



PRECIOUS METALS ADVISORY

CPM Group, Vol. XXI, No. 6, 13 June 2008

Next Issue: 9 July 2008

OVERVIEW

Precious metals prices climbed higher in May, but are expected to head lower this month. Gold and silver prices may be more inclined to experience weakness, given seasonal trends. Investor demand for these two metals is expected to remain intact, however. Platinum and palladium prices may also decline, but strong supply and demand fundamentals in addition to strong investor interest may temper the declines.

GOLD

A combination of technical selling, profit-taking, investor selling, and seasonal weakness could put downward pressure on gold prices this month. A break below \$860 could push prices to test \$840 and perhaps lower support levels. Prices could spike to around the \$800 mark on a strong sell-off, but prices near this level may be short-lived. Investor interest has been strong and buying would be expected to pick up if gold prices head lower. Physical demand also is expected to increase at prices below \$860. Many of the factors that have been supportive of gold prices over the past several months and years remain. High and volatile energy prices, a still weak U.S. dollar, and continued concerns over economic and financial prospects should keep gold prices supported.

SILVER

Silver prices held up above \$16 in May, but this level could be tested this month. There has been increased buying by both investors and end-users at prices between \$16 and \$16.50. If prices break below \$16, it could precipitate a wave of selling, however.

PLATINUM

Platinum prices may hold above \$1,900 this month. Continued South African supply concerns, strong fabrication demand, and strong investment demand should keep prices supported. The roll from the July Nymex contract into the October contract later this month should lend further support.

PALLADIUM

There is strong support for palladium prices around the \$410 level. Strong physical demand and investment demand are expected to keep prices from declining sharply.

PRICE TARGETS

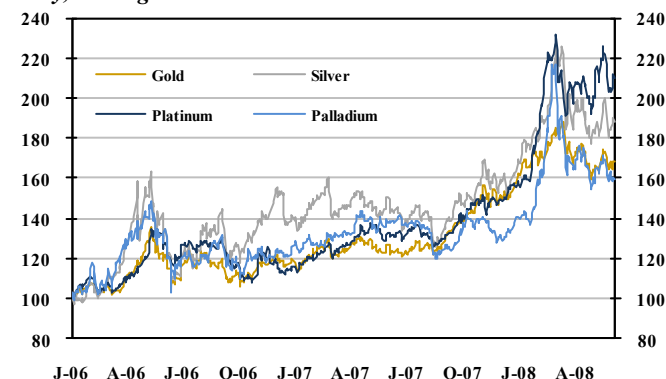
	30-May	1-Month	3-Month	1-Year
Gold:				
Silver:				
Platinum:				
Palladium:				

Our most recent price targets are available upon request. E-mail info@cpmgroup.com to inquire.

The outlook sections for each commodity explain views in detail. Green, red, and black colors indicate a positive, negative, and neutral outlook, respectively. Targets indicate expected high or low intraday cash prices within the specified time frame.

Indexed Precious Metals Prices in 2006-2008

Daily, Through 9 June 2008



PRICES

(Prices as of 30 May; changes from 30 April)

Gold	\$887	↑	2.6%	\$22
Silver	\$16.87	↑	2.2%	\$0
Platinum	\$2,014	↑	4.1%	\$79
Palladium	\$435	↑	2.9%	\$12
Rhodium	\$9,330	↑	4.5%	\$405

INDICATORS

(Data as of 30 May; changes from 30 April)

DJIA	12,638	↓	-1.4%	-182
FT World Stock Index	425.01	↑	1.3%	5.57
FT Gold Mines Index	2,941.23	↑	7.0%	192.08
CRB Index	422.17	↑	3.2%	12.90
T-Bills	1.85%	↑	38.1%	0.51%
US Trade-Weighted Dollar	95.55	↓	-0.3%	-0.32
\$ / Euro	\$1.556	↓	-0.1%	-\$0.001

INVESTMENT DRIVERS REMAIN IN PLACE

Precious metals prices may be volatile over the summer. The overall bias is still toward higher prices, but a combination of factors could lead to a decline in the near term. Gold and silver appear particularly vulnerable to sharp, if brief, declines in prices. If gold breaks below the \$860 support currently being tested, it could fall to \$840, \$800, or even \$780 briefly. If silver breaks below \$16.50, also currently being tested, it could drop to \$15, \$14, or even \$13.75. Any such sharp declines would be expected to be short-lived, as there are a lot of potential buyers waiting to jump in on any such sell-off.

Platinum, palladium, and rhodium meanwhile are likely to be relatively protected from such a spike down. Their prices would be expected to drop in such an environment, but the declines may be limited by the combination of supply concerns related to South Africa, strong fabrication demand, and high levels of investor demand.

The remainder of June and July could be a period of price consolidation. There are seasonal factors, many related to fabrication demand patterns in the jewelry and automotive industries, that often lead to some price weakness during the period from May through August. These could be coupled this year by investors rebalancing their portfolios slightly, reducing their exposure to precious metals and other commodities while focusing more intently on a potential recovery in U.S. and world equities, and the U.S. dollar.

The precious metals markets remain driven primarily by investment demand. Investors meanwhile continue to display wavering senses of economic optimism and pessimism. For much of May investors were cycling back into U.S. equities and the U.S. dollar. There was a general perception that U.S. and world economic conditions were improving and were stronger than had been perceived in the first four months of the year. Some economists in and out of the government increased their discussions that the U.S. economy in fact may have avoided a full-blown recession, and could see a revival in the second half of this year from a period of low growth in the first half of this year. (This, in fact, has been CPM Group's view of economic prospects all along.)

This economic euphoria dissipated quickly during the first week of June. Oil prices rose further and faster than ever before, jumping a record \$15-plus dollars on Thursday and Friday, 5 – 6 June, to \$139.12 per barrel at one point. This combined with renewed signs of financial distress at major brokerage companies due to credit mar-

ket problems and news on 6 June that U.S. unemployment had shot up from 5.0% in April to 5.5% in May, quickly dissolved any good feelings. These factors hit U.S. equity markets badly, and helped push precious metals prices higher that day.

The following week prices came back off. Gold indeed has been locked between \$860 and \$960 over the past two months, supported by strong demand at the low end but capped by profit-taking by shorter term traders and investors toward the high end. The same has been true of silver, between \$16.50 and \$18.75, and platinum and palladium.

The potential for a spike down in prices, especially in gold and silver, during the summer is high.

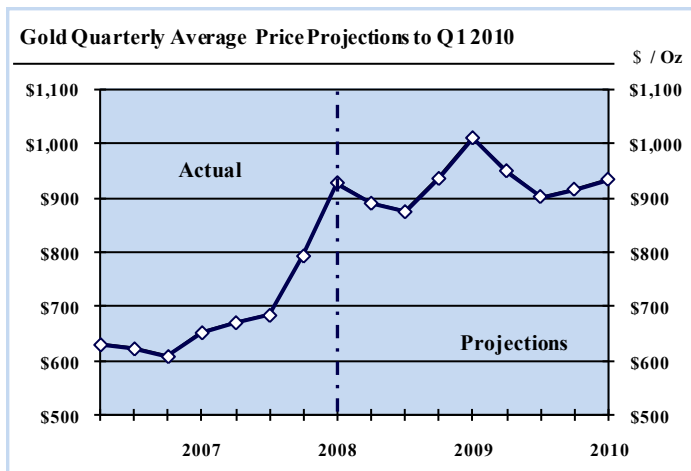
Beyond that, however, prices still seem likely to move higher as the year progresses. The economic, political, and financial market factors that have driven heavy levels of investment demand for precious metals over the past few years are not likely to dissipate soon. There are times, such as in May, when things appear to be improving, but much of the improvements either appear marginal or prove ephemeral. The longer term, seemingly intractable problems related to U.S. debt and deficit spending, issues related to the U.S. dollar, political problems from the Middle East to most other quarters of the world, inflationary pressures, and more all remain largely in place. This should keep investors interested in precious metals investments for the rest of 2008 and well in to 2009. Periodic spasms in the political or economic realms meanwhile will cause rushes of investment demand into the metals markets, pushing prices higher.

On a political front, in early June there were both worrisome and potentially hopeful developments, which added to the whipsawing of investor sentiments. Tensions between Israel, on one side, and both Hamas and Hezbollah threaten to boil over into worse fighting again, as they did last year. This pushed oil and precious metals prices higher. On Thursday, 5 June, U.S. Defense Secretary Robert Gates removed Michael Wynne and Michael Moseley from the top two positions in the Air Force. While the reason given for the removal related to two logistical mistakes, these two officials were the highest ranking Pentagon officials supporting Vice President Cheney's proposal to saturate bomb Iran, using nuclear-tipped bunker busting bombs to liquidate Iran's underground nuclear development facilities in a geologic plasma. They were involved in deploying Air Force personnel to advise and observe Israel's use of conventional tipped bunker buster bombs against Hezbollah in Leba-

non in the summer of 2007, which many people saw as a test bed to see if they would work against Iran's nuclear facilities. This was seen as perhaps indicative of hesitance on the part of some U.S. Administration officials to attack Iran before the end of the Bush Administration. The following day Israel's transport minister and potential leader of the ruling Kadima party, said in a press interview that an Israeli air attack of Iran's nuclear facilities was looking increasingly 'unavoidable.' That raised the political pressure in the region, which was reflected in higher gold, silver, and oil prices that day.

These political risks remain potent, and seem likely to continue to roil world financial markets for the foreseeable future. This will help create a political underpinning for investor demand for gold and silver, which will add to the economic and financial stimuli investors already are receiving. In this environment, any decline in precious metals prices this month most likely will see heavy bargain hunting, pushing prices back to higher levels later in the year.

PRICE PROJECTIONS



Year	Quarter	Quarterly AVG	Change	Annual AVG	Change
2008	II	890.74	-4.1%		
2008	III	875.15	-1.8%		
2008	IV	936.41	7.0%	907.69	29.6%
2009	I	1011.32	8.0%		
2009	II	950.64	-6.0%		
2009	III	903.11	-5.0%		
2009	IV	916.66	1.5%	945.44	4.2%
2010	I	934.99	2.0%		

OUTLOOK

Gold prices are expected to head lower over the course of this month. The price weakness may extend into July and August, although the persistence of strong investment demand may limit the summer-time weakness this year. Additionally, political, economic, and financial market conditions may keep investors nervous, aiding investment demand. This could limit the period of price weakness. A large number of investors worldwide are waiting to jump in as buyers on a break below \$860, which could make the June period of weakness short and shallow. Even as some wait, others are not waiting, which has kept prices above \$860 for most of the time in May and early June.

