PALLINGHURST

PALLINGHURST RESOURCES LIMITED
PROVISIONAL RESULTS

for the year ended 31 December 2010

NAV per share

US$0.92 ↑ 36%

Net profit

US$116m ↑ 86%

CONTENTS

DIRECTORS

Executive Directors

Brian Gilbertson, Arne H. Frandsen, Andrew Willis

Independent non-executive Directors

Stuart Platt-Ransom, Clive Harris, Martin Tolcher, Patricia White[1]

CORPORATE INFORMATION

Administrator, Secretary and Registered Office

11 New Street, St Peter Port, Guernsey, GY1 3EG, Channel Islands

Transfer Secretaries

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

Auditor

Saffery Champness, PO Box 141, La Tonnelle House, Les Banques, St Sampson, Guernsey, GY1 3HS, Channel Islands

Sponsor

Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196, South Africa

1 Appointed Permanent Alternate to Stuart Platt-Ransom and Martin Tolcher on 7 September 2010.

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

"The US$116 million Net Profit for 2010 and the 36% increase in NAV are both tangible evidence of the strong value-creation in our four investment platforms. This positive momentum has continued in 2011 with major developments announced in our PGM, Steel Feed and Gemstone businesses. Most recently, we announced the transformational Platmin/Sedibelo West consolidation and the go-ahead of our world-class manganese mine at Tshipi."

— Arne H. Frandsen, Chief Executive

SUMMARY

Your Company performed well during the year with the investment valuations increasing by almost US$200 million (net of cash additions). Jupiter contributed a substantial portion of the gains, both as a result of the transformational acquisition of the Tshipi manganese asset and strong share price performance.

Gemfields also performed strongly as a result of a series of record breaking auctions and robust production performance. Fabergé built on its successful international launch in the prior year, unveiling a second high jewellery collection. In addition, following the year end, a series of transactions have been concluded which provide the platform for the consolidation of the Company's PGM investments, PPM, Sedibelo and Magazynskraal. This is an important step in the creation of value for the single largest investment undertaken by your Company.

Although the recent tragic events across the globe, from earthquakes to civil unrest, have reduced growth prospects in the affected regions, your Company's investments performed strongly over the past year and remain well positioned to benefit from the strategic initiatives currently underway and from any further improvements in the global environment.

The following are among the highlights of the financial year ending 31 December 2010:

- Platmin raised US$340 million in equity to fund the completion of the build-up phase of mining operations at PPM and to participate in a consolidating industry;
- The Magazynskraal feasibility study drilling programme was completed;
- Jupiter acquired the Pallinghurst Co-Investors' interests in Tshipi;
- Tshipi Borwa's key new order mining right was granted by the South African Department of Mineral Resources;
- Jupiter's share price increased more than threefold during the year;
- Three successful Gemfields' rough emerald auctions realised record revenues of US$34.3 million;
- An exceptional 6,225-carat rough emerald was discovered at Kagem; and
- Fabergé undertook a series of focused client events across Europe and Asia and launched the all-white-diamond "Carnet de Bal" collection, only its second high jewellery collection since 1917.

Since the end of the year:

- Platmin announced its agreement to the conversion of US$135 million of convertible notes, at US$0.84 per share;
- A set of transactions to effect the consolidation of the three contiguous properties of PPM, Sedibelo and Magazynskraal was announced;
- The Pallinghurst Co-Investors, Platmin and the Bakgatla jointly acquired strategically important infrastructure assets from Barrick, including essential water and electricity rights;
- Jupiter concluded an AUD150 million capital raising, to fund the Mount Ida and Mount Mason feasibility studies and for construction of a world

class manganese mine at Tshipi Borwa; and
- Gemfields held a lower-quality rough emerald and beryl auction in Jaipur in March 2011, realising record revenues of US$9.9 million, with per carat price increases of 148%.

INVESTMENT PLATFORMS

Platinum Group Metals ("PGMs")

African Queen Strategy

The "African Queen" Strategy is to build Pallinghurst's portfolio of PGM investments, through acquisition and consolidation, into a profitable PGM producer of industry significance.

