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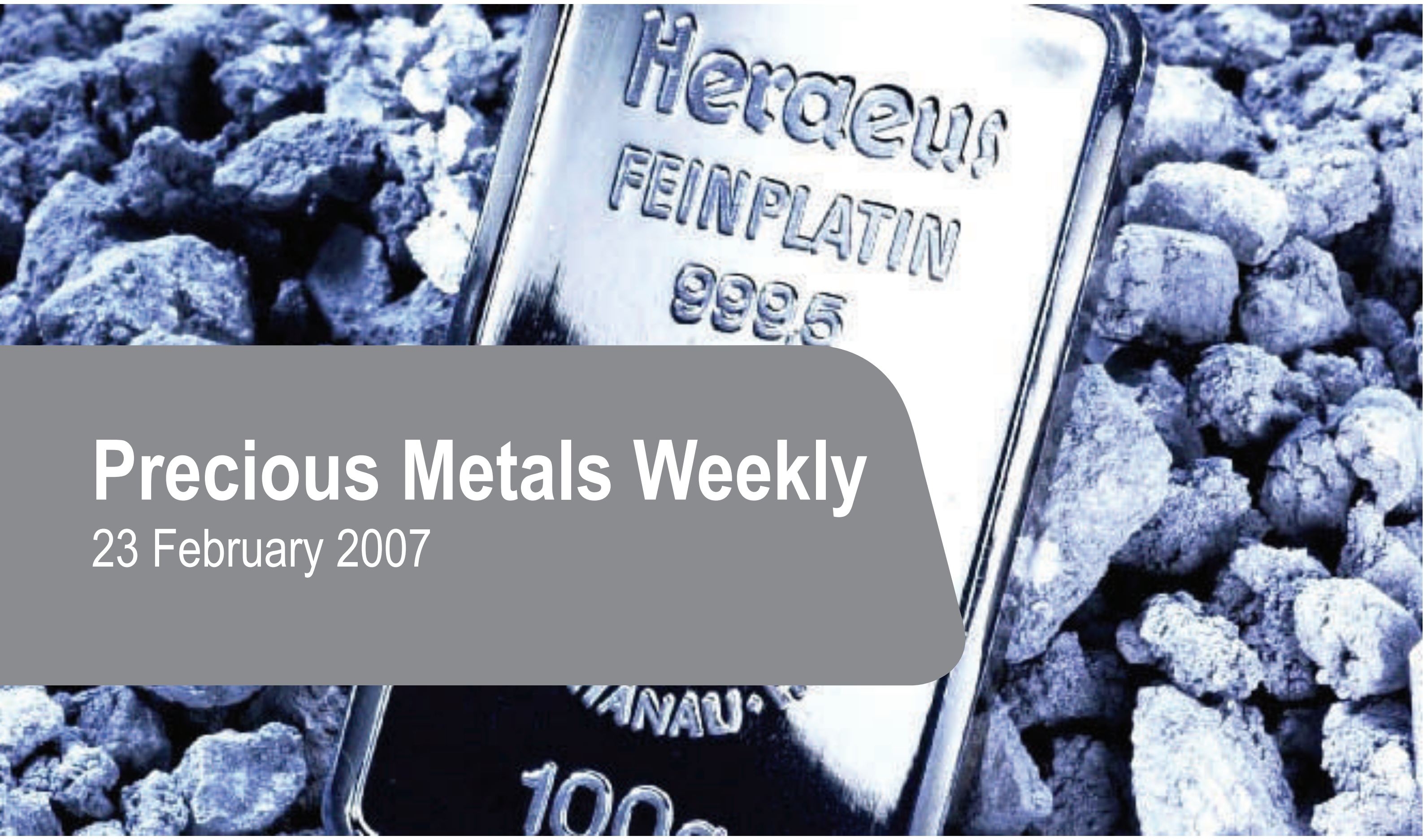

Precious Metals Weekly

23 February 2007

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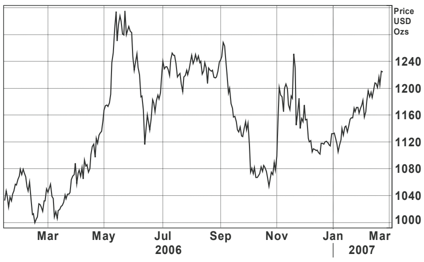
Highlights

- **Bear trap** - Precious metals fall initially, only to set multi-months highs afterwards
- **Gold rises temporarily above $680** - Highest price since May last year in USD-terms, 21-year high in yen; oil price, rising above $61 per barrel, and Iran main drivers
- **Silver breaks first support on downside before flying high** - Metal remains in up-trend, but with strong resistance around $14.40
- **Platinum marches on** - Helped by strikes, smelter problems and strong demand it is establishing itself above $1,200, no end of up-trend in sight.
- **Palladium stuck in range** - High stocks keep higher industrial demand and speculative interest in check
- **Other PGMs meet resistance -** Rhodium holds at $6,000, ruthenium struggling at $870, iridium unchanged at $460

Platinum

PT	US$/oz	€/oz	€/gram
High	*1,226.00*	*935.00*	*30.06*
Low	*1,197.00*	*911.00*	*29.29*
Latest	*1,223.00*	*933.00*	*30.00*



Platinum began on Monday in the Japanese market at $1,206 and quickly rose to $1,219 an ounce. Driven by a lower gold price it fell in the following two days down to $1,197. When the yellow metal turned around due to a re-rising oil price (the dollar had not much influence this week), platinum followed quickly, moving to $1,226, the highest level since the price escapades in mid-November. Compared to then, the development looks this time a lot more healthy with a slow, but steady rise that basically started already before Christmas.

There are no signs that the upwards trend could come to an end in the near future and as long as the metal manages to trade above $1,190 this won't change. In contrast, should it at some stage rise above $1,245 we can't rule out that the move accelerates.

The platinum price rose this week despite positive news from the various strike fronts in South Africa. Angloplats reported that the three-and-a-half week strike in the Modikwa mine was suspended and the 2,500 workers returned to duty. According to a Reuters-report the strike has cost Angloplats around 120 million rand in revenues. The Modikwa mine produces around 130,000 ounces of platinum a year and is a partnership between Angloplats and the black empowerment group African Rainbow Minerals. A spokesman of ARM said that the mine will now miss its production target for this year by 20 to 30,000 ounces. Parts of the losses are a result of the strike, but a "change of mining methods" is said to contribute to the fall as well.

Back to work are also more than 15,000 workers at Impala Platinum's Rustenburg operation. They had walked out last Friday in protest over medical issues.

Both strikes highlight somewhat the underlying supply uncertainty that surrounds this in many industries absolutely indispensable metal. There can be no doubt that platinum group metals pose a high political cluster risk with 90+ percent of the production stemming from just two countries, South Africa and Russia.

Lonmin announced this week that the problems in rebuilding its damaged smelter persist. The Number One furnace will be shut down for 55 days more than planned (see links on page 4).

Palladium

PD	US$/oz	€/oz	€/gram
High	*347.00*	*266.00*	*8.55*
Low	*330.00*	*252.00*	*8.10*
Latest	*344.00*	*265.00*	*8.52*

For most of the week palladium traded sideways in the narrow range between $330 and $ 344 an ounce. In this price band, it is stuck already since the beginning of February. The massive jump of the other metal prices led then on Wednesday evening to an short-lived attempt to move the palladium price higher as well. However, as on many occasions in the past months, the metal failed once again to secure the gains. The rally faltered already at $346, since then it hovered directionless near the top of the week.

In our view, speculative attacks to the upside still remain a possibility, but first the metal has to overcome any selling that might result from the recently inflated above-ground-stocks in the Zurich vaults. Technically there is strong support now at $330, if that falters, prices could move initially as low as $310 an ounce. On the other hand the metal has to overcome the August and January highs around $355 in order to gain fresh momentum.

Rhodium, Ruthenium, Iridium

Rhodium wasn't able to profit from the overall positive environment for precious metals. Instead its value hovered around $6,000 an ounce with industrial demand being rather weak apart from some smaller buying interest in some parts of Asia. In China demand was virtually non-existent due to the Chinese New Year-holidays, in parts of Europe because of the height of the carnival season.

With the return of the Chinese market next week we expect the demand to pick up again, although, for the time being it is too early to call for a quick move towards last May's high at $6,275 an ounce.

In the long run we remain however bullish, not ruling out prices of up to $7,000 an ounce.

Price wise, ruthenium met a bit of resistance in the last days after traders started to offload some of their holdings. The value of the metal remains at $870 an ounce.

Angloplats and Implats, the two biggest South African producers of platinum group metals revealed for the first time production figures for ruthenium. Angloplats said that its production was about 500,000 per year, Implats stated that its output is around half that size and it wants to raise the number as much as 20% in the near future.

For the time being iridium wasn't able to continue its recently started uptrend. A lack of demand was the main reason that the price of the metal stayed at $460 an ounce, a level that it had reached already last week.

Gold

The yellow metal started into the new week at $668. Despite the absence of the Chinese market, the gold price went initially up, reaching $673 on the back of a slightly weaker dollar and a rising oil price. The latter turned around on Tuesday, falling nearly 2 dollars and taking the yellow metal with it. That fell $17 to $655, the lowest level for nearly two weeks. On its way down the metal broke on the charts its almost three-months-old up-trend channel, triggering heavy stop-loss selling by investors. As it turned out hours later they should have hold onto their positions: The oil price turned around yet again and climbed in a first move to more than $60.50 a barrel. Within minutes the gold followed, reaching ultimately a high of $682, the highest level in nine months. Since then a lack of buying interest from the industrial side as well as from institutional investors has led to a slowdown and to prices around $676 an ounce. Retail investors apparently have more trust in the yellow metal, banks and traders in Germany report that they see good buying in both coins as well as bars.

For next week we cannot rule out an initial consolidation, all in all the up-trend remains however intact. A move outside the range $670 - $682 would provide some further impetus about the near-term future trend.

