

# 2007 ANNUAL REPORT

## Market review

It has been suggested in the past that one of the advantages of mining the suite of platinum group metals was that an indifferent performance from one metal was usually compensated for by outperformance by another. The period under review could hardly have been more different with our entire suite of metals performing well. The platinum index started January 2006 at \$1,600/oz and ended June 2007 just shy of \$2,500. During this time the prices of rhodium, iridium and copper doubled while those of ruthenium and nickel trebled before coming off record highs. Platinum and palladium's performances were more modest with increases of 30% and 50% respectively.

Once again positive fundamentals for our metals, measured by increases in demand, coupled with challenging supply issues provided a useful platform for this year's price performance. Investors also maintained a keen interest in these and other commodity markets.

### Platinum

The platinum market again found itself in balance in a repeat of the prior year's script, whereby strong growth in the automotive sector once again more than compensated for further weaknesses in jewellery demand. As a result of this shift, a far greater share of platinum demand is being classified as non-elastic. Industrial demand grew at a healthy 9%, spurred by increases in glass and IT applications. Primary supply growth, essentially from South Africa, was just sufficient to prevent the market returning to a deficit.

Pricing once again experienced a year of volatility. Having begun 2006 at just over \$1,000/oz, June 2007 levels were closer to \$1,300. This, however, belies some of the activity seen during the year such as in November 2006 when new highs of \$1,390 were reached on the back of large option trading and when rumours of the launch of an exchange traded fund (ETF) subsequently proved correct.

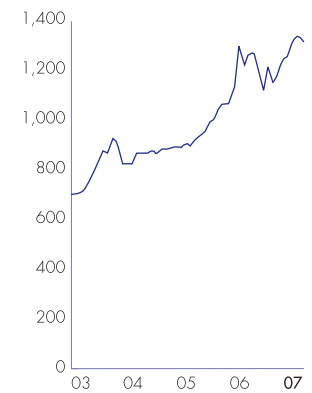
### Automotive demand

Further penetration of diesels into the light duty sector and increased fitment of catalyst systems into heavy-duty diesels were the main contributors to platinum growth of nearly 14% in this sector. High gasoline prices resulted in a continued shift from large SUVs and pick-up trucks to more fuel efficient diesel vehicles. In Europe, the voluntary fitment of particulate filters to ensure early compliance with emission legislation continued. Chinese vehicles are now compliant with Euro III regulations and will adopt Euro IV for 2010 by which time this market is expected to overtake North America as the world's largest vehicle market.

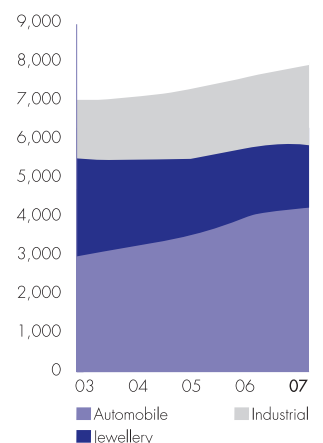
Platinum demand and supply					
(000oz)	2007*	2006	2005	2004	2003
<b>Demand</b>					
Automotive	4,245	4,035	3,570	3,260	2,995
Jewellery	1,635	1,685	1,960	2,160	2,505
Industrial (including investment)	2,010	1,860	1,730	1,630	1,465
<b>Total</b>	<b>7,890</b>	<b>7,580</b>	<b>7,260</b>	<b>7,050</b>	<b>6,965</b>
<b>Supply</b>					
South Africa	5,365	5,435	5,030	4,910	4,655
Russia	750	750	850	800	1,000
Other	650	630	615	645	510
Recycling	920	855	775	710	665
<b>Total</b>	<b>7,685</b>	<b>7,670</b>	<b>7,270</b>	<b>7,065</b>	<b>6,830</b>
Surplus/(deficit)	(205)	90	10	15	(135)

