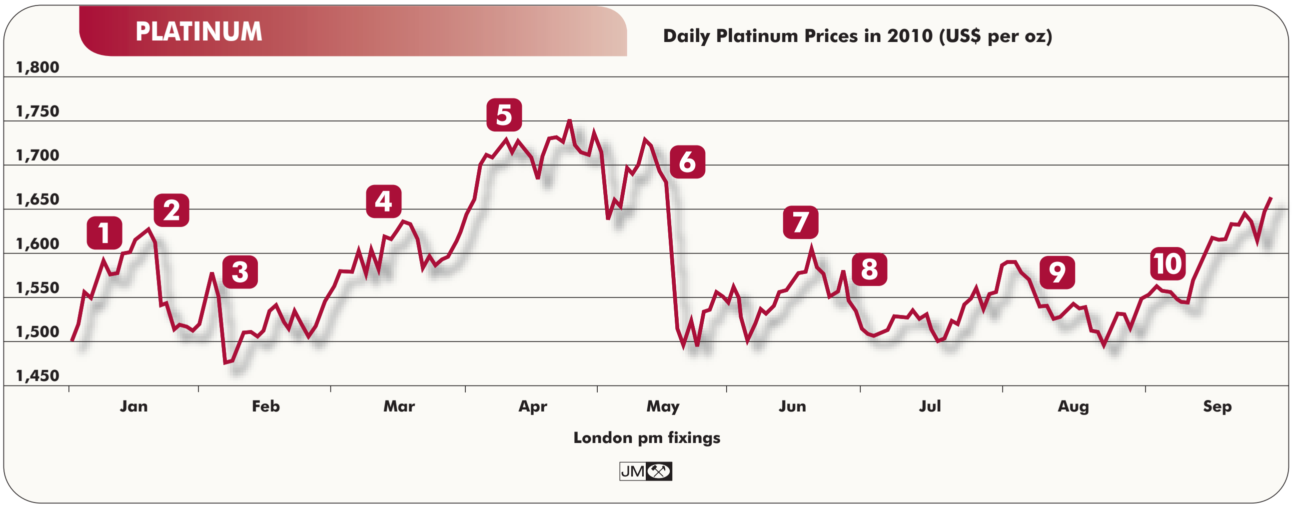
PRICES



After rising steadily throughout 2009, the price of platinum continued to make gains in the first four months of 2010 driven by strong investment demand, particularly for ETFs, a weakening US Dollar and signs of a recovering global economy. From an opening fix of $1,500, the price peaked at $1,752 in late April. As fears of sovereign debt and its contagion in the Euro economies surfaced in May, platinum softened and for the following few months traded between $1,500 and $1,600 with the lower level being the trigger for strong physical demand in Asia. Platinum's price appeared to follow gold's steady price rise through September as part of a general commodities rally. The platinum price also benefited from strong underlying industrial demand and South African supply-side concerns.

1 Platinum began 2010 at $1,500 following a strong recovery in 2009. The launch of a US-based ETF and a second Swiss-based ETF led to significant buying through the first half of **January**. Physical demand helped push the platinum price up to $1,600 on 12th January, its highest level for eighteen months.

Average PGM Prices
in $ per oz (Jan-Sep)

	2009	2010	Change
Platinum	1,143	1,581	(38%)
Palladium	236	477	(102%)
Rhodium	1,397	2,494	(79%)
Ruthenium	87	204	(134%)
Iridium	426	606	(42%)

Platinum and palladium prices are averages of London am and pm fixings. Other pgm prices are averages of Johnson Matthey European Base Prices.

