

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”)

FOURTH QUARTER 2006 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

	4Q 2005	1Q 2006	2Q 2006	3Q 2006	4Q 2006	FULL YEAR 2005	FULL YEAR 2006
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,400	2,743	2,672	2,771	2,832	10,033	11,018
Ore treated ('000 tonnes)	2,349	2,646	2,633	2,668	2,783	9,536	10,730
Average ore grade: copper (%)	0.72	0.71	0.70	0.72	0.72	0.72	0.71
Copper concentrates produced ('000 tonnes)	47.8	51.5	43.0	53.4	61.0	197.1	208.9
Average concentrate grade: copper (%)	31.2	29.9	30.5	29.4	28.5	31.0	29.4
Copper in concentrates ('000 tonnes)	14.9	15.4	13.1	15.7	17.4	61.2	61.5
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	82.2	42.0	83.3	87.7	75.5	304.4	288.5
New copper anodes produced ('000 tonnes)	22.4	10.0	24.0	22.4	22.2	84.5	78.6
Refined new copper produced ('000 tonnes)	20.6	14.3	21.9	22.9	22.1	80.3	81.2
By-products:							
Magnetite concentrate ('000 tonnes)	231	251	296	299	281	888	1,127
Refined nickel sulphate (tonnes)	57	35	28	25	32	186	120
Copper sold as concentrate	-	5	6	-	5	-	16
Vermiculite plant							
Vermiculite produced ('000 tonnes)	55	48	48	52	50	210	198

Palabora, situated in the Ba-Phalaborwa area of Limpopo, operates South Africa's largest copper mine. After 40 years of mining from a large, open-pit operation, the ore is now extracted in an underground operation located immediately below the open pit. Overall copper production is supplemented by imported copper concentrates from Zambia.

Daily production from the underground mine averaged 30,780 tonnes. The production was 2% higher than the prior quarter and 18% higher than the corresponding period in 2005. In total, 2,831,795 tonnes of ore were hoisted with a copper grade of 0.71%. Total mine production was 11,020,496 tonnes in 2006, representing a 10% increase compared to the total in 2005.

The ore treated increased by 13% year on year in line with improved mine output. The ore grade was steady throughout 2006.

Copper concentrate tonnage was 14% higher compared to the third quarter due to a combination of 4% higher milled tonnage, 7% higher recovery and 3% lower concentrate grade. Overall, 2006 concentrate production was 6% higher than 2005.

The concentrate grade delivered to the smelter decreased by 3% due to unfavourable copper mineralogy and reclaimed low grade concentrate from pond inventory. This resulted in year on year reduction of 5%. Copper in concentrate increased by 11% during the period over the previous quarter driven by higher milled tonnage and lower levels of stock build up on drying pads. Overall 2006 copper in concentrate was almost unchanged from 2005, due to the build up of low grade concentrate stock on drying pads.

Smelter efficiencies increased significantly in the fourth quarter due to a dedicated first-pass recovery improvement drive. New anodes produced remained at the same level as the previous quarter, but new concentrate smelted reduced by 14% with improved efficiencies. New anodes and cathode produced for 2006 were lower than 2005 due to the planned reverberatory furnace shutdown in the first quarter of 2006.

Copper was sold as concentrate in 2006 to take advantage of favourable commodity prices.

#### Vermiculite Operations

Vermiculite production in the fourth quarter was 8% below the corresponding quarter for 2005. The main contributing factor for the lower production was the feed grade on an average being 1% lower to the corresponding period in 2005 and an increase in the quantity of superfine material. Overall plant recovery during the quarter remained at 69.4% which was slightly higher than the previous quarter.

#### Magnetite

The magnetite production during the quarter was in line with rail logistic capacity to both ports of Richards Bay and Maputo but increased by 27% year on year due to operational efficiencies and the securing of the logistic chain to Richards Bay.

Phalaborwa

17 January 2007

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