



## **Publication of *Platinum & Palladium Survey 2005***

### ***Mine production continues to rise, but expected to slow from 2007 with South Africa applying the brakes***

At events in London, Johannesburg and Hong Kong today, GFMS launched its *Platinum and Palladium Survey 2005*.

Global mine production of platinum in 2004 reached 6.3M ounces, an increase of 4.6% over 2003. This was largely the result of higher output from the world's largest producer, South Africa, while a recovery in Canada's volume assisted the rise. During the same period, palladium showed stronger growth with 6.5M ounces of supply, up 5.9% on 2003. South Africa was again the key and its gains in 2004 boosted its share of global palladium production to 38%, although Russia remained the world's largest producer of palladium with an estimated 43% of global mining output.

Cash costs in US dollar terms increased in the three measured producing regions of South Africa, Zimbabwe and North America. Zimbabwe suffered the sharpest rise of US\$135/ounce, or 55%, following the 2004 implementation of royalty fees on mineral production and exchange controls which slashing US dollar purchasing power. South Africa's cash costs increased by US\$99 (31%) to US\$420/ounce resulting from a strong rand, strikes and higher steel, water and energy costs. In North America, costs rose by a modest 3%.

Operating margins in South Africa halved last year, despite platinum's average US dollar price in 2004 having set a record high and better palladium and rhodium prices. Consequently, a number of South Africa's proposed expansions have either been delayed until further notice or shelved completely.

In the short term, production growth of both platinum and palladium is forecast to continue. However, this is likely to slow from 2007 once the core expansions in South Africa have entered production. In Zimbabwe, delays to expansion projects are expected as a result of foreign currency controls and with producers seeking clarification on legislation issues including security of tenure over claims, indigenisation and special mining licences.

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***Platinum & Palladium Survey 2005*** contains 88 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 £265 or 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

#### **Note to Editors about GFMS Limited:**

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