

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 2006 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

	2Q 2005	3Q 2005	4Q 2005	1Q 2006	2Q 2006	1H 2005	1H 2006
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,620	2,677	2,400	2,743	2,672	4,955	5,415
Ore treated ('000 tonnes)	2,459	2,572	2,349	2,646	2,633	4,615	5,279
Average ore grade: copper (%)	0.71	0.71	0.72	0.71	0.70	0.71	0.70
Copper concentrates produced ('000 tonnes)	48.4	52.9	47.8	51.5	43.0	96.4	94.5
Average concentrate grade: copper (%)	32.2	31.3	31.2	29.9	30.5	30.8	30.1
Copper in concentrates ('000 tonnes)	15.6	16.6	14.9	15.4	13.1	29.7	28.5
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	71.7	75.2	82.2	42.0	83.3	147.0	125.3
New copper anodes produced ('000 tonnes)	19.4	22.7	22.4	10.0	24.0	39.3	34.0
Refined new copper produced ('000 tonnes)	19.0	22.1	20.6	14.3	21.9	37.7	36.2
By-products:							
Magnetite concentrate ('000 tonnes)	189	267	231	251	296	390	547
Refined nickel sulphate (tonnes)	57	37	57	35	28	91	63
Vermiculite plant							
Vermiculite produced ('000 tonnes)	54	53	55	48	48	102	95

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 was affected by two four day stoppages in the production hoists but still averaged 29,392 tonnes. This was 4% lower than the prior quarter and 2% higher than the corresponding period in 2005. The tonnes hoisted for the first half of 2006 were 8% higher than the corresponding period in 2005. In total, 2,674,660 tonnes of ore were hoisted in the quarter with a copper grade of 0.70%, slightly lower than the previous quarter. New monthly and daily average records of 1,016,383 and 33,946 tonnes were achieved in the period respectively. A record of monthly copper units of 8,616 tonnes was also achieved during the month of June.

Total mill throughput remained in line with the previous quarter. Mill head grade for the quarter was slightly below the average of the first quarter, however the overall trend for the second quarter was steadier and higher than the average for January and February. The bulk of the concentrate variance was due to inefficiencies in the concentrate drying facility resulting in a build up of inventories in the thickeners and drying paddocks. The drying paddocks are currently used as a temporary measure whilst working on a long-term solution for implementation by end of the first quarter of 2007. The increase in the inventory of copper thickeners and paddocks accounted for 93% of the variance for copper in concentrate delivered to the smelter.

Concentrate smelted and anodes produced in the first half of 2006 were lower compared with the first half of 2005 as a result of the 35 day smelter shutdown in February/March 2006. Smelting rates and copper produced during the second quarter of 2006 increased following the shutdown to higher levels compared with the same period in 2005.

Refined copper production was in line with anode supply from the Smelter. New refined copper during the first half of the year was higher than new anode produced due to the Smelter shutdown during the first quarter 2006.

Vermiculite Operations

Vermiculite production during the quarter was in line with plan and 13% below the corresponding quarter for 2005. The main contributing factor for the lower production during the same period for 2005 was due to the fact that the plant feed grade had declined from 24.85% to 22%. Overall plant recovery for the quarter remained at 69%, which was above plan. The strong market demand for the coarser grades continues to exceed production in all market segments.

Magnetite

Higher magnetite production in the quarter was a result of an increase in sales volumes for both coal washery and export grades.

Phalaborwa
17 July 2006

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