



## **Publication of *Platinum & Palladium Survey 2009***

### ***Global platinum mine output 7% lower in 2008, further declines probable this year. Palladium supply hit harder than platinum, trend forecast to continue.***

GFMS, the leading precious metals consultancy, launched its sixth annual report on the world's platinum and palladium markets, *Platinum & Palladium Survey 2009*, at events in London and Johannesburg today. Among the findings, GFMS noted that global mine supply of both platinum and palladium in 2008 registered steep declines in output, of 7% and 10% respectively.

For platinum, much of the fall was ascribed to South Africa's 8% drop, where production was adversely affected by, among other factors, the country's energy crisis and serious flooding and subsequent temporary closure of the Amandelbult mine. A near 10% drop in output from Russia, led by disappointing production from its largest producer Norilsk Nickel, compounded the annual decline. Increases in supply from Canada and Zimbabwe, however, of 11% and 6% respectively, served to offset these losses somewhat.

The survey details how the onus of the 10% drop in palladium production fell in broadly equal measure on Russia and South Africa. In Russia, which generated over 40% of the world's palladium output in 2008, a decline in output of just over 10% was due to a number of factors. These included extreme weather and plant maintenance downtime at Norilsk Nickel's properties. South African production fell by 12%, hampered by losses at some of the country's biggest mines, notably Impala. Canadian supply was severely affected by the collapse in prices which led to the closure of the country's leading palladium mine, Lac des Iles, in October.

GFMS reported that in 2008 platinum miners' total cash costs (on a platinum equivalent basis) expanded by a little over 30% in US dollar terms. The report's cost analysis is based on a platinum equivalent ounce basis in order to facilitate a like-for-like comparison between operations. Cost increases were primarily attributed to the industry's high proportion of fixed costs coupled with lower metal production.

Turning to the 2009 outlook for platinum and palladium mine supply, Senior Consultant Peter Ryan noted that a broadly neutral outcome is expected in South Africa this year for platinum. Losses originating from the closure or downsizing of operations in recent months are expected to prevail, although these should be largely mitigated by a handful of greenfield project starts and in select cases a return to more normal operations following non-recurring events last year. The consultancy's view for other regions is broadly negative. Declines are expected in Russia, the United States and in Canada where the closure of Lac des Iles and, to a lesser extent, the temporary suspension of Vale Inco's operations in Sudbury will create a meaningful shortfall. GFMS pointed out that in all three cases this will have a more pronounced impact on palladium supply.

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***Platinum & Palladium Survey 2009*** 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 £325 / US\$595 / €440 per copy. For orders and to receive further product information please contact Elena Patimova  
Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: [sales@gfms.co.uk](mailto:sales@gfms.co.uk), Web Site: [www.gfms.co.uk](http://www.gfms.co.uk),  
Online Shop: <http://shop.gfms.co.uk>

#### **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, Spain, Germany, France and Russia, and a vast range of contacts and associates across the world.

**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: [info@gfms.co.uk](mailto:info@gfms.co.uk), web site: [www.gfms.co.uk](http://www.gfms.co.uk)