Prices could be subdued until September. While investors have kept prices from falling below \$860 over the past two months, countervailing forces have kept prices below \$935 - \$960. Prices have been unable to push sharply higher since April, in spite of continuous record crude oil prices, a still extremely weak U.S. dollar against other major currencies, stagnant growth couple with inflationary pressures in the United States, rising inflation around

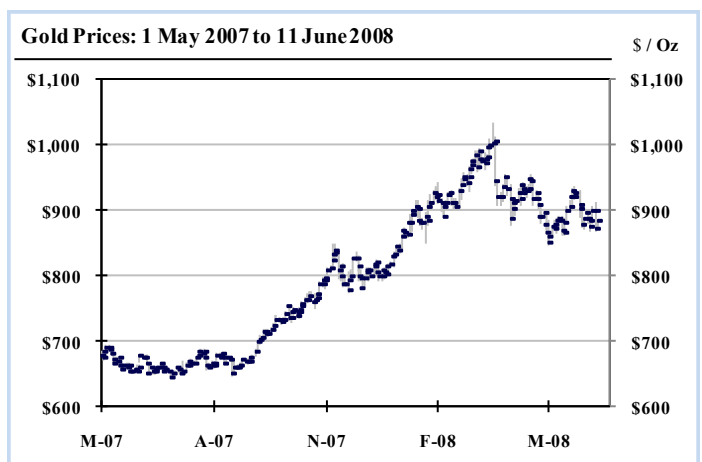
the world, volatile stock markets, and increased world political tensions. Profit-taking, technically based selling, seasonal weakness, investor selling, and hot money flowing in and out of commodities have been keeping gold prices from mounting a rally above \$960.

Gold prices were testing \$860 support as this was being written. Prices are expected to break below this level during the middle of June, which may precipitate a round of stop-loss selling by longs and fresh short selling. Many market participants are looking for prices to spike to \$840, \$830, \$800, or even \$780 in this environment, if only for a brief moment. Strong investment demand would then be expected to kick in, driving prices higher once more.

Assuming the world economic and political fronts continue to provide investors with ample reasons to be worried about global conditions, prices then might rise strongly during the remainder of 2008 and into 2009. Prices could rise to new records, exceeding the 18 March 2008 record settlement price of \$1,004.30, perhaps by a wide margin.

PRICES

Gold settled at \$850.90 at the start of the May, basis the June Comex contract settlement price. Prices then moved into a higher trading range over the next several days, peaking at an intraday high of \$890.80 on 12 May before falling back on 13 May to close at \$869.60.



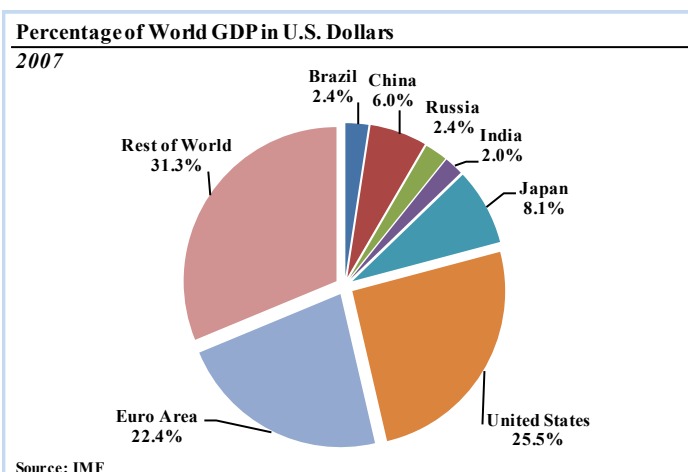
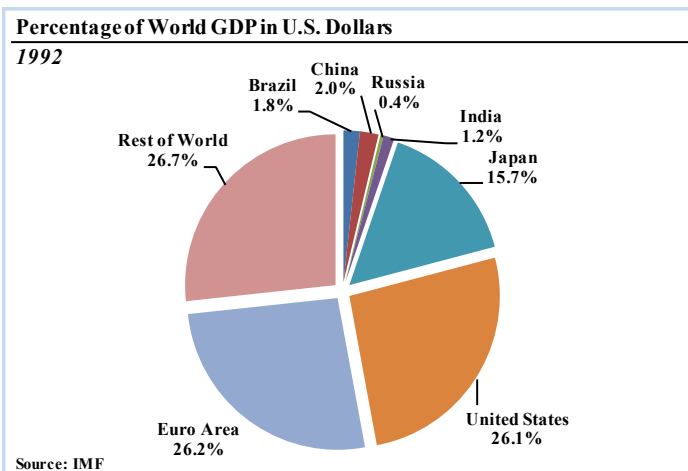
Gold then recovered to trade above \$900 as crude oil prices climbed above \$130 and set record highs. The U.S. dollar's value against other currencies also fell sharply at this time, after having recovered in late April and early May. Gold prices reached an intraday high of \$935.40 on

24 May before retreating once more. Gold prices broke below the \$900 level in late May as the roll from the June contract into the August contract had been largely resolved during the rise in prices from 14 to 23 May.

Prices made a run higher during the first week of June, as crude oil prices set record highs again, closing in on the \$140 level. As of 12 June gold prices had backed off, with the now active August Comex contract closing at \$871.40, having touched \$859.60 during the day.

THE ECONOMY AND INVESTORS

Not much has changed as far as the dynamics that have been supportive of gold prices. The world is dealing with uncertain prospects regarding the state of economic and financial markets, and political tensions remain.



Market observers are discussing the potential of a decoupling between the U.S. and world economies, suggesting that as the United States has become a smaller portion of overall economic activity, and final demand, the rest of the world is perhaps better insulated from

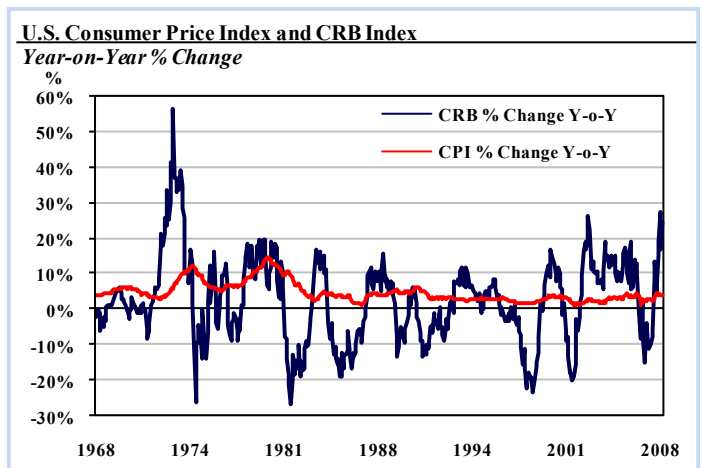
weak U.S. economic and demand trends than it has been in the past, and might avoid economic weakness as a result of U.S. economic weakness.

Clearly the U.S. economy is less important than it has been in the past, and will be even less important in the future.

However, at present the U.S. economy still is by far the largest and most powerful economic engine pulling the world economy. Continued economic weakness in the United States is slowly filtering through to the rest of the world.

Looking in simplistic terms at total world gross domestic product (GDP) in billions of U.S. dollars, one can see that the United States accounted for 26.1% of world GDP in 1992. Over the ensuing 15 years, to 2007, the U.S. share of world GDP had contracted only to 25.5%.

The world expanded from a \$24.24 trillion economy in 1992 to \$54.3 trillion in 2007, meanwhile. There has been strong economic growth in emerging and developing nations, but the countries that make up these regions are still economically small compared to the euro area and the United States. Current strong economic growth in the rest of the world, including Brazil, China, India, and Russia, may not be enough to offset sluggish growth in the United States. In today's global economy, where goods and services flow much easier than they did several years ago, emerging and developing nations may eventually feel the effects as one of its biggest consumers demands less. This uncertainty about the prospects of world economic growth over the next several quarters should be one of many trends supportive of gold prices in the short and medium-term.



Over the past several years *rising commodity prices*, in particular rising energy prices, have created an aura of

concern about potentially higher inflation. The rise in energy and commodity prices in fact does put upward pressure on consumer prices, but the relationship between commodities prices and general inflation at the consumer level is far less dynamic than politicians and market commentators give it.

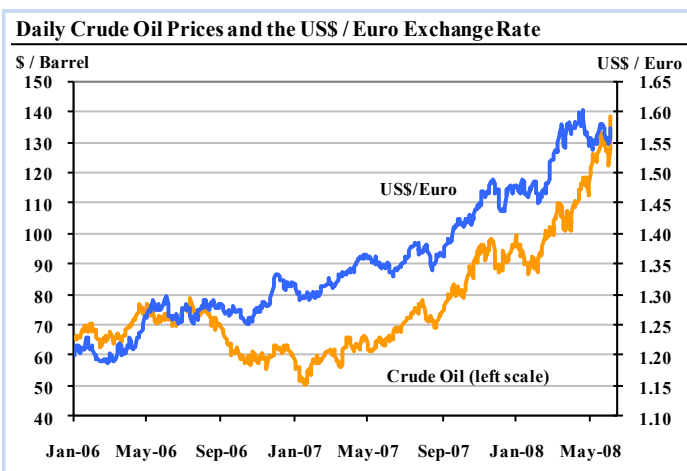
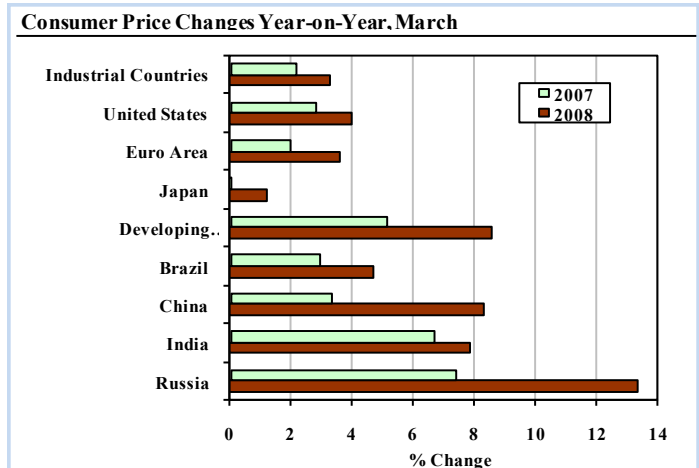
The chart on the previous page shows that commodities prices, represented by the CRB index, fluctuate sharply compared to changes in general price inflation. Sharp increases in the prices of basic raw materials have very little effect on consumer prices. The historical statistical correlation is 4.4% for monthly changes in consumer prices and commodities prices. This makes sense if one stops to think about it for a moment. The value of the wheat in a loaf of bread is a few cents, or a few percentages of the total price of that loaf of bread. The price of the steel in a car or truck is similarly a small percentage of the value or price of that vehicle, and looks miniscule compared to the costs of the labor to build and market the vehicle, let alone the heritage pension fund requirements of the auto companies after decades of tough labor negotiations.

Over the last several months the potential inflationary pressures from rising raw materials costs have been more pronounced. Additional inflationary pressures have arisen from a weak U.S. dollar, which has gone hand in glove with rising crude oil and other commodities prices. Although the U.S. dollar has recovered from its record lows against the Euro and other currencies, crude oil prices have continued to climb. Many market observers suggest that the U.S. dollar may stabilize around its current value against other currencies, but still be volatile. The forecast for crude oil prices is, however, for higher prices. There have been many in the market suggesting prices around \$150 over the next several months, while some have talked about \$200. With current supply and demand conditions tight in the energy markets and strong speculative

froth in these markets, prices may not be that far from these higher levels — even if there is a sharp temporary sell off in the middle of June before further increases later in the year.

