

J.P. Morgan Platinum Week

News, Earnings & Valuation Metrics & Commodity price trends

The JSE Platinum Index gained 4.7% last week to 49.18pts (46.98pts) with the rand PGM basket price improving by c3% to cR432,000/kg (cR419,000/kg). Major platinum shares gained last week with: Amplats (+7.5%), Implats (+4.4%) and Lonmin (+6.4%).

J.P. Morgan Analysis

The three major integrated platinum producers' share prices recovered over the course of last week after the five month AMCU led strike ended on 25 June (mid-previous week). Amplats and Implats expect to reach steady state production in the final quarter of this calendar year – no guidance has been given by Lonmin. None of the three producers have indicated what “steady state production” might be and have not ruled out the possibility of restructuring once the ramp-up process is complete. We estimate losses of 1.05Moz Pt (so far) and forecast total production losses of c1.4Moz Pt and c700koz Pd this year – this includes ramp-up losses of c330koz Pt.

We also expect “steady state production” to be meaningfully lower than pre-strike capacity. If we're right about this, it will almost certainly cost significant numbers of jobs, which may reignite labour tensions, in our opinion. We fear that there will be more difficulty to come, depending on how producers approach any restructuring.

We expect palladium to continue to outperform platinum in the near-term as newly-listed SA ETFs and uncertainties relating to Russian supplies add nervousness to a market in deep primary deficit. Our top equity picks (May-15) are Amplats, Lonmin, Northam and RBPlat.

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Figure 1: JSE Platinum Index & rand basket price

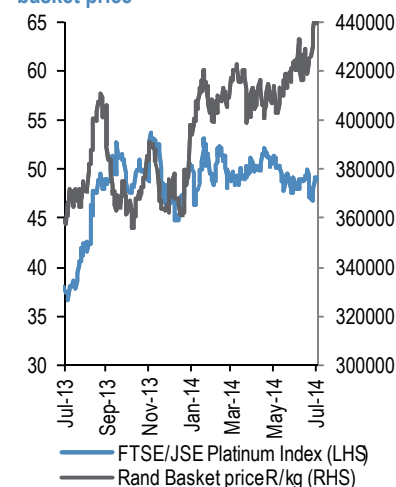


Table 1: Key Forecasts

	Share price	J.P. Morgan Recommendation	J.P. Morgan F/c EPS		J.P. Morgan Target price	Upside to Target price
			FY2014	FY2015		
Amplats	497.00	Overweight	8.70	47.60	670.00	35%
Atlatsa	4.41	Neutral	-0.35	-0.11	5.90	34%
Aquarius	4.47	Neutral	-0.41	0.45	4.98	11%
EastPlats	0.99	Underweight	-0.14	-0.07	0.63	-36%
Implats	112.75	Underweight	1.57	8.99	141.00	25%
Lonmin	45.45	Overweight	-7.23	4.19	67.00	47%
Northam	44.86	Overweight	-0.67	2.18	56.20	25%
RBPlat	72.20	Overweight	3.98	6.36	90.10	25%

Source: J.P. Morgan estimates, Bloomberg. Share prices as on cob July 4, 2014.

See page 25 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company News:

- **Impala Platinum** expects workers who walked out last week at its Marula mine to report for duty tomorrow. About 2,000 employees walked out on July 4. The company met with them today to discuss complaints that ranged from union representation to wages. (*Bloomberg July 7, 2014*)
- **Sibanye Gold** has been in talks with almost all of the major platinum producers in its quest to buy an asset in the sector this year and can easily raise the money to fund such a deal, its CEO said on Friday. “We have been through the front doors of just about all the significant platinum companies,” Neal Froneman told Reuters in an interview at Sibanye’s headquarters in the gold mining town of Westonaria about 40 kilometres (25 miles) west of Johannesburg. “We are looking at all platinum assets including what Anglo Platinum may sell,” Froneman said, reiterating that he wanted to do a deal this year. (*Reuters July 7, 2014*)

Commodity News:

- The **spot rand PGM basket price** changed by +3.2% to R432,278/kg (R418,982/kg), with the dollar basket price changing by +1.6% to \$1,250/oz (\$1,231/oz) and the rand/dollar exchange rate changing by 1.6% to R10.76:\$1 (R10.59:\$1).
- **Palladium** rose to a 13-year high (\$867/oz) on signs that demand will climb for the metal used in pollution-control devices in cars as supplies dwindled following labour turmoil in South Africa, the world’s second biggest producer. (*Bloomberg July 3, 2014*)

Valuation metrics and share price performance

Table 2: Spot valuation metrics

ZAR/sh

	Share price	J.P. Morgan Recommendation	Spot DCF	Spot P/DCF	Spot EPS		J.P. Morgan F/c EPS		Consensus EPS		Spot P/E		J.P. Morgan Forecast P/E		Consensus P/E	
					FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Amplats	497.00	Overweight	461.25	1.08	8.72	32.08	8.70	47.60	10.58	25.65	57.01	15.49	57.13	10.44	46.98	19.38
Atlatsa	4.41	Neutral	7.84	0.56	-0.47	-0.42	-0.35	-0.11	0.22	0.31	N/A	N/A	N/A	N/A	19.86	14.09
Aquarius	4.47	Neutral	2.43	1.84	-0.42	0.26	-0.41	0.45	-0.19	0.11	N/A	17.16	N/A	9.93	N/A	41.39
EastPlats	0.99	Underweight	6.32	0.16	-0.14	-0.07	-0.14	-0.07	-0.17	-0.25	N/A	N/A	N/A	N/A	N/A	N/A
Implats	112.75	Underweight	81.60	1.38	2.72	8.00	1.57	8.99	2.37	6.29	41.50	14.10	71.82	12.54	47.49	17.92
Lonmin	45.45	Overweight	31.80	1.43	-6.88	2.62	-7.23	4.19	-0.03	2.64	N/A	17.32	N/A	10.85	N/A	17.23
Northam	44.86	Overweight	37.40	1.20	-0.74	1.74	-0.67	2.18	0.36	2.39	N/A	25.76	N/A	20.58	124.61	18.79
RBPlat	72.20	Overweight	64.20	1.12	3.57	4.68	3.98	6.36	2.27	2.50	20.21	15.43	18.14	11.35	31.78	28.93
Average											39.58	17.54	49.03	12.62	54.14	22.53

Source: Bloomberg, J.P. Morgan estimates. Share prices as on cob July 4, 2014. Consensus EPS from Bloomberg as on cob July 4, 2014. Spot prices used Pt: \$1,497/oz, Pd: \$865/oz, Rh: \$1,125/oz, Ni: \$19,324/t, R/\$: 10.76.

Table 3: J.P. Morgan average PGM price & exchange rate forecasts

	2012A	2013A	2014E	2015E	2016E	LT
Platinum (\$/oz)	1,554	1,536	1,583	1,850	2,000	2,100
Palladium (\$/oz)	645	726	815	938	1,000	1,100
Rhodium (\$/oz)	1,275	1,067	1,226	1,663	1,750	2,000
Nickel (\$/t)	17,546	15,030	18,540	24,000	18,911	18,000
R/\$	8.20	9.64	10.59	10.76	11.30	10.20
PGM basket price (R/kg 6E)	329,914	373,372	442,224	528,365	587,516	559,681

Source: Bloomberg, J.P. Morgan estimates

Table 4: Relative share price performance

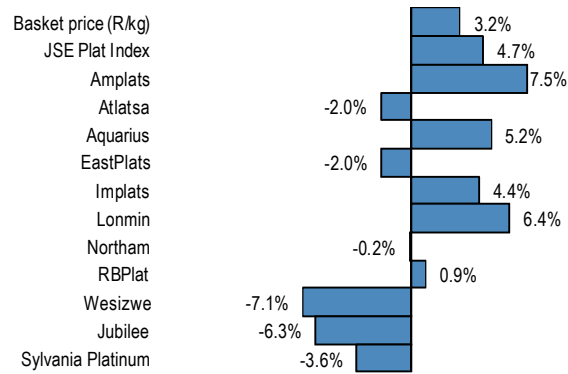
ZAR/sh

	Share price	12-month low	12-month high	1 Week return	1 Month return	3 Month return	6 Month return	12 Month return
Basket price (R/kg)	432 278	356 251	442 226	3.2%	2%	8%	10%	22%
JSE Plat Index	49	36	54	4.7%	1%	-2%	-2%	30%
Amplats	497.00	275.01	530.00	7.5%	5%	1%	25%	69%
Atlatsa	4.41	1.95	6.30	-2.0%	-2%	-8%	-25%	83%
Aquarius	4.47	2.99	6.50	5.2%	0%	29%	15%	33%
EastPlats	0.99	0.54	1.08	-2.0%	0%	25%	38%	25%
Implats	112.75	87.55	136.64	4.4%	0%	-6%	-11%	21%
Lonmin	45.45	40.70	61.20	6.4%	0%	-10%	-15%	7%
Northam	44.86	32.47	48.99	-0.2%	3%	15%	8%	36%
RBPlat	72.20	46.70	76.80	0.9%	0%	8%	24%	52%
Wesizwe	1.18	0.41	1.60	-7.1%	31%	51%	46%	174%
Jubilee	0.30	0.29	1.10	-6.3%	-19%	-9%	-52%	-67%
Sylvania Platinum	1.18	0.95	1.46	-3.6%	1%	4%	7%	-19%

Source: Bloomberg. Share prices as on cob July 4, 2014.

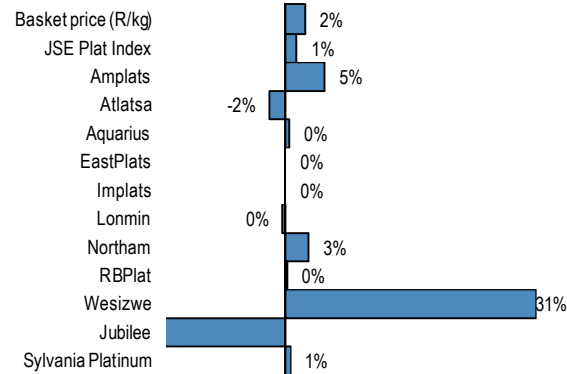
Share price performance (to cob July 4, 2014)

Figure 2: SA Platinum shares 1-week returns



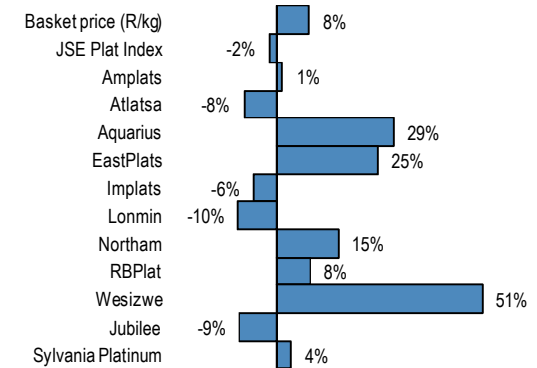
Source: Bloomberg.

Figure 3: SA Platinum shares 1 month returns



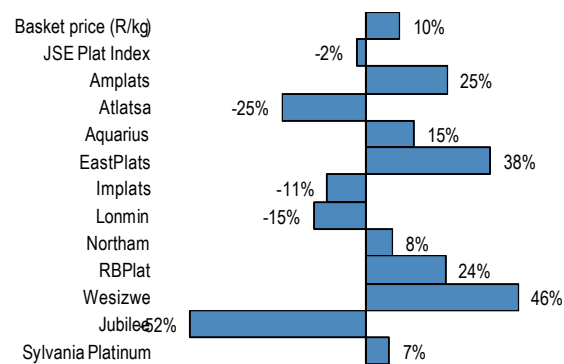
Source: Bloomberg

Figure 4: SA Platinum shares 3 month returns



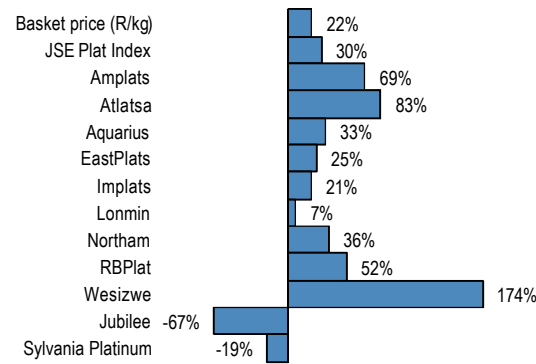
Source: Bloomberg

Figure 5: SA Platinum shares 6 month returns



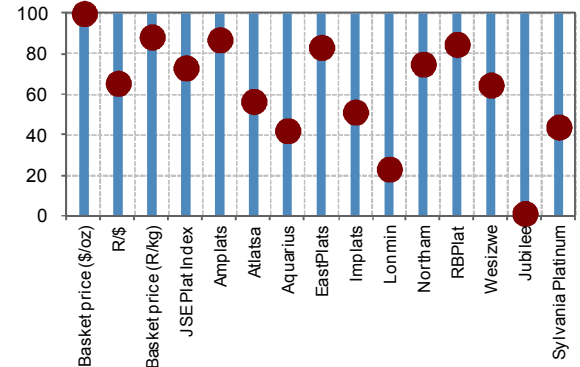
Source: Bloomberg.

Figure 6: SA Platinum shares 12 month returns



Source: Bloomberg.

Figure 7: Share price vs. 52 week range



Source: Bloomberg

Platinum Valuations at a glance (Spotter Bloomberg Version) *(With resource ounces included)*

SA Platinum & Gold Sensitivity Spotter 30 May 2014

Enter your own metal price and exchange rate assumptions									
		Spot values		Your assumptions		Difference		Valuation guide	
Allowed Range ¹		Bloomberg		Enter values		%			
Rand: R7.00/\$ - R14.00/\$		R 10.76/\$		R 10.20/\$		- 0.56	- 5%		
Platinum: \$/oz		\$ 1 497/oz		\$ 2 100/oz		+ 604	+ 40%		
Palladium: \$/oz		\$ 865/oz		\$ 1 100/oz		+ 235	+ 27%		
Rhodium: \$/oz		\$ 1 125/oz		\$ 2 000/oz		+ 875	+ 78%		
Nickel: \$/ton		\$ 19 324/ton		\$ 18 000/ton		- 1 324	- 7%		
Basket price (R/kg 6E) ² (=>R231,485/kg - R696,599/kg)		R 432 278/kg 6E		R 550 599/kg 6E		+ 118 322	+ 27%		
Rand output of NPV and EPS									
Price: NPV ratios	Price (R) ³	NPV (R)	P:NPV	NPV (R)	P:NPV	NPV ch.	% ch		
AngloPlatinum	497.00	461.25	1.08	765.63	0.65	304.39	+ 66%		
Aquarius	4.47	2.43	1.84	5.99	0.75	3.56	+ 147%		
Impala	112.75	81.60	1.38	154.73	0.73	73.12	+ 90%		
Lonmin	45.45	31.80	1.43	87.28	0.52	55.48	+ 174%		
Eastern Platnum	0.99	6.32	0.16	6.28	0.16	(0.03)	- 1%		
Atlatsa Resources	4.41	7.84	0.56	12.80	0.34	4.96	+ 63%		
RBPlat	72.20	64.20	1.12	99.77	0.72	35.58	+ 55%		
Northam	44.86	37.40	1.20	64.23	0.70	26.83	+ 72%		

Platinum Valuations at a glance (Spotter Bloomberg Version) *(Without resource ounces)*

SA Platinum & Gold Sensitivity Spotter 30 May 2014

Enter your own metal price and exchange rate assumptions							
		Spot values		Your assumptions		Difference	
Allowed Range ¹		Bloomberg		Enter values		% ch	
Rand: R7.00/\$ - R14.00/\$		R 10.76/\$		R 10.20/\$		- 0.56	- 5%
Platinum: \$/oz		\$ 1 497/oz		\$ 2 100/oz		+ 604	+ 40%
Palladium: \$/oz		\$ 865/oz		\$ 1 100/oz		+ 235	+ 27%
Rhodium: \$/oz		\$ 1 125/oz		\$ 2 000/oz		+ 875	+ 78%
Nickel: \$/ton		\$ 19 324/ton		\$ 18 000/ton		- 1 324	- 7%
Basket price (R/kg 6E) ²							
(=>R231,485/kg - R696,599/kg)		R 432 278/kg 6E		R 550 599/kg 6E		+ 118 322	+ 27%

Rand output of NPV and EPS							
Price: NPV ratios	Price (R) ³	NPV (R)	P:NPV	NPV (R)	P:NPV	NPV ch.	% ch
AngloPlatinum	497.00	248.25	2.00	552.63	0.90	304.39	+ 123%
Aquarius	4.47	1.84	2.44	5.40	0.83	3.56	+ 194%
Impala	112.75	53.60	2.10	126.73	0.89	73.12	+ 136%
Lonmin	45.45	12.80	3.55	68.28	0.67	55.48	+ 433%
Eastern Platnum	0.99	0.62	1.61	0.58	1.70	(0.03)	- 5%
Atlatsa Resources	4.41	odel Inefctive	N/A	3.65	1.21	N/A	N/A
RBPlat	72.20	46.56	1.55	82.13	0.88	35.58	+ 76%
Northam	44.86	12.20	3.68	39.03	1.15	26.83	+ 220%

Tempting		Toppish	
when P:NPV is below:		when P:NPV is above :	
0.75x		1.25x	
0.75x		1.25x	
0.75x		1.25x	
0.75x		1.25x	
0.75x		1.25x	
0.75x		1.25x	
0.75x		1.25x	
No-man's-land between			

Consensus									
P/E ratios	EPS ⁴ (SAcps)	P/E	EPS ⁴ (SAcps)	P/E	EPS ch.	% ch	EPS ⁵ (SAcps)	P/E	
AngloPlatinum	497.00	1 616	30.8	4 494	11.1	2 878	+ 178%	1 834	27.1
Aquarius	4.47	16	27.7	69	6.5	53	+ 326%	11	40.6
Implats	112.75	595	18.9	1 407	8.0	811	+ 136%	632	17.8
Lonmin	45.45	(59)	N/A	388	11.7	447	N/A	209	21.8
Eastern Platnum	0.99	(10)	N/A	(10)	N/A	-	N/A	(12)	N/A
Atlatsa Resources	4.41	(52)	N/A	(9)	N/A	43	N/A	27	16.4
RBPlat	72.20	365	19.8	632	11.4	267	+ 73%	239	30.2
Northam	44.86	97	46.0	421	10.6	324	+ 332%	241	18.6

Platinum industry competitive positioning in CY2015 at a glance (Platinum Break-Even Analyser) *(click to open)*

J.P. Morgan Platinum Industry Break-even Analyser

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CY15E	Cash Cost	Royalty	Revenue from metals other than Pt	Minimum Pt revenue required to break-even	Pt Produced	Pt price to break-even	Maintenance Capex	Minimum Pt Revenue required to maintain production at current levels	Pt price to break-even and maintain current production	Expansion Capex	Minimum Pt Revenue required to meet even and fund all capex plans	Pt price to break-even and fund all capex
	\$m	\$m	\$m	\$m	koz	\$/oz	\$m	\$m	\$/oz	\$m	\$m	\$/oz
Platinum Mile	5	1	5	0	7	50	0	0	61	-	0	61
Mogalakwena (PPRust)	556	37	741	-	376	-	180	32	85	112	143	381
Rustenburg Tailings	57	6	41	22	63	352	2	24	379	-	24	379
Zimplats	357	68	380	45	282	167	66	111	414	-	111	414
Mototolo	161	6	95	72	135	647	21	93	832	-	93	832
BRPM	246	2	128	120	190	741	19	139	859	270	409	2 531
Booysendal	148	2	83	66	80	833	17	83	1 042	15	98	1 224
Dishaba	278	7	130	155	177	876	34	189	1 068	-	189	1 068
Unki	115	14	82	48	68	828	17	65	1 127	-	65	1 127
Two Rivers	225	3	110	118	151	957	28	146	1 184	-	146	1 184
Pandora JV	45	2	22	25	34	936	8	33	1 239	-	33	1 239
Mimosa	213	25	149	89	107	946	30	119	1 265	-	119	1 265
Modikwa	222	2	125	100	117	1 039	18	118	1 231	-	118	1 231
Bathopele	211	3	103	111	111	995	33	144	1 293	-	144	1 293
Kroondal	428	4	185	247	269	1 108	54	301	1 348	-	301	1 348
Marula	170	5	94	81	81	1 089	18	99	1 332	-	99	1 332
Tumela	437	3	172	269	237	1 132	55	324	1 362	-	324	1 362
Siphumelele	175	2	73	103	85	1 208	14	117	1 375	-	117	1 375
Impala Lease Area	1 237	20	563	694	716	969	379	1 073	1 500	-	1 073	1 500
Bokoni (Lebowa)	233	1	107	128	114	1 336	19	146	1 531	44	190	1 989
Northam (Zondereinde)	368	2	140	230	174	1 321	45	275	1 582	-	275	1 582
Thembelani	223	1	87	137	95	1 448	20	158	1 662	-	158	1 662
Marikana (Lonmin)	1 352	8	548	812	697	1 164	384	1 195	1 714	-	1 195	1 714
Eland Platinum	199	1	58	142	110	1 569	18	160	1 767	-	160	1 767
Union	376	2	115	263	156	1 686	48	311	1 995	3	314	2 013
Total	8 037	228	4 336	3 928	4 632	929	1 528	5 456	1 234	442	5 899	1 346
Rustenburg	609	6	263	352	292	1 205	68	419	1 437	-	419	1 437
Amandelbult	715	10	301	424	415	1 023	89	513	1 237	-	513	1 237

Assumptions	Pt \$/oz	Pd \$/oz	Rh \$/oz	Ni \$/ton	Exchange Rate R/\$
	1 497	865	1 125	19 324	10.76

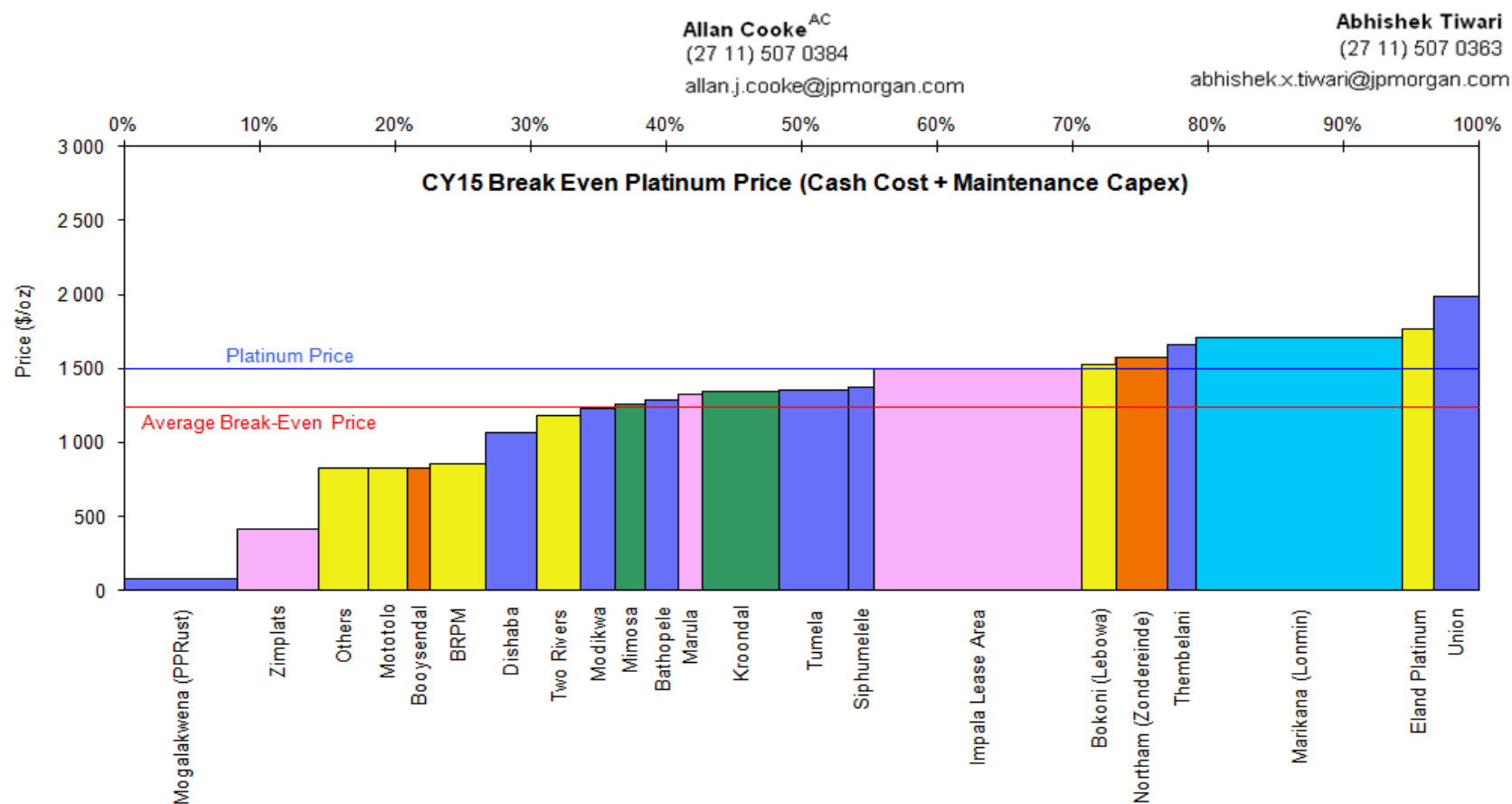
Sort by Break-Even Pt price required to maintain current production

Source: J.P. Morgan estimates, Bloomberg

Platinum industry competitive positioning in CY2015 at a glance (Platinum Break-Even Analyser) *(click to open)*

J.P.Morgan CAZENOVE

J.P. Morgan Platinum Industry Break-even Analyser

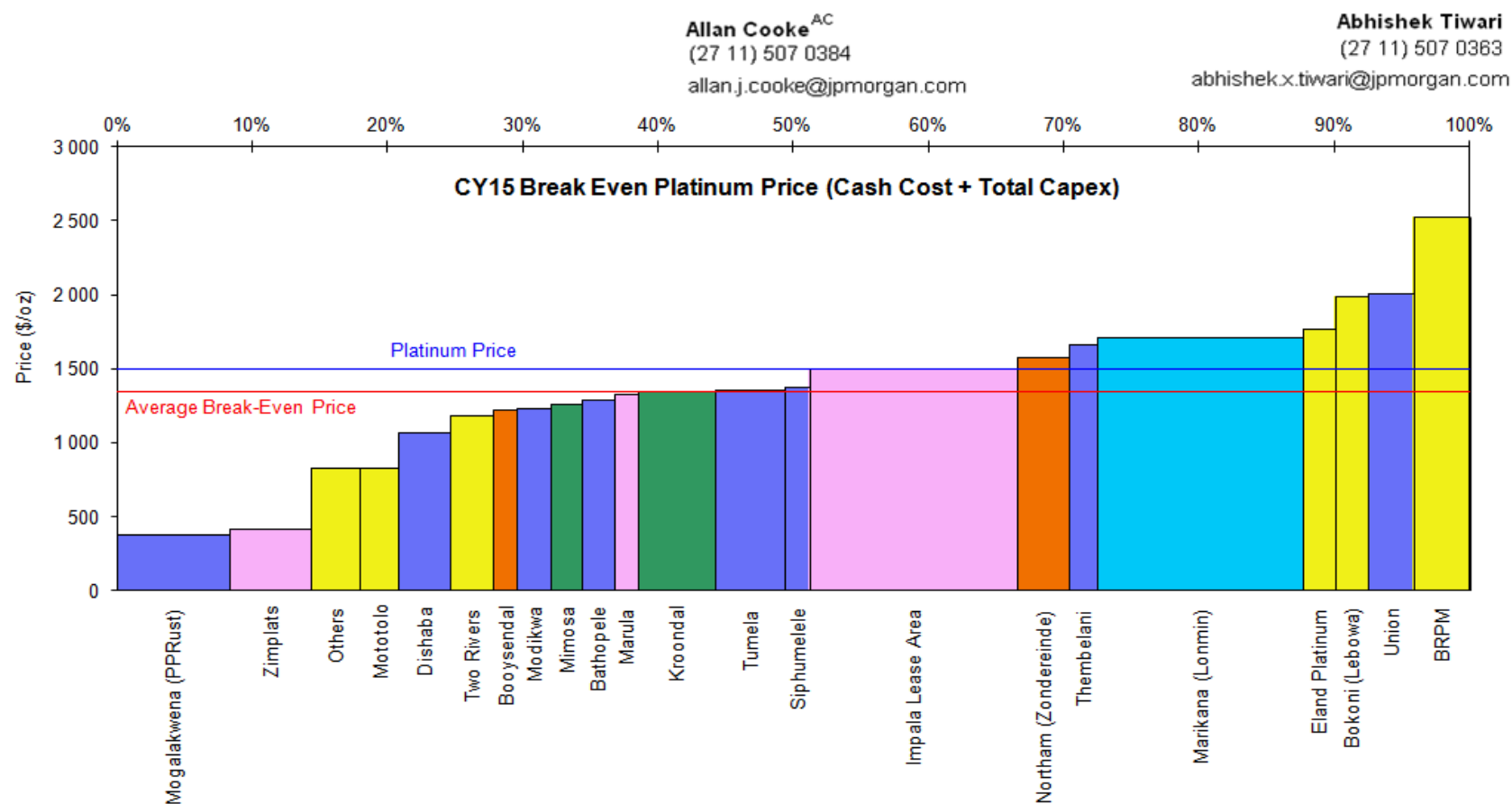


Source: J.P. Morgan estimates, Bloomberg

Platinum industry competitive positioning in CY2015 at a glance (Platinum Break-Even Analyser) *(click to open)*

J.P.Morgan CAZENOVE

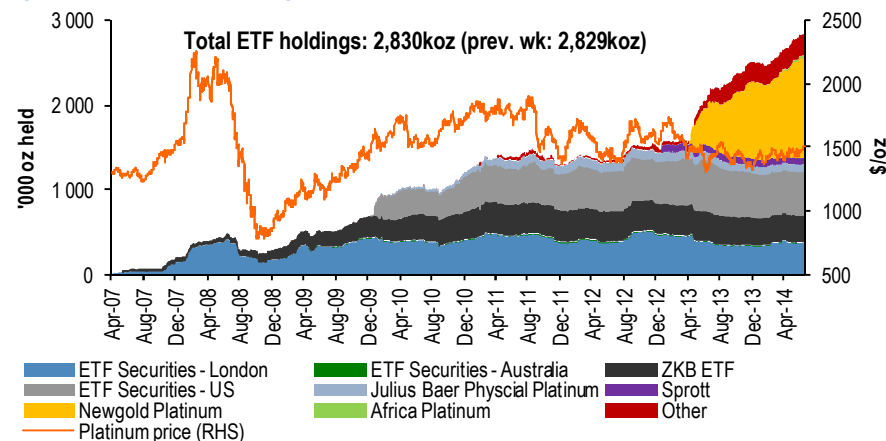
J.P. Morgan Platinum Industry Break-even Analyser



Source: J.P. Morgan estimates, Bloomberg.

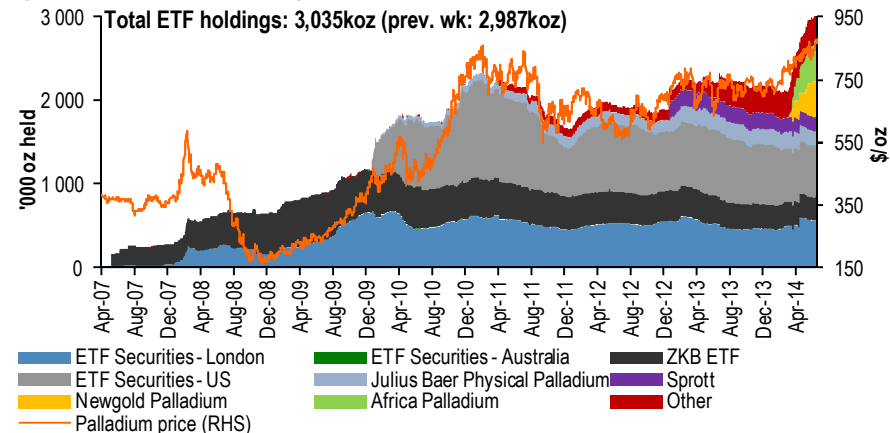
ETFs and Comex net

Figure 8: Platinum ETF holdings



Source: ETFSecurities, ZKB, Julius Baer and Bloomberg

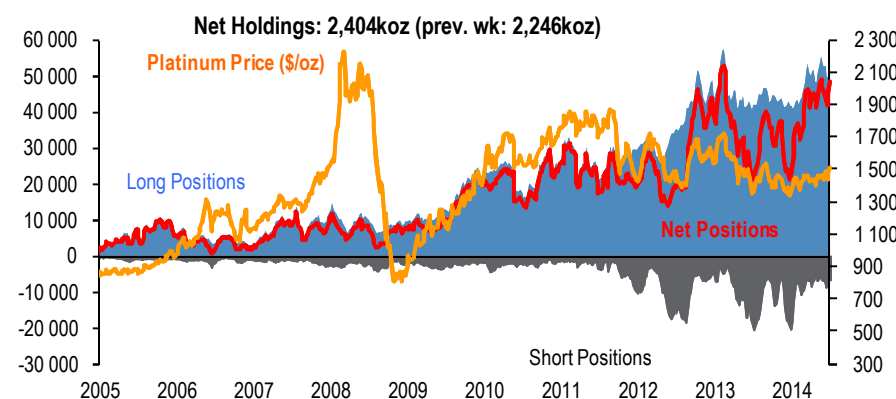
Figure 9: Palladium ETF holdings



Source: ETFSecurities, ZKB, Julius Baer and Bloomberg

Figure 10: Platinum open non-commercial positions on NYMEX

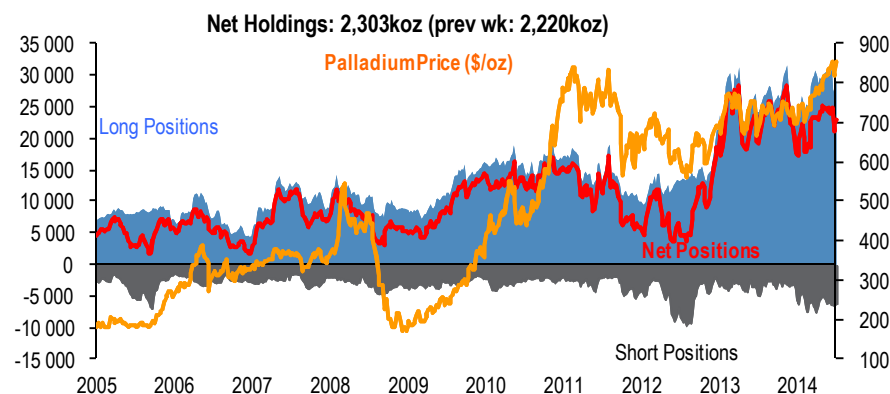
Number of contracts



Source: Bloomberg. *Each platinum futures contract is for 50oz.

Figure 11: Palladium open non-commercial positions on NYMEX

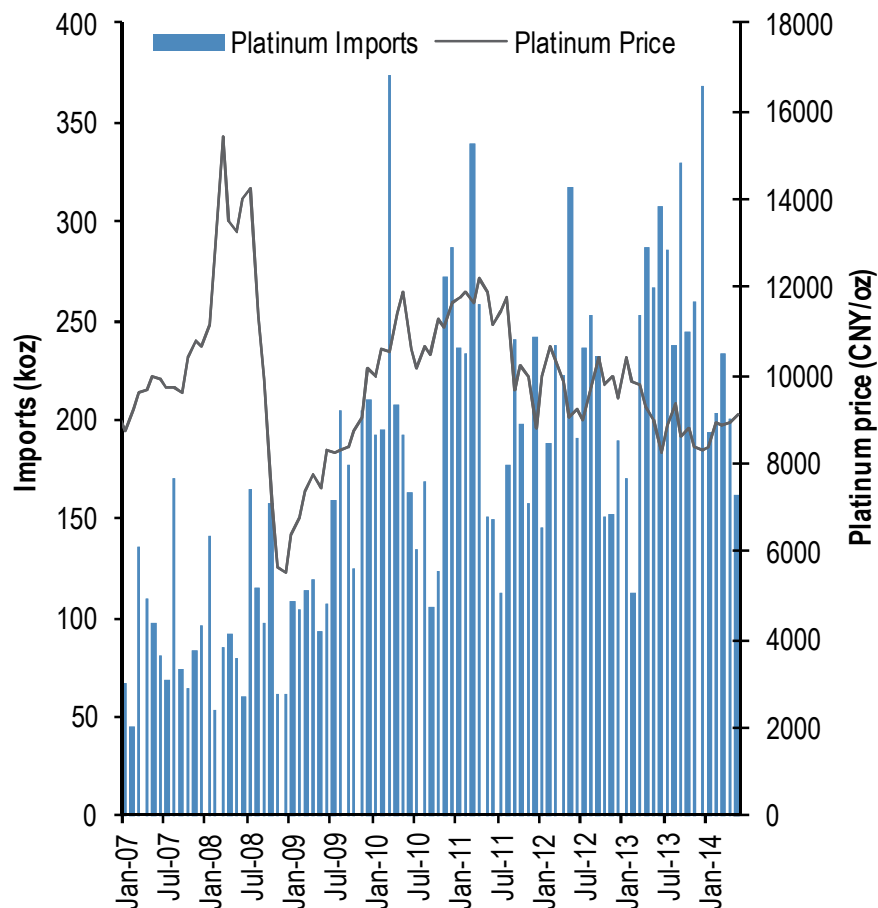
Number of contracts



Source: Bloomberg.

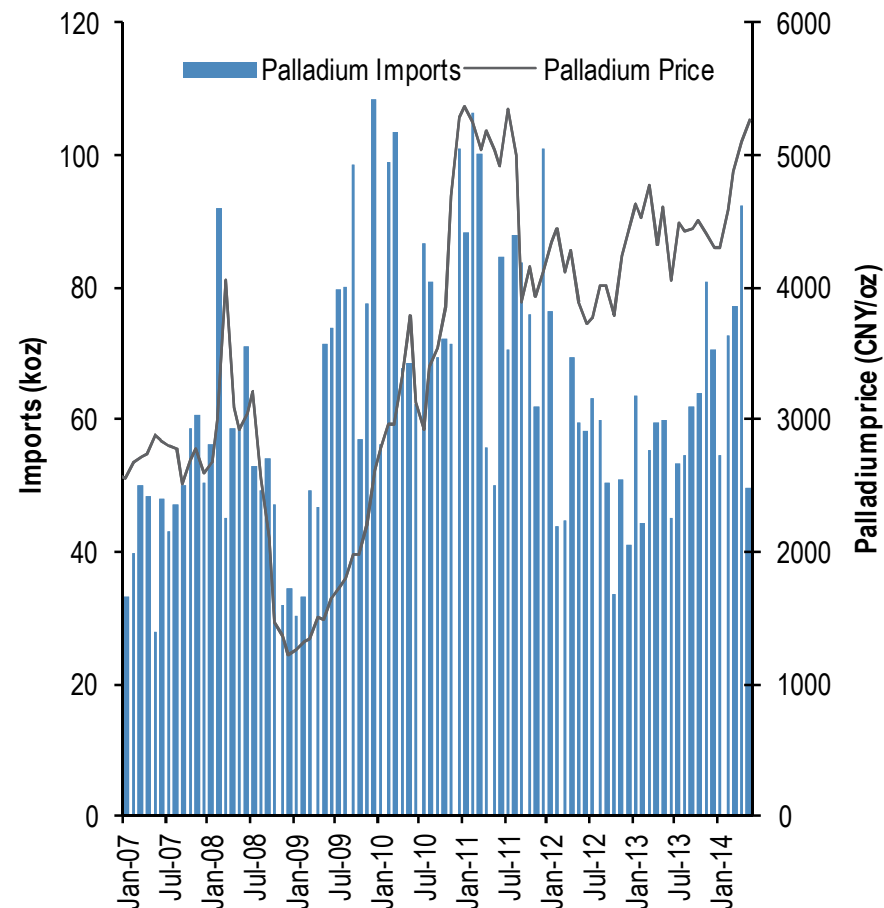
Chinese PGM imports

Figure 12: Monthly Chinese Platinum net imports vs. CNY Platinum price



Source: Chinese customs data, Bloomberg

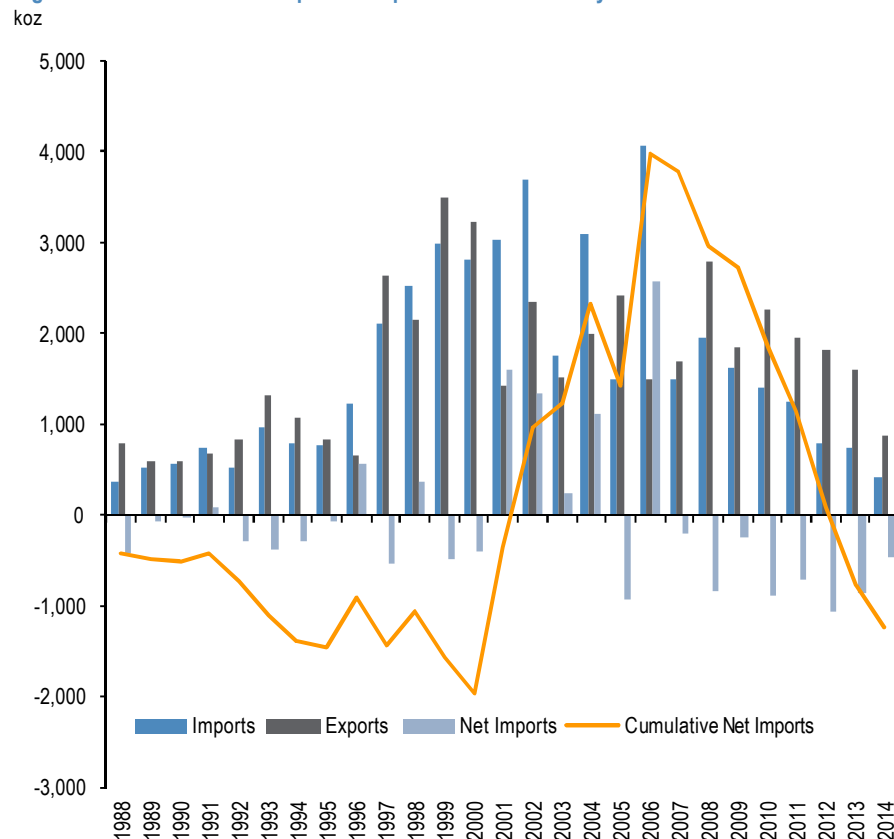
Figure 13: Monthly Chinese Palladium net imports vs. CNY Palladium price



Source: Chinese customs data, Bloomberg

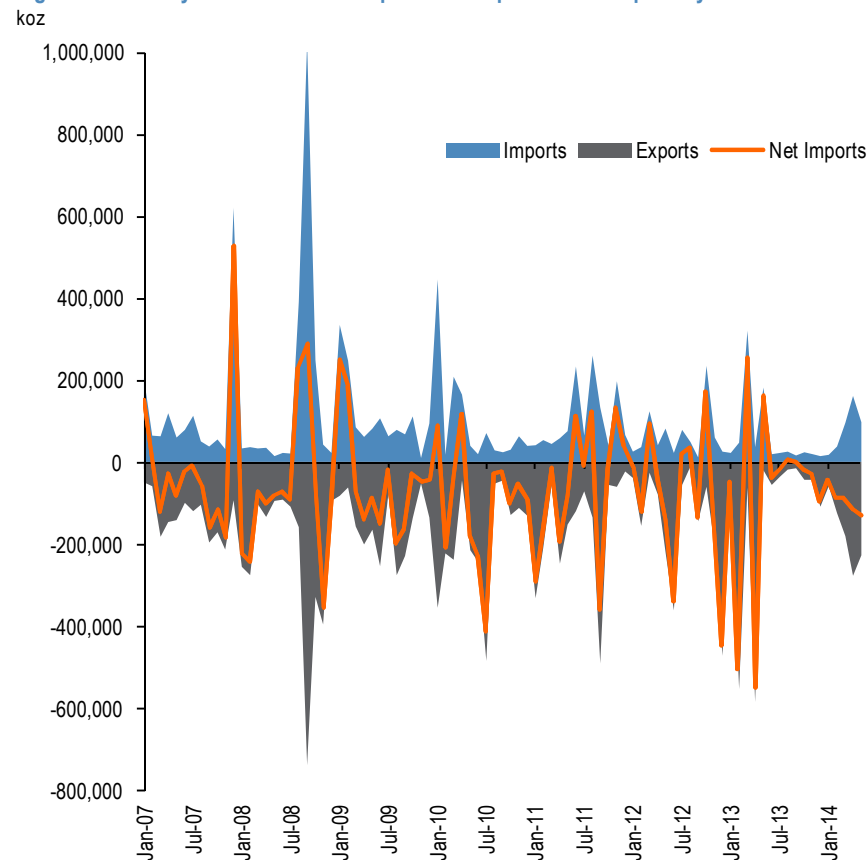
Swiss Palladium imports & exports

Figure 14: Swiss Palladium imports & exports over the last 24 years



Source: Swiss Federal Customs Administration. 2014 numbers are YTD

Figure 15: Monthly Swiss Palladium imports and exports over the past 5 years

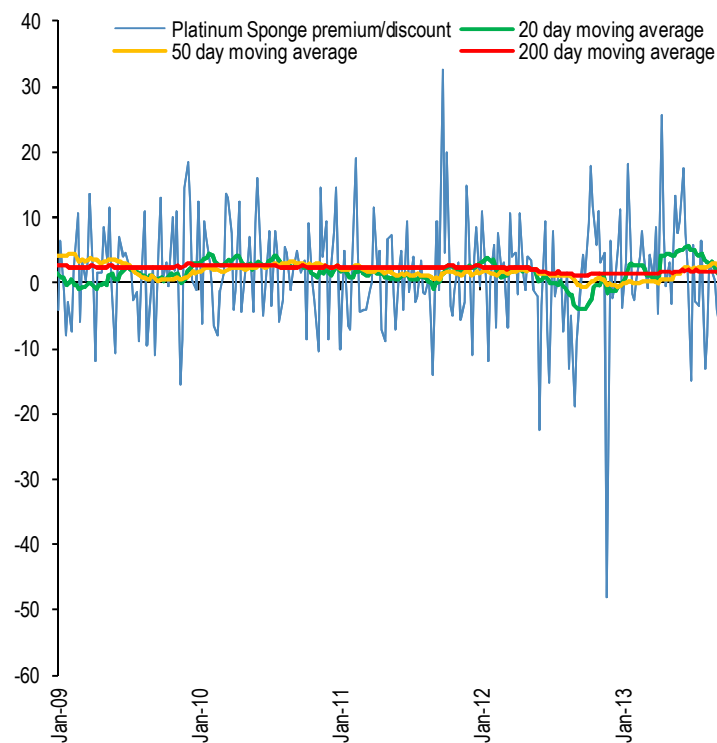


Source: Swiss Federal Customs Administration

Sponge premiums over the years

Figure 16: Platinum Sponge premiums over the last five years

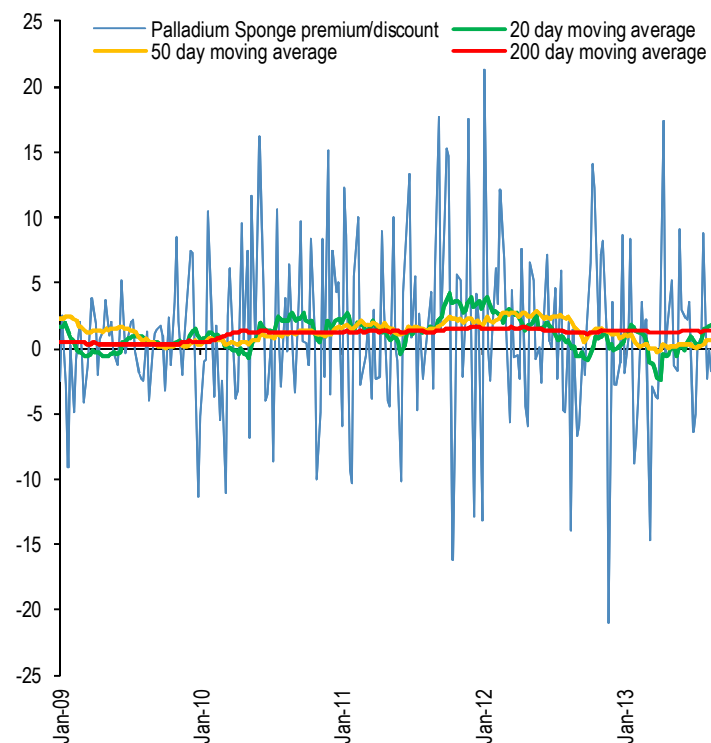
\$/oz



Source: Bloomberg & Johnson Matthey

Figure 17: Palladium Sponge premiums over the last five years

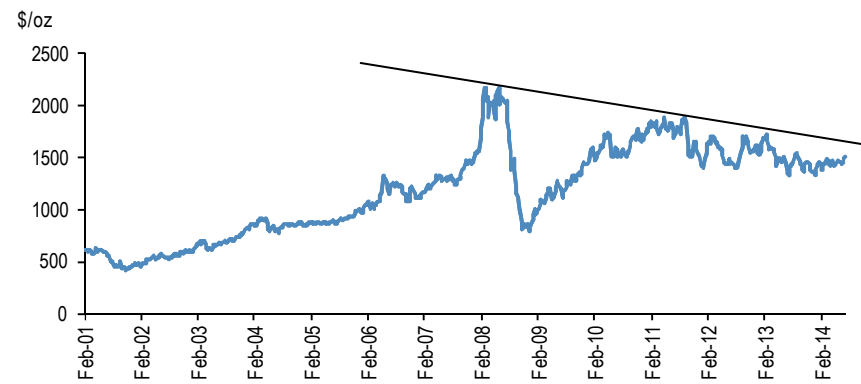
\$/oz



Source: Bloomberg & Johnson Matthey

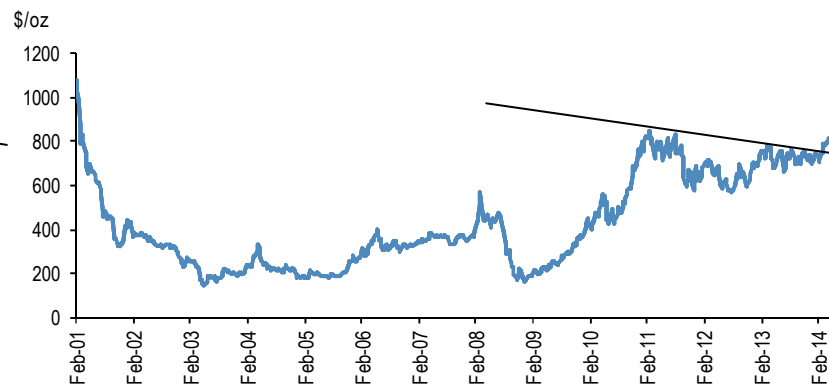
Key metal prices

Figure 18: Platinum price



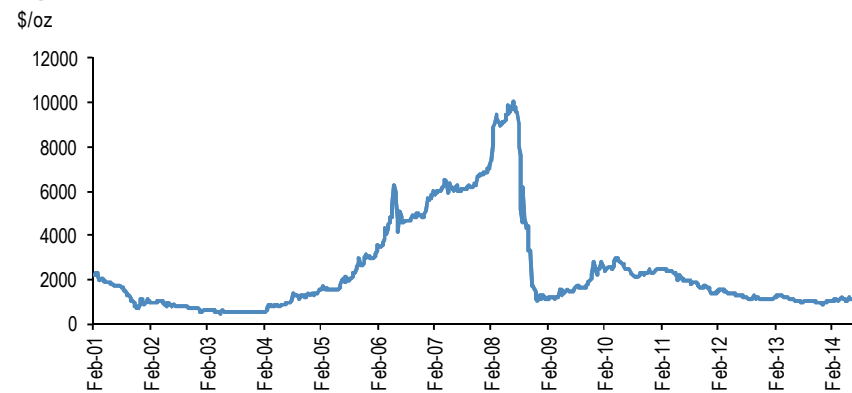
Source: Bloomberg.

Figure 19: Palladium price



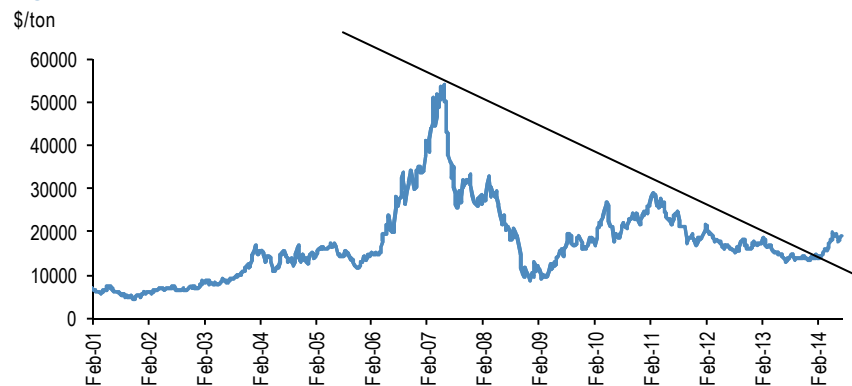
Source: Bloomberg

Figure 20: Rhodium price



Source: Bloomberg

Figure 21: Nickel price



Source: Bloomberg

Minor metal prices

Figure 22: Gold price

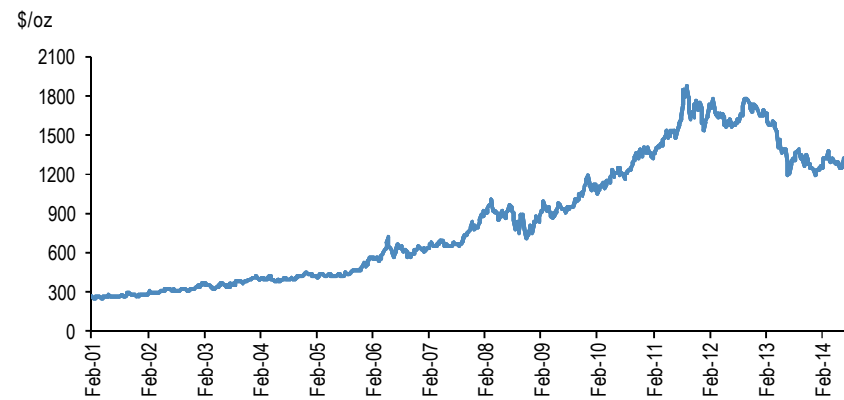


Figure 23: Ruthenium price

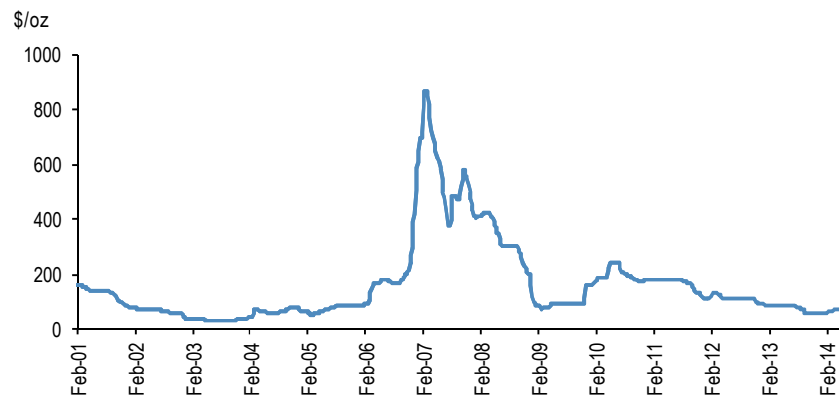


Figure 24: Iridium price

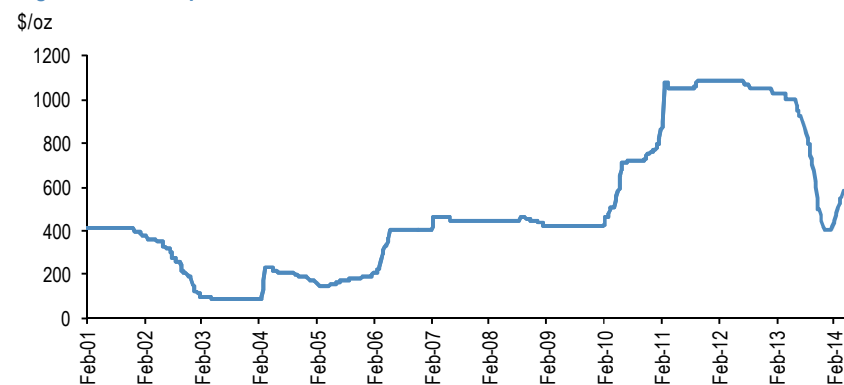
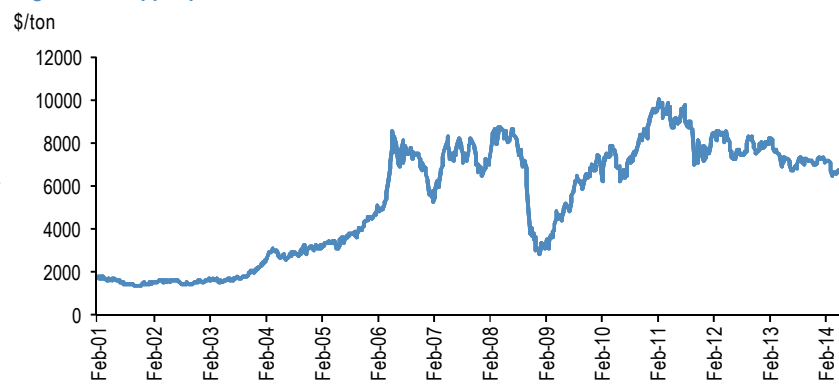


Figure 25: Copper price



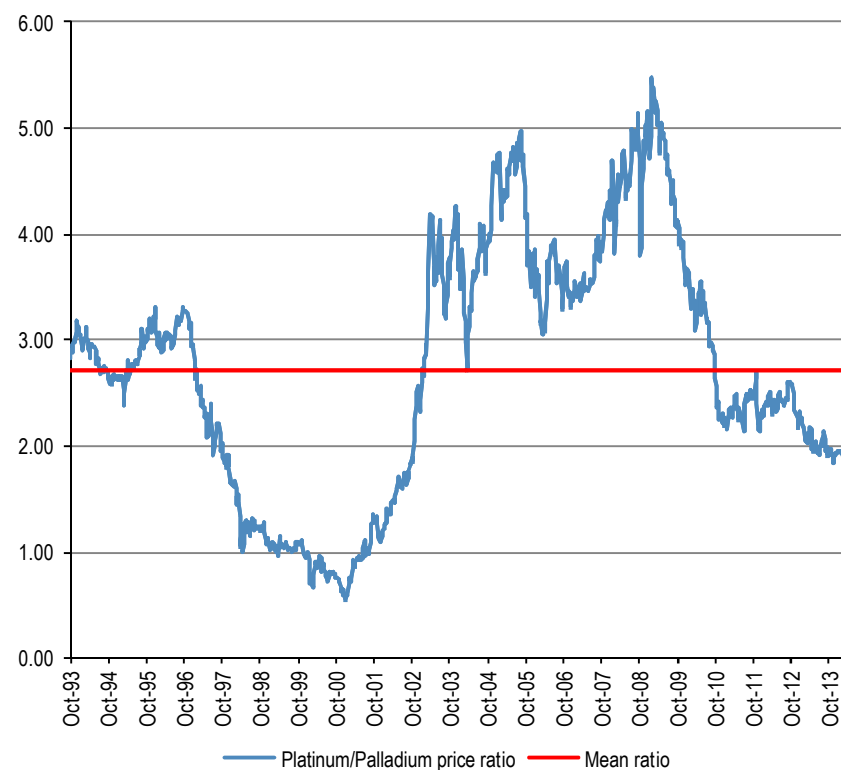
Platinum: Gold and Platinum: Palladium ratios

Figure 26: Platinum price/gold price over the years



Source: Bloomberg

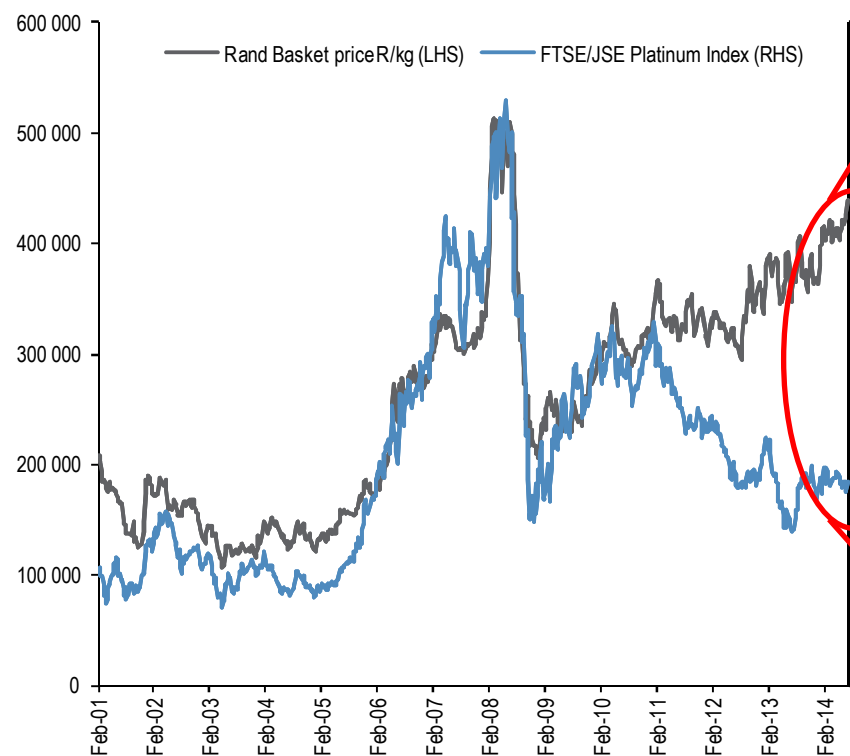
Figure 27: Platinum price/Palladium price over the years



Source: Bloomberg

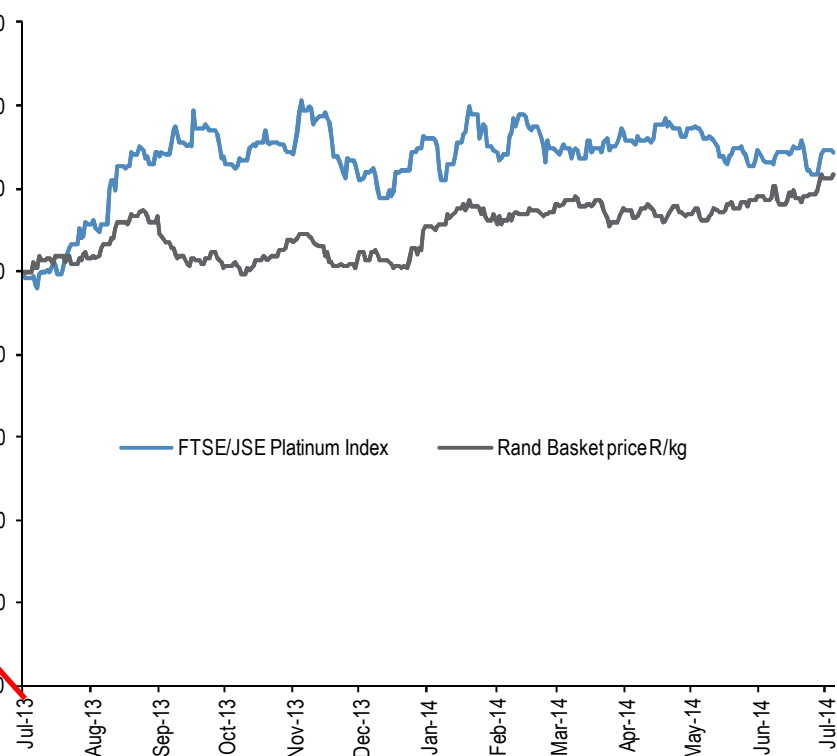
Basket price vs. Sector performance

Figure 28: Rand basket price vs. JSE Platinum Index (Last 12 years)



