

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 2012 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

Copper production for the quarter was negatively impacted by the production shaft guide rope failure on the 4th July 2012. The production shaft was safely restored ahead of schedule on 9th September 2012. The guide rope incident affected ore hoisted, ore treated as well as concentrate, anodes and refined copper production. Refined copper production was a third of the normal quarterly output from running down in-process inventory.

Higher grade 65% magnetite production was also affected by the guide rope incident although normal dispatches were maintained through increased reclamations of the lower grade 56% iron oxide from the stockpile. Magnetite production thus increased 4% and 98% compared to the previous and corresponding quarter in 2011 respectively, mainly from the road trucking to Maputo. The 2011 production was impacted by the Brakspruit bridge repair in addition to other logistical constraints.

Vermiculite production remains aligned to reduced sales due to increased competition in the American market and lower demand in Europe.

Opportune maintenance and annual shutdown in the copper production stream was brought forward to minimize disruptions in the fourth quarter of the year. The challenge during the third quarter was to preserve cash flows and the first half reported earnings were sufficient to absorb the effect of the third quarter lost production.

	Q3	Q4	Q1	Q2	Q3	9 MTHS	9 MTHS
	2011	2011	2012	2012	2012	2011	2012
Palabora mine							
Tonnes hoisted ('000 tonnes)	3,024	2,403	2,759	2,729	734	8,340	6,222
Mined ore treated ('000 tonnes)	2,969	2,434	2,615	2,691	745	8,115	6,051
Slag ore treated ('000 tonnes)	164	411	306	198	237	827	741
Total ore treated ('000 tonnes)	3,133	2,845	2,921	2,889	982	8,942	6,792
Underground ore grade: copper (%)	0.63	0.63	0.60	0.59	0.60	0.65	0.60
Slag ore grade: copper (%)	1.78	1.13	1.66	1.63	1.61	1.50	1.63
Copper concentrates produced ('000 tonnes)	58.2	50.1	51.8	54.4	20.3	178	127
Average concentrate grade: copper (%)	31.2	29.9	30.4	28.8	27.3	30.5	29.2
Copper in concentrates ('000 tonnes)	18.2	15.0	15.7	15.6	5.6	54.2	36.9
New concentrate smelted on site ('000 tonnes)	45.4	60.4	56.1	51.3	6.1	170	114
New copper anodes produced ('000 tonnes)	10.8	15.7	14.7	13.8	1.2	44	30
Refined new copper produced ('000 tonnes)	10.2	16.7	15.0	12.4	4.7	42.3	32.1
Joint product:							
Magnetite concentrate ('000 tonnes)	744	985	957	1,420	1,475	2,444	3,852
By-product:							
Nickel contained in products (tonnes)	23	9	14	13	2	78	29
Copper sold as concentrate ('000 tonnes)	3	0.6	-	-	-	5	-
Vermiculite plant							
Vermiculite produced ('000 tonnes)	48	23	47	29	27	142	103

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

Phalaborwa
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