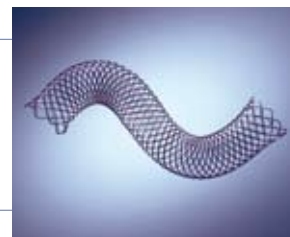


EXECUTIVE SUMMARY

The platinum market was in deficit by 375,000 oz in 2008. Global platinum supplies fell heavily to 5.97 million ounces. Net demand for platinum decreased by 5.0 per cent to 6.35 million ounces, as a number of sectors were affected by the economic slowdown. Supply disruptions drove the price to a record \$2,276 in March 2008 before investor sales forced it sharply down later in the year, to a low of \$756 in October.



Global supplies of platinum declined by 9.5 per cent in 2008 to 5.97 million ounces. Sales of platinum from South Africa decreased to 4.53 million ounces, driven lower by a combination of bad weather, geological issues, safety closures, smelter problems and a shortage of skilled staff. Russian platinum supplies fell to 820,000 oz, while sales of metal from other producing nations were marginally up at 295,000 oz.

Gross autocatalyst demand for platinum fell by 8.2 per cent to 3.81 million ounces in 2008.

European auto makers purchased less platinum for use in catalytic converters than they bought in 2007 due to lower light duty vehicle production, despite



the greater use of platinum-containing diesel particulate filters. Platinum use in other regions fell, reflecting lower vehicle output and continuing efforts to replace any remaining platinum in gasoline catalyst formulations with palladium.

Jewellery demand, net of recycling, declined by 6.2 per cent to 1.37 million ounces in 2008.

Manufacturing volumes and retail sales were depressed by the high metal prices in the first half of the year in every region, but recovered later in China and Japan once the platinum price declined. Recycling volumes were very large in Asia earlier in the year but decreased sharply in response to the price change.



Net physical investment demand for platinum grew strongly, from 170,000 oz in 2007 to 425,000 oz in 2008. Purchasing of metal through the Exchange Traded Funds was volatile, with heavy buying in early 2008 and heavy selling later in the year. The fall in the platinum price in the final months of the year was met by very strong buying interest from Japanese investors, which accounted for the year-on-year increase.

Demand for platinum for industrial applications fell by 4.9 per cent to 1.76 million ounces in 2008.

Purchases of metal fell in the chemical and electrical sectors as the global economy slowed in



the second half of the year but more metal was purchased by the petroleum refining industry. Glass sector demand fell due to the closure of a number of conventional television glass factories.

The rhodium market moved from a deficit of 20,000 oz in 2007 to a surplus of 6,000 oz in 2008. Global supplies fell by 15.7 per cent to 695,000 oz as production problems in South Africa hit rhodium output. Net rhodium demand fell by 18.4 per cent to 689,000 oz as autocatalyst demand dropped due to lower vehicle production. While the price reached a record \$10,100 in June, it ended the year at a much weaker \$1,250.





The palladium market was in surplus by 460,000 oz in 2008. Net palladium demand climbed by 15,000 oz to 6.85 million ounces despite the economic slowdown. Palladium supplies fell to 7.31 million ounces due to lower production in Russia, South Africa and North America and lower sales of Russian state stocks than in 2007. The palladium price followed platinum, reaching a peak of \$588 before ending the year at \$183.50.

Supplies of palladium decreased to 7.31 million ounces in 2008, a fall of 14.8 per cent. South African sales of palladium fell by 335,000 oz to 2.43 million ounces due to the wide range of problems experienced by its mining industry. North American supplies of palladium decreased as production was cut in the final quarter of the year. Total Russian supplies declined to 3.66 million ounces: primary production fell and sales of palladium from state stocks were over half a million ounces lower than in the previous year.



Gross autocatalyst palladium demand decreased by 3.6 per cent in 2008 to 4.38 million ounces. Palladium demand in North America fell heavily as automotive sales were hit by economic conditions.

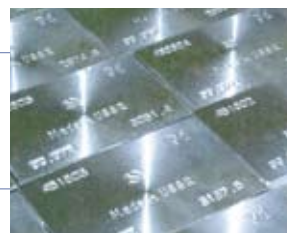


In Europe, palladium use rose as more of this metal was employed in the diesel sector. Rising vehicle output in China and the Rest of the World region also gave some support to palladium demand.



Net demand for palladium from the jewellery industry climbed by 19.6 per cent to 855,000 oz in 2008. Palladium demand in Europe and North America grew to a combined 105,000 oz. In China, demand rose from 500,000 oz in 2007 to 650,000 oz in 2008 as the flow of recycled old jewellery stock decreased and manufacturing volumes of palladium jewellery were strong in the first three quarters of the year.

Physical investment demand for palladium climbed by over 50 per cent to 400,000 oz in 2008. Net purchases through Exchange Traded Funds rose to 370,000 oz as investors were steady buyers of palladium for most of the year. Demand for the production of coins and small bars climbed to 30,000 oz.



Industrial demand for palladium climbed by 2.4 per cent to 2.39 million ounces in 2008. Net purchases of palladium by the electronics sector grew again, to 1.33 million ounces, as the number of



palladium-containing multi-layer ceramic capacitors manufactured rose. Dental sector use of palladium was flat at 630,000 oz while demand for palladium from the chemical industry fell to 350,000 oz.



Ruthenium demand fell for a second successive year, to 669,000 oz in 2008. The electronics industry purchased substantially less metal for the production of perpendicular magnetic recording hard disks as manufacturers continued to reduce their working stocks of ruthenium. **Iridium demand fell by 2,000 oz to 102,000 oz due to a decline in demand for crucibles for crystal growing.**