Key developments

Following the year end, the Investment Manager facilitated a set of transactions to provide for the consolidation of the three contiguous properties of PPM, Sedibelo and Magazynskraal (the "Consolidation"), as intended from the outset of the African Queen Strategy. The transactions include loan funding by the Pallinghurst Co-Investors to the Bakgatla to acquire Barrick Platinum South Africa (Pty) Limited's ("BPSA") 10% interest in Sedibelo, and the Bakgatla's participation in a new vehicle also owned by Platmin, and the Pallinghurst Co-Investors, to acquire certain of BPSA's long-lead infrastructure items, including certain strategic water and electricity rights necessary for the Consolidation. In addition, as announced on 23 March 2011, Platmin will acquire the area of the Sedibelo property known as Sedibelo-West for US$75 million, an incremental six million 4E in situ ounces. Furthermore, the Pallinghurst Co-Investors have increased their aggregate interest in Magazynskraal to 40% (an additional 6.6%) and will acquire a 49.9% interest in the balance of the Sedibelo property and certain assets, rights and obligations in respect of the Consolidation.

These transactions represent an important development in the African Queen Strategy, and provide the platform for the planned Consolidation and the potential for significant synergies.

Outlook

Metal prices performed strongly during the year, with palladium being the best performing commodity, closing at US$802, almost double its opening price of US$408. Despite certain recent events, including the tragic earthquake in Japan, global industrial demand is expected to strengthen over the coming years. In addition, escalating cash costs and missed production targets continue to affect many companies in the PGM industry. Accordingly, the Company's PGM investments are well placed to benefit from an improved environment as Platmin continues its build-up to full production capacity and as the Consolidation is implemented.

Steel Feed Corporation ("SFC")

Steel Feed Corporation Strategy

The SFC Strategy is to develop a platform to supply the key raw materials required in the production of steel (in particular manganese, iron ore and coking coal).

Key developments

On 1 March 2010, Jupiter announced the acquisition of the Pallinghurst Co-Investors' collective 49.9% equity and loan interests in Tshipi in return for 1.2 billion new shares issued at a price of AUD0.211 per share, valuing the 49.9% stake at AUD245 million.

On 19 January 2011, Jupiter announced an inferred magnetite resource in the central section of its Mount Ida Magnetite Project of 530 million tonnes at 31.9% Fe, exceeding the initial objective of 400 million tonnes. The central section represents only 30% of the target length of the strike and supports the initial conceptual expectation of 1.1–1.3 billion tonnes of magnetite iron ore. On 15 March 2011, Jupiter announced the completion of its Mount Ida scoping study that provides for the extraction of 25 million tonnes per annum of ore to produce ten million tonnes per annum of high grade magnetite concentrate, with an estimated iron grade in excess of 68%, and low levels of impurities. A 120,000 metre drilling programme at Mount Ida and Mount Mason is planned as part of a feasibility study and is expected to result in an increase in the resource base and test the economic viability of establishing an initial DSO/haematite operation prior to any magnetite operation.

Outlook

Demand for steel in the emerging nations, particularly in China (which now accounts for almost half of global steel production) and India (expected to become the world's second largest steel manufacturer by 2016), remains strong. The Company's Steel Feed Corporation investments are well positioned to benefit from this growing demand for steel (and, therefore, input raw materials) in an improving economic environment.

Gemfields plc (“Gemfields”)

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

Key developments

Gemfields held two higher-quality rough emerald auctions during the year ending 31 December 2010, each achieving both record revenues and record per carat prices. The July 2010 auction in London achieved total revenues of US$7.5 million from 0.8 million carats sold, representing an average price of US$9.35 per carat. The December 2010 auction in Johannesburg achieved total revenues of US$19.6 million from 0.75 million carats sold, representing an average price of US$26.20 per carat. Compared with the first auction of higher-quality material in July 2009, the December 2010 auction achieved a threefold increase in total revenue and an increase in average per carat prices of nearly sixfold, a significant endorsement of Gemfields’ formalised and consistent method of selling coloured gemstones by auction.

