. The Fabergé Big Egg Hunt reached more than six million people, set two world records and achieved tremendous publicity for Fabergé.

During June 2012, the Company entered into a new loan facility with Fabergé, increasing the original facility by a further US$25 million to US$50 million and securing a further US$375,000 structuring fee for the Company.

Pallinghurst (Cayman) GP L.P.
September 2012

Condensed Consolidated Income Statement

for the six months ended 30 June 2012

	Notes	1 January 2012 to 30 June 2012 US$ (reviewed)	1 January 2011 to 30 June 2011 US$ (reviewed)	1 January 2011 to 31 December 2011 US$ (audited)
INCOME				
Investment Portfolio				
Unrealised fair value gains	4	23,478,958	6,453,081	14,533,179
Unrealised fair value losses	4	(38,990,401)	(117,767,426)	(150,362,622)
Unrealised foreign exchange gains	4	412,653	11,547,769	–
Unrealised foreign exchange losses	4	(398,049)	–	(1,395,079)
Net loss on Platmin Note		–	(180,033)	(180,033)
Realised foreign exchange gain on Jupiter forward contract		–	429,330	429,330
Realised fair value loss on acquisition of Jupiter shares		–	(1,478,098)	(1,478,098)
		(15,496,839)	(100,995,377)	(138,453,323)
Investment Portfolio revenue				
Accrued interest and structuring fee	4	576,608	497,403	893,057
		576,608	497,403	893,057
Net losses on investments and income from operations		(14,920,231)	(100,497,974)	(137,560,266)
EXPENSES				
Investment Manager's Benefit		(2,313,887)	(2,313,887)	(4,627,775)
Performance Incentive accrual reversal		–	32,512,233	32,512,233
Operating expenses		(388,168)	(324,024)	(773,239)
Foreign exchange gains		4,211	14,235	14,364
Foreign exchange losses		(354,508)	(17,078)	(17,984)
		(3,052,352)	29,871,479	27,107,599
Loss from operations		**(17,972,583)**	**(70,626,495)**	**(110,452,667)**
Finance income		253,781	55,982	136,228
Finance costs		–	–	–
Net finance income		**253,781**	**55,982**	**136,228**
Loss before share in profit/(loss) of associates		**(17,718,802)**	**(70,570,513)**	**(110,316,439)**
Share in profit/(loss) of associates		3,134,545	(2,218,884)	(4,105,703)
Loss before tax		**(14,584,257)**	**(72,789,397)**	**(114,422,142)**
Tax credit		–	26,066,890	42,113,518
NET LOSS AFTER TAX		**(14,584,257)**	**(46,722,507)**	**(72,308,624)**
Basic and diluted loss per ordinary share*	8	**(0.03)**	**(0.10)**	**(0.15)**

** Headline Loss Per Share is equal to Loss Per Share.*

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 Interim Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2012

	1 January 2012 to 30 June 2012 US$ (reviewed)	1 January 2011 to 30 June 2011 US$ (reviewed)	1 January 2011 to 31 December 2011 US$ (audited)
NET LOSS FOR THE PERIOD/YEAR	**(14,584,257)**	**(46,722,507)**	**(72,308,624)**
Items of other comprehensive income	–	–	–
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD/YEAR	**(14,584,257)**	**(46,722,507)**	**(72,308,624)**

All elements of total comprehensive expense for the period and all comparative periods are attributable to owners of the parent. There are no non-controlling interests.

Condensed Consolidated Balance Sheet

as at 30 June 2012

	Notes	30 June 2012 US$ (reviewed)	30 June 2011 US$ (reviewed)	31 December 2011 US$ (audited)
ASSETS				
Non-current assets				
Investments in associates		3,824,226	22,954,645	21,067,826
Investment Portfolio				
Quoted investments	4	109,963,001	216,105,236	125,191,591
Unquoted investments	4	210,566,459	137,000,863	190,456,562
Loans and receivables	4	36,137,699	11,040,437	22,436,091
		356,667,159	364,146,536	338,084,244
Total non-current assets		**360,491,385**	**387,101,181**	**359,152,070**
Current assets				
Trade and other receivables		1,426,402	25,314	1,179,732
Cash and cash equivalents		38,034,988	20,215,504	5,274,327
Total current assets		**39,461,390**	**20,240,818**	**6,454,059**
Total assets		**399,952,775**	**407,341,999**	**365,606,129**
LIABILITIES				
Non-current liabilities				
Deferred tax liability		–	16,046,628	–
Current liabilities				
Trade and other payables		729,587	306,767	203,642
Total current liabilities		**729,587**	**306,767**	**203,642**
Total liabilities		**729,587**	**16,353,395**	**203,642**
Net assets		**399,223,188**	**390,988,604**	**365,402,487**
Capital and reserves attributable to equity holders				
Share capital		6,637	4,760	4,760
Share premium		348,629,339	300,226,258	300,226,258
Retained earnings		50,587,212	90,757,586	65,171,469
EQUITY		**399,223,188**	**390,988,604**	**365,402,487**
NAV and tangible NAV per share	8	**0.60**	**0.82**	**0.77**

