



Publication of Platinum & Palladium Survey 2006

South Africa leads global rise in PGM mine supply

Global platinum and palladium mine production in 2005 registered equal gains of 4% to respectively attain totals of 6.6 million ounces (206.5 tonnes) and 6.9 million ounces (214.2 tonnes). This was one of the key findings presented at the launch of GFMS' third edition of the *Platinum and Palladium Survey* at events in Johannesburg and London. As in previous years, South Africa generated a large part of the increase in global mine supply with platinum volumes in the country up by 3%, representing 56% of world total and palladium up by 5% year-on-year, a 38% share of global palladium mine supply.

South Africa's impressive run has seen mine output in platinum and palladium increase at an annual average rate of 5% over the last decade and in 2004 by a respective 6% and 7% year-on-year. According to the Survey, however, last year's increase was the smallest measured rise since 1998. A part of the slow down in 2005 was attributed to the loss of platinum production at Anglo Platinum in the last quarter in the wake an explosion at the Polokwane smelter.

Commenting on the outlook for mine production in South Africa, Senior Analyst at GFMS, Bruce Alway stated, "higher output at a handful of ramp-up projects combined with the start of full scale mining at Two Rivers, should see platinum volumes in 2006 grow by 8% year-on-year and palladium by a stronger 9%." A part of this growth is also expected to come from the release of concentrates built up during the disruption at Polokwane.

Elsewhere, production in North America is anticipated to rebound from a difficult year in 2005, when output was adversely affected by a number of operational difficulties, while in Russia, Norilsk Nickel are forecasting a 7% decline in palladium volumes to 2.9 million ounces (91.0 tonnes) and a 7% fall in platinum production to 895,000 ounces (21.6 tonnes).

Completing the group of leading platinum and palladium producers, Zimbabwe should see a modest improvement in output in 2006 thanks to an expansion at Mimosa. In a recent development, President Mugabe endorsed a plan announced on 3rd March for the state to acquire a 51% interest in all mining companies, putting the country's future and more ambitious expansion plans in question.

The net impact of the changes outlined above should see world platinum mine production in 2006 increase by 6% and palladium output rise by a more modest 1% year-on-year.

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Platinum & Palladium Survey 2006 contains 84 pages of statistics, commentary and analysis on all aspects of world platinum & palladium supply/demand and on PGM prices in various currencies. The publication can be ordered from GFMS for £275 / US\$495 / €395 per copy. For orders and to receive further product information please contact Ms L. Perrard on: Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk, Web Site: www.gfms.co.uk, Online Shop: <http://shop.gfms.co.uk>

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Press Contacts: Peter Ryan, GFMS Limited, Hedges House, 153-155 Regent Street, London, W1B 4JE, UK, tel: +44 (0)20 7478 1777, fax: +44 (0)20 7478 1779, email: gold@gfms.co.uk, web site: www.gfms.co.uk