Source: Bloomberg

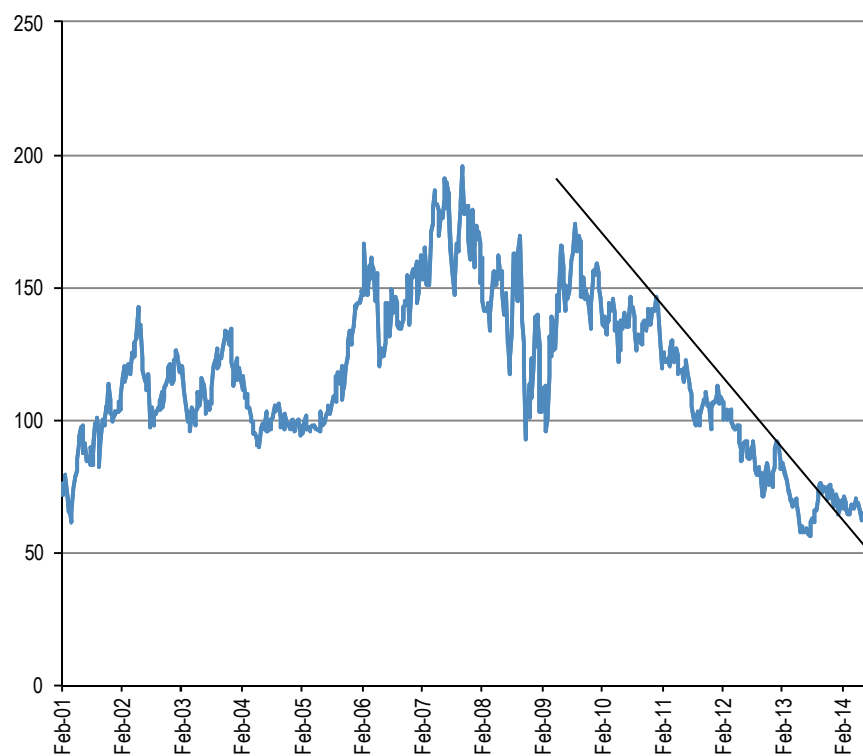
Figure 29: Rand basket price vs. JSE Platinum Index (Last 12 months indexed to 100)



Source: Bloomberg

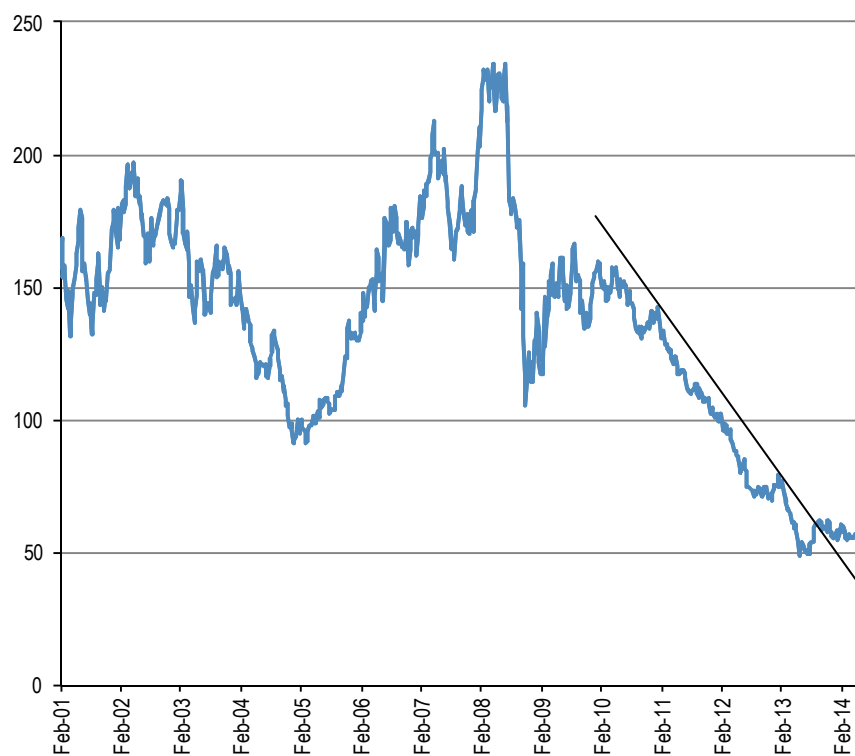
Sector performance relative to basket price and SA market

Figure 30: JSE Platinum Index/Rand basket price (Indexed to 100 as on Jan-05)



Source: Bloomberg

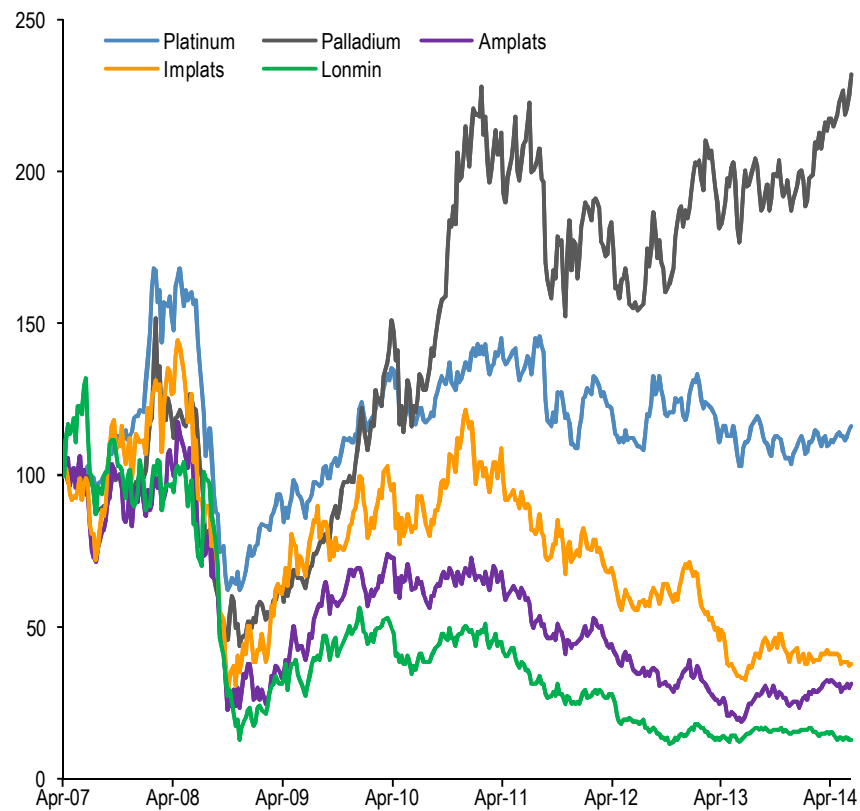
Figure 31: JSE Platinum Index/JSE All Share Index (Indexed to 100 as on Jan-05)



Source: Bloomberg

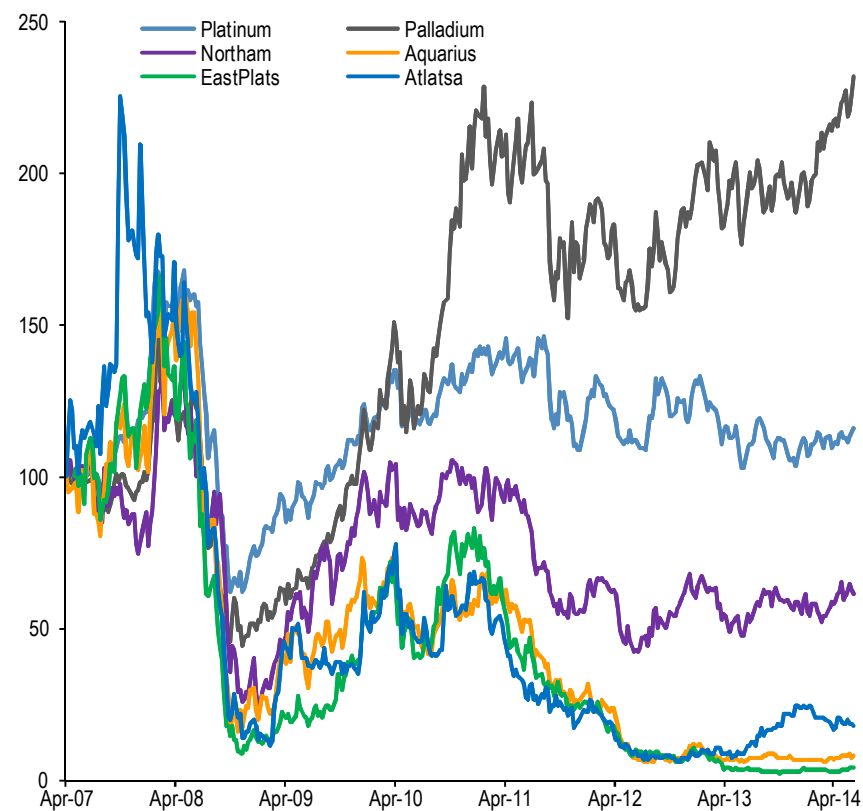
Share price vs. metals

Figure 32: Major PGM producers share price (\$/sh) vs. metal prices (Index. to 100 as on Apr-07)



Source: Bloomberg

Figure 33: Mid-tier PGM producers sh price (\$/sh) vs. metal prices (Index. to 100 as on Apr-07)



Source: Bloomberg

Platinum Equities 12m share price performance relative to FTSE/JSE Platinum Index (Indexed to 100 on July-13)

Figure 34: Anglo Platinum

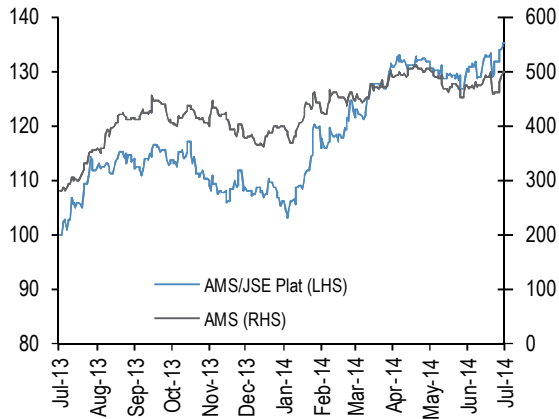


Figure 35: Implats

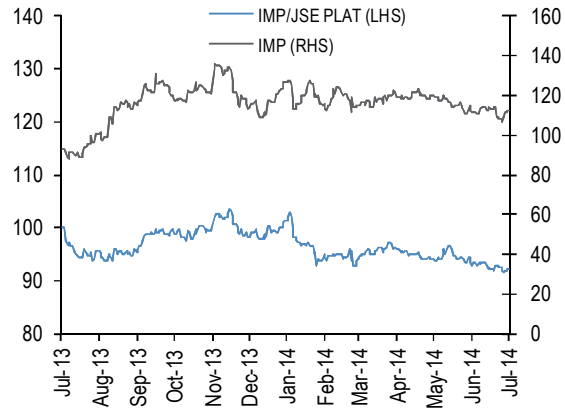


Figure 36: Lonmin

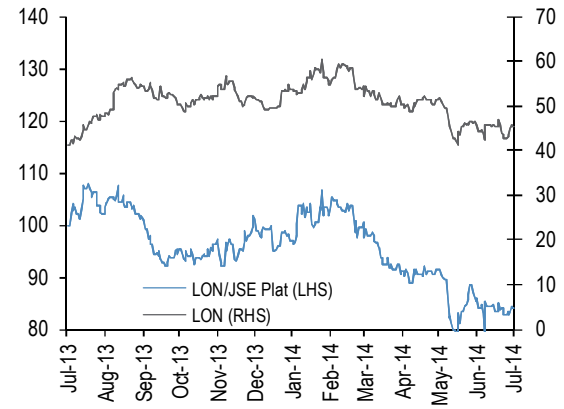


Figure 37: Northam

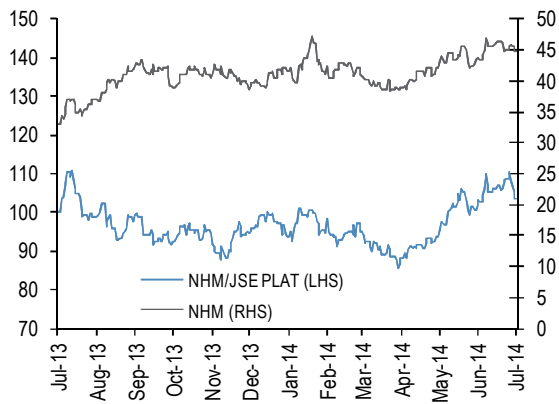


Figure 38: Royal Bafokeng Platinum

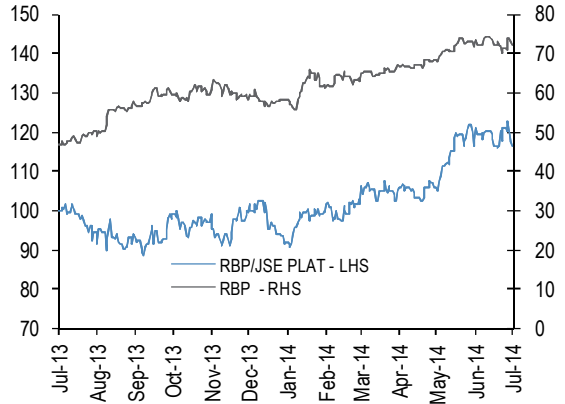
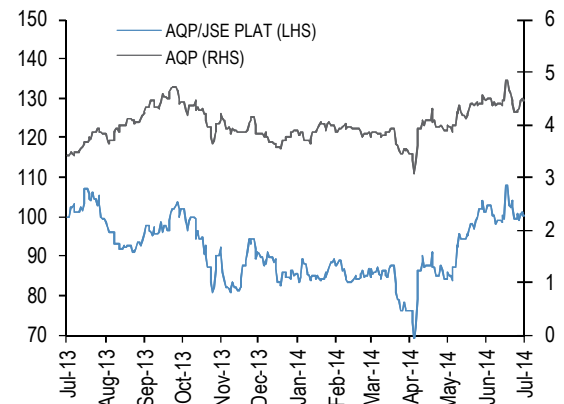


Figure 39: Aquarius



Source: Bloomberg.

