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PRESS RELEASE
London, 6th May 2004

Embargoed for publication or distribution by wire until 13.00 hrs London time on Thursday 6th May 2004

Publication of Platinum & Palladium Survey 2004 Autocatalyst Highlights

Diesel boosts platinum in European autocatalysts; auto companies looking for flexibility between metals

GFMS today released its inaugural Platinum and Palladium Survey 2004. A summary of the findings of the survey was given in London and in Johannesburg this afternoon. According to the report, the increase in platinum offtake in the vehicle emission control sector was 8% between 2002 and 2003, reflecting tightening environmental requirements in some countries, strong production of diesel-powered vehicles in Europe and the retro-fitting programme in Japan for diesel filters on existing vehicles. Palladium's fortunes were mixed, with usage continuing to drop as a result of technological changes in response to the metal's price spike in 2000 and 2001, but this is being mitigated to some extent as auto companies respond to platinum's massive relative price premium over palladium. A result of these relative price movements (the maximum swing between the two has been $1,137/ounce since January 2001) is the renewed determination of auto companies to develop flexibility over their comparative usage of the metals.

The use of platinum-group metals in emission control catalysts remains driven by a combination of increasingly stringent legislation and engineering developments, with one theoretically calling for higher loadings of metals and the other working to minimise their use. Palladium loadings in particular have been reduced substantially, notably in North America, resulting in falling consumption; global net offtake was down in 2003 by almost 4%, but the rate of reduction is flattening out. GFMS estimates that in 2003 the emission control sector accounted for almost 42% of net global platinum offtake, and for almost 65% of palladium offtake, with Europe remaining the largest platinum consumer in the sector, as a result of diesel market penetration. In 2003, almost 45% of catalyst-bearing vehicles manufactured in Europe were diesel-powered and existing autocatalysts for diesel vehicles are loaded only with platinum. While recent technological developments may change this before the end of next year, platinum remains dominant. North American diesel market penetration is less than 4%, and of this only one quarter, or 1% of total, is for passenger vehicles. GFMS notes a change in North American attitudes towards diesel vehicles, but outlines how the appropriate circumstances are not yet in place for a notable increase in diesel market share in this region.

The rapid spread of autocatalyst use, with Asia, Latin America and India adopting European, North American or Japanese legislative standards, will ensure that despite thrifting, autocatalysts will remain the lynchpin of demand in both these metals' markets.

Note to Editors about GFMS Limited:
GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, China, India and Russia, and a vast range of contacts and associates across the world.

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