\* Estimate

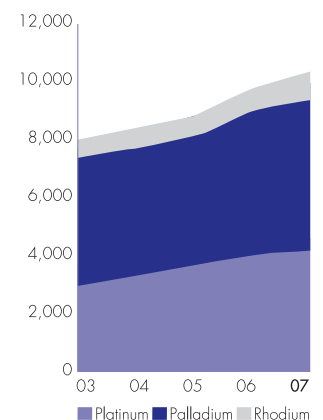
Platinum price – monthly average (\$/oz)



Platinum demand by sector (000oz)



Automotive demand by metal (000 oz)





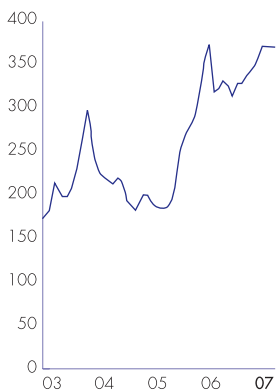
# Market review



Palladium demand and supply					
(000oz)	2007*	2006	2005	2004	2003
<b>Demand</b>					
Automotive	5,300	4,990	4,605	4,515	4,465
Jewellery	1,090	995	1,430	930	260
Electronics	990	960	890	875	850
Other	1,540	1,440	1,715	1,450	1,230
<b>Total</b>	<b>8,920</b>	<b>8,385</b>	<b>8,640</b>	<b>7,770</b>	<b>6,805</b>
<b>Supply</b>					
South Africa	2,720	2,765	2,575	2,430	2,255
Russia	4,000	5,000	4,100	4,000	3,400
Other	1,380	1,385	1,650	2,270	1,285
Recycling	940	775	650	555	475
<b>Total</b>	<b>9,040</b>	<b>9,925</b>	<b>8,975</b>	<b>9,255</b>	<b>7,415</b>
Surplus	120	1,540	335	1,485	610

\* Estimate

Palladium price – monthly average (\$/oz)



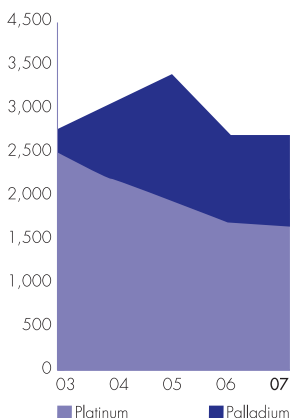
### Jewellery demand

The continuing impact of high and volatile prices of platinum caused jewellery demand to contract further. All regions, with the exception of India suffered, although this market has continued to disappoint from a volume perspective. Cheaper jewellery alternatives such as white gold and palladium will continue to erode platinum's share, given the enormous price differentials.

