

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 2010 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	1H 2009	1H 2010
Palabora mine							
Tonnes hoisted ('000 tonnes)	3,009	2,978	2,585	2,839	2,748	5,975	5,587
Ore treated ('000 tonnes)	2,940	2,792	2,809	2,784	2,861	5,729	5,645
Average ore grade: copper (%)	0.68	0.66	0.67	0.66	0.64	0.68	0.65
Copper concentrates produced ('000 tonnes)	76.1	61.8	65.8	61.8	57.9	143.2	119.7
Average concentrate grade: copper (%)	29.9	31.1	30.5	29.8	31.09	30.2	30.4
Copper in concentrates ('000 tonnes)	22.7	19.3	20.1	18.4	18.00	43.2	36.4
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	68.0	58.5	67.3	57.7	59.6	140.8	117.3
New copper anodes produced ('000 tonnes)	18.9	12.5	14.3	12.4	14.7	39.10	27.1
Refined new copper produced ('000 tonnes)	19.5	13.8	15.1	12.0	13.8	40.5	25.8
By-products:							
Magnetite concentrate ('000 tonnes)	617	758.7	697.2	754.1	780.4	1,389	1,534.5
Nickel contained (tonnes)	33	29	11.4	18.5	14.7	54	33.20
Copper sold as concentrate ('000 tonnes)	2.1	3.9	4.5	2.5	2.6	2.1	5.1
Vermiculite plant							
Vermiculite produced ('000 tonnes)	46	48	50	54	46	98	100

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 30,196 tonnes for the quarter ended 30 June 2010. The production during the quarter was 3% lower than the previous quarter and 9% lower than the corresponding period in 2009, mainly due to Winder repairs and low availability of Long Haul Dumps (“LHD”). Preventative maintenance is ongoing and winder drum replacement is scheduled for early 2011.

In total, 2,747,862 tonnes of ore were hoisted during the quarter with a copper grade of 0.64%. Average concentrate grade was 4% higher than the previous quarter and the corresponding period in 2009 due to higher proportion of high grade slag reprocessed and discontinuance of toll milling of marginal ore which was yielding lower concentrate grade.

Ore treated was 3% higher than the previous quarter and 3% lower than the corresponding period in 2009. This was affected by lower underground production due to the Winder repairs and the LHD's availability.

Copper concentrate production was 6% lower than the previous quarter and 24% lower than the corresponding period in 2009. This was mainly due to a combination of a 44% increase in concentrate inventory of copper thickeners and a 90% drop in toll milling concentrate. The increase in inventory resulted from the processing of a higher tonnage of slag and an increase in the fineness of the feed to the filter plant which reduced the throughput of the rotary drier due to high feed moisture. The drop in toll milling concentrate was caused by the changeover to toll milling of non-copper bearing ore.

Copper in concentrate was 2% lower than the previous quarter and 21% lower than the corresponding period in 2009, mainly due to similar reasons as copper concentrate production above.

The new concentrate smelted was 3% higher sequentially and 12% lower than the corresponding period in 2009. This was mainly due to maintenance and replacement of the Wolff cranes and rebuild of the reverb bath.

New anode production was 19% higher sequentially and 22% lower than the corresponding period in 2009. The year on year variance was due to low feed rates at the reverbratory furnace as a result of downtime at the furnace bath and maintenance and replacement of the Wolff cranes. Process improvement and technical consultants were engaged during the first quarter to address these issues. As a result the Wolff cranes and the furnace bath came into full operation during the second quarter. Normal production levels are expected in the next quarter.

Magnetite

Magnetite production was 4% higher sequentially and 27% higher than the corresponding period in 2009, as a result of increased stockpile reclaims. The Transnet rail strike impacted shipments of magnetite reducing sales by 120,000 tonnes in June 2010.

Vermiculite Operations

Vermiculite production was 15% lower sequentially due to furnace related production challenges.

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

Phalaborwa
13 July 2010

Sponsor:
Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited