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")

FIRST QUARTER 2012 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

Palabora has achieved good progress in increasing ore hoisted from the previous and corresponding quarters in 2011 which translated in increased ore milled compared to the respective quarters in 2011. The ore grade was lower during the first quarter of the year as mining tactics were altered to alleviate convergence in the centre of the cave. This is expected to be a temporary measure.

The Managing Director, Anthony (Tony) Lennox remarked that whilst recoveries at the concentrator were lower, negatively impacting on concentrate available to the smelter, efficiencies at the smelter continue to improve having a positive impact on the consistency of cathode production.

Magnetite trucking to Maputo, which commenced in December 2011 to complement existing rail capacity, is progressing well resulting in a 9% increase in production compared to the corresponding period in 2011. Production was however 3% lower than the previous quarter due to adverse wet weather conditions.

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	Full Year 2011	**Q1 2012**
Palabora mine						
Tonnes hoisted ('000 tonnes)	2,601	2,715	3,024	2,403	10,743	**2,759**
Mined ore treated ('000 tonnes)	2,523	2,623	2,969	2,434	10,549	**2,615**
Slag ore treated ('000 tonnes)	322	341	164	411	1,238	**306**
Total Ore treated ('000 tonnes)	2,845	2,964	3,133	2,845	11,787	**2,921**
Underground ore grade: copper (%)	0.66	0.65	0.63	0.63	0.64	**0.60**
Slag ore grade: copper (%)	1.48	1.53	1.78	1.13	1.51	**1.66**
Copper concentrates produced ('000 tonnes)	58.4	61.2	58.2	50.1	227.9	**51.8**
Average concentrate grade: copper (%)	29.5	30.7	31.2	29.9	30.3	**30.4**
Copper in concentrates ('000 tonnes)	17.3	18.7	18.2	14.9	69.1	**15.7**
Palabora smelter/refinery						
New concentrate smelted on site ('000 tonnes)	62.3	62.6	45.4	60.4	230.7	**56.1**
New copper anodes produced ('000 tonnes)	14.7	18.2	10.8	15.7	59.4	**14.7**

Refined new copper produced ('000 tonnes)	14.8	17.3	10.2	16.7	59.0	**15.0**

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	Full Year 2011	**Q1 2012**
Joint product: Magnetite concentrate ('000 tonnes)	880	820	744	985	3 429	**957**
By-products: Nickel contained in products (tonnes)	27	28	23	9	87	**14**
Copper sold as concentrate ('000 tonnes)	1.3	0.4	3.0	0.6	5.3	**-**
Vermiculite plant Vermiculite produced ('000 tonnes)	43	51	48	23	165	**47.1**

Total ore hoisted was 14.8% and 6.1% higher than the previous and the corresponding quarters in 2011 respectively. The previous quarter production was impacted by low LHD availability which have since been resolved. Production in the corresponding quarter was affected by the winder slow down as both winder drums were replaced one each in the first and second quarters of 2011.

Total Ore treated was 2.7% higher than both the previous quarter and corresponding quarters in 2011 due to increased ore hoisted compared to the previous and comparative quarter of 2011 as well as improved milling rates following an optimisation exercise in the autogenous mill circuit that commenced during the first quarter of 2012.

Copper concentrate produced was 3.4% higher than the previous quarter due to improved milling rates, increased slag processed and copper recoveries but 11.3% lower than the corresponding quarter mainly due to the effect of increased content of slow or non-floating material in the ore milled and marginally lower slag processed.

Copper in concentrate produced was 5.4% higher than the previous quarter due to higher ore hoisted, increased slag processed, improved milling rates as well as higher copper recoveries. Production was however 9.3% lower than the corresponding quarter in 2011 as a result of reduced slag processed, lower copper recoveries as well as the impact of the lower average ore grade. Recoveries were impacted by high content of slow floating and non floating material in ore mined.

New concentrate smelted was 7.1% lower than the previous quarter due to the higher concentrate available following the 3rd quarter scheduled smelter shut in 2011 and 10% lower than the corresponding quarter in 2011 but in line with available concentrate.

New anode production was 6.4% lower than the previous quarter in 2011 and in line with lower concentrate charged to the smelter. New anode production was in line with the corresponding quarter in spite of lower concentrate production due to improved smelter efficiencies arising from the process improvement initiatives and intervention measures implemented since 2010.

Refined new copper produced was 10.2% lower than the previous quarter due to lower new anode production and in line with the corresponding quarter in 2011.

Magnetite produced was slightly lower than the previous quarter due to adverse wet weather conditions and 8.8% higher than the corresponding quarter in 2011 due to improved magnetite reclamation rates to meet additional sales volumes through trucking to Maputo port.

Vermiculite production was 104.8% and 9.5% higher than the previous and corresponding quarters in 2011 respectively despite wet weather conditions which disrupted mining operations in January. Production for the previous quarter was impacted by an unplanned two and a half week shutdown of the furnace refractory.

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

Phalaborwa
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