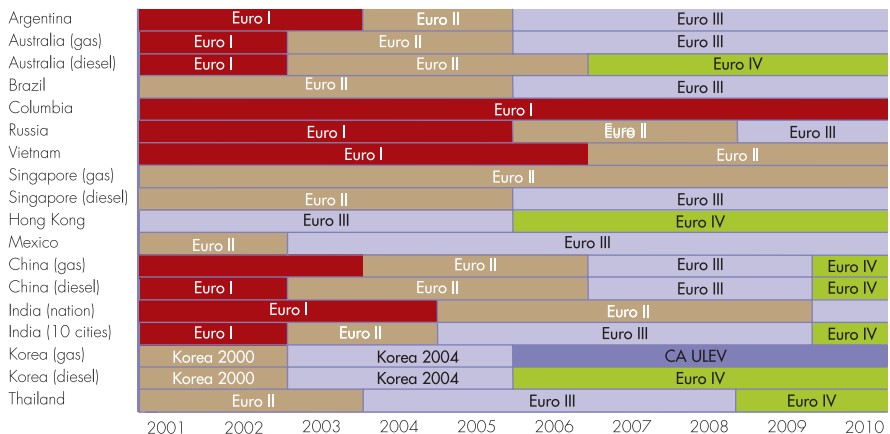
### Palladium

Demand for palladium in 2006 fell marginally as a correction in the Chinese jewellery pipeline saw demand contract some 20%, which overshadowed increased demand in both the automotive and electronic sectors. However, these moves were completely overpowered by a near 2.0Moz destock by the Russian Central Bank, which left the market with a surplus of some 1.5Moz. Notwithstanding this highly liquid situation, the price moved from \$275/oz at the beginning of 2006 to end June 2007 \$100 higher, once again displaying palladium's current investor friendly credentials. Estimated inventory of Russian palladium in Zurich now exceeds 7.0Moz, which clearly is sufficient metal to sustain any unforeseen growth in demand or shortfall in supply.

Jewellery demand by metal (000 oz)



### Implementation of emission standards in the developing world



# 2007

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### Rhodium demand and supply

(000oz)	2007*	2006	2005	2004	2003
<b>Demand</b>					
Automotive	872	825	744	685	620
Industrial	149	145	139	119	106
<b>Total</b>	<b>1,021</b>	<b>970</b>	<b>883</b>	<b>804</b>	<b>726</b>
<b>Supply</b>					
South Africa	653	649	645	556	539
Russia	70	70	70	80	130
Other	38	36	35	32	37
Recycling	206	184	162	142	127
<b>Total</b>	<b>967</b>	<b>939</b>	<b>912</b>	<b>810</b>	<b>833</b>
(Deficit)/surplus	(54)	(31)	29	6	107

\* Estimate

### Rhodium

Rhodium has once again proved its 'white knight' status with prices doubling over the 18 months from January 2006. A 10% increase in automotive demand to sustain and comply with tighter NOx emissions in gasoline engines, overshadowed a more modest 3% increase in supply, to leave this rather thin market with a 31,000oz deficit. While insignificant in the scheme of things, this metal's usage (alloyed with platinum) in the LCD glass industry continues to grow as demand for items from large flat screen TVs to iPods is maintained.

### Nickel

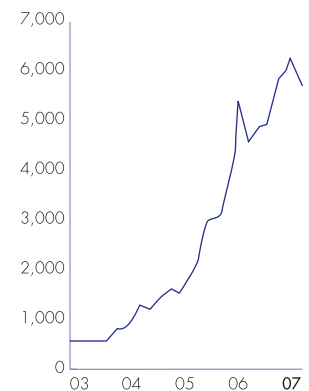
Prices of nickel trebled from just under \$15,000/t in January 2006 to May 2007, before a major correction in June 2007 saw prices settle at around \$36,000. Robust demand from the stainless steel industry was maintained for most of the period under review, and only during the final month of the financial year did a contraction of this demand, coupled with an increase in the availability of Chinese ferro-nickel, force a significant correction.

### Other – Ruthenium and Iridium

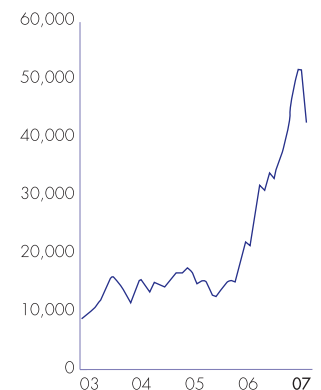
Demand for ruthenium, the forgotten metal, from the IT sector exploded when a new method of coating computer hard disks, called perpendicular magnetic recording, gained popularity. This caused the ruthenium price to rise tenfold in the past 18 months. The euphoria was somewhat short-lived as consumers, stunned by these daunting price rises, held back on purchases during the final quarter of the financial year. This action proved remedial and prices retreated from highs around the mid \$800s to settle at a more palatable \$350 – \$400/oz.

Iridium, while escaping the excitement of its sister metal, saw a doubling of its price to end the period around the \$450/oz level. Iridium was a partial beneficiary of events in the ruthenium market as some applications were switched.

### Rhodium price – monthly average (\$/oz)



### Nickel price – monthly average (\$/tonne)



### Ruthenium and iridium prices – monthly average (\$/oz)