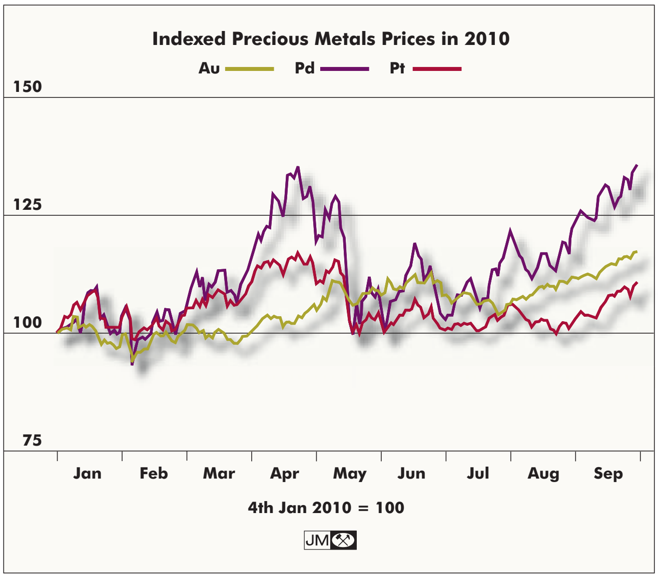
2 Negative market sentiment prevailed in the latter part of January after the US government announced plans to limit bank trading activity and worries emerged that the Chinese authorities would move to tighten monetary policy in order to slow domestic economic growth. The prospect of weak Chinese demand depressed a range of commodity prices, with platinum slumping to $1,512 on 29th January.

3 Worries over Greek sovereign debt in the first week of **February** led investors to move to 'safe havens' such as the US Dollar, sparking a major sell-off in the commodity markets. Platinum reached a low for the nine-month period of $1,475 before recovering in the wake of German government support for heavily indebted Euro economies. A strengthening of the dollar saw the platinum price fall again, without physical demand from China during the Chinese New Year holiday week to bolster the price.

4 Platinum exceeded $1,600 on 8th **March** for the first time since January, as a weaker dollar, better sales figures for the auto industry and a positive response to Greece's Eurobond offer combined to push commodities higher. Volatility during the second week of March, when the price twice dipped below $1,600, was largely a response to fluctuations in the dollar rather than supply and demand fundamentals.

5 Strong physical demand, particularly from the Shanghai Gold Exchange (SGE), re-emerged towards the end of March to push the price higher, a trend that continued into **April**. The $1,700 level was exceeded on 6th April, for the first time since July 2008. Mounting concerns over the Greek debt crisis, the downgrading of Portugal's credit rating, and fear of 'contagion'

Platinum and palladium largely tracked the gold price in 2010, with gold reaching record high prices in September 2010.



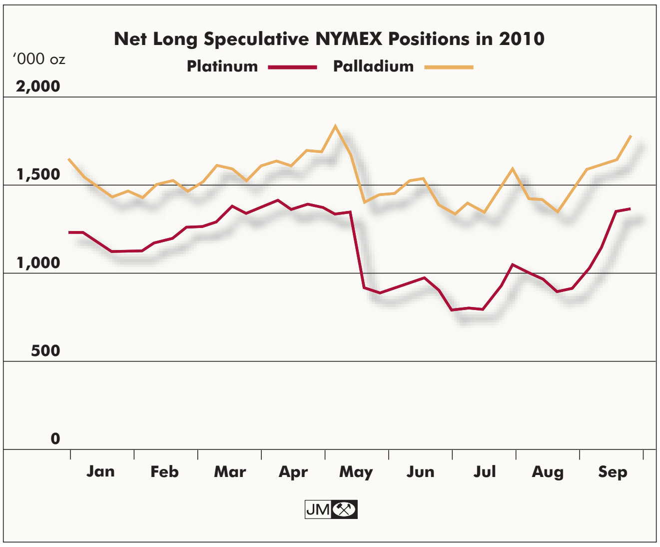
to other Euro economies led platinum to falter briefly, dipping to $1,683 on 19th April. However the upward trend continued, reaching a peak of $1,752 on 26th April. This came amid positive news from the automotive industry, with General Motors' announcement that it had repaid its US and Canadian debts, and markets reacting strongly to signs of economic recovery.

6 Late April and early **May** saw a softening of the price with a stronger dollar, weak stock markets and limited physical demand. However, with gold trading high during the week of 10th May, support was given to the precious metals complex and platinum reached $1,728 on 13th May. The following week, as European Union support for Greece's finances and austerity measures by the Spanish government did little to assuage investors' renewed fears over sovereign debt, platinum plunged to a three-month low of $1,492 on 21st May. This, the most significant downward correction since 2008, was exacerbated by nervousness created by the German ban on 'naked' short selling of financial products and government bonds, which triggered substantial liquidation by investors. Net long futures positions on NYMEX reduced by a third during the week of 18th to 25th May, while TOCOM registered a 16 per cent fall. With the fall in price, strong physical demand emerged from China. With news of another furnace run-out at Lonmin, platinum recovered some of the losses sustained in the previous week.

7 With a generally discouraging outlook for global economic growth, platinum fell, touching $1,500 on 7th **June**. At this level, strong physical buying from Asia once again emerged. Buoyed by this and reports of increasing car sales, especially in BRIC countries, platinum staged a modest recovery. Supply concerns became widely expressed, though ultimately overstated, as the Football World Cup began in South Africa and attention turned to a possible strike by workers at the state electrical utility Eskom. Increased demand helped push platinum above $1,600 by 21st June**.**

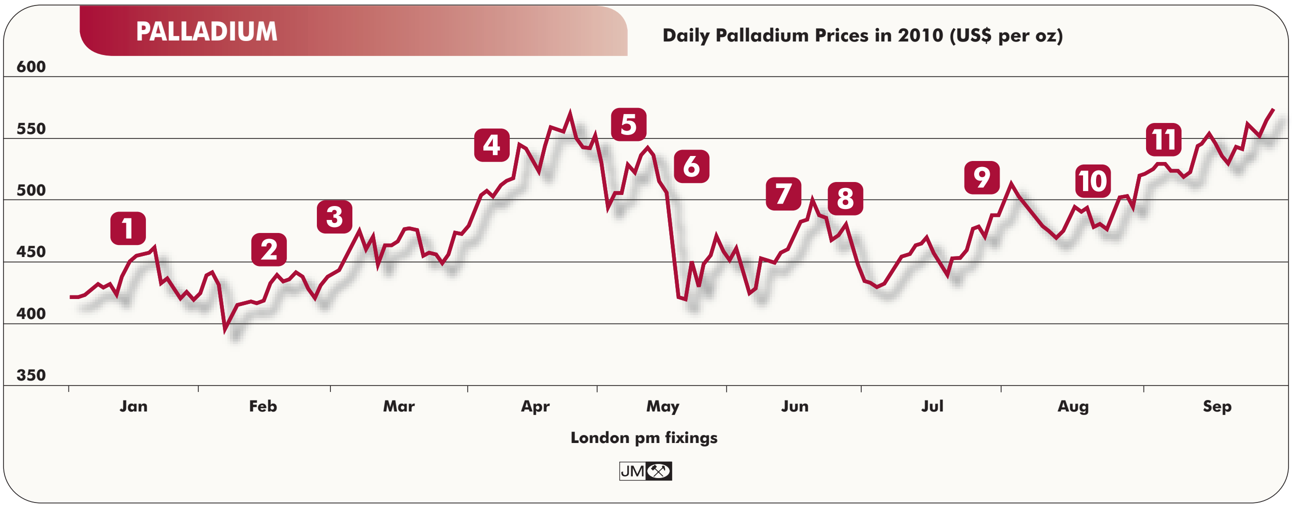
8 Undermining of all commodity prices continued throughout late June and into **July** as speculative futures positions were liquidated. Weak Chinese economic data and US manufacturing data revealed slower than expected growth, further weakening commodities. Platinum continued to drift, touching $1,499 on 19th July with weak demand. The platinum price rose again, following news from Lonmin of a drop in pgm production during Quarter 3 due to the closure and repair of its main furnace, touching $1,590 on 3rd **August**.

9 Relatively thin trading persisted throughout August, with platinum on a downward trend for most of the month as continuing concerns over economic recovery dogged the commodities sector. Platinum's price was propped up to an extent by news of supply problems from the South African mining industry. Lonmin was temporarily banned from selling its by-product base metals by the Department of Mineral Resources following the award of prospecting rights on part of its lease area to a third party, while wage disputes and the threat of strike action continued at Impala. Platinum dipped beneath the $1,500 'floor' established since May, fixing at $1,494 on 24th August. As strong physical buying emerged on the SGE, platinum reached $1,531 on 26th August, recovering some of its losses.



Net long speculative positions on NYMEX increased through much of 2010, but there was substantial liquidation in May.

10 Platinum began **September** strongly, reaching $1,555 on 3rd September, and followed a rising trend throughout the month. A rising gold price and a generally weaker dollar helped push up platinum despite mixed news from the car industry, with reports of increased sales in Asia but much weaker European sales. Despite a strengthening dollar, the platinum price remained firm into mid-September as a wage dispute at Northam Platinum escalated to a strike. The gold price reached all-time record nominal levels in the second half of September, helping to push platinum through the $1,600 level on 16th September for the first time since May. Following a short-lived dip, platinum closed on a month high of $1,662 as the dollar gave up recent gains and the gold price hit a new record.



In the first nine months of 2010, palladium traded at an average price of $477, double its price in the equivalent period in 2009. It performed strongly in the first half of 2010, reflecting solid demand from a recovering automotive sector and considerable investment inflows to the US-based palladium ETF. From an opening fix of $420, palladium breached the $500 level in early April, peaking at $571 later that month as industrial and investment demand continued to rise. As concerns over the global economic recovery resurfaced in May, palladium lost most of its gains for 2010. It recovered in the following four months, aided by investment inflows and a rise in the gold price, to which palladium's movements remained strongly coupled. By September, palladium was reaching new highs for the year, peaking at $573 on the last day of September.

1 Palladium's price moved steadily higher in the opening days of 2010, driven by ETF and other investor purchasing following the launch of the US-based palladium ETF at the beginning of **January**. On the back of strong Chinese and German automotive data, palladium strengthened to an eighteen-month high of $462 on 21st January before succumbing to downward pressure from tighter Chinese monetary policy and comments from the Obama administration in the US aimed at restricting proprietary bank trading.

2 For the first time since December 2009, palladium's price dipped below the $400 level on 5th **February**, fixing at $391 as positions were closed. This was largely driven by negative sentiment surrounding Greece's sovereign debt and fears of contagion to other weak Eurozone economies. Following this low point palladium prices were somewhat more robust, fixing above $400 for the remainder of the nine-month period.

3 Throughout February and **March**, physical demand for palladium was subdued and there was a slowing of the earlier rapid pace of additions to ETF funds. Palladium's price continued on a generally upward trend, albeit with some brief dips as uncertainty continued over Greece's credit rating. A modest recovery in automotive demand, particularly in China which logged a 55 per cent increase in new car sales in February, helped hold up palladium's price.

4 Comments that US interest rates would remain unchanged looked set to create something of a bull market in commodities in late March and so it was, with palladium gaining $123, or 27 per cent, between the 25th of March and 26th **April**. After passing the $500 mark on 6th April, palladium continued its upward trend, fixing at $571 on 26th April, a level not seen since March 2008 at the height of the South African power crisis.

5 A steep decline in price in late April and early **May**, with palladium dipping below the $500 mark on 5th May, was accompanied by liquidation of positions on the London-based ETF. A broader low-risk mentality continued in the first and second week of May as China reported a slowing of manufacturing activity. With investor-driven liquidation, industrial buying picked up, and the price was further strengthened by positive automotive news – in particular in Japan which reported a year-on-year sales increase of 34 per cent for April. Palladium reached a month high for May of $543 on the 13th as the dollar weakened against other major currencies following a well received deficit reduction plan for the Spanish economy and the formation of a new UK government.

6 In relatively thin trading conditions, a major correction occurred in mid-May with palladium losing almost a quarter of its value in a little over a week, reaching $419 on 21st May. The major sell-off included rapid liquidations of net long positions on NYMEX and TOCOM as well as some modest closing of ETF positions. This was mirrored by other industrial metals and was a reflection of investors' nervousness regarding the fragile global economic recovery and uncertainty surrounding Germany's restrictions on short selling.

7 Late May saw palladium make gains once again as industrial customers began to support the price. Positive news from the US came in early **June**, where increased new home and new car sales were reported. Overall, new car sales were up almost 20 per cent year-on-year for May. This helped strengthen palladium. However, poor data on new jobs created in May in the US reduced investor confidence. Concerns surrounding the health of European economies re-surfaced as Hungary's currency fell 5 per cent against the Euro. With these negative factors affecting both the platinum and palladium price, palladium softened to a two-week low of $423 on 7th June.

8 Palladium edged higher as little fresh negative news on the state of Europe's economies was reported through the middle part of June and a tentative recovery of Sterling and the Euro took place. However, comments from the new Prime Minister of Japan on the need for financial restructuring to prevent economic collapse in Japan were a reminder of the parlous state of the economic recovery. The $500 mark was briefly exceeded on 21st June when palladium fixed at $502, part of a wider rally of the precious metals complex.

9 Speculative positions continued to be liquidated in early **July**, and total ETF holdings of palladium fell to a two-month low, while net long positions on NYMEX continued to fall at a rate similar to that during the May correction. Palladium fixed at $429 on 5th July, after which positive announcements on Chinese and South American car manufacturing output helped strengthen palladium and led to investor confidence retuning. Palladium trended steadily upwards, generally outperforming other precious metals as solid investment demand re-emerged and the price looked like breaching the $500 level once again, which it duly did on 2nd **August**.

10 Palladium's price softened from 3rd August, bottoming out at $465 on the 12th and wiping out the gains seen since mid-July. In particular, a negative outlook from the US and concerns that China's economy may be slowing caused palladium to slide alongside other industrial metals. From 12th to 19th August, palladium was on an upward trend as South African supply issues came to the fore and US manufacturing data suggested improved industrial output. A 'risk on' mentality returned as August gave way to **September** and a more bullish outlook emerged, pushing palladium over $500.

11 Following disappointing new car sales figures in the USA and a stronger US Dollar, palladium seemed on a downward trajectory in the early part of the month, but recovered on more positive automotive data from Asia. As Russian sources reiterated their diminishing stocks of palladium, the price reached a five-month high of $554 on 16th September. The final week of September saw commodities rally, with palladium mirroring gold's rise and reaching a high for the first nine months of the year of $573 on 30th September.

OTHER PGM

Rhodium prices softened during the first nine months of 2010, from an initial Johnson Matthey base price of $2,550 in January to $2,300 at the end of September, although the metal traded as high as $2,975 in April as automotive demand picked up. The average price of $2,494 was considerably higher than in the same period in 2009.

Strong buying demand for rhodium continued from late 2009 into **January** 2010. The price reached $2,775 on 18th of January. Offers then began to dominate the market with the price sliding to close the month at $2,450. Steady industrial demand continued throughout **February**, although the price was not immune to sliding during the general commodity sell-off that affected pgms in early February. Physical demand pushed the price slowly but steadily up to $2,575 by 27th February. As the price slid to $2,525 on 8th **March**, buying interest returned, pushing the price up to $2,550, before it succumbed to downward pressure as fears around sovereign debt in Europe affected industrial commodities. The price reached $2,425 on 24th March.

Demand increased throughout the first half of **April** as buying interest continued, some positive automotive news was reported and pgm supply concerns became apparent. The rhodium price moved higher, reaching a high for the first nine months of 2010 of $2,975 on 16th April. It could not break through the $3,000 level, however, and fell back to close the month at $2,850. Rhodium demand softened during **May**, with the price losing $175 during that month.

Steady selling pressure continued for rhodium with the price softening to $2,425 by 11th **June**. Rhodium remained at this level until 23rd June when buying demand from Asia picked up, pushing the price to $2,500 by the end of that month. Sustained selling pressure and a lack of buying interest thereafter drove down the price, which reached $2,150 on 21st **July**. Under downward pressure on commodities, rhodium slid further, and the price reached a low for the first nine months of 2010 of $2,125 on 13th **August**. With an uncertain outlook for the automotive sector the price remained at this level, despite solid trading, through the remainder of August and into **September**. Solid buying in Asia helped push the price to $2,300 by the end of September.

Ruthenium began 2010 at the Johnson Matthey base price of $160, unchanged from November 2009. Buying pressure from a recovering electronics sector pushed the price up through **January** and **February**, reaching $190 on 23rd February. With solid demand, this price was maintained into mid-**April** when it began to appreciate further, reaching $245 on 11th **May** and remaining at this level into early **June**, helped by additional demand from the Chinese chlor-alkali industry. As demand softened, the price gradually slid, reaching $200 on 29th **July** and losing a further $5 in thin trading during **August** and into **September**, ending the nine-month period at $180.

The **iridium** price strengthened considerably in the first nine months of 2010, from a Johnson Matthey Base Price of $425 in **January** to $720 in **September**, the highest in almost 30 years. Strong physical demand helped drive the price up in the first half of 2010. Purchases by the Chinese chlor-alkali industry and the electronics sector, mainly for crucibles for crystal growing used in LED manufacture, helped keep it at this level.