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2012

	Notes	1 January 2012 to 30 June 2012 US$ (reviewed)	1 January 2011 to 30 June 2011 US$ (reviewed)	1 January 2011 to 31 December 2011 US$ (audited)
Cash outflows from operations	6	(2,422,780)	(1,423,987)	(5,457,643)
Additions to investments		(20,378,146)	(14,571,379)	(5,568,750)
Disposal of Platmin convertible note	4	–	9,002,629	–
Loans extended to investments	4	(13,125,000)	(7,500,000)	(18,500,000)
Loan repayments from investments	4	–	28,821,690	28,821,690
Finance income received		253,781	42,972	136,228
Net cash (outflows)/inflows from operating activities		**(35,672,145)**	**14,371,925**	**(568,475)**
Cash flows from investing activities				
Decrease/(increase) in investments in associates		20,378,146	(23,559,037)	(23,559,037)
Net cash from/(used in) investing activities		**20,378,146**	**(23,559,037)**	**(23,559,037)**
Cash flows from financing activities				
Rights Offer- Pre-placement monies		50,638,596	–	–
Rights Offer- costs		(2,184,255)	–	–
Rights Offer- net foreign exchange losses		(49,384)	–	–
Net cash from financing activities		**48,404,957**	**–**	**–**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**33,110,958**	**(9,187,112)**	**(24,127,512)**
Cash and cash equivalents at the beginning of the period/year		5,274,327	29,405,459	29,405,459
Foreign exchange gain on cash		4,211	14,235	14,364
Foreign exchange loss on cash		(354,508)	(17,078)	(17,984)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		**38,034,988**	**20,215,504**	**5,274,327**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012

	Share capital US$	Share premium US$	Retained earnings US$	Total equity US$
Balance at 1 January 2011	**4,760**	**300,226,258**	**137,480,093**	**437,711,111**
Total comprehensive loss for the period	–	–	(46,722,507)	(46,722,507)
Balance at 30 June 2011 (reviewed)	**4,760**	**300,226,258**	**90,757,586**	**390,988,604**
Total comprehensive loss for the period	–	–	(25,586,117)	(25,586,117)
Balance at 31 December 2011 (audited)	**4,760**	**300,226,258**	**65,171,469**	**365,402,487**
Rights Offer- Pre-placement monies	1,877	50,636,720	–	50,638,597
Rights Offer- costs	–	(2,184,255)	–	(2,184,255)
Rights Offer- net foreign exchange losses	–	(49,384)	–	(49,384)
Total comprehensive loss for the period	–	–	(14,584,257)	(14,584,257)
Balance at 30 June 2012 (reviewed)	**6,637**	**348,629,339**	**50,587,212**	**399,223,188**

Notes to the Interim Financial Statements

for the six months ended 30 June 2012

1. General information

These financial statements within the Interim Report are for the interim period from 1 January 2012 to 30 June 2012 (the "Interim Financial Statements"). The financial information for the year ended 31 December 2011 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 Report and Financial Statements for the year ended 31 December 2011 (the "Annual Financial Statements"), 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 the Annual Financial Statements 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 accounting

These Interim Financial Statements have been prepared in accordance with IAS34 *Interim Financial Reporting* ("IAS34") and applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008. They do not include all of the information required for full financial statements and are to be read in conjunction with the Group's Annual Financial Statements, which were prepared under International Financial Reporting Standards ("IFRS") and the AC500 *Accounting Standards* issued by the Accounting Practices Board of South Africa.

The Financial Statements have been prepared on the historic cost basis, except for the valuation of certain equity investments held within the Investment Portfolio. These equity investments are measured at fair value not historic cost. Historic cost is generally based on the fair value of the consideration given in exchange for the assets. Other than information contained within the Condensed Consolidated Statement of Cash Flows, the Financial Statements have been prepared on the accruals basis.

As the Group is an investment holding company, materially all of the Group's results are related to the valuations of the Group's investments. As such, the Group's interim results are not directly affected by seasonality or the cyclicality of operations. The investee's most recent financial results do not usually directly impact the fair value of that investee as the Group's investments are at an early stage of their development and other factors are more relevant in determining fair value.

The principal accounting policies applied are consistent with those adopted and disclosed in the Group's Annual Financial Statements.

3. Segmental reporting

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

The Chief Operating Decision Maker ("CODM") is Mr Gilbertson, the Chairman, who measures the performance of each operating segment by assessing the fair value of the Group's Investment Portfolio on a regular basis.

3. Segmental reporting (continued)

The Income Statement segmental information provided to the CODM for the six months ended 30 June 2012 is as follows:

30 June 2012	PGMs US$ (reviewed)	Steel Making Materials US$ (reviewed)	Coloured Gemstones US$ (reviewed)	Luxury Brands US$ (reviewed)	Unallocated US$ (reviewed)	Total US$ (reviewed)
Income						
Unrealised fair value gains	–	–	23,478,958	–	–	23,478,958
Unrealised fair value losses	–	(38,990,401)	–	–	–	(38,990,401)
Unrealised foreign exchange gains	–	–	412,653	–	–	412,653
Unrealised foreign exchange losses	(268,249)	(129,800)	–	–	–	(398,049)
Loan interest income	–	–	–	576,608	–	576,608
Net segmental (expense)/income	**(268,249)**	**(39,120,201)**	**23,891,611**	**576,608**		**(14,920,231)**
Other income					–	–
Net losses on investments and income from operations						(14,920,231)
Expenses, net finance income, share of loss of associates and taxation					335,974	**335,974**
Net segmental (loss)/profit	**(268,249)**	**(39,120,201)**	**23,891,611**	**576,608**	**335,974**	**(14,584,257)**

The Income Statement segmental information provided to the CODM for the six months ended 30 June 2011 was as follows:

