PALABORA MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
Registration number – 1956/002134/06
JSE Code: PAM ISIN: ZAE000005245
("Palabora" or "the Company")

**THIRD QUARTER 2010 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS**

| | 3Q 2009 | 4Q 2009 | 1Q 2010 | 2Q 2010 | **3Q 2010** | 9MTHS 2009 | **9MTHS 2010** |
|---|---|---|---|---|---|---|---|
| **Palabora mine** | | | | | | | |
| Tonnes hoisted ('000 tonnes) | 2,978 | 2,585 | 2,839 | 2,748 | **2,812** | 8,953 | **8,399** |
| Ore treated ('000 tonnes) | 2,792 | 2,809 | 2,784 | 2,861 | **2,887** | 8,521 | **8,532** |
| Average ore grade: copper (%) | 0.66 | 0.67 | 0.66 | 0.64 | **0.64** | 0.67 | **0.65** |
| Copper concentrates produced ('000 tonnes) | 61.8 | 65.8 | 61.8 | 57.9 | **61.1** | 205.0 | **180.8** |
| Average concentrate grade: copper (%) | 31.1 | 30.5 | 29.8 | 31.09 | **30.10** | 30.5 | **30.6** |
| Copper in concentrates ('000 tonnes) | 19.3 | 20.1 | 18.4 | 18 | **18.9** | 62.5 | **55.3** |
| **Palabora smelter/refinery** | | | | | | | |
| New concentrate smelted on site ('000 tonnes) | 58.5 | 67.3 | 57.7 | 59.6 | **61.4** | 199.4 | **178.7** |
| New copper anodes produced ('000 tonnes) | 12.5 | 14.3 | 12.4 | 14.6 | **14.3** | 51.6 | **41.3** |
| Refined new copper produced ('000 tonnes) | 13.8 | 15.1 | 12.0 | 13.8 | **14.7** | 54.3 | **40.5** |
| **By-products:** | | | | | | | |
| Magnetite concentrate ('000 tonnes) | 758.7 | 697.2 | 754.1 | 780.4 | **764.3** | 2,148 | **2,299** |
| Nickel contained in products (tonnes) | 29 | 11.4 | 18.5 | 14.7 | **15.2** | 84 | **48.4** |
| Copper sold as concentrate ('000 tonnes) | 3.9 | 4.5 | 2.5 | 2.6 | **0.513** | 13 | **5.6** |
| **Vermiculite plant** | | | | | | | |
| Vermiculite produced ('000 tonnes) | 48 | 50 | 54 | 46 | **51** | 146 | **151** |

Palabora, a member of the Rio Tinto Group of Companies, situated in the Ba-Phalaborwa area of Limpopo, operates a large block cave copper mine and smelter complex.

Daily production from the underground mine averaged 30,651 tonnes for the quarter ended 30 September 2010. The production during the quarter was 2% higher than the previous quarter and 6% lower than the corresponding period in 2009. In total, 2,811,615 tonnes of ore were hoisted during the quarter with a copper grade of 0.64%, and 8,398,282 for the first 9 months of 2010 at an average grade of 0.65%. Production during the quarter and the 9 months to 30 September has been impacted by winder availability. The North and South winders are expected to be replaced in March and April of 2011.

Ore treated was 1% higher than the previous quarter and 3% higher than the corresponding period in 2009.

The copper concentrate production was 6% higher than the previous quarter and 1% lower than the corresponding period in 2009. The quarterly increase was attributed to process control improvements on the automill circuit.

The copper in concentrate production was 5% higher than the previous quarter and 2% lower than the corresponding period in 2009. The quarterly increase was due to production improvements on the automill circuit as well utilisation of copper thickeners inventory. The copper in concentrate production was 12% lower for the first 9 months of 2010 compared to the same period in 2009 due to toll milling of non-copper bearing material. Toll milling of low head grade copper material ceased towards the end of the second quarter in 2010.

The new concentrate smelted was 3% higher than the previous quarter and 5% higher than the corresponding period in 2009. The quarterly increase was attributable to the implementation of improvement processes in the smelter operations and to the full availability of Wolff cranes. New anode production was lower during the first 9 months of 2010 compared to the same period in 2009 due to on-going maintenance at the smelter.

New anode production was 3% lower than the previous quarter and 14% higher than the corresponding period in 2009. The quarterly reduction was attributable to the acid plant shut-down in July for annual maintenance. The historical production increase was attributable to the breakdown of converter number 3 in July 2009. New anode production was lower for the first 9 months of 2010 due to on-going smelter maintenance, a shutdown associated with the acid plant and reverb bath rebuild in July. New anode production improved in September totalling 6kt.

Refined copper production was 7% higher than the previous quarter and the corresponding period in 2009. The increase was attributed to utilising anode inventory from the previous quarter.

**Magnetite**

Magnetite production during the quarter was 2% lower than the previous quarter and 1% higher than the corresponding period in 2009. Magnetite production increased for the first 9 months of 2010 due to increased feed in the magnetite separation plant and increased reclamation rates.

Magnetite sales for the fourth quarter are expected to be adversely affected due to the Brakspruit rail bridge collapse.

**Vermiculite Operations**

Vermiculite production was 10% higher than the previous quarter and 5% higher than the corresponding period in 2009. Improved production was due to an increase in fine and superfine grades which contributed 4.0% to the overall production. The gain in production on the finer fraction is due to a change in the mineralogy. The overall grade recovery was 2% higher than the previous year.

The above information has not been reviewed or reported on by the Company's auditors.

Phalaborwa
13 October 2010

**Sponsor:**
Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited