Platinum Group Metals
A Fund’s perspective

September 2011

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Tiberius Group

Founded in 2005 by Markus Mezger and Christoph Eibl formerly of Dresdner Kleinwort Wasserstein and Baden-Württembergische Bank

Tiberius is wholly owned by its founding partners

An asset management group headquartered in Zug, Switzerland with offices in UK, Germany and Austria

Tiberius has approximately $2.6 billion of assets under management as of 30 August 2011

The Tiberius team consists of over 45 experienced professionals in the field of commodities trading, portfolio management and quantitative research

Tiberius specializes in active commodity fund management with global exposure to energy, industrial metals, precious metals and agriculture derivatives

Tiberius manages commodity long only active and long short absolute return strategies based on quantitative models

Tiberius is regulated by the Swiss Financial Market Supervisory Authority (FINMA)

Micro Perspective of Commodities for Q3/Q4 2011

<table>
<thead>
<tr>
<th>Sector</th>
<th>Strong Overweight</th>
<th>Overweight</th>
<th>Neutral</th>
<th>Underweight</th>
<th>Strong Underweight</th>
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<tr>
<td>Energy</td>
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<td>Crude Oil WTI</td>
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<td>Crude Oil Brent Natural Gas</td>
<td>Heating Oil Gasoline</td>
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<td>Industrial Metals</td>
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<td>Lead</td>
<td>Nickel Zinc</td>
<td>Aluminium</td>
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<td>Precious Metals</td>
<td>Palladium</td>
<td>Platinum</td>
<td>Gold Silver</td>
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<tr>
<td>Livestock</td>
<td></td>
<td>Live Cattle Lean Hogs</td>
<td>Feeder Cattle</td>
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<tr>
<td>Grains</td>
<td>Soybeans</td>
<td>Soybean Oil Wheat</td>
<td>Corn</td>
<td></td>
<td></td>
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<tr>
<td>Softs</td>
<td>Coffee Cocoa</td>
<td>Cotton</td>
<td>Sugar</td>
<td></td>
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Pros & Cons of PGMs

Pro:
- Mine supply at similar levels as 10 years ago
- High production cost compared to current prices (converted in Rand); marginal costs (90% percentile) at around 1800 USD / oz
- Auto production recovering well after Japanese natural disasters
- Global vehicle sales still growing at a healthy rate, primarily in the emerging market economies
- Investor demand back to more sustainable levels

Con:
- No demand growth compared to 2005
- Thrifting means stagnant / smaller PGM loadings per autocatalyst despite tougher environmental regulations
- Chinese auto demand growth slowing, however at a high base
- Macroeconomic risks could hurt PGM demand in the future, very leveraged to the economic cycle
- PGMs do not have the same safe haven appeal as gold / silver

Specifics of Platinum vs Palladium

Platinum:
- Primary (physical) market in sustained surplus
- No demand growth over the last 10 years
- Majority of production coming from South Africa, where producing costs are increasing fast (labour, exchange rate effects)
- Risk of mine closures due to strikes and frequent safety issues
- Jewellery demand from Asia “buying the dips”, putting a floor under prices
- “Cheap” compared to palladium, but no substitution until platinum / palladium ratio moves below 2; also cheap compared to gold

Palladium:
- Higher exposure to fast-growing BRIC countries, due to a higher share of gasoline cars (their catalysts use mainly palladium)
- Primary market moving into deficit
- Russian (excess) state inventories likely close to depletion
- At risk if the economic sentiment in the BRIC countries changes negatively
- Jewellery market too small to buffer any declining autocatalyst demand
Mine supply at similar levels as 10 years ago, especially in platinum

Source: Johnson Matthey, Tiberius Estimates

Escalating costs are putting pressure on PGM equities

Source: Barclays Capital
TLBMA (LPPM) Precious Conference 2011
19 September 2011

Session 3 – Christoph Eibl

Autocatalyst demand paramount for palladium, jewellery also important for platinum

Source: Johnson Matthey, Tiberius Estimates

Global automobile sales still growing healthily

Source: Bloomberg
BRIC demand very important for palladium pricing

![Graph showing BRIC demand and palladium pricing](image)

Source: Bloomberg

Platinum in a sustained surplus, palladium in deficit

![Graph showing market balance](image)

Source: Johnson Matthey, Tiberius estimates
ETF demand has stalled in recent months

Source: ETF Securities, ZKB

Futures market positioning

Futures positions in platinum have been re-built lately, as „substitute“ for gold?

Source: CFTC
Platinum remains “cheap” compared to other precious metals

Source: Bloomberg
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