30 June 2011	PGMs US$ (reviewed)	Steel Making Materials US$ (reviewed)	Coloured Gemstones US$ (reviewed)	Luxury Brands US$ (reviewed)	Unallocated US$ (reviewed)	Total US$ (reviewed)
Income						
Unrealised fair value gains	–	–	6,453,081	–	–	6,453,081
Unrealised fair value losses	(22,427,876)	(95,339,550)	–	–	–	(117,767,426)
Unrealised foreign exchange gains	1,168,236	9,498,687	880,846	–	–	11,547,769
Unrealised foreign exchange losses	–	–	–	–	–	–
Net unrealised loss on Platmin Note	(180,033)	–	–	–	–	(180,033)
Realised loss on Jupiter shares	–	(1,048,768)	–	–	–	(1,048,768)
Loan interest income	343,506	–	–	153,897	–	497,403
Net segmental (expense)/income	**(21,096,167)**	**(86,889,631)**	**7,333,927**	**153,897**	**–**	**(100,497,974)**
Other income					13,010	13,010
Net losses on investments and income from operations						(100,484,964)
Expenses, net finance income, share of loss of associates and taxation					53,762,457	**53,762,457**
Net segmental (loss)/profit	**(21,096,167)**	**(86,889,631)**	**7,333,927**	**153,897**	**53,775,467**	**(46,722,507)**

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

3. Segmental reporting (continued)

The Income Statement segmental information provided to the CODM for the year ended 31 December 2011 was as follows:

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

The segmental information provided to the CODM for the reportable segments for the period ended 30 June 2012 is as follows:

30 June 2012	PGMs US$ (reviewed)	Steel Making Materials US$ (reviewed)	Coloured Gemstones US$ (reviewed)	Luxury Brands US$ (reviewed)	Total US$ (reviewed)
Investment Portfolio					
Listed investments	–	46,635,577	63,327,424	–	109,963,001
Unlisted investments	123,560,255	–	–	87,006,204	210,566,459
Loans and receivables	–	–	–	36,137,699	36,137,699
Total segmental assets	**123,560,255**	**46,635,577**	**63,327,424**	**123,143,903**	**356,667,159**
Investments in associates, current assets and liabilities					42,556,029
Net assets					**399,223,188**

The comparative segmental information provided for the period ended 30 June 2011 was as follows:

30 June 2011	PGMs US$ (reviewed)	Steel Making Materials US$ (reviewed)	Coloured Gemstones US$ (reviewed)	Luxury Brands US$ (reviewed)	Total US$ (reviewed)
Investment Portfolio					
Listed investments	38,724,593	145,115,236	32,265,407	–	216,105,236
Unlisted investments	49,994,659	–	–	87,006,204	137,000,863
Loans and receivables	–	–	–	11,040,437	11,040,437
Total segmental assets	**88,719,252**	**145,115,236**	**32,265,407**	**98,046,641**	**364,146,536**
Investments in associates, current assets and liabilities					26,842,068
Net assets					**390,988,604**

3. Segmental reporting (continued)

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

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

4. Investments

The reconciliation of the Investment Portfolio from 1 January 2012 to 30 June 2012 is as follows:

Investment	Opening at 1 January 2012 US$ (reviewed)	Unrealised fair value gains US$ (reviewed)	Unrealised fair value losses US$ (reviewed)	Unrealised foreign exchange gains US$ (reviewed)	Unrealised foreign exchange losses US$ (reviewed)	Additions and disposals US$ (reviewed)	Accrued interest & structuring fee US$ (reviewed)	Renegotiation of Fabergé loan facility US$ (reviewed)	Closing at 30 June 2012 US$ (reviewed)
Listed equity investments									
Jupiter	85,755,778	–	(38,990,401)	–	(129,800)	–	–	–	46,635,577
Gemfields	39,435,813	23,478,958	–	412,653	–	–	–	–	63,327,424
	125,191,591	**23,478,958**	**(38,990,401)**	**412,653**	**(129,800)**	**–**	**–**	**–**	**109,963,001**
Unlisted equity investments									
Platmin	53,455,699	–	–	–	(268,249)	–	–	–	53,187,450
Moepi Group	13,373,315	–	–	–	–	–	–	–	13,373,315
Magazynskraal[2]	36,621,344	–	–	–	–	1,855,949	–	–	38,477,293
Sedibelo[1]	–	–	–	–	–	18,522,197	–	–	18,522,197
Fabergé	87,006,204	–	–	–	–	–	–	–	87,006,204
	190,456,562	**–**	**–**	**–**	**(268,249)**	**20,378,146**	**–**	**–**	**210,566,459**
Loans and receivables									
Fabergé – US$25 million loan[3]	22,436,091	–	–	–	–	3,125,000	505,970	(26,067,061)	–
Fabergé – US$50 million loan[4]	–	–	–	–	–	10,000,000	70,638	26,067,061	36,137,699
	22,436,091	**–**	**–**	**–**	**–**	**13,125,000**	**576,608**	**–**	**36,137,699**
Total Investment Portfolio	338,084,244	23,478,958	(38,990,401)	412,653	(398,049)	33,503,146	576,608	–	356,667,159

1 *The Group acquired its Sedibelo interest in May 2012. During March 2011, a suite of transactions was announced that included the acquisition by the Pallinghurst Co-Investors of a 49.9% stake in Sedibelo, an additional interest in Magazynskraal and interests in various other assets. Funds were contributed to Ivy Lane, one of the Group's associates, during 2011, allocated as the consideration for these acquisitions. The Group acquired its indirect 9.26% interest in May 2012.*
Completion of the suite of transactions was subject to various conditions including approval from the DMR. The approvals were received during May 2012, enabling the completion of the suite of transactions soon afterwards.

