

Palabora Copper (Pty) Limited

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PRESS STATEMENT

Region: Limpopo Province, Phalaborwa
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9.3 BILLION RAND LIFE OF MINE EXTENSION PLAN OF PALABORA COPPER AWAITS SHAREHOLDER DECISION IN SEPTEMBER, 2014

- Palabora Copper completes groundbreaking bankable feasibility study for block-cave copper and magnetite mining
- Extension of life of mine project expected to inject about R9.3 billion into the economy
- Chinese shareholders and the Independent Development Corporation expected to make a decision on the Lift II project to extend the life of mine for twenty years end August

A block-cave mine development project worth over R9.3 billion in the Limpopo Province, by South Africa's major producer of refined copper, Palabora Copper (Pty) Ltd, awaits the final decision of the new shareholders end of August, 2014. The project called Lift II is expected to increase the life of mine by another twenty years, until 2033, and some R2 billion has already been spent on early works – what is now a bankable feasibility study. The mine is expected to continue to produce copper and magnetite.

The company's General Manager for Growth Division, Nick Fouche, says; "A bankable feasibility study was completed in May 2014 and provided a sound technical and positive business case to proceed to full execution with the Lift II project. The study presented an option, at a 90% confidence level to develop a new Lift II mining footprint-450 meters below Lift I that will ensure a continuation of copper mining in Palabora until 2033." "The cherry on top," enthuses Fouche, "is



Directors:

Clifford N Zungu (Chairman) , Nhlanhla Hlubi, Ray Abrahams, Francine A du Plessis, Peter Ward,
George M Negota, Jie Yan#, Ng Tze For (Alternate)^, Jinghua Han^#,
Katinka Schumann, Dikeledi L Nakene# (Chief Financial Officer)

Company Secretary:

Keith N Mathole

#Executive Director

^Chinese Director

Registered with the Department of Higher Education - Registration No 2010/FE06/006

the high standard of engineering that fulfilled the required global benchmark standards for large mining projects.”

He reported that about R2 billion has already been spent to date on the development of a twin decline and supporting engineering infrastructure – known as early works. This strategy has put a significant positive outlook on the project, ensuring that the critical access to the undercut and the Lift II production level is ready for construction, at the scheduled time.

In May 2014, Palabora Copper board recommended to the shareholders that the project goes to full execution. “However, the new shareholders,” says Fouche, “having acquired the business in August 2013, wanted more information to make an informed decision and to also decide on the funding model that should be used.” He added that while the board did not provide a full approval for the entire project, certain works were allowed to continue pending the final shareholders’ decision scheduled for end of September.

Fouche says any investor would always want to have all their facts right in order to make a sound investment decision especially for a project of this magnitude so the shareholders’ request was nothing unusual. “Lift II is one of South Africa’s largest mining development projects,” he says. The project is also being developed during the time when the global

Phalaborwa Mining Company, previously owned by Rio Tinto and Anglo America, was acquired by a group of companies including a Chinese consortium, which include one of China’ steel giant, Hebei Iron & Steel Group Co, Tewoo, General Nice and China Africa Development Fund as well as the Industrial Development Corporation of South Africa SOC Limited (IDC).

ENDS

Note to the Editor about Palabora Copper (Pty) Limited

Palabora Copper (Pty) Limited (Palabora), a subsidiary of Palabora Mining Company Ltd, is a copper mine that also operates a smelter and refinery complex based in the town of Phalaborwa, in South Africa's Limpopo Province. The mine owes its origins to a unique rock formation in the region known as the Palabora Igneous Complex.

Palabora has been operational since its incorporation in 1956 and is the country's major producer of refined copper, producing approximately 55 000 tonnages of copper per year. Operational since its incorporation in

1956, Palabora Copper is South Africa's sole producer of refined copper, which it supplies mainly to the local market and export the balance. Whilst copper forms the base-load of its business, Palabora also mines and exports other by-products such as Magnetite, Vermiculite Sulphuric acid, anode slimes and nickel sulphate.

More than a mine

Located directly adjacent to the world-renowned eco-tourism attraction, the Kruger National Park, Palabora coordinates several onsite wildlife management and cultural heritage programmes as part of its ongoing sustainability drive. The company also collaborates closely with various communities in the Ba-Phalaborwa district to boost economic development and alleviate poverty.

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