Platinum Equities 12m share price performance relative to FTSE/JSE Platinum Index (Indexed to 100 on July-13)

Figure 40: Atlatza

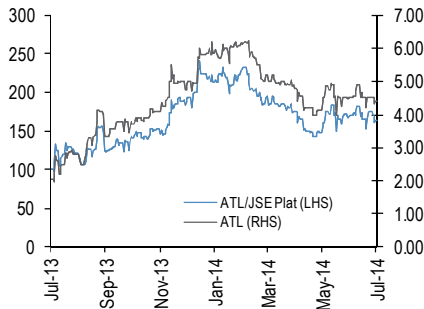


Figure 41: Eastern Platinum

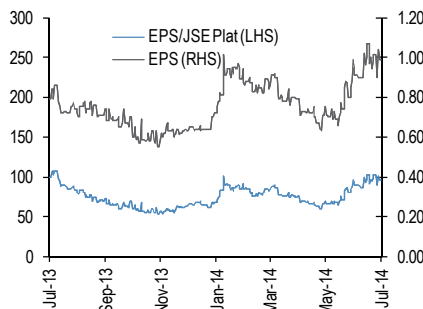


Figure 42: Wesizwe

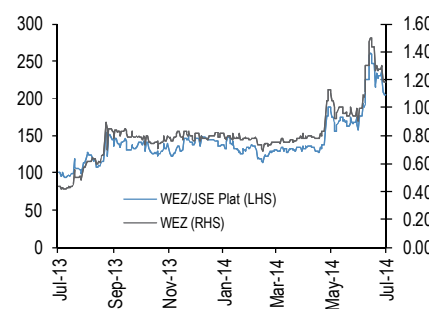


Figure 43: Jubilee Platinum

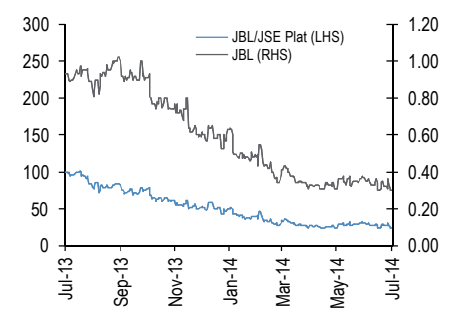


Figure 44: Sylvania Platinum

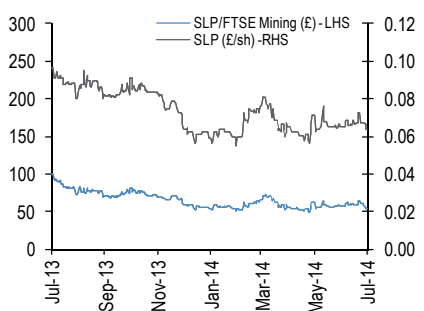


Figure 45: Platinum Group Metals

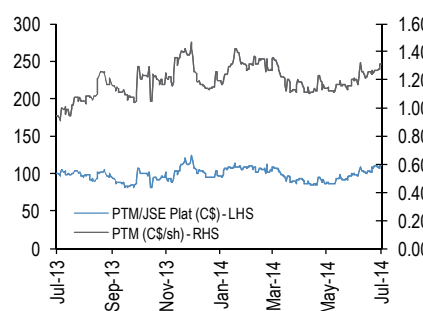


Figure 46: Stillwater

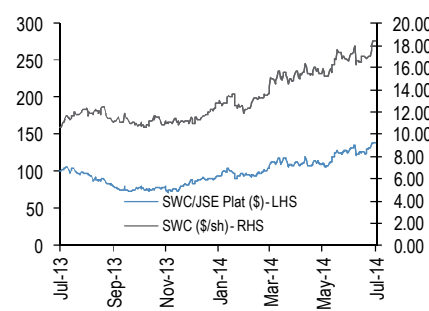
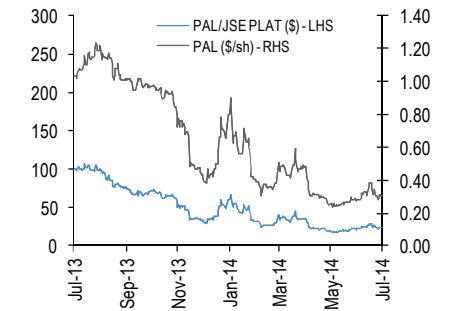


Figure 47: North American Palladium



Source: Bloomberg. Stillwater & North American Palladium are compared against dollar FTSE/JSE Platinum Index.

Our top picks: Amplats, RBPlat, Lonmin & Northam (May 2015)

Glossary of published research *(Click on the name to read)*

- | | |
|--|---------------|
| 1. Platinum wage settlement: Wage agreement signed. Workers return to work from tomorrow | June 24, 2014 |
| 2. Platinum strike update: The end is in sight. Positive for Lonmin. Buy metal into dips | June 13, 2014 |
| 3. J.P. Morgan SA Platinum & Gold Sensitivity Spotter: Bloomberg version | May 30, 2014 |
| 4. Impala Platinum Holdings Ltd: Analyst briefing - some key points | May 29, 2014 |
| 5. J.P. Morgan Platinum Industry Break-even Analyser: Bloomberg version | May 26, 2014 |
| 6. Gold & Precious Metals: SFA (Oxford) Platinum lectures 2014. PGMs: Rearranging the Value Chain | May 19, 2014 |
| 7. Platinum Foresight: Looking into a new future - a farewell to labour | May 13, 2014 |
| 8. Platinum Year 2014: A Brave New World for Platinum Mines - unproductive labour risks pricing itself out of the market | Jan 31, 2014 |
| 9. Platinum Foresight: Future of Pt in SA - higher productivity for higher pay. U/grade AMS to OW, ATL to N; D/grade AQP to UW | Sep 10, 2013 |
| 10. Platinum Foresight: Producers' foundations cracking, time to overhaul strategy. D/grade EPS to UW, upgrade RBP to OW | May 07, 2013 |

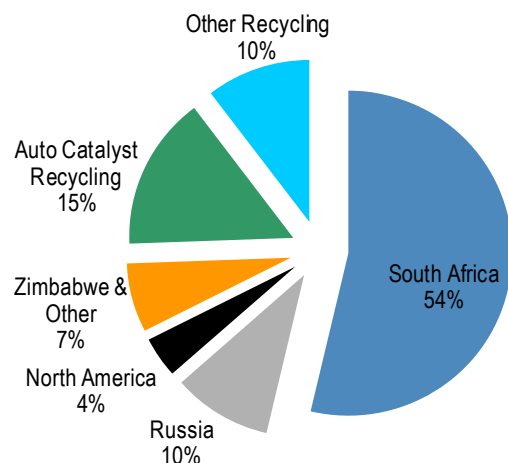
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- 1. SA: Matthew Calvocoressi (+27-11-507 0614) or Kaveer Joshi (+27-11-507 0615)***
- 2. Europe: James McGeoch (+44-207-134 0690) or Priscille Callies (+44-207-134 0977) or Amanda Sehayek (+44-207-134 1078) or Cem Turgut (+44-207-134 0565)***

PGM Supply & Demand

Figure 48: Platinum supply 2013

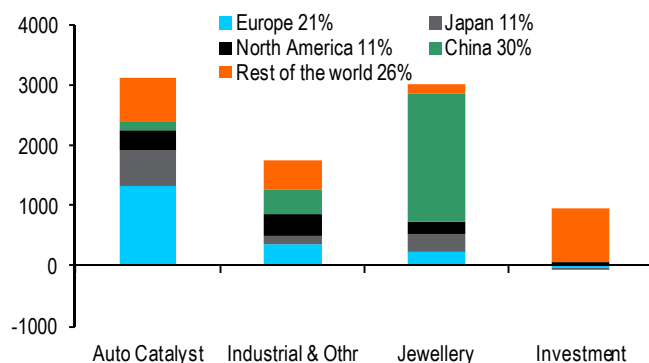
Total supply: 7,834koz



Source: Johnson Matthey PGM Market report May 2014

Figure 50: Platinum demand 2013 (by application and region)

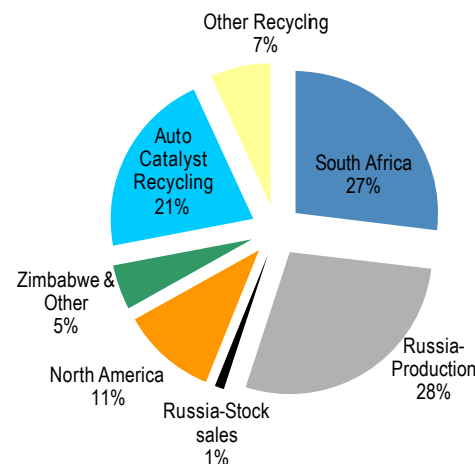
Numbers in koz, Total demand: 8,774koz



Source: Johnson Matthey PGM Market report May 2014

Figure 49: Palladium supply 2013

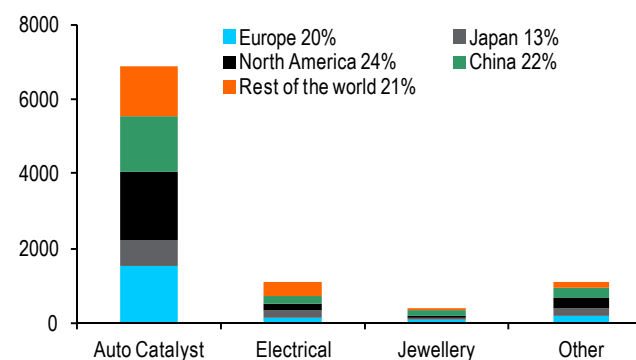
Total supply: 9,067koz



Source: Johnson Matthey PGM Market report May 2014

Figure 51: Palladium demand 2013 (by application and region)

Numbers in koz, Total demand: 9,438koz



Source: Johnson Matthey PGM Market report May 2014

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PGM Supply & Demand

Table 5: Platinum demand 2013 (by application and region)

	Europe	Japan	North America	China	Rest of the world	Total per application
Auto Catalyst	15%	7%	4%	1%	8%	36%
Industrial & Othr	4%	2%	4%	5%	6%	20%
Jewellery	2%	4%	2%	24%	2%	35%
Investment	0%	0%	1%	0%	10%	10%
Regional Total	21%	11%	11%	30%	26%	100%

Source: Johnson Matthey PGM Market report May 2014

Table 6: Palladium demand 2013 (by application and region)

	Europe	Japan	North America	China	Rest of the world	Total per application
Auto Catalyst	16%	8%	19%	16%	15%	73%
Electrical	1%	3%	2%	2%	4%	11%
Jewellery	1%	1%	0%	2%	0%	4%
Other	2%	2%	3%	3%	2%	12%
Regional Total	20%	13%	24%	22%	21%	100%

Source: Johnson Matthey PGM Market report May 2014

Companies Discussed in This Report (all prices in this report as of market close on 07 March 2014)

Anglo American Platinum Ltd (AMSJ.J/44969c/Overweight), Lonmin plc (LMI.L/294p/Overweight), Lonmin plc (LONJ.J) (LONJ.J/5313c/Overweight), Northam Platinum Ltd (NHMJ.J/4013c/Neutral), Royal Bafokeng Platinum Limited (RBPJ.J/6635c/Overweight)

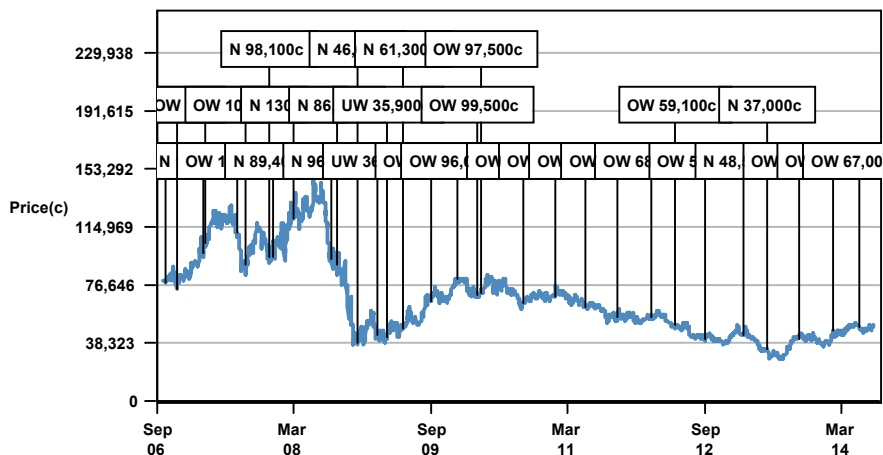
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- **Market Maker/ Liquidity Provider:** J.P. Morgan Securities plc and/or an affiliate is a market maker and/or liquidity provider in Anglo American Platinum Ltd, Northam Platinum Ltd, Royal Bafokeng Platinum Limited, Lonmin plc (LONJ.J), Lonmin plc.
- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for Anglo American Platinum Ltd within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: Anglo American Platinum Ltd, Northam Platinum Ltd, Royal Bafokeng Platinum Limited, Lonmin plc (LONJ.J), Lonmin plc.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: Anglo American Platinum Ltd.
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- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-securities-related: Anglo American Platinum Ltd, Lonmin plc (LONJ.J), Lonmin plc.
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation from investment banking Anglo American Platinum Ltd.
- **Investment Banking (next 3 months):** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Anglo American Platinum Ltd, Lonmin plc (LONJ.J), Lonmin plc.
- **Non-Investment Banking Compensation:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Anglo American Platinum Ltd, Lonmin plc (LONJ.J), Lonmin plc.
- **Broker:** J.P. Morgan Securities plc acts as Corporate Broker to Lonmin plc (LONJ.J), Lonmin plc.