2 *The Group acquired an incremental 1.23% interest in Magazynskraal as part of the completion of the Sedibelo suite of transactions during May 2012. The additional interest acquired has been valued at cost. The Group's revised cost of investment for Magazynskraal is US$38,477,293.*

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

4 *The Group entered into a new loan facility with Fabergé on 15 June 2012. The original facility (US$25,000,000 excluding interest) was replaced by a new facility to loan Fabergé up to US$50,000,000 (including the original US$25,000,000, excluding interest).*
The key terms of the revised loan facility are as follows:
- *A further US$375,000 structuring fee accrued upon drawdown of the loan.*
- *The loan earns interest at three month US$ LIBOR plus 4% until 1 July 2013.*
- *The balance of the loan, including interest, must be repaid by 31 August 2013.*
- *The Group may be able to convert the loan into new Fabergé equity shares at US$35 per share. This conversion would only occur in certain circumstances; if the loan is not repaid by 31 August 2013, or if a transaction or corporate event occurs affecting more than 30% of Fabergé's shares in issue, such as a sale of shares or issue of new shares.*

On 15 June 2012, US$10,000,000 was drawn down. On 20 July 2012, a further US$14,625,000 was drawn down and a US$375,000 structuring fee accrued to the Company; the loan facility is accordingly fully utilised.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

4. Investments (continued)

The reconciliation of the Investment Portfolio from 1 January 2011 to 30 June 2011 is as follows:

Investment	Opening at 1 January 2011 US$ (reviewed)	Unrealised fair value gains US$ (reviewed)	Unrealised fair value losses US$ (reviewed)	Unrealised foreign exchange gains US$ (reviewed)	Net realised loss on acquisition of Jupiter shares and loss on Platmin Note US$ (reviewed)	Additions and disposals US$ (reviewed)	Accrued interest & structuring fee US$ (reviewed)	Platmin reclassification US$ (reviewed)	Closing at 30 June 2011 US$ (reviewed)
Listed equity investments									
Platmin	50,981,604	–	(22,427,876)	1,168,236	–	9,002,629	–	–	38,724,593
Jupiter	226,436,117	–	(95,339,550)	9,498,687	(1,048,768)	5,568,750	–	–	145,115,236
Gemfields	24,931,480	6,453,081	–	880,846	–	–	–	–	32,265,407
	302,349,201	**6,453,081**	**(117,767,426)**	**11,547,769**	**(1,048,768)**	**14,571,379**	**–**	**–**	**216,105,236**
Unlisted equity investments									
Moepi Group	13,373,315	–	–	–	–	–	–	–	13,373,315
Magazynskraal	36,621,344	–	–	–	–	–	–	–	36,621,344
Fabergé	87,006,204	–	–	–	–	–	–	–	87,006,204
	137,000,863	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**137,000,863**
Loans and receivables									
Platmin	28,478,184	–	–	–	–	(28,821,690)	343,506	–	–
Fabergé – US$25 million loan	3,386,540	–	–	–	–	7,500,000	153,897	–	11,040,437
	31,864,724	**–**	**–**	**–**	**–**	**(21,321,690)**	**497,403**	**–**	**11,040,437**
Platmin Note									
Platmin Note	9,182,662	–	–	–	(180,033)	(9,002,629)	–	–	–
	9,182,662	**–**	**–**	**–**	**(180,033)**	**(9,002,629)**	**–**	**–**	**–**
Total Investment Portfolio	**480,397,450**	**6,453,081**	**(117,767,426)**	**11,547,769**	**(1,228,801)**	**(15,752,940)**	**497,403**	**–**	**364,146,536**

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

Investment	Opening at 1 January 2011 US$ (audited)	Unrealised fair value gains US$ (audited)	Unrealised fair value losses US$ (audited)	Unrealised foreign exchange losses US$ (audited)	Realised foreign exchange gain on Jupiter forward contract US$ (audited)	Net realised loss on acquisition of Jupiter shares and loss on Platmin Note US$ (audited)	Additions and disposals US$ (audited)	Accrued interest & structuring fee US$ (audited)	Platmin reclassification US$ (audited)	Closing at 31 December 2011 US$ (audited)
Listed equity investments										
Platmin	50,981,604	–	(5,211,360)	(1,317,174)	–	–	9,002,629	–	(53,455,699)	–
Jupiter	226,436,117	–	(145,151,262)	(49,059)	429,330	(1,478,098)	5,568,750	–	–	85,755,778
Gemfields	24,931,480	14,533,179	–	(28,846)	–	–	–	–	–	39,435,813
	302,349,201	**14,533,179**	**(150,362,622)**	**(1,395,079)**	**429,330**	**(1,478,098)**	**14,571,379**	**–**	**(53,455,699)**	**125,191,591**
Unlisted equity investments										
Platmin	–	–	–	–	–	–	–	–	53,455,699	53,455,699
Moepi Group	13,373,315	–	–	–	–	–	–	–	–	13,373,315
Magazynskraal	36,621,344	–	–	–	–	–	–	–	–	36,621,344
Fabergé	87,006,204	–	–	–	–	–	–	–	–	87,006,204
	137,000,863	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**53,455,699**	**190,456,562**
Loans and receivables										
Platmin	28,478,184	–	–	–	–	–	(28,821,690)	343,506	–	–
Fabergé – US$25 million loan	3,386,540	–	–	–	–	–	18,500,000	549,551	–	22,436,091
	31,864,724	**–**	**–**	**–**	**–**	**–**	**(10,321,690)**	**893,057**	**–**	**22,436,091**
Platmin Note										
Platmin Note	9,182,662	–	–	–	–	(180,033)	(9,002,629)	–	–	–
	9,182,662	**–**	**–**	**–**	**–**	**(180,033)**	**(9,002,629)**	**–**	**–**	**–**
Total Investment Portfolio	**480,397,450**	**14,533,179**	**(150,362,622)**	**(1,395,079)**	**429,330**	**(1,658,131)**	**(4,752,940)**	**893,057**	**–**	**338,084,244**

4. Investments (continued)

The valuation methodologies and other relevant details for the each of the Group's investments were detailed in the Annual Financial Statements. Other than as detailed below, the valuation methodologies employed by the Group are in line with those employed at 31 December 2011.