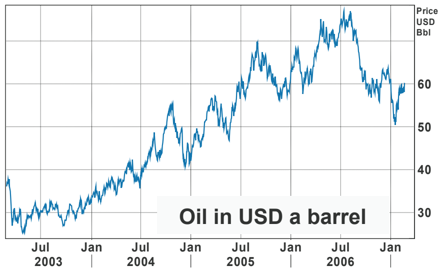
European central banks continued their sales in the last week, selling around 5.5 tonnes of gold. The ECB reported that the sales were conducted by two of its member banks and were in line with the 2004 Central Bank Gold Agreement.

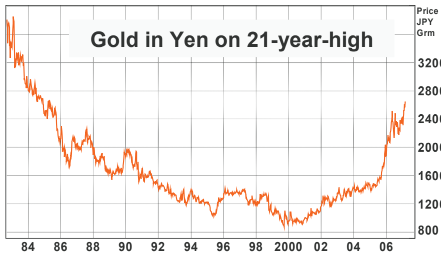
Reuters reported on Monday that shares in the world's third biggest gold producer AngloGold Ashanti surged after newspaper reports that Russia's biggest gold producer Polyus might buy a stake in its South African competitor. Anglo's parent company, Anglo American, has repeatedly said that it is willing to sell its 41.8% share in Anglogold, which is worth about $4.4 billion, either to another company or to place the shares on the market.

The (potential) tie-up between Russian and South African producers is not a one-way street. Harmony is said to be interested in taking over Kamgold, the gold producing subsidiary of the Russian investment firm Renova. Kamgold produces around 3 tonnes of gold in the Russian Far East.

Bigger numbers come into play, when Newmont, the world's second largest gold producer reports the latest results. The US-based mining giant said that it sold 62.2 tonnes of gold in the last quarter. The company's net income in that period rose 146% to $791 million. For 2007, Newmont expects production to fall temporarily to around 5.5 million ounces. A counterpoint to this development, though on a smaller scale, sets Iamgold. The Canadians said this week that they produced in 2006 642,000 ounces (20 tonnes) of gold and want to increase that number this year to one million ounces.

AU	US$/oz	€/oz	€/gram
High	*682.10*	*519.20*	*16.69*
Low	*655.40*	*498.90*	*16.04*
Latest	*676.00*	*516.80*	*16.62*





Silver

The white metal was this week once again a trend-follower, taking guidance largely from the gold price. It started on Monday around $14 an ounce and like its sister metal it looked South first. Silver reached a low of $13.64, before forcefully turning around again, moving quickly to a high of $14.32 an ounce. With that price the metal was less than a dollar away from the 25-year-high at $15.25, which it had reached nine months ago.

Industrial buying interest was limited due to the high prices, but it didn't dry up completely. The massive interest by retail investors in 1 kilo bars, which we had observed for most parts of last year, has however disappeared.

As far as next week is concerned, the metal remains like its peers in an up-trend. There is a gap on the charts at $14.04, which might be closed, but as long as the metal manages to stay above $13.75, there is no danger of a major correction. We still don't think that current prices are justified from an industrial demand point of view, but we admit that this doesn't count too much at a time when investors continue to bank on rising prices.

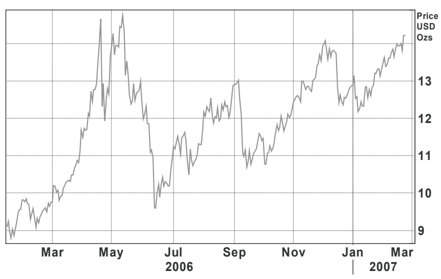
This weeks gains came despite the quick end of the strike in Mexico that led to a standstill in 90% of the local mines.

The high silver prices leave of course their marks on the balance sheet of producers. Coeur d'Alene said this week that profits more than doubled in the forth quarter. Coeur plans to produce about 13 million ounces of silver in 2007 at cash costs of $2.35 an ounce.

Others have even lower production costs: Hecla Mining announced that its 5.5 million ounce silver output in 2006 was unearthed at an average total cash cost of 24 cents an ounce. And it won't get much worse in 2007, here the company plans to produce 6 million ounces, still for less than $1 an ounce.

Finally NYMEX, the New York futures exchange, said on Wednesday that on the day before the silver volume had reached a record level on the CME Globex electronic trading platform. NYMEX outdated ACCESS electronic trading platform was migrated to Globex in early December.

AG	US$/oz	€/oz	€/kilo
High	*14.32*	*10.92*	*351.09*
Low	*13.64*	*10.38*	*333.72*
Latest	*14.25*	*10.88*	*349.80*



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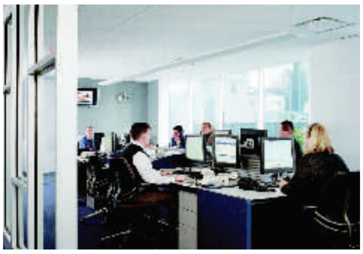

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