Kagem’s total production of 18.7 million carats for the six months ending 31 December 2010 exceeded the entire production of 17.4 million carats in the prior year (ending 30 June 2010). Kagem’s unaudited total operating costs for the six months ending 31 December 2010 totalled US$6.6 million, implying an average unit production cost of US$0.36 per carat of emerald and beryl (versus US$0.73 per carat for the year ending 30 June 2010).

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 remain strong.

Fabergé

Fabergé Strategy

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

Key developments

Fabergé is expanding its client base through diversification of the product portfolio, whilst maintaining the highest standards of design, craftsmanship and materials. To coincide with London’s Russian Week in December 2010, Fabergé launched the all-white-diamond “*Carnet de Bal*” collection, only its second high jewellery collection since 1917. Fusing tradition and modernity, and with pieces priced at up to US$1 million, the “*Carnet de Bal*” collection draws inspiration from winter themes and works by Peter Carl Fabergé to deliver contemporary interpretations of styles reminiscent of the Belle Époque.

During August 2010, 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.

Outlook

Building on the successful international launch in the prior year, 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.

On behalf of the Board

Brian Gilbertson	Arne H. Frandsen
Chairman	Chief Executive

CONDENSED CONSOLIDATED INCOME STATEMENT

	31 December 2010 (reviewed) US$'000	31 December 2009 (audited) US$'000
INCOME		
Gains on investments		
Unrealised gains in the fair value of investments	135,831	53,195
Unrealised foreign exchange gains in the portfolio of investments	10,770	8,801
Net gain on Platmin convertible note	47	–
Net realised gain on Tshipi Jupiter transaction	46,005	–
Net realised gain on POSCO transaction	7	–
Net realised gain on Jupiter Mindax transaction	–	4,617
	192,660	66,613
Portfolio income		
Loan interest income	1,704	96
Structuring fee and other income	1,549	7
Net gains on investments and income from operations	**195,913**	**66,715**
EXPENSES		
Investment Manager's Benefit	(4,626)	(3,533)
Performance Incentive accrual	(32,512)	–
Operating expenses	(909)	(1,436)
Net foreign exchange gains/(losses)	76	(242)
	(37,971)	(5,210)
Profit from operations	**157,942**	**61,504**
Finance income	494	599
Finance costs	–	–
Profit before share in net (loss)/profit of associates	**158,436**	**62,104**
Share of net (loss)/profit of associates	(292)	328
PROFIT BEFORE TAX	**158,144**	**62,432**
Income tax expense	(42,114)	–
NET PROFIT FOR THE FINANCIAL YEAR	**116,030**	**62,432**
Basic and diluted earnings per ordinary share (US$)*	**0.24**	**0.20**

**Headline earnings per share is equal to earnings per share and diluted earnings per share.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 December 2010 (reviewed) US$'000	31 December 2009 (audited) US$'000
NET PROFIT FOR THE YEAR	**116,030**	**62,432**
Other comprehensive income, net of tax:		
Exchange differences on translation of foreign operations	–	(17)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**116,030**	**62,414**

All figures are rounded to US$000s, meaning some casting differences may be in evidence.

CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2010 (reviewed) US$'000	31 December 2009 (audited) US$'000
ASSETS		
Non-current assets		
Investments in associates	1,614	2,205
Investment portfolio		
Quoted equity investments	302,349	82,952
Unquoted equity investments	137,001	154,069
Loans and receivables	31,865	1,321
Platmin convertible note	9,183	–
	480,397	238,342
Total non-current assets	**482,012**	**240,547**
Current assets		
Trade and other receivables	1,213	1,112
Cash and cash equivalents	29,405	80,406
	30,618	81,518
Total assets	**512,630**	**322,065**
LIABILITIES		
Non-current liabilities		
Deferred tax liability	42,114	–
Current liabilities		
Performance Incentive accrual	32,512	–
Trade and other payables	294	384
Total current liabilities	**32,806**	**384**
Total liabilities	**74,919**	**384**
Net assets	**437,711**	**321,681**
Capital and reserves attributable to equity shareholders		
Share capital	5	5
Share premium	300,226	300,226
Retained earnings	137,480	21,450
EQUITY	**437,711**	**321,681**
NAV and tangible NAV per ordinary share (US$)	**0.92**	**0.68**

