

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 2007 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007	1H 2006	1H 2007
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,672	2,771	2,832	2,917	3,065	5,415	5,982
Ore treated ('000 tonnes)	2,633	2,668	2,783	2,886	3,025	5,279	5,910
Average ore grade: copper (%)	0.70	0.72	0.72	0.71	0.70	0.70	0.71
Copper concentrates produced ('000 tonnes)	43.0	53.4	61.0	82.1	56.0	94.5	138.1
Average concentrate grade: copper (%)	30.5	29.4	28.5	27.4	31.5	30.1	29.1
Copper in concentrates ('000 tonnes)	13.1	15.7	17.4	22.5	17.6	28.5	40.2
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	83.3	87.7	75.5	73.6	74.2	125.3	147.8
New copper anodes produced ('000 tonnes)	24.0	22.4	22.2	21.2	22.9	34.0	44.0
Refined new copper produced ('000 tonnes)	21.9	22.9	22.1	20.8	22.9	36.2	43.7
By-products:							
Magnetite concentrate ('000 tonnes)	296	299	281	262	321	547	582
Refined nickel sulphate (tonnes)	28	25	32	21	164	63	185
Copper sold as concentrate ('000 tonnes)	6	-	5	9	1	11	10
Vermiculite plant							
Vermiculite produced ('000 tonnes)	48	52	50	50	50	95	100

Palabora, a member of the Rio Tinto Group of Companies, 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 33,686 tonnes. The production was 4% higher than the previous quarter and 15% higher than the corresponding period in 2006. The tonnes hoisted for the first half of 2007 were 10% higher than the corresponding period in 2006. In total, 5,982,847 tonnes of ore were hoisted during the half with a copper grade of 0.71%. The underground mine achieved the best production month of 1,073,280 tonnes in April 2007 with the record weekly average of 36,811 tonnes in week 25.

The ore treated increased by 12% year on year and by 5% compared with the first quarter of 2007 in line with improved mine output.

Copper concentrate tonnage was 32% lower in the quarter compared with the previous quarter due to the transfer of 24,863 tonnes of low-grade stock from the concentrator to the smelter for sale during the first quarter of 2007. When this low-grade concentrate is adjusted for, the production during the quarter is only 2% lower than the first quarter of 2007 due to a 6% increase in concentrate inventory in the copper thickeners.

When adjusted for the low-grade concentrate material mentioned above, the overall concentrate grade had a relative improvement of 3.4% in the second quarter of 2007 as compared with the first quarter. This was mainly due to improved mineralogy and the decrease in overall recovery.

Smelting capacity was affected during the quarter as a result of a planned regulatory waste heat boiler shutdown. The planned shut was prolonged by 3 days for repairing damaged boiler tubes. First pass recoveries continued to improve during the period. Refined copper produced followed smelter performance.

Magnetite

The magnetite production has been in line with an increase in sales volumes for both coal washery and export grades, however, rail logistical capacity to both ports of Richards Bay and Maputo continued to be watched closely to ensure rail availability for exporting magnetite.

Vermiculite Operations

Vermiculite production in the second quarter was 4% above the corresponding quarter for 2006. The main contributing factor for higher production is the increase in recovery of the finer material. Along with this, the quality of superfine and micron grade continued to improve. Overall plant recovery for the quarter was 67% which was slightly lower than the previous quarter but in line with expectations.

Phalaborwa
17 July 2007

Sponsor:
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