

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”)

## FOURTH QUARTER 2011 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

Palabora is pleased to announce its Fourth Quarter and Full Year 2011 operations overview and production statistics. New copper cathode produced reached 59,000 tonnes for the year, a 1.7% increase over 2010 and production of magnetite increased 14.6% to 3,429k tonnes in 2011 over 2,993k tonnes in 2010. Tony Lennox, Managing Director, commented, “Palabora has produced another solid year of operating results with copper production in-line with expectations and the continued growth of the magnetite operations to meet ever growing demand in Asia. As always safety of our people is our primary objective and we will continue to strive to meet our goal of zero harm”

Copper production during the year was impacted by the successful replacement of both winder drums at the mine and the planned closure of the smelter to rebuild the reverberatory furnace during August. In addition, Palabora implemented improvements to its underground vehicle maintenance program which will begin to reflect positively on operations during 2012. Reflecting on copper production, Tony said “lower output levels from the underground mine following the consolidation of the Load Haul and Dump (LHD) maintenance contracts have been resolved with production reaching expected levels during December”.

In an effort to meet the growing demand, Palabora commenced trucking of magnetite during December to the Maputo port in addition to the normal delivery of material by rail to Richards Bay and Maputo. Palabora will continue to truck magnetite to Maputo at an expected rate of between 40k and 60k tonnes per month. Additional improvements at the magnetite operation were put in place to debottleneck rail and truck loading capacity and to increase drying capacity towards the end of 2012.

	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	Full Year 2010	Full Year 2011
<b>Palabora mine</b>							
Tonnes hoisted ('000 tonnes)	2,838	2,601	2,715	3,024	2,403	11,236	<b>10,743</b>
Mined ore treated ('000 tonnes)	2,452	2,523	2,623	2,969	2,434	11,003	<b>10,549</b>
Slag ore treated ('000 tonnes)	386	322	341	164	411	654	<b>1,238</b>
Total Ore treated ('000 tonnes)	3,126	2,845	2,964	3,133	2,845	11,657	<b>11,787</b>
Underground ore grade: copper (%)	0.63	0.66	0.65	0.63	0.63	0.64	<b>0.64</b>
Slag ore grade: copper (%)	1.57	1.48	1.53	1.78	1.13	2.75	<b>1.51</b>
Copper concentrates produced ('000 tonnes)	65.2	58.4	61.2	58.2	50.10	246.0	<b>227.9</b>
Average concentrate grade: copper (%)	29.5	29.5	30.7	31.2	29.9	30.3	<b>30.3</b>
Copper in concentrates ('000 tonnes)	19.3	17.3	18.7	18.2	14.9	74.6	<b>69.14</b>
<b>Palabora smelter/refinery</b>							
New concentrate smelted on site ('000 tonnes)	62.1	62.3	62.6	45.4	60.4	240.8	<b>230.7</b>

New copper anodes produced ('000 tonnes)	14.4	14.7	18.2	10.8	15.7	55.7	<b>59.4</b>
Refined new copper produced ('000 tonnes)	17.5	14.8	17.3	10.2	16.7	58.0	<b>59.0</b>
<b>Joint product:</b>							
Magnetite concentrate ('000 tonnes)	695	880	820	744	985	2,993	<b>3,429</b>
<b>By-products:</b>							
Nickel contained in products (tonnes)	24	27	28	23	9	72	<b>87</b>
Copper sold as concentrate ('000 tonnes)	4.3	1.3	0.4	3.0	0.6	9.9	<b>5.3</b>
<b>Vermiculite plant</b>							
Vermiculite produced ('000 tonnes)	45	43	51	48	23	196	<b>165</b>

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** was 21% lower than the previous quarter and 15% lower than the corresponding period in 2010 due to lower LHD availability following the consolidation of the two LHD maintenance contracts. The LHD availability was resolved in December with production returning to expected levels. Total ore hoisted was 4% lower for 2011 compared to 2010 at 10.7mt mainly due to the replacement of the winder drums during the first and second quarter of 2011 and unplanned maintenance on a crusher during the second quarter.

**Total ore treated** decreased 9% from the previous quarter and corresponding period in 2010 due to lower underground throughput partly offset by increased quantities of slag material and surface copper stockpile material processed to compensate for the lower ore mined. Full year ore treated was 1% lower compared to 2010 mainly due to previously reported delays experienced on the scheduled girth gear replacement during the second quarter and the impact of the lower hoisting rates during the last quarter of 2011. Slag treated increased by 89% to 1.2mt to compensate for the lower underground ore supply.

**Copper concentrate** produced was 23% and 14% lower than the corresponding period in 2010 and the previous quarter, respectively. Production was affected by lower underground throughput and the impact of lower recoveries from increased slag material processed. Full year copper concentrate was 7% lower compared to 2010 due to lower mined ore milled and the impact of lower recoveries from minor equipment failures and increased lower grade slag material.

**Copper in concentrate** produced was 23% lower than the corresponding period in 2010 and 18% lower than the previous quarter and in line with underground supply. Full year copper in concentrate was 7% lower compared to 2010 and in line with copper concentrate production.

**New concentrate smelted** was 33% higher compared to the previous quarter due to the scheduled month long shutdown in August to rebuild the reverb furnace which occurs every five years. Concentrate inventory accumulated during the reverb rebuild project mitigated the impact of lower concentrate production.

**New anode** production was 45% higher than the previous quarter following the reverb furnace rebuild during the previous quarter. Production increased 9% compared to the corresponding period in 2010 following improvements in operational efficiencies at the

smelter implemented during the course of the year. Full year production was 7% higher than the previous year due to improvements in operational efficiencies and recovery rates at the smelter following initiatives undertaken from the end of 2010 and utilisation of prior period inventory.

**Refined copper** production was higher than the previous quarter due to utilisation of anode inventory and in line with new anode production during the quarter. Production for Q4 2010 was above anode production due to inventory utilisation. Full year refined copper production was 2% higher than the previous year and in line with new anode supply.

**Magnetite** fourth quarter production was aligned with improved logistical constraints on train availability as well as road trucking of magnetite to Maputo port which commenced in December. Full year magnetite production was 15% higher than the previous year reflecting the easing of logistical constraints and the continued export demand. Palabora will continue to match production with sales demand given the new transport initiatives.

**Vermiculite** production was 51% lower and 48% lower than the previous quarter and the corresponding period of 2010 respectively as a result of a two-and-a-half week shutdown to repair the furnace refractory, a reduction in ore feed grades and excessive ore moisture due to rain. The production performance in the first quarter of 2012 is expected to improve as a result of the furnace refractory maintenance. Full year production was 16% lower than the previous year due to operational maintenance performed to improve safety, the impact of wet weather on ore feed in the first quarter and the impact of the furnace refractory maintenance in the fourth quarter.

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

Phalaborwa  
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