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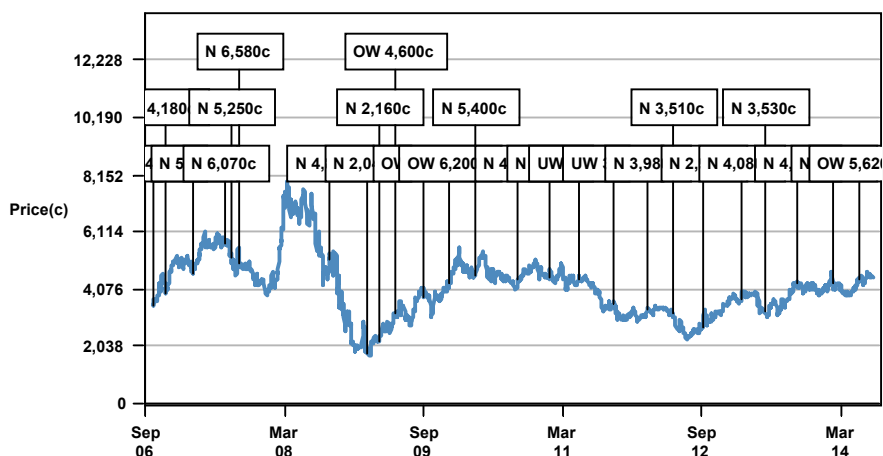
Anglo American Platinum Ltd (AMSJ.J, AMS SJ) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 05, 2006.

Date	Rating	Share Price (c)	Price Target (c)
05-Oct-06	N	77999	87400
20-Nov-06	N	74200	77600
08-Mar-07	N	98000	121000
12-Mar-07	OW	104000	121000
16-Jul-07	OW	110400	137400
16-Aug-07	OW	90100	106300
20-Nov-07	N	95500	98100
13-Dec-07	N	95500	89400
28-Feb-08	N	120001	130500
28-Jul-08	N	93470	96100
22-Aug-08	N	89500	86800
07-Nov-08	N	38000	46000
26-Jan-09	UW	43499	36900
09-Mar-09	UW	42200	35900
14-May-09	N	48000	61300
02-Sep-09	OW	66000	91000
14-Dec-09	OW	80400	96000
08-Mar-10	OW	70450	99500
24-Mar-10	OW	71900	97500
08-Sep-10	OW	64605	78300
10-Jan-11	OW	69000	87100
09-May-11	OW	62000	85900
16-Sep-11	OW	56000	68000
31-Jan-12	OW	55400	68300
09-May-12	OW	50000	59100
05-Sep-12	OW	41300	54700
31-Jan-13	N	43800	48500
07-May-13	N	34777	37000
10-Sep-13	OW	41000	56300
31-Jan-14	OW	45996	59000
13-May-14	OW	48600	67000

Northam Platinum Ltd (NHMJ.J, NHM SJ) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 05, 2006.

Date	Rating	Share Price (c)	Price Target (c)
05-Oct-06	N	3520	4080
20-Nov-06	N	3930	4180
07-Mar-07	N	4661	5570
16-Jul-07	N	5700	6070
06-Aug-07	N	5180	5250
06-Sep-07	N	4975	6580
28-Aug-08	N	5100	4800
26-Jan-09	N	1781	2040
09-Mar-09	N	2220	2160
14-May-09	OW	3200	4600
02-Sep-09	OW	3800	6100
14-Dec-09	OW	4300	6200
24-Mar-10	N	4550	5400
08-Sep-10	N	4439	4700
10-Jan-11	N	4500	5060
09-May-11	UW	4440	4310
16-Sep-11	UW	3542	3770
31-Jan-12	N	3370	3980
09-May-12	N	3230	3510
05-Sep-12	N	2725	2950
31-Jan-13	N	3686	4080

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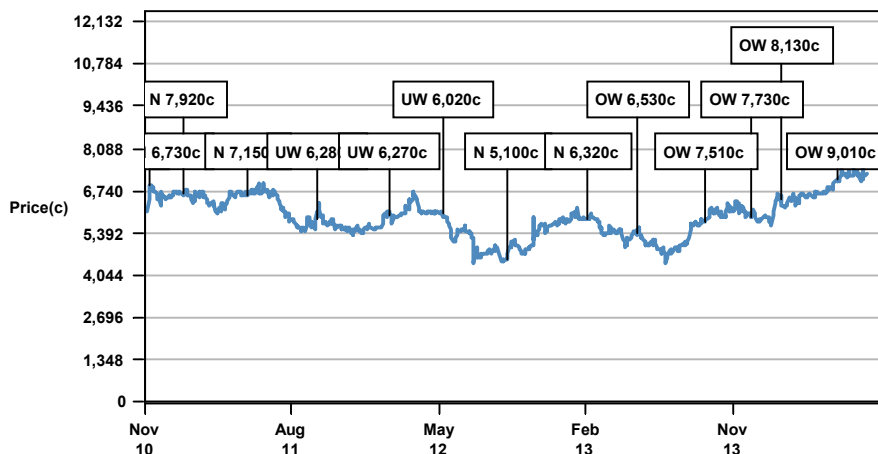
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07-May-13	N	3287	3530
10-Sep-13	N	4260	4600
31-Jan-14	N	4293	5170
13-May-14	OW	4440	5620

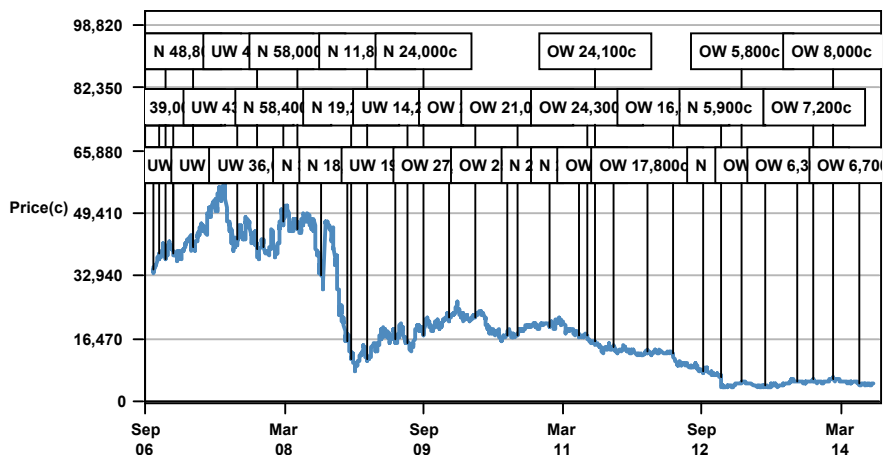
Royal Bafokeng Platinum Limited (RBPJ.J, RBP SJ) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Nov 10, 2010.

Date	Rating	Share Price (c)	Price Target (c)
10-Nov-10	N	6885	6730
10-Jan-11	N	6620	7920
09-May-11	N	6605	7150
16-Sep-11	UW	5850	6280
31-Jan-12	UW	5940	6270
09-May-12	UW	6000	6020
05-Sep-12	N	4525	5100
31-Jan-13	N	5800	6320
07-May-13	OW	5350	6530
10-Sep-13	OW	5750	7510
04-Dec-13	OW	5900	7730
31-Jan-14	OW	6450	8130
13-May-14	OW	7088	9010

Lonmin plc (LONJ.J) (LONJ.J, LON SJ) Price Chart



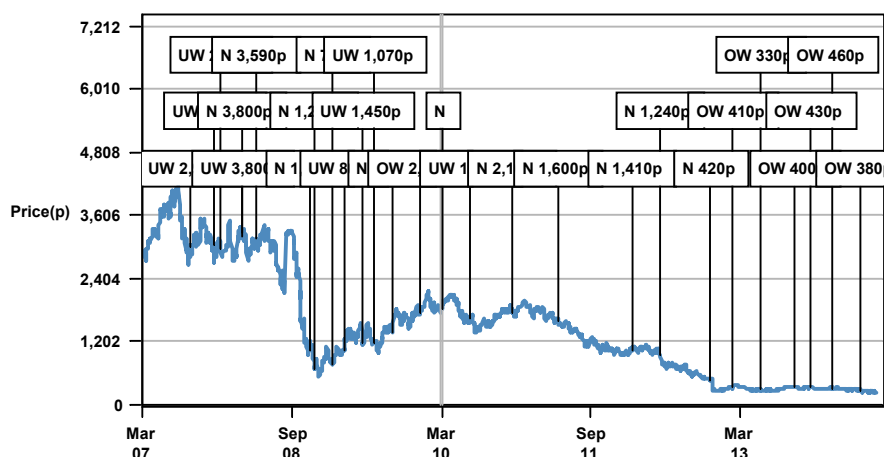
Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Break in coverage Sep 05, 2012 - Nov 12, 2012.

Date	Rating	Share Price (c)	Price Target (c)
05-Oct-06	OW	34637	44300
25-Oct-06	OW	38622	44700
20-Nov-06	OW	37369	43800
20-Dec-06	OW	39249	39000
21-Dec-06	N	38618	39000
07-Mar-07	N	40514	48800
12-Mar-07	UW	40745	48800
16-Jul-07	UW	57054	57100
27-Aug-07	UW	42767	43400
16-Nov-07	UW	40045	43900
13-Dec-07	UW	40251	36000
28-Feb-08	N	47025	58400
24-Apr-08	N	45152	58000
28-Jul-08	N	33028	35200
07-Nov-08	N	15588	18600
20-Nov-08	N	10947	19200
26-Jan-09	N	11171	11800
13-May-09	UW	16373	19000
30-Jun-09	UW	15050	14200
02-Sep-09	N	17300	24000
14-Dec-09	OW	22300	27000
24-Mar-10	OW	22275	29000
27-Jul-10	OW	17505	25000
08-Sep-10	OW	17550	21000
10-Jan-11	N	19575	24600
09-May-11	N	17300	22300
08-Jun-11	OW	17400	24300
06-Jul-11	OW	15683	24100
16-Sep-11	OW	14290	17900
31-Jan-12	OW	12989	17800

09-May-12	OW	12610	16800
05-Sep-12	N	7743	--
12-Nov-12	N	6325	5900
31-Jan-13	OW	5055	5800
07-May-13	OW	3960	4800
10-Sep-13	OW	5336	6300
11-Nov-13	OW	5655	7200
31-Jan-14	OW	5750	8000
13-May-14	OW	4760	6700

Date	Rating	Share Price (p)	Price Target (p)
27-Aug-07	UW	3027	2920
16-Nov-07	UW	3032	3130
13-Dec-07	UW	2960	2580
27-Feb-08	UW	3274	3800
28-Feb-08	N	3207	3800
24-Apr-08	N	3147	3590
07-Nov-08	N	1041	1190
20-Nov-08	N	700	1210
26-Jan-09	N	766	790
09-Mar-09	UW	1029	800
14-May-09	UW	1168	1450
30-Jun-09	UW	1173	1070
02-Sep-09	N	1361	1860
14-Dec-09	OW	1764	2160
01-Mar-10	N	1842	--
16-Jun-10	UW	1637	1550
15-Nov-10	N	1767	2100
05-May-11	N	1601	1600
31-Jan-12	N	1032	1410
09-May-12	N	948	1240
12-Nov-12	N	455	420
31-Jan-13	OW	360	410
07-May-13	OW	286	330
10-Sep-13	OW	343	400
11-Nov-13	OW	328	430
31-Jan-14	OW	307	460
13-May-14	OW	271	380

Lonmin plc (LMI.L, LMI LN) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Break in coverage Mar 01, 2010 - Jun 16, 2010.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

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