All figures are rounded to US$000s, meaning some casting differences may be in evidence.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2010 (reviewed) US$'000	31 December 2009 (audited) US$'000
Operating activities		
Cash inflows/(outflows) from operations	(5,643)	(30,208)
Additions to investments	(14,731)	(20,720)
Loans extended to investments	(28,845)	–
Acquisition of Platmin convertible note	(9,136)	–
Loan repayments from investments	–	11,127
Proceeds from disposal of investment	6,868	19
Finance income received	494	599
Net cash from operating activities	**(50,993)**	**(39,183)**
Investing activities		
Increase in investments in associates	(30)	(72)
Net cash used in investing activities	**(30)**	**(72)**
Financing activities		
Issue of ordinary and management shares	–	106,509
Share issue costs	–	(4,558)
Net foreign exchange losses on share issue	–	(2,412)
Net cash from financing activities	**–**	**99,539**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(51,023)**	**60,284**
Cash and cash equivalents at the beginning of the year	80,406	20,940
Exchange gain/(loss) on cash	22	(818)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**29,405**	**80,406**

All figures are rounded to US$000s, meaning some casting differences may be in evidence.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Cumulative translation adjustment reserve US$'000	Total equity US$'000
Balance at 1 January 2009	**2**	**200,689**	**(40,982)**	**17**	**159,727**
Issue of ordinary shares	2	106,507	–	–	106,509
Share issue costs	–	(4,558)	–	–	(4,558)
Net foreign exchange losses on share issue	–	(2,412)	–	–	(2,412)
Net exchange loss on translation of foreign operations	–	–	–	(17)	(17)
Net profit	–	–	62,432	–	62,432
Balance at 31 December 2009	**5**	**300,226**	**21,450**	**–**	**321,681**
Total comprehensive income	–	–	116,030	–	116,030
Balance at 31 December 2010	**5**	**300,226**	**137,480**	**–**	**437,711**

CONDENSED SEGMENTAL INFORMATION

	Luxury brands US$'000	Steel Feed Corporation US$'000	Coloured gemstones US$'000	PGMs US$'000	Total US$'000
31 December 2010					
Investment portfolio					
Quoted investments	–	226,436	24,931	50,982	302,349
Unquoted investments	87,006	–	–	49,995	137,001
Loan and receivables	3,387	–	–	28,478	31,865
Convertible note	–	–	–	9,183	9,183
Total segmental assets	**90,393**	**226,436**	**24,931**	**138,637**	**480,397**
Investments in associates, current assets, and liabilities					(42,686)
Net assets					**437,711**
31 December 2009					
Investment portfolio					
Quoted investments	–	15,845	8,330	58,776	82,952
Unquoted investments	86,633	29,940	–	37,496	154,069
Loan and receivables	–	1,321	–	–	1,321
Total segmental assets	**86,633**	**47,106**	**8,330**	**96,272**	**238,342**
Investments in associates, current assets, and liabilities					83,339
Net assets					**321,681**

All figures are rounded to US$000s, meaning some casting differences may be in evidence.