Consumer prices around the world have risen forcefully in recent months. If government subsidies on gasoline in China and India were removed inflation levels would be much higher in those countries. Continued rising energy prices should remain supportive of gold prices.

That said, as gold prices head lower over the course of June, July, and possibly August, there may be scaled in buying. Demand in the futures, options, and other paper markets may increase as well as physical demand. Many market participants have been reluctant to buy or increase their purchases of gold at prices near and especially above \$900. As prices have declined, however, there has been strong buying. In late April prices fell below \$900 and went as low as \$846.40 on an intraday basis. This was the lowest level seen since late last year, partly because every time prices have dived lower there has been increased buying by market participants across the board.



Demand has picked up from technical buying as prices have touched key buy levels, bargain hunters have moved in, investors have added to their long positions, cost conscious consumers in India have increased their physical purchases, and other market participants that had been waiting on the sidelines for lower gold prices have initiated positions. Also, the hot money that flowed out as gold prices declined flowed back into the gold market.

This type of buying along with many of the other factors discussed may help keep gold prices from declining too sharply over the next several months. Prices are expected to head lower overall, however. Seasonality also will play an important role in helping to push gold prices lower. As

mentioned in previous editions of this report, the summer months in the Northern Hemisphere are typically when gold prices weaken. Prices may first test \$860 and then \$840 before heading to \$800. Rising energy prices, weak economic data, and volatile stock markets may temper a forceful decline. Another financial shock to markets could push prices forcefully back above \$900.

SUPPLY

Market economy gold production for this year has been revised lower to 59.3 million ounces, from a previous estimate of 59.8 million ounces. Mine output had been projected to be little changed from last year's 59.8 million ounces, but is now projected to be 0.8% lower. The decline was mostly due to a revision of Canada's and South Africa's production figures.

Canadian mine production during the first quarter of this year has not held up, totaling 701,330 ounces. This is down a sharp 12.4% from 800,429 ounces produced in the first quarter of last year. On an annualized basis, mine output could total 2.8 million ounces this year. Gold production is expected to pick up over the course of the year, however, and reach 3.0 million ounces.

Mine output in Peru from January through April was 1.86 million ounces, up 2.1% from 1.82 million ounces produced during the similar period last year. Peruvian gold production is on track to total 5.6 million ounces this year. If Canadian production reaches 3.0 million ounces this year, it still would be off 300,000 ounces from 2007's already low 3.3 million ounces. Peruvian output of 5.6 million ounces this year would be only 200,000 ounces greater than in 2007, so it would not even offset the loss in Canadian output.

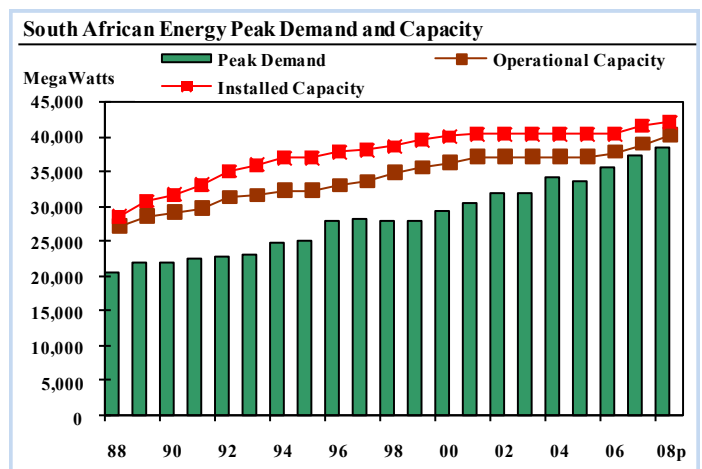
Projected gold output from South Africa this year was revised lower to 7.5 million ounces. This is down from the previous projection of 7.8 million ounces and 8.0 million ounces in 2007. The revision comes amid recent information and data regarding the effect the power outages had on mining activity in South Africa earlier this year. During the first quarter of this year gold production reached 1.68 million ounces, down 15.5% from 1.99 million ounces produced in the previous quarter and down 16.8% from 2.02 million ounces produced during the first quarter of last year. On an annualized basis mine output could total only 6.7 million ounces, assuming similar production levels as in the first quarter during the remainder of this year. Mine output is expected to increase over the next several quarters, however, and make up some of the

lost production experienced already this year.

The mining industry in South Africa was virtually shut down during late January 2008 due to nationwide power outages. Mining activity was restarted the following month, but gold mines had to operate with 90% of electricity supply. This added further strain to many operations restarting their mining activity and in dealing with the challenges of working with less power. Many companies were faced with possibly closing down mines temporarily and cutting thousands of jobs. Talks between the mining companies and Eskom, the state owned power utility, led to an increase of electricity supply to 95%. This increase was granted on a case-by-case basis, however.

The gold mining industry employees approximately 168,860 people, or 34% of an estimated 482,457 people employed in South Africa's entire mining industry. It was important to increase power to many of the country's mining operations. Since late January there have been few unexpected power outages, but there is load shedding, which is managed power outages. South Africa still faces a delicate electricity situation, but is trying to cope with it in several ways. Load shedding by Eskom is one. Eskom is also in the process of increasing its coal reserves and has applied for a nominal 60% increase in tariffs it charges to end-users. This tariff increase is partly due to the rise in primary energy costs. The increased tariffs will provide the capital to finance maintenance, upgrades, and new projects. There is a nationwide energy efficiency campaign underway as well. If gold mining operations do not adjust to current operating conditions, which is mainly working with 5% to 10% lower electricity supply, then gold mine output could be closer to 7.0 million ounces this year.

South Africa is currently operating with an electricity reserve margin, the difference between peak demand and



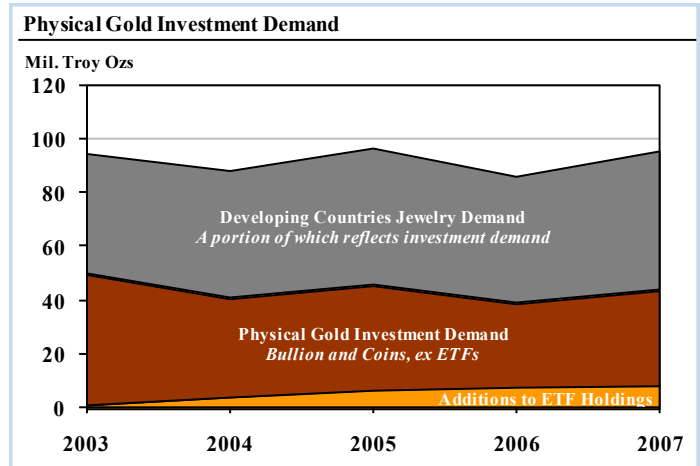
installed capacity, of between 8% and 10%. This means there is practically no room for error on providing power to the country. Eskom had been operating at a 25% reserve margin just six years ago, in 2002. Eskom plans to increase its reserve margin to at least 15% over the next several years. There are plans underway to add an additional 20,000 megawatts of power over the next ten years. This added energy may not alleviate the current congestion until at least 2011, however.

DEMAND

Combined gold exchange traded fund (ETF) holdings rose to 29.61 million ounces during May. This was up 680,100 ounces from 28.93 million ounces held at the end of April. Last month's increase was not enough to offset the sharp declines seen in combined gold ETF holdings during April, however, when gold holdings dropped 2.0 million ounces. Gold prices were lower overall during May. The average price was \$889, down 2.6% from the average price of \$913 during April. Price closed higher, at \$887.30 at the end of May, however, higher than the settlement of \$865.10 at the end of April. During April the monthly average gold price was 5.3% lower than in March. The movements in combined ETF holdings are somewhat reflective of gold price moves. As gold prices declined in April, gold ETF holdings also declined, and as gold prices rose in May, gold holdings also rose.

When there are large declines in ETF gold holdings market observers comment that the selling may mark the end of the bull market. That is not an accurate reading of the gold market, however. Investors buying gold through the

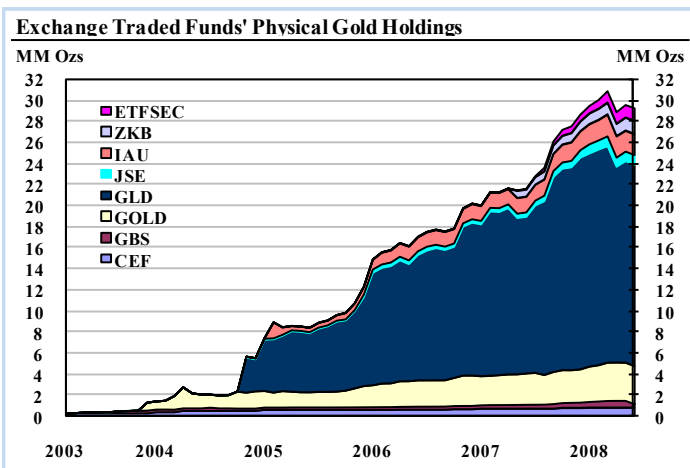
ETFs account for less than one-fifth of gold investment buying of bullion, and an even smaller share of investment demand if one adds in the jewelry bought as investments in gold. Gold ETF investors do not represent the majority of investors. The fact that this relatively small subgroup of gold investors may shift from being net buyers to net sellers or vice versa at any given time does not necessarily indicate similar shifts in gold attitudes on the part of other, diverse portions of the gold buying population.



MARKETS

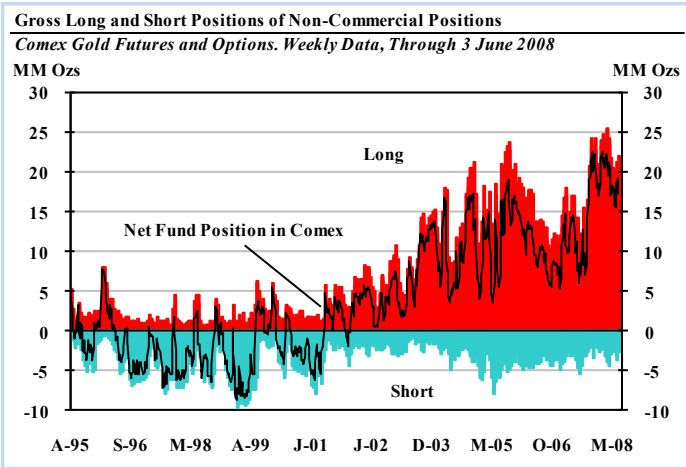
The average daily clearing volume by members of the London Bullion Market Association was 21.1 million ounces in April. April's average daily clearing volume was down 17.9% from 25.7 million ounces cleared on average in March, but up 4.5% from 20.2 million ounces cleared on average in April 2007. The number of transactions meanwhile has remained high while the trade sizes in ounces have remained low. While the average transaction size is down to 10,561 ounces in volume terms, due to higher gold prices the value of the average transaction size has risen. The value of the average transaction size reached \$9.8 million in March of this year. This was up from \$8.6 million in March of last year.

During the first half of May commodity funds and institutional investors decreased their net long positions on the Comex futures and options contracts to 15.38 million ounces. This was the lowest level since 11 September 2007, when the net long position was 14.21 million ounces. Prices had declined to \$860 during the first half of May. Prices have since risen and so has the net long position. As of 3 June the net long position was 17.17 million ounces, up from 16.44 million ounces on 29 April. The gross long position meanwhile rose to 19.97 million ounces from 19.26 million ounces. The gross



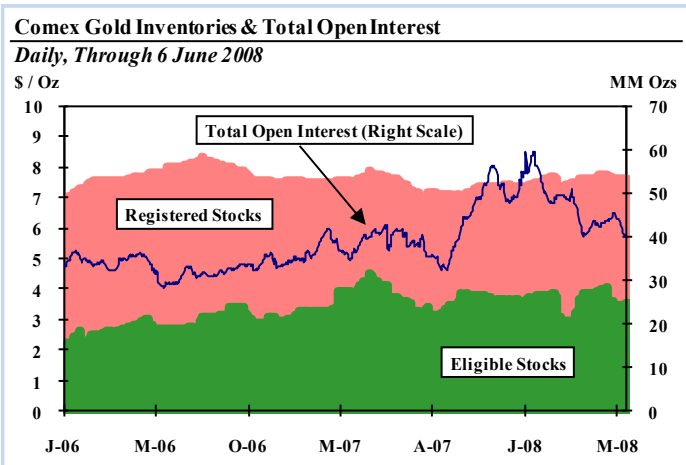
Note: CEF-Central Fund of Canada traded on the Toronto Stock Exchange. GOLD-Gold Bullion Securities traded on the Australian Stock Exchange, GBS-Gold Bullion Securities traded on the London Stock Exchange, GLD-Streettracks Gold Shares traded on the New York Stock Exchange, GLD (JSE)-Gold Bullion Debentures traded on the Johannesburg Securities Exchange, IAU-IShares Comex Gold Trust traded on the American Stock Exchange, ZKB-Zurich Cantonal traded on the Swiss Exchange. ETF-ETF Securities traded on the London Stock Exchange. Data as of 30 May 2008.

short position was little changed around 2.8 million ounces.



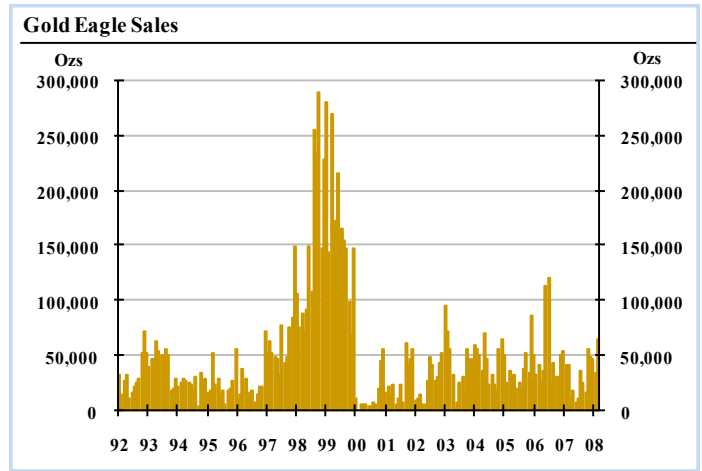
At the end of May open interest in the June Comex contract was 1,035,500 ounces, down from 24,835,500 ounces at the end of April. During May the roll from the June contract into the August contract was underway. At the end of May open interest in the August contract was 25,846,000 ounces, up from 4,740,600 ounces at the end of April. Total open interest meanwhile declined to 40,886,000 ounces from 43,191,400 ounces.

Combined Comex warehouse stocks declined during May. Inventories were 7,591,038 ounces on 30 May, down from 7,750,410 ounces at the end of April. Of this total registered stocks declined from 4,030,152 ounces to 3,515,163 ounces while eligible stocks increased from 3,720,258 ounce to 4,075,875 ounces. The shift of metal from registered to eligible stocks, along with the removal of 159,372 ounces from Comex registered depositories most likely reflects strong demand fro physical gold from investors that are not futures oriented.



COINS

U.S. Eagle gold coin sales dropped sharply during May to 35,000 ounces. This was down 42.1% from 60,500 ounces in April, but almost double the 18,000 ounces sold in May last year. Sales were sharply higher in April and May, so that year-to-date through May gold coin sales were 241,500 ounces, up 46.4% from 165,000 ounces sold in the similar period last year. Yearly coin sales have been below 583,000 ounces since 1999, when the U.S. Mint sold 2.02 million ounces during the Y2K craze. This year gold coins sales could reach 600,000 ounces.



Note: Eagle Gold coin sales include American Buffalo Gold coin sales starting in June 2006.

GOLD	2006	2007	2008
January	51,000	53,500	47,500
February	31,500	41,500	33,500
March	42,000	41,000	65,000
April	27,000	11,000	60,500
May	36,500	18,000	35,000
June	113,000	7,500	
July	119,500	11,000	
August	26,000	35,500	
September	43,000	25,500	
October	30,500	17,000	
November	13,000	56,500	
December	50,000	48,500	
YTD Total (May 2008)	188,000	165,000	241,500
% Change YOY	8.4%	-12.2%	46.4%
Annual Total	583,000	366,500	
% Change Previous Year	30.3%	-37.1%	

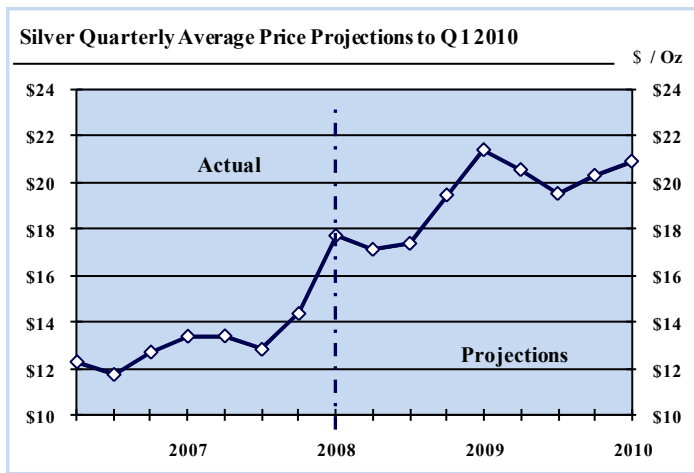
GOLD STATISTICAL POSITION

XXI-6

Supply	2005	2006	2007	2008p
Mine Production				
South Africa	9.6	8.8	8.2	7.5
Canada	3.8	3.4	3.3	3.0
United States	8.4	8.0	7.8	7.8
Australia	8.3	8.0	7.9	8.0
Peru	6.7	6.5	5.5	5.6
Indonesia	4.5	2.9	3.6	2.6
Other Market Economies	21.2	22.4	23.6	24.8
Total	62.4	59.9	59.8	59.3
<i>% Change Year Ago</i>	<i>2.3%</i>	<i>-4.0%</i>	<i>-0.3%</i>	<i>-0.8%</i>
Secondary Supply	28.0	26.3	32.4	33.9
<i>% Change Year Ago</i>	<i>2.4%</i>	<i>-6.2%</i>	<i>23.3%</i>	<i>4.6%</i>
Transitional Economy				
Sales	18.0	18.0	19.0	20.0
<i>% Change Year Ago</i>			<i>5.6%</i>	<i>5.3%</i>
Total Supply	108.5	104.3	110.7	113.9
<i>% Change Year Ago</i>	<i>1.9%</i>	<i>-3.9%</i>	<i>6.2%</i>	<i>2.8%</i>
Fabrication Demand				
Industrial Demand				
Electronics	5.5	7.5	8.9	9.4
Dental/Medical	2.4	2.4	2.4	2.4
Other	1.9	3.1	4.6	5.5
Total	9.8	13.0	15.9	17.3
<i>% Change Year Ago</i>	<i>4.7%</i>	<i>32.3%</i>	<i>22.7%</i>	<i>8.6%</i>
Jewelry				
Developed Countries	22.0	16.2	14.9	14.2
Developing Countries	51.3	47.4	52.1	58.3
Total	73.3	63.6	67.0	72.5
<i>% Change Year Ago</i>	<i>2.4%</i>	<i>-13.3%</i>	<i>5.4%</i>	<i>8.1%</i>
Total Fabrication Demand	83.1	76.6	82.9	89.8
<i>% Change Year Ago</i>	<i>2.6%</i>	<i>-7.9%</i>	<i>8.3%</i>	<i>8.2%</i>
Stock Demand				
Official Transactions				
Other	-20.6	-11.5	-16.0	-14.0
Total	-20.6	-11.5	-16.0	-14.0
<i>% Change Year Ago</i>	<i>31.9%</i>	<i>-44.5%</i>	<i>39.4%</i>	<i>-12.3%</i>
Net Private Investment				
Official Coins	4.0	4.5	4.5	4.5
Bullion	20.7	11.2	21.0	14.6
Medallions	2.0	3.0	2.8	3.0
Indian Demand	19.3	20.5	15.4	16.0
Total	46.0	39.2	43.7	38.1
<i>% Change Year Ago</i>	<i>11.9%</i>	<i>-14.8%</i>	<i>11.7%</i>	<i>-12.9%</i>
Total Stock Demand	25.3	27.7	27.8	24.1
<i>% Change Year Ago</i>	<i>-0.3%</i>	<i>9.4%</i>	<i>0.2%</i>	<i>-13.3%</i>
Total Demand (Fabrication Plus Stock Change)	108.5	104.3	110.7	113.9
Price Per Ounce				YTD
High	\$531.70	\$721.50	\$842.70	\$1,004.30
Low	414.30	527.80	606.90	850.90
Average	446.42	606.67	700.11	916.93
<i>% Change Year Ago</i>	<i>8.9%</i>	<i>35.9%</i>	<i>15.4%</i>	<i>38.5%</i>

*Million Ounces; Source: CPM Group; Notes: There maybe discrepancies in totals and percent changes due to rounding; Net official sales are indicated by negative numbers; The price is the Comex nearby active settlement, 2008 through April; Longer term projections are available in CPM Group's *Gold Supply, Demand, and Price: 10-Year Projections* report; e -- estimates; p -- projections; NM -- Not meaningful; June 5, 2008

PRICE PROJECTIONS



Year	Quarter	Quarterly AVG	Change	Annual AVG	Change
2008	II	17.09	-3.3%		
2008	III	17.35	1.5%		
2008	IV	19.43	12.0%	17.89	32.8%
2009	I	21.37	10.0%		
2009	II	20.52	-4.0%		
2009	III	19.49	-5.0%		
2009	IV	20.27	4.0%	20.41	14.1%
2010	I	20.88	3.0%		

OUTLOOK

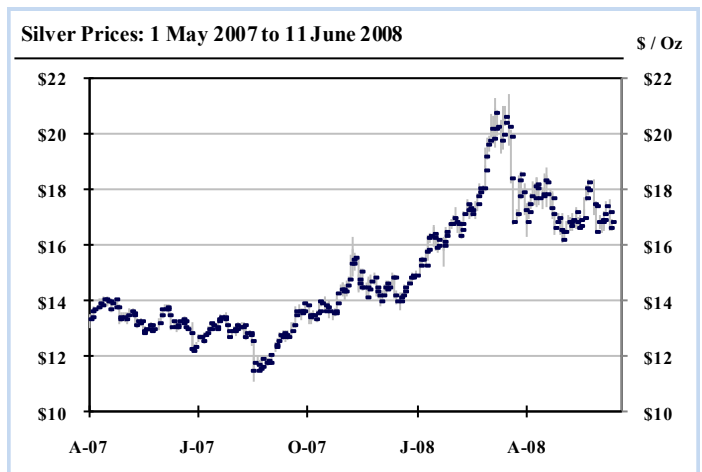
Silver prices could remain volatile with some seasonal weakness in June and July. Silver prices have been trading between \$16.50 and \$18.75 since March, with two brief spikes down to \$16.30 on 1 April and \$16.125 on 2 May. Prices are expected to break below \$16.50 in the near term. This may precipitate a large sell-off. Prices could fall back toward \$16.00, although many market participants are expecting a breach of this level as well. Some technically oriented traders believe prices could fall to around \$15.00, while others see a spike to \$13.75 - \$14.00 as being a real possibility. Any break below \$16.50 will be taken as a buying opportunity by the large number of investors, fabricators, bank traders, and others who are waiting for lower prices to add to their long positions. Many will wait to see how low prices may fall before entering the market as buyers, which could accentuate the downward move.

Once prices stabilize after such a fall, heavy buying would be expected to bring silver back up sharply. If the decline occurs in the next week or so, the move toward the first delivery day for the active July Comex futures contract could exacerbate the severity of the subsequent rise in prices. As of 10 June there were 292.0 million

ounces of open interest in the July Comex silver contract, compared to 84.6 million ounces of registered stocks and 133.4 million ounces of total eligible and registered stocks.

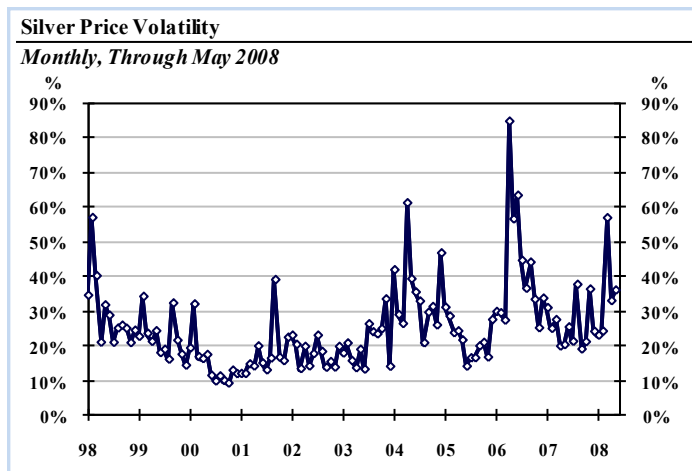
Regardless of whether prices first decline sharply, silver prices are expected to rise toward \$18.50 - \$18.75 later in June. The possibility of a more forceful move toward \$19 or higher is possible, especially if political or economic conditions turn more worrisome. At present the view in these reports is that prices will consolidate during July and August, before staging a sharper upward move later in the year.

PRICES



Silver traded in a \$2.29 range throughout May. On 1 May prices began at \$16.205 (basis the July Comex settlement price). Prices continued to rise until 7 May, before settling at \$16.695 that day. Prices rose again, breaking above \$17 to settle at \$17.225 on 12 May. However, as speculators booked their profits price came off over the next two trading sessions. Prices surged higher between 19 May and 23 May, breaking above \$17 on 19 May and continuing to rise until 23 May, settling at \$18.29. Prices then fell sharply after 26 May, settling at \$16.865 by 30 May. Silver prices averaged \$17.076 in May, down 2.4% from the \$17.498 average in April.

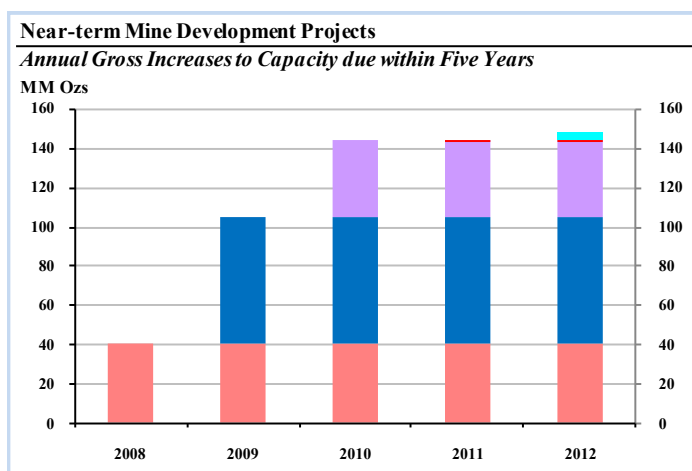
Silver price volatility stood at 35.8% during May. This was down from 56.8% in March but up slightly from 32.8% in April. Silver price volatility has somewhat slowed down from the March level which could be indicative of summer slowdown. While prices are expected to be whipped around during June or early July, price volatility nonetheless is expected to calm down slightly over the next three months.



SUPPLY

Mine production in Peru is on track to total 112.9 million ounces for year. From January through April this year mine production totaled 36.3 million ounces. This was up 2.3% from 35.5 million ounces during the similar period last year. In Mexico, silver production year-to-date through February totaled 17.1 million ounces. This was up 11.8% from 15.3 million ounces produced during the similar period last year. During the first quarter of 2008, Canadian mine production declined sharply to 6.7 million ounces, down 11.1% from 7.6 million ounces produced during the first three months of 2007. Canadian mine production is expected to rise during the later part of the year to total approximately 27.9 million ounces on an annual basis.

During the first half of May unions at major mines in Peru proposed a tentative strike over labor conditions. Peru is the world's leading producer of silver. If such a strike occurs it could reduce the expected annual silver output of Peruvian mines, which could add upward pressure on silver prices.



Several new projects either already have come into production or are slated to come on stream this year. According to CPM Group projections of near-term silver mines coming on stream, the total gross annual mining capacity increases at expansions and new mines due over the next five years is projected to be at least 144.0 million ounces. This is just the capacity increases at projects currently in various stages of development. More projects should be expected to be advanced in the future, adding to this total. Additionally, these projects exclude silver mines in China, Russia, and other transitional economies, where production is rising sharply.

FABRICATION DEMAND

There has been strong fabrication demand for silver. Demand for silver in the photographic sector continues to decline, but demand in other sectors may be flat to higher in the second half of this year. Silver use in electronics and batteries is rising as silver is used as a substitute for more expensive metals and new electronic applications for silver gain market. Because silver prices are at historically high levels, many industrial users have planned to increase the price of their silver bearing products. Eastman Kodak Company plans to increase prices of some of its products by up to 20%.

Indian Demand

Due to volatile silver prices, demand for silver in India has been relatively flat. According to reports from India, Bank of Nova Scotia holds approximately 4.8 million ounces of silver inventories. If demand remains sluggish and prices rise, it is possible that this silver would be re-exported from India to overseas markets, since domestic Indian silver prices are at a discount to overseas prices.

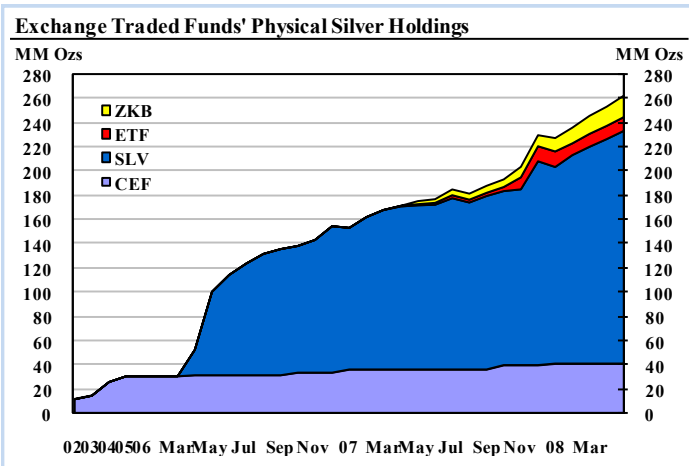
Indian silver demand is expected to remain weak in the coming month. The marriage season is over and the next marriage and festival season in India does not begin until the middle of September. Annual silver demand in India is between 96.0 to 128.0 million ounces. Most of this demand comes from farmers in rural India. As the annual monsoon approaches India between June and September, a large part of this silver demand will depend on the agricultural crop. The quality and quantity of the agricultural crop will determine the purchasing power of Indian farmers. Another factor determining silver demand would be a dip in silver prices to \$15 or lower. This would be seen as a buying opportunity among bargain hunters in India. High and volatile silver prices in recent months have led some investors in India to migrate to gold, since gold was seen as a better investment than silver.

Egyptian Demand

Demand for silver also is cropping up in Egypt. Traditionally, Egyptians inclined more toward gold than silver; however, with rising gold prices and high inflation hitting the Egyptian economy, more people have shifted their focus on silver. Silver has become popular among Egyptians both as an investment vehicle and in jewelry. Silver jewelry is in fashion among Egyptian women mainly due to the fact that silver is less expensive compared to gold. Apart from that silver also resembles white gold, which is mainly used in Egypt to manufacture fashion jewelry.

INVESTMENT DEMAND

Investment demand remained strong perhaps aided by the decline in prices during the last week of May. Recently there were reports indicating that the demand for Silver Eagle coins was so strong that the U.S. Mint could not keep up with the increasing demand and stopped taking new orders. As silver coins became a popular investment vehicle exceeding the perceived demand, the U.S. Mint later resorted to rationing coins. Additionally, strong demand for Canadian Silver Maple Leafs and polished 100-ounce silver bars exceeded available supply of these investment products. There is ample silver available in 1,000-ounce good delivery bars; it is silver in these small investor forms that is in tight supply.

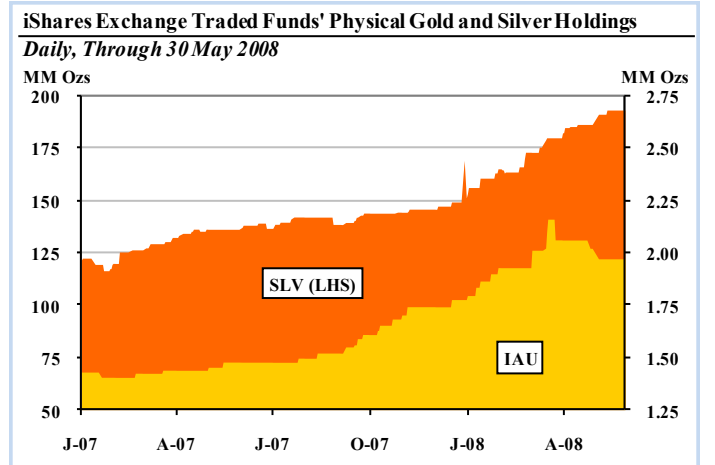


Note: CEP-Central Fund of Canada traded on the Toronto Stock Exchange. SLV-iShares Silver Trust traded on the American Stock Exchange. SLV as of 30 May 2008. CEP as of 30 May 2008.

Silver ETFs holdings rose again during May. At the end of May combined holdings of silver ETFs amounted to 263.1 million ounces, up 3.6% or 9.2 million ounces from 253.9 million ounces held at the end of April. Although silver ETF holdings have continued to rise in recent months, the rate of increase has somewhat slowed

down. The iShares Silver Trust, which remains the largest ETF, added 6.9 million ounces of silver to its existing holdings, totaling 192.6 million ounces at the end of May. This was up 3.7% from 185.7 million ounces on 30 April. Zurich Cantonal Bank's (ZKB) silver holdings also increased, totaling 17.7 million ounces at the end of May, up 12% from 15.8 million ounces on 30 April. Meanwhile, ETF Securities' holdings increased to 11.3 million ounces, up 3.9% from 10.9 million ounces.

In spite of, or perhaps because of, volatile gold and silver prices investor interest has been healthy in both of the metals over the last few months. However, lately the total gold holdings in the iShares Gold Trust declined while the silver holdings in the iShares Silver Trust continued to rise. This is despite the fact that silver prices broadly shadowed gold prices over the past couple of months. Some market participants looked at this as an arbitrage or manipulation occurring in these markets. This disparity can, however, be explained by the difference in price movements of both metals. From the beginning of the year until the end of May gold prices rose 3.2% while silver prices rose 10.3%.



Notes: SLV- iShares silver trust traded on the ASX. IAU - iShares gold trust traded on the ASX.

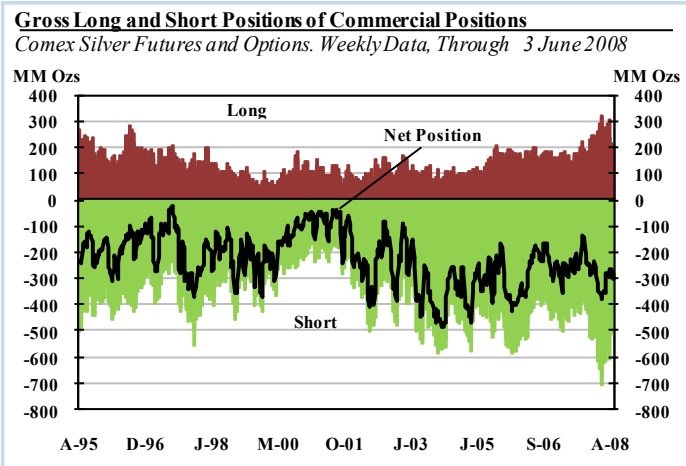
MARKETS & INVENTORIES

In spite of a deficit in the silver market for 16 years, silver prices have remained stagnant for a long period of time. This led some people in the market to believe that silver prices were manipulated and influenced by a group of short traders in the futures market. In the middle of May the Commodity Futures Trading Commission released a second report on its on-going surveillance and examination of the silver market in four years. Again, the CFTC reported that it had found no evidence of manipulation in the silver futures market. The CFTC was responding to a letter-writing campaign by silver conspir-

acy theorists. The fact that since 2005 silver prices have been rising to high levels along with other precious metals prices does not seem to dampen such allegations, nor does the fact that silver prices have surpassed other precious metals prices in terms of percentage change. The silver conspiracy theorists counter such comments by pointing out that while gold and platinum are at record levels, silver is less than half its 1980 peak.

In April, LBMA clearing volume averaged 119.2 million ounces per day. This was down 23.0% from 154.7 million ounces cleared per day in March. Year-on-year, clearing volume was up 12.8% from 105.7 million ounces cleared per day during April 2007.

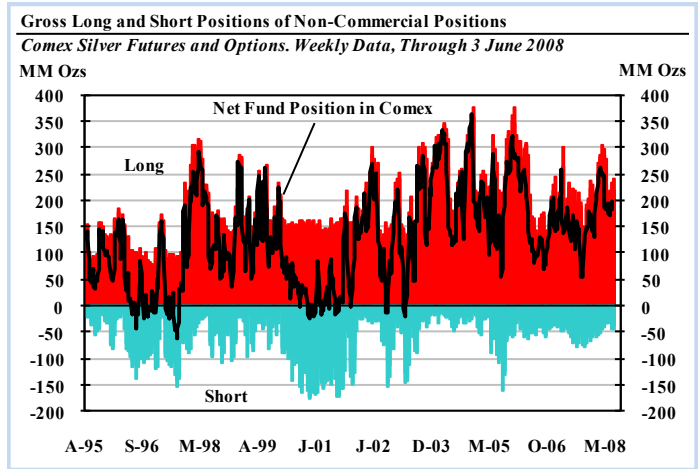
As of 27 May, the net short position held by commercial traders rose to 305.8 million ounces. This was up 27.0 million ounces from 378.7 million ounces at the end of April. During this period, the gross short position declined to 511.7 million ounces, down 8.0 million ounces from 519.7 million ounces.



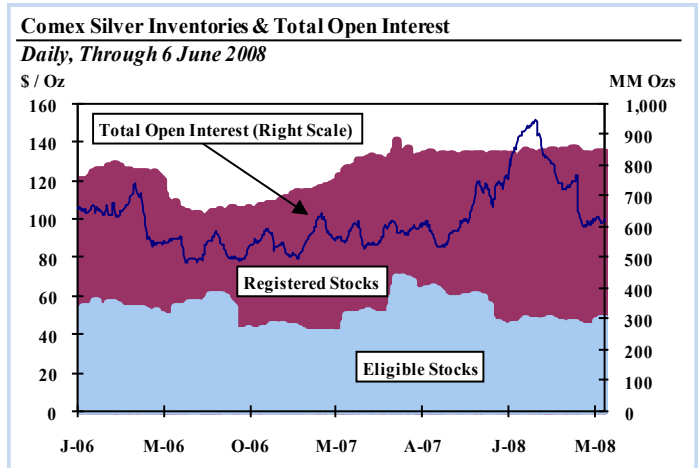
As of 27 May large non-commercials held a large net long position totaling 197.2 million ounces. This was up 13.7 million ounces from 183.5 million ounces at the end of April. During the same period, gross long positions increased to 242.4 million ounces, up 28.5 million ounces from 213.9 million ounces.

The amount of open interest in the now active July Comex silver futures contract remains quite high. It fell slightly over the course of May. On 30 May open interest stood at 322,780,000 ounces, down from 346,900,000 ounces on 1 May. During the same time open interest in the September Comex silver futures contract almost doubled to 80,135,000 ounces from 44,660,000 ounces. By 10 June the July open interest had fallen to 291,990,000 ounces. September open interest had risen to 112,200,000

ounces. The large open interest in the July contract could exert upward pressure on prices as it approaches its first delivery date at the end of this month.



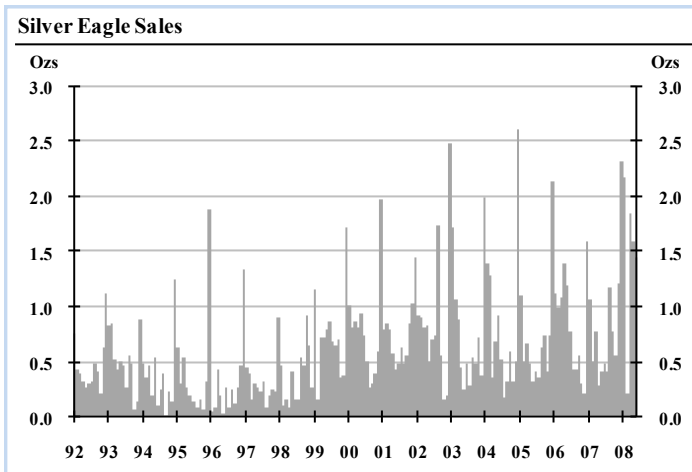
Physical demand for silver remained strong during May. As of 30 May, there were approximately 28.8 million ounces of delivery notices issued at the Comex for the May contract. This was up 57.4% from 18.3 million ounces of delivery notices at the end of April.



Comex warehouse inventories rose over the course of May, from 133,512,348 ounces on 30 April to 135,074,138 ounces on 30 May. Of this, 87,539,541 ounces were registered at the end of May, down from 90,602,091 ounces on 30 April. Another 47,534,597 ounces were eligible inventories, up from 42,910,257 ounces at the end of April.

COINS

Sales of U.S. Silver Eagle coins totaled 1,443,500 ounces in May. This was down 8.9% from 1,584,000 ounces sold in April but up 265.4% from 395,000 ounces sold in May 2007. The decline reflected the Mint's inability to meet demand, as investors continue to seek to buy large volumes of silver. Year-to-date through May, U.S. Silver Eagle coins amounted to 7,252,500 ounces, up 141.2% from 3,007,000 ounces sold during the same period in 2007.

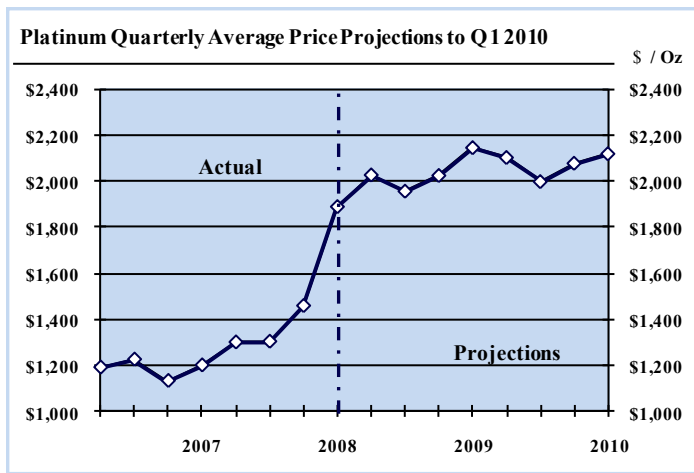


SILVER	2006	2007	2008
January	1,115,000	1,070,000	2,170,000
February	993,000	500,000	200,000
March	1,072,000	762,000	1,855,000
April	1,395,000	280,000	1,584,000
May	1,186,000	395,000	1,443,500
June	760,000	470,000	
July	417,000	405,000	
August	413,000	1,165,000	
September	550,000	765,000	
October	285,000	550,000	
November	195,000	1,200,500	
December	1,600,000	2,324,500	
YTD Total (May 2008)	4,575,000	3,007,000	7,252,500
% Change YOY	67.9%	-34.3%	141.2%
Annual Total	9,981,000	9,887,000	7,252,500
% Change Previous Year	18.8%	-0.9%	

