

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”)

SECOND QUARTER 2011 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	H1 2010	H1 2011
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,748	2,812	2,838	2,601	2,715	5,587	5,316
Ore treated ('000 tonnes)	2,861	2,887	3,126	2,845	2,964	5,645	5,809
Average ore grade: copper (%)	0.64	0.64	0.63	.66	0.65	0.65	0.66
Copper concentrates produced ('000 tonnes)	57.9	61.1	65.2	58.4	61.2	119.7	119.6
Average concentrate grade: copper (%)	31.1	31	29.5	29.5	30.7	30.4	30.1
Copper in concentrates ('000 tonnes)	18	18.9	19.3	17.3	18.7	36.4	36
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	59.6	61.4	62.1	62.3	62.6	117.3	124.9
New copper anodes produced ('000 tonnes)	14.6	14.3	14.4	14.7	18.2	27.1	32.9
Refined new copper produced ('000 tonnes)	13.8	14.7	17.5	14.8	17.3	25.8	32.1
Joint product:							
Magnetite concentrate ('000 tonnes)	780	764	695	880	820	1,535	1,700
By-products:							
Nickel contained in products (tonnes)	15	15	24	27	28	33.2	55
Copper sold as concentrate ('000 tonnes)	2.6	0.5	4.3	1.3	0.4	5.1	1.7
Vermiculite plant							
Vermiculite produced ('000 tonnes)	46	51	45	43	51	100	94

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, mines and exports magnetite and operates a vermiculite mining and processing facility.

Total ore hoisted increased to 2.7m tonnes compared to 2.6m tonnes during the previous quarter and in line with the corresponding period in 2010. The winder drum challenges have been resolved with the replacement of the south winder drum in February and the north winder drum in April. Winder optimisation initiatives are currently under way and this will further enhance the hoisting rates into the future. Daily ore hoisted following the winder drum replacement averaged 29 835 tonnes compared with 28 903 in the previous quarter and 30 196 for the corresponding period in 2010.

Ore treated increased 4% to 3m tonnes compared to the previous quarter of 2.8m tonnes and the corresponding period of 2.9m tonnes. Ore milled was impacted by the girth gear

replacement schedule overruns at the auto mills at the end of May and beginning of June due to engineering difficulties. The impact of the overrun was mitigated by the suspension of toll milling to accommodate Palabora's material, increased slag processing and diversion of underground material to the secondary crushers. Normal operations at the auto mills have been restored.

Copper concentrate production was 61.2kt, 5% higher than the previous quarter production of 58.4 and 6% higher than the corresponding period in 2010. The primary crusher failure in the first quarter of 2011 affected production for one week and the girth gear replacement overrun had a corresponding impact in the second quarter. The overruns in the girth gear replacement and primary crusher failures were offset by slag reprocessing through the concentrator

Copper in concentrate production was 18.7kt, 8% higher than the previous quarter and 4% higher than the corresponding period in 2010. The copper concentrate grade was 30.7% higher than the previous quarter due to increased processing of high grade slag although marginally lower than the corresponding period in 2010.

New concentrate smelted was 62.6kt and in line with the previous quarter but 5% higher than the corresponding period in 2010 due to improved Wolff crane availability and the impact of higher levels of ore treated. New anode production increased to 18.2kt and 24% higher compared to the previous quarter and 25% higher than the corresponding period in 2010 due to improved smelter recoveries and processing of available reverts. Process improvement initiatives implemented at the smelter from mid 2010 and into the first half of 2011, including technical support, are now delivering improved results with performance being continually monitored to achieve consistency of higher smelter recoveries. Acid disposal remains a constraint due to the oversupply in the market with continued focus on export markets within the SADC region.

Refined copper production was 17.3kt in line with anode supply but 17% higher than the previous quarter and 25% higher than the corresponding period in 2010 following improved throughput from the smelter. The refinery operated an average of 14 sections for the quarter compared to 11 in the previous quarter and 10 sections in the corresponding period in 2010.

Anode and refined copper inventory has increased compared to the first quarter of 2011 and the comparative quarter in the previous year. This is due to both improved smelter and refinery performance and additional production ahead of the planned smelter August shut down to rebuild the reverb furnace which will result in no anode production during this period. The Company will continue to mine and treat ore during this period which will be smelted and refined once the reverb furnace is brought back on-line.

Magnetite production was 820kt, 7% lower than the previous quarter but 5% higher than the corresponding period in 2010. Magnetite production is aligned to logistical constraints on rail wagons availability to transport material to port.

Vermiculite production was 51kt, 19% higher than the previous quarter and 11% higher than the corresponding period in 2010. Production during the first quarter was affected by rainy weather conditions. The increased production is consistent with increased demand in the finer vermiculite grades.

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

Phalaborwa
13 July 2011

Sponsor: Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited

