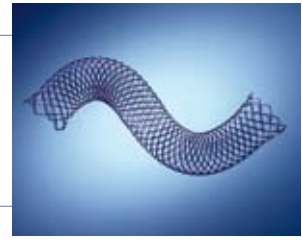


EXECUTIVE SUMMARY

The platinum market is forecast to be in a small annual surplus of 140,000 oz in 2009. Net global demand for platinum is forecast to fall by 4.4 per cent, or 270,000 oz, to 5.92 million ounces. Global platinum supplies are expected to grow by 1.9 per cent to 6.06 million ounces. The platinum price began the year at a relatively soft \$934 but climbed to end September at \$1,287.



Supplies of platinum are expected to increase by 1.9 per cent to 6.06 million ounces in 2009. South African platinum sales should climb to 4.73 million ounces: despite lower production of platinum in concentrate, changes in pipeline stocks and sales of additional refined metal mean that supplies should rise. Platinum supplies from North America and Russia are set to fall to 255,000 oz and 745,000 oz respectively.

Gross automotive platinum demand is set to contract by 33.0 per cent in 2009, to 2.48 million ounces, reflecting lower vehicle production in most major markets. European demand will fall by 45.7 per cent due to a sharp decline in the



market share of the diesel passenger car and the continued introduction of palladium into diesel aftertreatment. This decrease will be partly offset by an expected 28.6 per cent fall in recovery of platinum from scrapped vehicles to 800,000 oz.

Net demand for platinum from the jewellery industry is set to grow by an estimated 79.5 per cent to 2.45 million ounces in 2009. In China, lower metal prices and improved profit margins drove very substantial restocking by the jewellery industry while underlying consumer sales of platinum jewellery also rose strongly. In Japan, net demand will rise due to a decline in the rate of recycling of old jewellery in response to the lower platinum price.



Net physical platinum investment demand is expected to reach 630,000 oz in 2009, some 13.5 per cent more than in 2008. Demand for coins and investment bars is set to rise to 95,000 oz. Demand through the various Exchange Traded Funds has responded to the rise in the platinum price and is forecast to climb to some 355,000 oz despite the lack of approval for a North American fund.

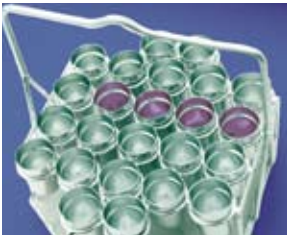
Industrial demand for platinum is forecast to contract by 31.5 per cent to 1.16 million ounces after four years of growth. Destocking of products and materials within the chemical and electronics industries will hit platinum demand there. In the



glass sector, the construction of new capacity which has taken place in recent years has slowed dramatically and the closure of a number of CRT television glass factories will also contribute to a fall in demand of almost 90 per cent.

The platinum market is expected to tighten in 2010 as demand starts to improve. These positive fundamentals might be expected to support the platinum price but external factors are likely to be more important. If the gold price remains strong, a recovery in demand for platinum could see it trading as high as \$1,550 during the next six months. If the dollar strengthens, or investors reduce their exposure to gold, then platinum could fall as low as \$1,280 during the same period.





The palladium market is forecast to be in oversupply by 655,000 oz in 2009. Net global demand for palladium is expected to fall by 3.8 per cent to 6.52 million ounces. Supplies of palladium (including sales of Russian state stocks) are also set to fall, by an estimated 1.8 per cent, to 7.18 million ounces. The price started the year at \$185 and investor interest drove it 58.9 per cent higher to \$294 at the end of September.

Supplies of palladium are expected to decline by 1.8 per cent in 2009 to 7.18 million ounces, the lowest figure since 2003. Sales from primary production in North America and Russia are set to fall. South African sales of palladium will increase despite lower underlying production this year while output from Zimbabwe will rise. We estimate that sales of palladium from Russian state stocks are likely to contribute some 960,000 oz to supplies as they did in 2008.



Gross automotive palladium demand is forecast to fall by 12.7 per cent to 3.90 million ounces in 2009. Demand in Japan, North America and the Rest of the World region will fall, in line with lower vehicle production. Chinese demand will rise by



135,000 oz. European demand is forecast to fall only marginally, despite a drop in vehicle production, as palladium benefits from a short term rise in the market share of the gasoline engine and its steady introduction into diesel exhaust aftertreatment.



Net palladium jewellery demand is expected to rise by 7.6 per cent in 2009 to an annual total of 920,000 oz. Palladium continues to make steady progress as a jewellery metal in Europe and North America, driving demand higher. The Chinese jewellery market appears now to have reached a level of maturity and demand there will rise to 680,000 oz as the level of recycling of scrap material declines.

Net physical investment demand for palladium is forecast to grow by 51.2 per cent to 635,000 oz this year. Demand for coins and small bars in North America will grow. More importantly, investment through Exchange Traded Funds is set to climb from 370,000 oz to 540,000 oz as investors return to the palladium market, enticed by the low price of palladium compared to the highs of mid-2008.



Demand from the electronics industry is forecast to shrink by 9.1 per cent to one million ounces in 2009. The economic slowdown has driven destocking and a fall in production volumes in



this industry, hurting demand. Net dental demand for palladium is set to decline by 3.2 per cent to 605,000 oz. Other industrial demand is expected to contract by 3.5 per cent to 415,000 oz.



The palladium price performed strongly during the first nine months of 2009 with investors building very large net long positions. If these funds maintain their buying activities, palladium could rise as high as \$390 over the next six months, particularly if automotive output starts to improve. However, a fall in the gold price or a strengthening of the US Dollar could drive the price as low as \$290 during the same period.