Supply	2005	2006	2007	2008p
Mine Production				
Mexico	93.0	96.1	99.5	104.5
United States	39.5	36.7	38.0	38.4
Peru	102.7	111.6	112.3	112.9
Canada	36.1	32.0	27.7	27.9
Australia	77.0	56.0	62.0	65.1
Other	169.2	180.0	193.1	207.6
Total	517.5	512.2	532.7	556.3
<i>% Change Year Ago</i>	<i>2.6%</i>	<i>-1.0%</i>	<i>4.0%</i>	<i>4.4%</i>
Secondary Supply				
Old Scrap	205.0	215.0	222.0	228.7
Coin Melt	5.0	7.0	5.0	4.0
Indian Scrap	16.1	22.5	16.1	25.0
Total	226.1	244.5	243.1	257.7
<i>% Change Year Ago</i>	<i>4.4%</i>	<i>8.2%</i>	<i>-0.6%</i>	<i>6.0%</i>
Other Supply				
Government Disposals	35	26	8	0
Net Exports from Transitional Economies	—	—	—	—
Total	35	26	8	0
<i>% Change Year Ago</i>	<i>133.3%</i>	<i>-25.7%</i>	<i>-69.2%</i>	<i>-100.0%</i>
Total Supply	778.6	782.8	783.8	814.0
<i>% Change Year Ago</i>	<i>5.8%</i>	<i>0.5%</i>	<i>0.1%</i>	<i>3.9%</i>
Fabrication Demand				
Photography	207.6	180.9	169.5	159.8
Jewelry & Silverware	288.8	241.9	261.6	273.5
Electronics and Batteries	101.9	112.2	119.5	125.8
Other Uses	195.0	171.3	162.2	167.6
Other Countries	3.9	1.4	1.3	3.5
Net Imports into the Transitional Economies	10.0	10.0	10.0	10.0
Total	807.2	717.7	724.0	740.2
<i>% Change Year Ago</i>	<i>0.8%</i>	<i>-11.1%</i>	<i>0.9%</i>	<i>2.2%</i>
Net Surplus or Deficit in the Bullion Market	-28.7	65.1	59.8	73.8
Addenda				
Coinage	16.5	17.8	18.5	16.0
Changes in Inventories				
Unreported	-61.3	-101.5	-53.3	—
Reported	16.2	149.2	95.5	—
Total	-45.1	47.7	41.3	57.8
<i>% Change Year Ago</i>	<i>-45.7%</i>	<i>NM</i>	<i>-13.4%</i>	<i>40.2%</i>
Price Per Ounce				
				YTD
High	\$9.10	\$14.94	\$15.55	\$20.79
Low	6.45	8.87	11.50	15.29
Average	7.35	11.61	13.45	17.61
<i>% Change Year Ago</i>	<i>9.7%</i>	<i>58.0%</i>	<i>15.9%</i>	<i>31.0%</i>

*Million Ounces; Notes: Totals may not equal the sum of categories due to rounding. Mine production in Poland, Bulgaria, Romania, Hungary, the Czech Republic, and Slovakia is included in "other" mine production; Photography, jewelry and silverware, electronics, and 'other' industrial use reflects demand in Europe, the United States, and Japan.; These sectors include Canada from 1979, Mexico from 1982, Hong Kong from 1985, Thailand from 1986, India from 1987, Australia, Brazil, Peru, Colombia, Argentina, Chile, Korea, Pakistan, and Bangladesh from 1989, and Taiwan from 1990; Demand excludes the transitional economies, except for imports; The price is the Comex nearby active settlement, percent change from year earlier period. 2008 through April; There may be discrepancies due to rounding; p - projections; NM - Not meaningful; Source: CPM Group; June 5, 2008

PRICE PROJECTIONS



Year	Quarter	Quarterly AVG	Change	Annual AVG	Change
2008	II	2026.81	7.3%		
2008	III	1955.87	-3.5%		
2008	IV	2024.33	3.5%	1973.89	50.3%
2009	I	2145.79	6.0%		
2009	II	2102.87	-2.0%		
2009	III	1997.73	-5.0%		
2009	IV	2077.64	4.0%	2081.01	5.4%
2010	I	2119.19	2.0%		

OUTLOOK

Over the next four weeks prices could remain firm, with support at \$1,900. On the upside prices could find resistance at \$2,100. Several bullish factors are supporting platinum prices at this time.

With the exception of jewelry, most fabricated uses of platinum are fairly insensitive to an increase in price. The use of platinum in catalysts, which accounts for nearly 65% of platinum’s fabricated use, is largely price inelastic. Autos, which account for 93% of this catalyst demand, have to be fitted with catalysts to meet global emission standards. There is an ongoing effort to thrift the use of not only platinum but all the platinum group metals (PGM) used in catalysts due to their high prices. However, at this time no commercially viable technology has been developed to completely obviate their use.

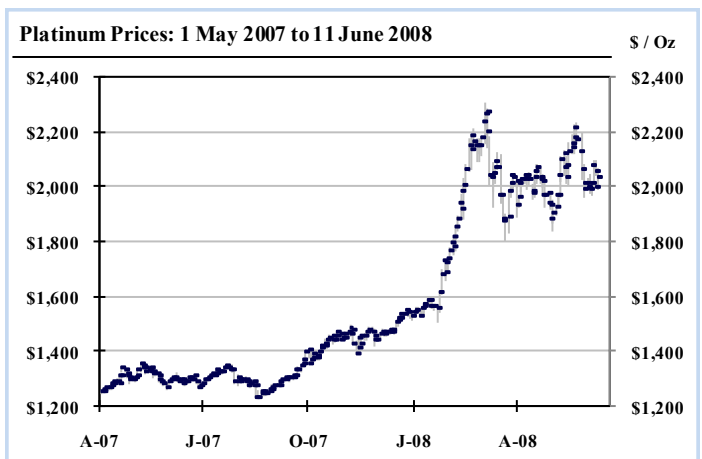
The supply situation in the platinum market is tight on account of power shortages in South Africa, the largest platinum producing country in the world. These supply concerns could last at least for another five years. This will slow any supply response to high prices from platinum producers. As a result of this situation, auto catalyst

manufacturers, the largest users of the metal, will take every opportunity to build inventory when platinum prices decline.

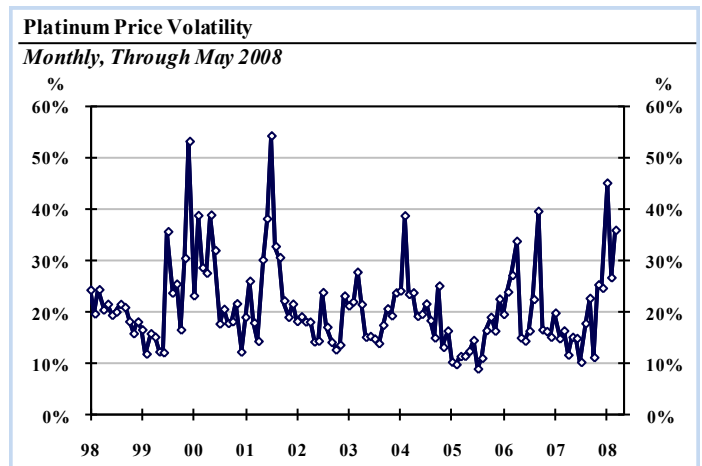
On top of the healthy fabrication demand for platinum there also is strong investment demand for platinum. Strong platinum market fundamentals are supporting and promoting investment in the metal. This is resulting in investors also buying on price dips.

PRICES

Platinum traded in a volatile fashion during May. Prices rose, touching an intraday high of \$2,234.90 (July Ny-mex) on 22 May and then slipped lower. On 30 May prices touched an intraday low of \$1,956.90.



Monthly platinum price volatility stood at 35.8% in May, up from 26.6% in April. Price volatility during May was significantly higher than the 10-year average monthly May volatility of 21.6%. The increased price volatility in the platinum market adversely affects platinum jewelry demand, which already is suffering at the hands of high platinum prices.



SUPPLY

At present the biggest supply-side concern in the platinum market is the power shortages in South Africa. Eskom is expecting it to take at least five years before it can return to providing the mining industry with all of its power needs. That said, ongoing efforts to increase power supply and reduce power usage will continue in South Africa. In the meantime, South Africa’s Department of Minerals and Energy is working on developing an independent power producer project. When completed, this project is expected to supply 30% of South Africa’s power requirements. This project, which involves two oil-fired open cycle gas turbines, was slated for completion in late 2009. Due to some initial delays this completion date may get pushed further out. In addition to power shortages, which have gripped the South African mining industry, there are labor and mine safety issues that are a significant menace. Recently an illegal labor strike broke out at Aquarius Platinum’s Everest mine. According to the company, the strike which began on 28 May and ended on 2 June resulted in a 1,950-ounce loss of PGM output.

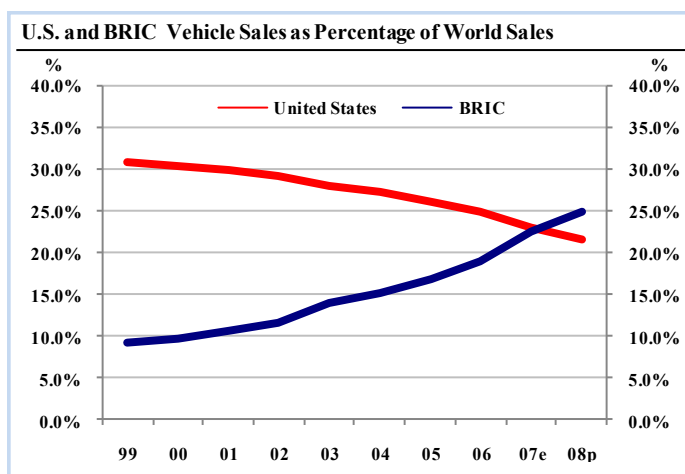
FABRICATION DEMAND

In addition to the credit crisis in the United States, which has put the U.S. auto market in a tail spin, the U.S. auto industry is now faced with record high gasoline prices. These high gas prices are accelerating the U.S. consumer’s shift away from fuel guzzling trucks to small cars. Since 2005 gasoline prices in the United States have nearly doubled, resulting in consumers looking for more fuel efficient alternatives. The sharp rise of gasoline prices in recent months probably has more to do with the current decline in U.S. auto sales than the U.S. credit crisis. During May U.S. car sales rose 2.4% year-on-year and sales were down 0.4% for the first five months of 2008, compared with the same period last year. Meanwhile, light truck sales during May declined 24.5% year-on-year and sales were down 16% year-to-date, compared with the same period last year. U.S. car and light truck sales during May stood at 1,397,410 units. This was a decline of nearly 11% compared to the same period last year. Year-on-year sales declined 8.4% during the first five months of 2008, to stand at 6,224,718 units in the United States.

In the future, the use of smaller and more fuel efficient cars is likely to become the norm in the United States. The consequence of such a shift in purchases of vehicles

is likely to have an effect in the amount of PGMs required in auto catalysts. Holding auto emission standards steady, smaller vehicles typically have smaller engines which require smaller auto catalysts. Several technologies presently at different levels of commercialization, like hybrids, electric only, and hydrogen powered vehicles, are likely to reduce the total usage of PGMs.

Year-to-date North American car production stood at 2,673,647 units, down 6.6% from the same period last year. Truck production during the same period stood at 3,253,124 units, down 15.6%. Of these totals the United States accounted for 61.4% of car production and 75% of total North American truck production.

