

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 2005 – OPERATIONS OVERVIEW, PRODUCTION
STATISTICS AND TRADING STATEMENT**

	4Q 2004	1Q 2005	2Q 2005	3Q 2005	4Q 2005	FULL YEAR 2004	FULL YEAR 2005
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,464	2,335	2,620	2,677	2,400	8,612	10,033
Ore treated ('000 tonnes)	2,314	2,156	2,459	2,572	2,349	8,657	9,536
Average ore grade: copper (%)	0.73	0.72	0.71	0.71	0.723	0.74	0.716
Copper concentrates produced ('000 tonnes)	52.2	48.0	48.4	52.9	47.8	187.7	197.0
Average concentrate grade: copper (%)	30.6	29.3	32.2	31.3	31.2	29.0	31.0
Copper in concentrates ('000 tonnes)	16.0	14.1	15.6	16.6	14.9	54.4	61.2
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	67.0	75.2	71.7	75.2	82.2	253.4	304.4
New copper anodes produced ('000 tonnes)	17.3	20.0	19.4	22.7	22.4	67.2	84.5
Refined new copper produced ('000 tonnes)	16.2	18.7	19.0	22.1	20.6	67.5	80.3
By-products:							
Magnetite concentrate ('000 tonnes)	165	201	189	267	231.2	574	888.3
Refined nickel sulphate (tonnes)	41	34	57	37	56.9	167	185.6
Vermiculite plant							
Vermiculite produced ('000 tonnes)	51	48	54	53	55.1	193	209.8

Daily production from the underground mine declined in the fourth quarter and averaged 26, 097 tonnes, due to poor loader availability and industrial action. Production was 10% lower than the prior quarter and 1% lower than the corresponding period in 2004. Total mine production was 10, 033,653 tonnes in 2005, representing a 17% increase compared to the total in 2004. The copper grade improved slightly over the third quarter, but was down year on year due to the required draw sequencing which favoured low grade material from drawpoints on the western side of the cave.

During the quarter ore milled was 9% below the third quarter levels due to ore availability from the underground but 2% above the comparable period in 2004. Head grades to the mill increased by a relative 1.5% during the quarter compared to the third quarter, but were 3.8% below the levels achieved in 2004. Concentrate tonnage

was 10% lower in the quarter due to a combination of lower milled tonnage and head grade. Overall copper in concentrate was 12.4% higher than in 2004, as a result of 10.2% higher milled tonnage and 6.2% higher recovery offsetting 3.8% lower headgrade.

The fourth quarter concentrate smelted was 9% higher than the third quarter. No maintenance shutdowns were undertaken during the period, but smelting rates were reduced due to poor furnace condition. In the period, refined copper decreased compared to the third quarter as anodes were accumulated in front of the Tankhouse in preparation for a full smelter rebuild in the first quarter of 2006. Overall refined copper for 2005 increased by 19% compared to 2004.

Vermiculite Operations

During the period vermiculite production was similar to that of the comparable period in 2004. Production for the full year increased by 8.7 compared to 2004, with improved recoveries across the plant maintained throughout the year. Market demand for the coarser grades continues to exceed production.

Magnetite

Shareholders are referred to a press announcement made on 21 December 2004, wherein the company reported its intention to sell its magnetite stock piles. After several months of the tender process and negotiations taking place, the bidders for the stock pile were unable to meet all the conditions of the tender and accordingly the Board has decided to terminate the tender process. Palabora will continue to build the current arising business and evaluate options for the longer term strategy of the magnetite business.

Trading Statement

Shareholders and debenture holders are advised that Palabora's loss per share for the year ended 31 December 2005 is expected to be as follows:

- Basic loss per share of between 325 and 335 cents from a loss of 6,117 cents per share for the comparable period.
- Headline loss per share of between 320 and 330 cents per share from a headline loss of 231 cents for the comparable period, principally as a result of unfavourable exchange movements.

The above financial information relating to the year ended 31 December 2005 has not been reviewed and/or reported on by the company's auditors. It is anticipated that the unaudited results for the year ended 31 December 2005 will be published on or about 27 January 2006, at which stage further details will be provided regarding the company's performance.

For further information please contact the Managing Director, Keith Marshall, on +27 (0) 15 780 2271.

Phalaborwa
17 January 2006

Sponsor:
Barnard Jacobs Mellet Corporate Finance (Pty) Limited