Richtrau No 123 (Pty) Ltd – Magazynskraal

Nature of investment	Richtrau is the company which owns the prospecting right over the Magazynskraal property. Magazynskraal is located on the Western Limb of the Bushveld Complex in close proximity to the Pilanesberg Platinum Mine ("PPM") and Sedibelo. Studies suggest that Magazynskraal has an estimated resource of 23 million 4E PGM ounces. The Group owns an effective 7.42% interest in the equity shares of Richtrau.
Fair value methodology	Acquisition cost. The Group's revised cost of investment is US$38,477,293. The Group's initial investment was made in December 2008. The suite of transactions including the acquisition of an incremental 1.23% of Magazynskraal completed during May 2012. The additional interest has been valued at cost. Richtrau is an unlisted company, with platinum reserves but no operations. Using similar companies to value Richtrau is relatively difficult as no prospect/company is exactly the same. Valuation is therefore relatively difficult and subjective. The Directors have assessed the investment for any indicators of impairment, based mainly on PGM prices and do not believe that any such indicators exist. The Directors believe that the fair value of each of the Group's PGM assets is appropriate in the context of the anticipated Consolidation and investment by the IDC.

Sedibelo

Nature of investment	Sedibelo is located on the Western Limb of the Bushveld Complex contiguous to PPM and Magazynskraal with PGM reserves.
Fair value methodology	Price of recent investment – acquisition cost. The suite of transactions including the acquisition of the Group's interest in Sedibelo completed during May 2012 and the interest has been valued at cost. The Group's cost of investment is US$18,522,197. Sedibelo is an unlisted company, with platinum reserves but no operations. Using similar companies to value Sedibelo is difficult as no prospect/company is exactly the same. Valuation is therefore relatively subjective. As the Group's investment was so recent, cost is the best current approximation to fair value. The Directors believe that the fair value of each of the Group's PGM assets is appropriate in the context of the anticipated Consolidation and investment by the IDC.

Fabergé Limited

Nature of investment	Fabergé is a luxury brand. The Group currently owns an effective 49.1% interest in the equity shares of Fabergé. The Group's cost of investment is US$60,976,074. The Group's initial investment was made in September 2007.
Fair value methodology	Price of recent investment. Fabergé completed a capital raising during September 2009 to both existing and new investors, including the Group. The Directors valued the investment in Fabergé in line with the price per share of this capital raising in September 2009 and the same valuation has been used subsequently.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

4. Investments (continued)

Fabergé is unlisted, there have been relatively few transactions in Fabergé shares and determining the fair value of the Group's investment is difficult. The Directors have applied the price of recent investment methodology consistently since September 2009, but acknowledge that the September 2009 capital raising price becomes less recent and relevant as time passes, and that using this event for valuation becomes more difficult. The Directors have concluded that the current valuation methodology continues to be reasonable, but stress its subjectivity.

The Directors have considered using other valuation methodologies and in particular whether to use a valuation based on discounted cash flow ("DCF") analysis. DCF analysis is based on various assumptions, including projected cash inflows and outflows, and the discount rate that should be used. Accordingly, depending on what assumptions are used, DCF analysis could imply a materially higher or lower valuation for Fabergé. The Valuation Guidelines therefore recommend "extreme caution" in the use of DCF analysis for valuation of unlisted investments, and note that the use of another methodology, such as the price of a recent investment, is more likely to be appropriate in most circumstances.

After having considered the relevant evidence, the Directors have concluded that there is no conclusive evidence to either increase or decrease the Fabergé valuation and that the fair value at the previous reporting date remains the best estimate of fair value, and have continued to use this valuation. This treatment complies with IFRS and is required by the Valuation Guidelines.

Fabergé's most recent audited annual report for the year to 31 March 2012 was issued on 20 September 2012. The audit opinion, from BDO LLP, was positive, and did not draw attention to any emphases of matter. Fabergé's net assets at 31 March 2012 were US$42 million (audited).

The Group's 49.1% share of Fabergé's net assets at 31 March 2012 would have been approximately US$20 million, whereas the fair value of the Group's investment at 30 June 2012 is US$86,633,377. This difference equates to the incremental value added to the Fabergé brand since the initial acquisition during 2007 because, in line with the requirements of IAS38 *Intangible Assets*, this internally generated goodwill is not capitalised on Fabergé's own balance sheet.

In light of continuing difficulty in valuing Fabergé, the Directors have agreed to commission a valuation of the Fabergé brand and company. Once this valuation is completed it will help the Directors to determine the fair value of Fabergé in future reporting periods.

5. Completion of Rights Offer

The Company completed a rights offer (the "Rights Offer") to shareholders on 25 July 2012. Shareholders had the right to subscribe for new shares, in relation to their existing shareholdings, at ZAR2.24 per share. The Company issued 284,648,771 new shares on 25 July 2012, raising ZAR637,613,247 (dollar equivalent is US$79,965,886 before foreign exchange and transaction costs).

The Company formally announced the terms of the Rights Offer on 11 June 2012. Certain existing shareholders agreed to participate in a pre-placing of their allocation of shares in advance of the completion of the Rights Offer (the "Pre-placement"). The participants (the "Pre-placement Participants") subscribed for 187,647,650 shares between 2 May 2012 and 15 May 2012, for consideration of ZAR420,330,736 or US$53,363,390 (before foreign exchange and transaction costs). The Pre-placement Participants each received a fee of 3% of the cost of the shares they had subscribed for (the "Pre-placement Fee"). The Pre-placement Participants were not able to sell their Pre-placement shares until after the Rights Offer had completed.

The JSE gave formal approval to the terms of the Rights Offer and the content of the Company's Rights Offer Circular to shareholders on 8 June 2012. The funds received from Pre-placement Participants were therefore credited to share capital and share premium on 8 June 2012. Previously, Pre-placement Participants were treated as creditors rather than equity holders, to reflect the economic reality of their position.

Those participating Rights Offer shareholders who subscribed for new shares outside of the Pre-placement paid for their shares between 16 July and 20 July 2012, the date the Rights Offer completed.

5. Completion of Rights Offer (continued)

Impact of the Rights Offer on share capital and share premium

The below table illustrates the impact of the completion of the Rights Offer on share capital and share premium:

	Share capital US$	Share premium US$
Balance at 30 June 2012	6,637	348,629,339
Rights Offer – issue of shares	970	26,601,526
Rights Offer – costs	–	(3,448)
Rights Offer – net foreign exchange loss	–	(272)
Balance at 25 July 2012	7,607	375,227,145

Rights Offer costs

The costs associated with the Rights Offer can be broken down as follows:

Costs[1]	US$
Pre-placement Fee	1,519,158
Investment bank fee	500,000
Legal fees	49,009
Stock exchange costs	39,834
Bank costs	35,640
Independent reporting accountant's fee	6,055
Printing, publication, distribution and advertising expenses	38,007
	2,187,703

1 *Costs are provisional and subject to change. The total Rights Offer costs of US$2,187,703 includes US$2,184,255 costs incurred prior to 30 June 2012 and US$3,448 incurred subsequent to 30 June 2012.*

Impact of the Rights Offer on interests held by Directors and Partners of the Investment Manager

Following completion of the Rights Offer, interests in the Company held by the Directors were as follows:

	Number of shares held 31 December 2011	*Interest in the Company at 31 December 2011*	Rights Offer entitlement – number of shares	Reallocation of Rights Offer shares	Excess Rights Offer shares applied for	Post completion of Rights Offer – number of shares	*Interest in the Company post completion of Rights Offer*
The Brian Gilbertson Discretionary Settlement[1]	13,858,985	*2.91%*	10,402,684	–	–	24,261,669	*3.19%*
Arne H. Frandsen	2,425,821	*0.51%*	1,820,844	(519,205)	–	3,727,460	*0.49%*
Andrew Willis	1,092,554	*0.23%*	820,081	519,205	14,214	2,446,054	*0.32%*
Clive Harris	250,000	*0.05%*	187,652	–	–	437,652	*0.06%*
	17,627,360	*3.70%*	13,231,261	–	14,214	30,872,835	*4.06%*

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

Following completion of the Rights Offer, interests in the Company held by the other Partners of the Investment Manager were as follows:

	Number of shares held 31 December 2011	*Interest in the Company at 31 December 2011*	Rights Offer entitlement and takeup	Post completion of Rights Offer – number of shares	*Interest in the Company post completion of Rights Offer*
Sean Gilbertson	2,385,190	*0.50%*	1,790,346	4,175,536	*0.55%*
Priyank Thapliyal	2,385,190	*0.50%*	1,790,346	4,175,536	*0.55%*
	4,770,380	*1.00%*	3,580,692	8,351,072	*1.10%*

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

6. Cash flows from operations

	Notes	1 January to 30 June 2012 US$ (reviewed)	1 January to 30 June 2011 US$ (reviewed)	1 January to 31 December 2011 US$ (audited)
Net loss for the period/year		**(14,584,257)**	**(46,722,507)**	**(72,308,624)**
Accrued interest and structuring fee		(576,608)	(497,403)	(893,057)
Unrealised fair value gains	3	(23,478,958)	(6,453,081)	(14,533,179)
Unrealised fair value losses	3	38,990,401	117,767,426	150,362,622
Unrealised foreign exchange gains	3	(412,653)	(11,547,769)	–
Unrealised foreign exchange losses	3	398,049	–	1,395,079
Net loss on Platmin Note		–	180,033	180,033
Realised foreign exchange gain on Jupiter forward contract		–	–	(429,330)
Realised fair value loss on acquisition of Jupiter shares		–	1,048,768	1,478,098
Foreign exchange gain on cash		(4,211)	(14,235)	(14,364)
Foreign exchange loss on cash		354,508	17,078	17,984
Finance income received		(253,781)	(42,972)	(136,228)
Share in (profit)/loss of associates		(3,134,545)	2,218,884	4,105,703
Decrease/(increase) in trade and other receivables		(246,670)	1,187,648	33,230
Increase/(decrease) in trade and other payables		525,945	(32,498,967)	(32,602,092)
Deferred tax credit		–	(26,066,890)	(42,113,518)
Net cash outflows from operations		**(2,422,780)**	**(1,423,987)**	**(5,457,643)**

7. Related parties

The Group's subsidiaries, joint ventures and associates are related parties. The Group's Investment Portfolio, which consists of investments held at fair value through the profit and loss account ("FVTPL") and loans to portfolio companies, are also considered to be related parties. Related party transactions include the entering into and exiting from equity investments and loan transactions and are detailed in Note 4 *Investments*. The Group has completed the acquisition of an indirect 9.26% interest in Sedibelo during the period, which is now a related party.

The Investment Manager, Administrator and Secretary are all related parties of the Group. The Non-Executive Directors each receive a Director's fee of US$25,000 per annum from the Company. In addition, certain amounts are payable by the Company to the Investment Manager, as disclosed in the most recent Annual Report.

As a result of the Rights Offer, the Directors' shareholdings have changed, see Note 5 *Completion of Rights Offer* for detail. In addition, the amount payable to the Investment Manager as Investment Manager's Benefit increased in line with the increase in amounts subscribed for in the Company. The calculation of the Investment Manager's Benefit has subsequently changed again as a result of the ending of the Investment Period. See Note 12 *Events occurring after the end of the period* for more detail.

There have been no other material changes to these relationships or the Company's related parties since the year end.

Transactions entered into with related parties were under terms no more favourable than those with third parties.

The Directors' interests in the Company

At 30 June 2012, the Directors' interests in the Company had not changed. On 25 July 2012 the Directors' interests changed as a result of their participation in the Rights Offer, see Note 5 *Completion of Rights Offer* for details.

8. Loss, Diluted Loss and Headline Loss Per Share and NAV per share

There are no reconciling items between Headline Loss Per Share ("HLPS") and Loss Per Share ("LPS"). There are no dilutive items to LPS, which is therefore equal to Diluted Loss Per Share.

The Company completed its Rights Offer on 20 July 2012 and issued new shares on 25 July 2012. Funds relating to the Rights Offer were received from the Pre-placement Participants between 2 May and 15 May 2012 and credited to share capital/share premium on 8 June 2012. This was the date the Rights Offer became unconditional subsequent to the receipt of approval of the terms of the Rights Offer from the JSE, which was the final outstanding condition. These shares were issued on 25 July 2012. The 187,647,650 allotted (but unissued) new shares have been included in the number of shares in issue for the purposes of both LPS (increasing the weighted average number of shares for the period) and NAV per share (increasing the number of shares at 30 June 2012).

For more detail on the Company's Rights Offer, see Note 5 *Completion of Rights Offer*.

	30 June 2012 US$ (reviewed)	30 June 2011 US$ (reviewed)	31 December 2011 US$ (audited)
Loss for the period/year	(14,584,257)	(49,722,507)	(72,308,624)
Weighted average number of shares[1]	498,611,862	475,803,860	475,803,860
Headline Loss Per Share[1]	**(0.03)**	**(0.10)**	**(0.15)**

1 The weighted average number of shares for the period ending 30 June 2012 is as follows:

Period	*Number of shares*	*Number of days*	*Weighted average number of shares for period*
Shares in issue 1 January 2012 to 7 June 2012	*475,803,860*	*159*	*417,971,347*
Shares in issue 8 June 2012 to 30 June 2012	*663,451,510*	*22*	*80,640,515*
		181	*498,611,862*

The Group's US$ NAV per share is as follows:

	30 June 2012 US$ (reviewed)	30 June 2011 US$ (reviewed)	31 December 2011 US$ (audited)
Net assets	399,223,192	390,988,604	365,402,487
Number of shares	663,451,510[2]	475,803,860	475,803,860
NAV per share	**0.60**	**0.82**	**0.77**

A further 97,001,121 shares were issued on 25 July 2012, the date of completion of the Rights Offer. The issue of these new shares has not affected the Group's calculation of HLPS or NAV per share at 30 June 2012.

2 The number of shares for the purposes of calculating NAV per share at 30 June 2012 is as follows:

Shares at 1 January 2012	*475,803,860*
Shares allotted on 8 June 2012	*187,647,650*
Number of shares at 30 June 2012	*663,451,510*

The Directors believe that additional disclosure of the impact of the Rights Offer on the Group's NAV per share would also be helpful to shareholders, accordingly this is presented below. This additional disclosure is not required by IFRS.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

8. Loss, Diluted Loss and Headline Loss Per Share and NAV per share (continued)

	IFRS compliant	Non-IFRS compliant	
	NAV per share at 30 June 2012 (reviewed)	*Impact of completion of Rights Offer (reviewed)*	NAV per share at 30 June 2012 assuming completion of Rights Offer (reviewed)
Net assets in US$	399,223,192	*25,749,444*[3]	424,972,636
Number of shares	663,451,510	*97,001,121*[4]	760,452,631
Revised NAV per share in US$			**0.56**

3 The impact of the Rights Offer on net assets is an increase in cash (less attributable costs) received from shareholders.

4 A further 97,001,121 new shares (not including shares issued to Pre-placement Participants) were issued on 25 July 2012 as part of the Rights Offer. This share issue increased the Company's number of shares for the purposes of calculating NAV per share to 760,452,631.

9. Financial instruments

The Group's only financial instruments that are measured at fair value subsequent to initial recognition are the equity investments within the Investment Portfolio. The following table provides an analysis of these financial instruments, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2012	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL				
Equity investments[1]	109,963,001	–	210,566,459	320,529,460
	109,963,001	**–**	**210,566,459**	**320,529,460**

30 June 2011	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL				
Equity investments[1]	216,105,236	–	137,000,863	353,106,099
	216,105,236	**–**	**137,000,863**	**353,106,099**

31 December 2011	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL				
Equity investments[1]	125,191,591	–	190,456,562	315,648,153
	125,191,591	**–**	**190,456,562**	**315,648,153**

1 On 23 December 2011, Platmin delisted from the JSE. Further detail on the delisting and on the revised valuation methodology being used were included in the Company's last Annual Report. The investment in Platmin has been reclassified from listed to unlisted investments in the balance sheet at 31 December 2011, and for the purposes of IFRS13 Fair value measurement, has been reclassified from Level 1 to Level 3.

9. Financial instruments (continued)

IFRS requires the presentation of a reconciliation of the Group's Level 3 financial assets from the beginning to the end of the period. A reconciliation of the Group's equity investments, from 1 January 2012 to 30 June 2012 is provided below:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL – equity investments				
Balance at 1 January 2012	125,191,591	–	190,456,562	315,648,153
Fair value gains	23,478,958	–	–	23,478,958
Fair value losses	(38,990,401)	–	–	(38,990,401)
Foreign exchange gains	412,653	–	–	412,653
Foreign exchange losses	(129,800)	–	(268,249)	(398,049)
Additions	–	–	20,378,146	20,378,146
Balance at 30 June 2012	**109,963,001**	**–**	**210,566,459**	**320,529,460**

The comparative reconciliation of the Group's equity investments, from 1 January 2011 to 30 June 2011 is provided below:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL – equity investments				
Balance at 1 January 2011	302,349,201	–	137,000,863	439,350,064
Fair value gains	6,453,081	–	–	6,453,081
Fair value losses	(117,767,426)	–	–	(117,767,426)
Foreign exchange gains	11,547,768	–	–	11,547,768
Foreign exchange losses	(1,048,768)	–	–	(1,048,768)
Additions	14,571,379	–	–	14,571,379
Balance at 30 June 2011	**216,105,235**	**–**	**137,000,863**	**353,106,098**

The comparative reconciliation of the Group's equity investments, from 1 January 2011 to 30 December 2011 is provided below:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial assets at FVTPL – equity investments				
Balance at 1 January 2011	302,349,201	–	137,000,863	439,350,064
Fair value gains	14,533,179	–	–	14,533,179
Fair value losses	(150,362,622)	–	–	(150,362,622)
Foreign exchange gains	–	–	–	–
Foreign exchange losses	(1,395,079)	–	–	(1,395,079)
Realised foreign exchange gain on Jupiter forward contract	429,330	–	–	429,330
Realised fair value loss on acquisition of Jupiter shares	(1,478,098)	–	–	(1,478,098)
Additions	14,571,379	–	–	14,571,379
Platmin reclassification	(53,455,699)	–	53,455,699	–
Balance at 31 December 2011	**125,191,591**	**–**	**190,456,562**	**315,648,153**

10. Contingent liabilities and contingent assets

On 31 August 2011, the Company agreed to act as a limited guarantor for the lease of Fabergé's New York retail outlet at 694 Madison Avenue. The circumstances relating to the guarantee have not changed since 31 December 2011. The Directors' assessment is that the maximum amount of the Group's contingent liability continues to be US$219,000.

The Group had no other significant contingent liabilities or contingent assets at 30 June 2012 or 31 December 2011. The Group had no significant contingent liabilities or contingent assets at 30 June 2011.

Notes to the Interim Financial Statements (cont.)

for the six months ended 30 June 2012

11. Commitments

Fabergé loan commitment – US$50 million

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

On 15 June 2012, US$10,000,000 was drawn down. The outstanding amount of the commitment at the balance sheet date was therefore US$15,000,000. On 20 July 2012, a further US$14,625,000 was drawn down and a US$375,000 structuring fee accrued to the Company; accordingly the loan facility is now fully utilised.

No other commitments existed at the date of signature of these Interim Financial Statements.

12. Events occurring after the end of the period

Completion of the Company's Rights Offer

The Company's Rights Offer to shareholders completed after the end of the period. See Note 5 *Completion of Rights Offer* for more detail.

Further drawdown of Fabergé loan commitment

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

The outstanding amount of the commitment at the balance sheet date was US$15,000,000.

On 20 July 2012, a further US$14,625,000 was drawn down and a US$375,000 structuring fee accrued to the Company; accordingly the loan facility is now fully utilised.

Participation in Jupiter capital raising – August 2012

On 19 July 2012, Jupiter announced that it would undertake a capital raising to support the development of its manganese and iron ore assets in South Africa and Australia. The first element of the equity raising was an AUD40 million private placement at AUD0.16 per share to Stichting Pensioenfonds ABP ("ABP"), the Netherlands-based institutional investor, and another Pallinghurst Co-Investor. The private placement increased the number of Jupiter shares in issue and therefore decreased PRL's percentage interest in Jupiter from 16.66% to 14.64%.

On 13 August 2012, Jupiter announced the second element of the equity raising, a rights offer to existing shareholders (the "Jupiter Rights Offer"). The terms of the Jupiter Rights Offer were that each Jupiter shareholder was entitled to subscribe for five new ordinary shares for every 19 shares held (as at 8 August 2012). The issue price was AUD0.16 per share. The Jupiter Rights Offer completed on 27 August 2012. The Group subscribed for its entitlement of 79,216,009 shares at a cost of AUD12,674,561. The Group's new Jupiter shareholding is 380,236,843 of the 2,281,835,383 shares in issue. Following its participation in the Jupiter Rights Offer, the Group's interest in Jupiter increased to 16.66%.

End of the Investment Period on 14 September 2012

The Investment Period commenced on 14 September 2007 and ended on 14 September 2012, the fifth anniversary of the Initial Closing Date.

The Investment Manager is entitled to an Investment Manager's Benefit each accounting period. Prior to the end of the Investment Period, this was calculated as 1.5% per annum of the amount subscribed for shares in the Company. With effect from the end of the Investment Period, the basis for calculation changed to be 1.5% per annum of the lesser of the aggregate acquisition cost or fair value of the Company's unrealised investments per the Company's most recent financial statements. The change in the basis of the calculation currently has the effect of reducing the Investment Manager's Benefit.

It is not possible to calculate the future annualised Investment Manager's Benefit as the amount will fluctuate with the valuation of the Company's investments and would also be affected by any asset acquisitions or disposals.

Independent Review Report

The Interim Report has been reviewed by the Company's auditor, Saffery Champness. The Independent Review Report from the auditor is available from the registered office of the Company. The report confirms that nothing has come to the auditor's attention that might cause them to believe that the Interim Report was not prepared, in all material respects, in accordance with IAS34 and the AC500 accounting standards.

Company Information

Directors
Brian Gilbertson – Chairman
Arne H. Frandsen – Chief Executive
Andrew Willis – Finance Director
Stuart Platt-Ransom[1,2]
Clive Harris[1]
Martin Tolcher[1]
Patricia White[1,2]
Brian O'Mahoney[2]

1 *Independent Non-Executive Director*
2 *Ms White acted as Permanent Alternate to Mr Platt-Ransom and Mr Tolcher until 29 February 2012. On the same date, Ms White was appointed as a Director, and Mr O'Mahoney was appointed as Permanent Alternate to Mr Platt-Ransom and Ms White.*

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