FAIR VALUATION OF INVESTMENTS

Investment	Opening fair value at 31 December 2009 US$'000	Unrealised fair value adjust-ments US$'000	Unrealised foreign exchange gains/(losses) US$'000	Net realised gains on Jupiter/Posco transactions US$'000	Additions and disposals US$'000	Accrued interest and structuring fees US$'000	Closing fair value at 31 December 2010 US$'000
31 December 2010							
Quoted equity investments							
Platmin Limited	58,776	(22,465)	3,156	–	11,514	–	50,982
Gemfields plc	8,330	16,621	(349)	–	329	–	24,931
Jupiter Mines Ltd	15,845	129,177	8,011	74,886	(1,483)	–	226,436
	82,952	**123,333**	**10,818**	**74,886**	**10,360**	**–**	**302,349**
Unquoted equity investments							
Fabergé Ltd	86,633	–	–	–	373	–	87,006
Moepi Group (Boynton)	10,030	3,343	–	–	–	–	13,373
Richtrau (Magazynskraal)	27,466	9,155	–	–	–	–	36,621
Tshipi	29,940	–	–	(29,933)	(7)	–	–
	154,069	**12,499**	**–**	**(29,933)**	**366**	**–**	**137,001**
Loans and receivables							
Fabergé Ltd	–	–	–	–	3,000	387	3,387
Tshipi	1,321	–	(48)	1,058	(2,431)	100	–
Platmin	–	–	–	–	25,845	2,633	28,478
	1,321	**–**	**(48)**	**1,058**	**26,415**	**3,119**	**31,865**
Total investment portfolio	**238,342**	**135,831**	**10,770**	**46,012**	**37,141**	**3,119**	**471,215**

Investment	Opening fair value at 31 December 2008 US$'000	Unrealised fair value adjustments US$'000	Unrealised foreign exchange gains/(losses) US$'000	Net realised gains on Jupiter/Posco transactions US$'000	Gains/(losses) on Jupiter Mindax transaction and other additions and disposals US$'000	Accrued interest US$'000	Closing fair value at 31 December 2009 US$'000
31 December 2009							
Quoted equity investments							
Platmin Limited	32,361	20,983	5,432	–	–	–	58,776
Gemfields plc	13,317	(7,056)	1,600	–	469	–	8,330
Jupiter Mines Ltd	784	6,129	1,475	–	7,457	–	15,845
Mindax Ltd	2,147	–	–	–	(2,147)	–	–
Iron Mountain Mining Ltd	8	7	4	–	(19)	–	–
	48,618	**20,063**	**8,511**	**–**	**5,760**	**–**	**82,952**
Unquoted equity investments							
Fabergé Ltd	46,858	20,633	–	–	19,142	–	86,633
Moepi Group (Boynton)	6,687	3,343	–	–	–	–	10,030
Richtrau (Magazynskraal)	18,311	9,155	–	–	–	–	27,466
Tshipi	29,940	–	–	–	–	–	29,940
	101,795	**33,132**	**–**	**–**	**19,142**	**–**	**154,069**
Loans and receivables							
Tshipi	**519**	**–**	**290**	**–**	**416**	**96**	**1,321**
Total investment portfolio	**150,932**	**53,195**	**8,801**	**–**	**25,318**	**96**	**238,342**

All figures are rounded to US$000s, meaning some casting differences may be in evidence.

ACCOUNTING POLICIES

This provisional report has been prepared in accordance with IAS 34 *Interim Financial Reporting*, applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008, and the listing requirements of the JSE Limited.

The accounting policies applied in this provisional report 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.

COMMITMENTS AND EVENTS OCCURRING AFTER THE END OF THE YEAR

The Company had a commitment to take up its share of the investment in Sedibelo at 31 December 2010.

A set of transactions to proceed with the African Queen Consolidation has been facilitated since the year end, as described more fully above.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 December 2010 or 31 December 2009.

REVIEW REPORT

This provisional report has been reviewed by the Company's auditor, Saffery Champness. The review opinion from the auditor is available from the registered office of the Company. The review opinion confirms that nothing has come to the auditor's attention that might cause them to believe that the provisional financial statements in the provisional report were not prepared, in all material respects, in accordance with IAS34 *Interim Financial Reporting*, and in accordance with The Companies (Guernsey) Law 2008. The audited annual report will be mailed to shareholders during May 2011 and made available on the Company's website *www.pallinghurst.com*.

www.pallinghurst.com