

Market review

After the storm

After bottoming out in the wake of the 2008 financial crisis, platinum is regaining lost ground and positioning itself for a global recovery



2008 – the year the bubble burst

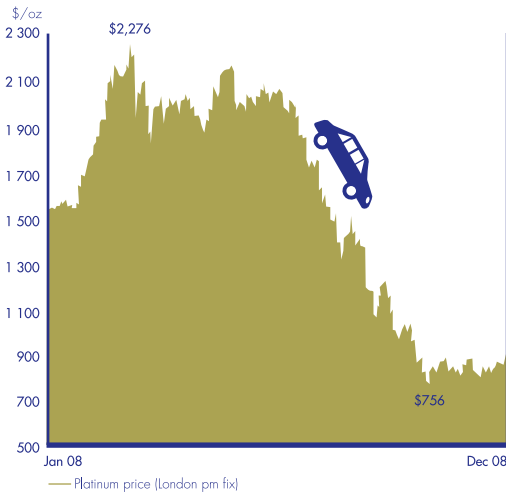
In March 2008 the platinum price peaked at an all-time high of \$2 276 an ounce, driven by the prevailing commodity boom and underpinned by major supply concerns, particularly in South Africa, where the platinum industry was contending with acute electricity shortages, a scarcity of skills and various operational and safety related difficulties.

These heady market conditions came to an abrupt halt in July as the US sub-prime crisis triggered a collapse in global financial markets and the worst economic recession in recent times. The world automotive industry – which absorbs around 2/3 of global PGM output for use in autocatalysts – was severely impacted.

Plummeting vehicle sales accompanied by massive investor liquidations of metal resulted in the platinum price dropping to a low of \$756 an ounce in October 2008.

The end of the ride

Plunging auto sales send platinum plummeting 68%



Market review (continued)

The low price was good news for investors

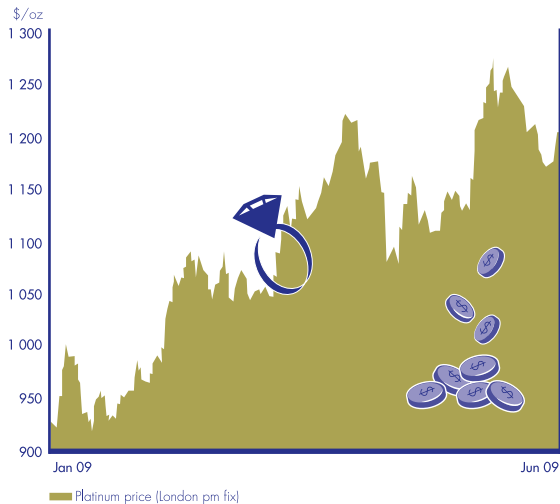
Perhaps predictably, the lower-price environment for platinum proved an ideal buying opportunity for both investors and the “platinum loving” Chinese jewellery community. As early as the third quarter of 2008, demand for platinum began to show signs of revival as Chinese retailers and manufacturers rebuilt their jewellery stocks. Many retailers cut prices of old high priced inventory to stimulate sales.

Toward the end of the year Japanese investors showed strong interest in platinum bars on the back of a low dollar price and a strong yen, resulting in a shortage of these products.

Exchange traded funds (ETFs), which are backed by physical metal, also took the opportunity to rebuild their positions in this lower priced environment. This trend has continued through the first half of 2009, resulting in investment interest in such funds returning, and even exceeding, pre-crash levels.

Investors cash in

Too good an opportunity to miss



Production shortfalls stabilise supply and demand

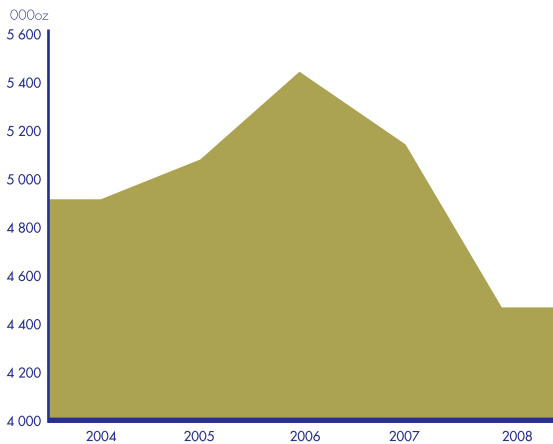
With the world economy in crisis, platinum demand shrinking on the back of lower vehicle sales and additional recycled metal coming from old Japanese jewellery, the scene was set for an oversupply of metal. However, failures by PGM producers in meeting production targets brought the supply/demand balance back to relative equilibrium.

South African operations troubled by electricity supply issues and various operational setbacks, Russian producers contending with sharply lower grades and processing difficulties, and the first mine closure in North America kept at least 0.5 million ounces off the market.

The combination of lower prices and unfavourable exchange rates has created a difficult environment for many new South African platinum projects and several have been delayed or even shelved. This, together with the current dearth of capital investment in the industry, will restrict the growth of future supply as demand for PGMs recovers towards previous levels.

South African supply disappoints

Platinum production falls short of targets



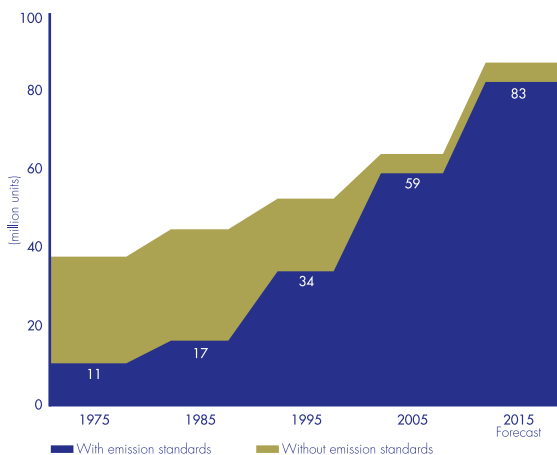
Market review (continued)

Outlook positive as global economy recovers

The gradual recovery of the world economy, with the inevitable revival in industrial production and consumer demand, will be the single biggest driver of platinum and PGM demand over the medium to longer term.

Global light duty vehicle sales

Autocatalysts are now standard in the majority of vehicles sold to the world



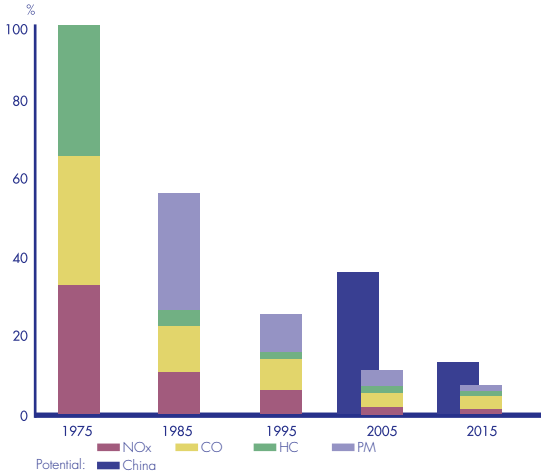
Other drivers of demand that will have a positive effect on the PGM market are:

- **Tighter auto-emission legislation**

Emission legislation has now spread to countries outside the developed world creating growing demand both in terms of the larger number of autocatalysts required as well as increased loadings of PGMs per catalyst in order to meet ever tightening regulatory obligations. At the same time the legislative net is widening to include older vehicles as well as a wider range of equipment such as motorbikes, construction vehicles, lawnmowers and marine engines.

Exhaust pollution has been cut drastically in the world's mature markets

Falling emission* limits



*Average of key auto pollutants: nitrogen oxide, carbon monoxide, hydrocarbons and particulate matter

• Incentives to scrap old cars

Governments in Europe, China, Brazil and more recently the US are incentivising the scrapping of older motorcars. This will serve to stimulate new-vehicle sales in the short term and consequently strengthen PGM demand. However, this could be mitigated in the medium term when these incentives fall away.

• Consumer demand for jewellery

Asian buyers, who were relatively sheltered from the financial crisis, are expected to continue purchasing platinum jewellery in the current low-price environment. The heavy buying by Chinese consumers in the first half of 2009 will more than compensate for weaknesses in the North American and European jewellery markets.

• A new ETF in America

To date, ETFs, which are big buyers of physical metal, have been a solely European phenomenon. The formation of a US-based platinum and palladium ETF will significantly boost demand.

Market review (continued)



Platinum wedding bands

Platinum

(000 toz)	2005	2006	2007	2008	2009*
Demand					
Automotive	3 570	4 040	4 080	3 750	3 010
Jewellery	1 965	1 665	1 545	1 355	1 875
Industrial	1 720	1 830	1 870	1 780	1 570
Investment	10	(30)	150	400	330
Total Demand	7 265	7 505	7 645	7 285	6 785
Supply					
South Africa	5 030	5 435	5 145	4 465	4 560
Russian sales	850	800	800	800	775
Other	615	635	640	1 075	720
Recycle	775	855	925	970	850
Total Supply	7 270	7 725	7 510	7 310	6 905
Balance	5	220	(135)	25	120

Palladium

(000 toz)	2005	2006	2007	2008	2009*
Demand					
Automotive	4 605	4 800	5 025	4 760	4 450
Jewellery	1 430	1 000	750	875	950
Industrial	2 475	2 330	2 355	2 420	2 000
Investment	200	50	250	425	400
Total Demand	8 710	8 180	8 380	8 480	7 800
Supply					
South Africa	2 575	2 760	2 670	2 355	2 450
Russian sales	4 100	4 500	4 250	3 750	2 700
Other	1 595	1 315	1 265	1 180	995
Recycle	650	780	930	1 085	1 060
Total Supply	8 920	9 355	9 115	8 370	7 205
Balance	210	1 175	735	(110)	(595)

Rhodium

(000 toz)	2005	2006	2007	2008	2009*
Demand					
Automotive	719	825	844	761	663
Industrial	140	144	146	134	133
Total Demand	859	969	990	895	796
Supply					
South Africa	645	648	663	582	595
Russian sales	70	70	65	65	65
Other	36	38	38	37	42
Recycle	162	184	206	222	190
Total Supply	913	940	972	906	892
Balance	54	(29)	(18)	11	96

* Estimates