

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 2012 – OPERATIONS OVERVIEW AND PRODUCTION STATISTICS

The fourth quarter of the year commenced on a sad note with the fatal injury of a contractor employee in October. The Managing Director, Anthony, ‘Tony’, Lennox said, “I am saddened at the fatality which I am absolutely convinced was preventable. This was regrettably a stark reminder to the Palabora community to put safety first and foremost in all we do”.

The production shaft was down for 67 days following the guide rope failure at the beginning of the third quarter on 4 July 2012. Normal copper production was restored in the fourth quarter across all copper production streams albeit with stoppages associated with the safety incidence in October. The ore grade continues to decline as planned as the end of life of mine of the current Lift I footprint draws closer.

Full year magnetite production increased 54% to 5.3Mt from 3.4Mt in 2011 on the back of the road trucking to Maputo initiative. Production includes reclamations from the historical stock-pile at an average of 56% iron content as well as higher margin earning upgraded material averaging 65% iron content.

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Full year 2011	Full year 2012
Palabora mine							
Tonnes hoisted ('000 tonnes)	2,403	2,759	2,729	734	2,403	10,743	8,625
Mined ore treated ('000 tonnes)	2,434	2,615	2,691	745	2,336	10,549	8,387
Slag ore treated ('000 tonnes)	411	306	198	236	97	1,238	837
Total Ore treated ('000 tonnes)	2,845	2,921	2,889	981	2,433	11,787	9,224
Underground ore grade: copper (%)	0.63	0.60	0.59	0.60	0.58	0.64	0.59
Slag ore grade: copper (%)	1.13	1.66	1.63	1.61	1.52	1.51	1.61
Copper concentrates produced ('000 tonnes)	50.1	51.8	54.4	20.3	43.7	227.9	170.2
Average concentrate grade: copper (%)	29.9	30.4	28.8	27.3	27.8	30.3	28.6
Copper in concentrates ('000 tonnes)	14.9	15.7	15.6	5.5	12.1	69.1	48.9
Palabora smelter/refinery							
New concentrate smelted on site ('000 tonnes)	60.4	56.1	51.3	6.1	43.6	230.7	157.1
New copper anodes produced ('000 tonnes)	15.7	14.7	13.8	1.2	10.9	59.4	40.6
Refined new copper produced ('000 tonnes)	16.7	15.0	12.4	4.7	8.7	59.0	40.8
Joint product:							
Magnetite concentrate ('000 tonnes)	985	957	1,420	1,475	1,428	3,429	5,280
By-product:							
Nickel contained in products (tonnes)	9	14	13	2	3	87	32
Copper sold as concentrate ('000 tonnes)	0.6	-	-	-	-	5.3	-
Vermiculite plant							
Vermiculite produced ('000 tonnes)	23	47	29	27	30	165	133

Ore hoisted was 227% higher than the previous quarter following full recovery from the guide rope failure which impacted production for 67 days in the third quarter and in line the corresponding period in 2011. Full year ore hoisted decreased 20% to 8.6Mt in 2012 from 10.7Mt in 2011 mainly due to the guide rope failure.

Total ore treated was 148% higher than the previous quarter and 14% lower than the corresponding period in 2011. Full year ore treated was 22% lower compared to 2011 in line with ore hoisted.

Concentrate produced was 115% higher than the previous quarter and 13% lower than the corresponding period in 2011 in line with throughput. Full year copper concentrate produced was 25% lower compared to 2011 mainly due to the guide rope failure as explained above. The impact of the guide rope was partially mitigated by processing of tap-off and slag material.

Copper in concentrate produced was 120% higher than the previous quarter and 19% lower than the corresponding period in 2011. Full year copper in concentrate was 29% lower compared to 2011 in line with throughput as well as the impact of lower concentrator recoveries experienced during the first quarter of the year.

New concentrate smelted was 615% higher compared to the previous quarter and 28% lower than the corresponding period in 2011. Concentrate smelted is higher than throughput due to the deliberate decision to build up inventory following the guide rope failure to ensure optimal charge rates on start up.

New copper in anodes production was 808% higher than the previous quarter and 31% lower than the corresponding period in 2011. There was increased capacity to reprocess reverts in the fourth quarter due to the concentrate inventory build up and hence more anodes were produced compared to the throughput.

Refined copper production was higher than the previous quarter and full year refined copper production was 31% lower compared to 2011 in line with anode supply.

Magnetite production was 3% lower than the previous quarter as trucks were pulled off the road during the festive period on safety grounds. Full year magnetite production was 54% higher than the previous year on the back of increased logistical capacity.

Vermiculite produced increased 11% compared to the previous quarter, and 30% higher than the corresponding quarter in 2011. The annual production was 19% lower than 2011 as the American and European markets continue to experience economic challenges.

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

Phalaborwa
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Sponsor: One Capital