

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”)

THIRD QUARTER 2011 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

“I am pleased to report third quarter 2011 copper mine production continues to steadily increase”, said MD Anthony (Tony) Lennox. “Since both winder drums have been replaced and as a direct result of the business improvement focus on winder optimisation initiated earlier this year, we have seen production levels rise accordingly.”

	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	9 MTHS 2010	9 MTHS 2011
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,812	2,838	2,601	2,715	3,024	8,953	8,340
Mined ore treated ('000 tonnes)	2,630	2,452	2,523	2,623	2,969	8,047	8,115
Slag ore treated ('000 tonnes)	182	386	322	341	164	484	827
Total Ore treated ('000 tonnes)	2,887	3,126	2,845	2,964	3,133	8,531	8,942
Underground ore grade: copper (%)	0.64	0.63	0.66	0.65	0.63	0.65	0.65
Slag ore grade: copper (%)	2.82	1.57	1.48	1.53	1.78	2.79	1.56
Copper concentrates produced ('000 tonnes)	61.1	65.2	58.4	61.2	58.2	180.7	177.8
Average concentrate grade: copper (%)	31.0	29.5	29.5	30.7	31.2	30.6	30.5
Copper in concentrates ('000 tonnes)	18.9	19.3	17.3	18.7	18.2	55.3	54.2
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	61.4	62.1	62.3	62.6	45.4	178.7	170.3
New copper anodes produced ('000 tonnes)	14.3	14.4	14.7	18.2	10.8	41.3	43.7
Refined new copper produced ('000 tonnes)	14.7	17.5	14.8	17.3	10.2	40.5	42.3
Joint product:							
Magnetite concentrate ('000 tonnes)	764	695	880	820	744.	2,299	2,444
By-products:							
Nickel contained in products (tonnes)	15	24	27	28	23	48	78
Copper sold as concentrate ('000 tonnes)	0.5	4.3	1.3	0.4	3.0	5.6	4.7
Vermiculite plant							
Vermiculite produced ('000 tonnes)	51	45	43	51	48	151	142

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 11% to 3.0Mt compared to 2.7Mt during the previous quarter and 2.8Mt in the corresponding period in 2010. Production increased following the replacement of both winder drums, one each in the first and second quarters of the year as well as ongoing winder optimisation initiatives. Ore hoisted per day averaged 32 848t compared to 30 531t in the previous quarter and 30 651t for the corresponding period in 2010.

Ore treated increased 6% to 3.1Mt compared to 3.0Mt from the previous quarter and 2.9Mt from the corresponding period in 2010 due to improved hoisting rates partly offset by lower slag material.

Copper concentrate production was 58kt, 5% lower than both the previous quarter and the corresponding period in 2010 due to significantly lower slag grade material being milled which reduced recovery. The focus in the third quarter of 2011 was on improving concentrate grade.

Copper in concentrate production was 18.2kt, 3% lower than the previous quarter and 4% lower than the corresponding period in 2010 due to lower grade of slag treated. The concentrate grade increased marginally compared to the previous quarter and the corresponding period in 2010 with year to date concentrate grade unchanged against the comparative period in 2010.

New concentrate smelted was 45.4kt, 27% lower than the previous quarter and 26% lower than the corresponding quarter in 2010. New anode production was 10.8kt, 41% lower than the previous quarter and 24% lower than the corresponding period in 2010. Concentrate smelted and anode production was affected by the scheduled reverb furnace rebuild for the duration of August.

Refined copper production was 41% lower than the previous quarter and 31% lower than the corresponding period in 2010 in line with anode supply following the scheduled reverb furnace rebuild in August.

“We are pleased to report Magnetite production remains robust and in-line with sales demand from Asia and local coal washeries, said Chief Financial Officer Dikeledi Nakene. Over the past 6 months we have implemented processes to match production and sales demand in order to manage inventory levels and working capital.”

Magnetite production was 744kt, 9% lower than the previous quarter and 3% lower than the corresponding period in 2010. Production remains in line with the logistical constraints on wagon availability and the Brakspruit Bridge repairs towards the end of the quarter under review. The lower production has not impacted available sales volumes as inventory is managed to ensure adequate response to train availability. The Brakspruit Bridge was opened on Saturday 8 October 2011 with commencement of normal train services and the cessation of trucking operations to Gravelotte.

Tony Lennox commented, “We would like to thank the Phalaborwa community and the local government for their patience and consideration during the magnetite trucking operations. We safely and successfully moved a significant amount of magnetite by truck on the Phalaborwa roads and could not have achieved this without the assistance of the entire community.”

Vermiculite production was 48kt, 6% lower than both the previous quarter and corresponding period in 2010 due to intermittent furnace failures adversely affecting the plant running times.

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

Phalaborwa
12 October 2011

Investor Relations Contact: Dikeledi Nakene, Palabora +27 15 780 2277

Media Contact: Mike Mabasa, Palabora +27 15 780 2019
Gugulakhe Lourie, Rio Tinto South Africa +27 11 911 9700

Sponsor: One Capital