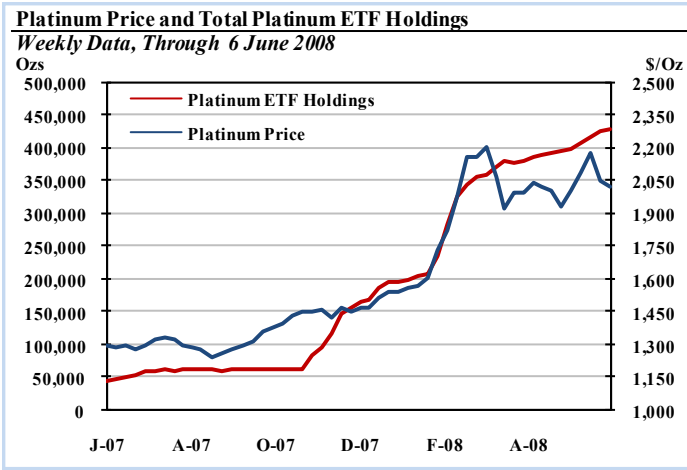


During the first four months of 2008, Chinese auto sales totaled 3,502,139 units. This was an increase of 575,778 units from the same period last year. This increase in Chinese vehicle sales more than offset the decline in U.S. vehicle sales during the first four months of 2008. During the first four months of 2008, sales in the United States declined by 401,540 units from the same period last year. Developing countries, especially the BRIC nations, are becoming increasingly important in determining sales in the global auto industry. In the BRICs as a group, vehicle sales as a percentage of global sales could likely exceed the United States this year. Furthermore emissions standards are getting more stringent in these countries as well, which is positive for PGM demand.

INVESTMENT DEMAND

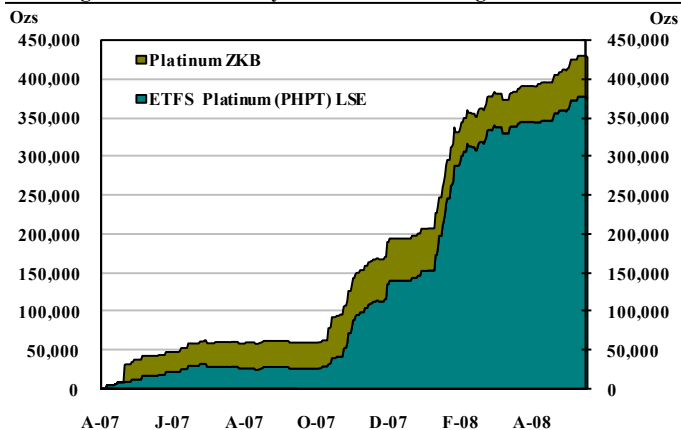
Investor interest in platinum continued to rise in May, with total platinum exchange traded fund (ETF) holdings gaining for the ninth consecutive month. High net worth individual investors and hedge funds increasingly have been holding platinum among other commodities as a

portfolio diversifier. Commodities have always been good portfolio diversifiers. However, its use for this purpose has been gaining importance only recently.



Total ETF physical platinum holdings stood at 430,998 ounces as of 30 May, up 9% from the end of April. These physical holdings account for approximately 6% of forecast 2008 platinum supply. Total platinum supply is calculated as the sum of mine production, secondary supply, and Russian exports. At the end of 2007, the first calendar year when these funds traded, physical holdings accounted for 2.6% of 2007 platinum supply. The bullish prospects of platinum are likely to keep investors interested in this market, making them even more important in determining the price direction. Unlike investment demand in futures and options on platinum, investment in these ETFs reflects demand for physical metal, and so it essentially affects the physical market balance of the commodity. The expected decline in mine supply during 2008 makes investment demand via these ETFs a bullish factor.

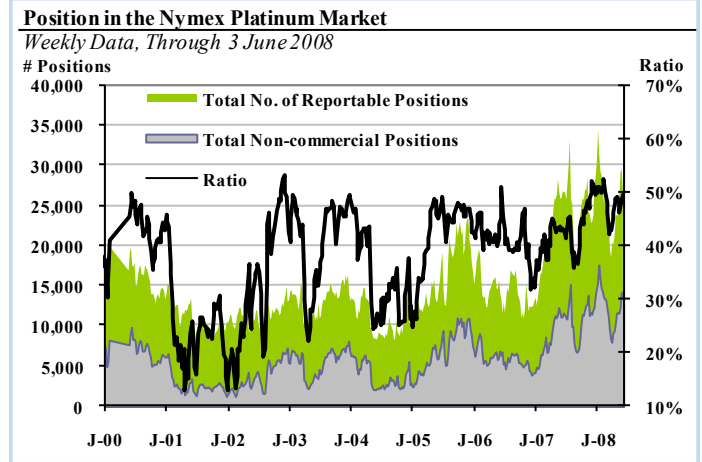
Exchange Traded Funds' Physical Platinum Holdings



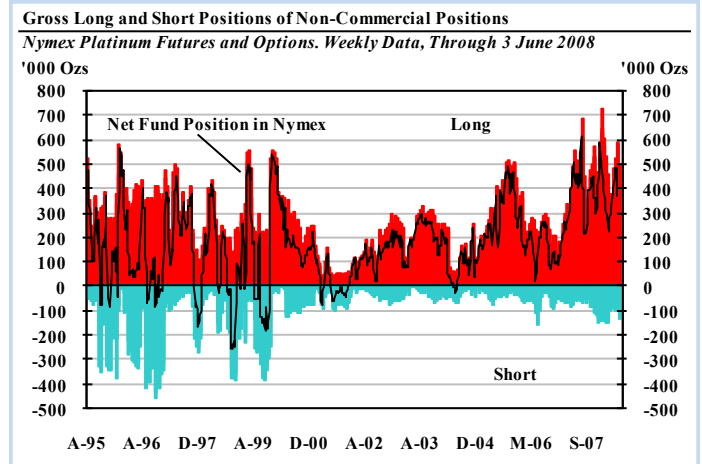
Note: PHPT-ETFs Platinum traded on the London Stock Exchange as of 6 June 2008. ZKB-Zurich Cantonal's platinum ETF traded as of 6 June 2008.

Platinum holdings in ETF Securities' platinum exchange traded fund in London rose to 378,213 ounces as of 30 May, up 9% from the end of April. As of 30 May, platinum holdings in the ZKB's platinum ETF stood at 52,785 ounces, up nearly 133%, since 10 May 2007 when the fund began trading.

MARKETS & INVENTORIES

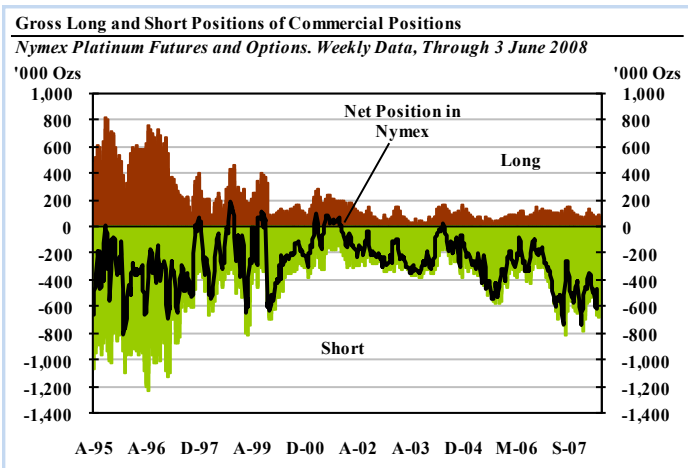


The ratio of non-commercial market participants to total reportable positions stood at 49.2% on 3 June. This ratio suggests the high level of non-commercial interest, or interest from market participants who do not plan to take delivery of the physical metal, in the platinum futures market.

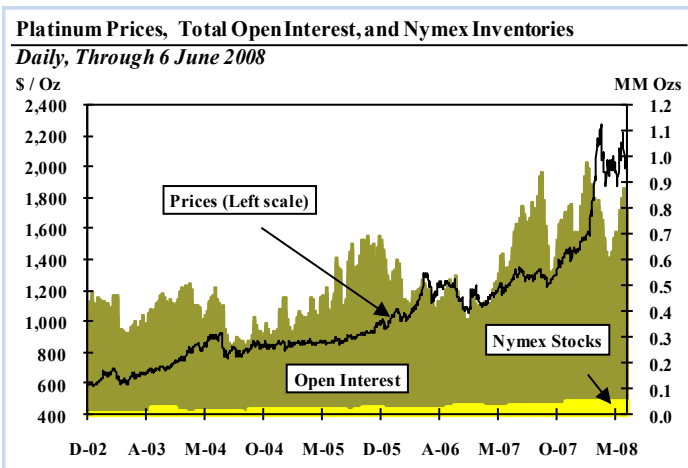


Gross long positions held by large non-commercial market participants rose to stand at 502,250 ounces on 3 June, up from 486,300 ounces on 6 May. Gross short positions held by non-commercials also rose to stand at 135,650 ounces on 3 June, up from 83,100 ounces on 6 May.

Commercial market participants increased their gross long positions to 93,900 ounces on 3 June from 76,350 ounces on 6 May. Gross short positions stood at 566,050 ounces on 3 June, up from 537,200 ounces on 6 May.

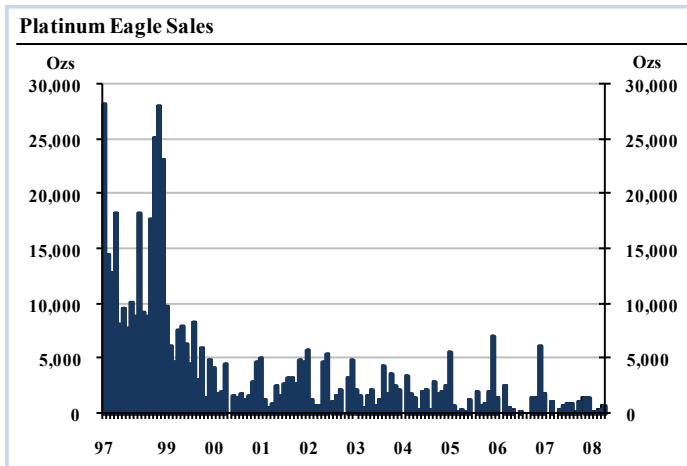


Total open interest rose to 788,000 ounces on 30 May from 692,800 ounces on 1 May, peaking at 874,300 ounces on 21 May. Open interest in the July Nymex platinum contract rose during the first three weeks of May and then began to decline in the last week, as market participants rolled their positions into the October contract. Nymex warehouse stocks remained unchanged at 53,400 ounces during the entire month.



BULLION COINS

In May U.S. Mint sales of Platinum Eagle coins totaled 200 ounces, down 33% from the same period last year. Year-to-date sales totaled 800 ounces, down 72.9% from the same period last year. The decline could be the result of high platinum prices and alternative investment options that are available to investors, like exchange traded funds and exchange traded notes.



PLATINUM	2006	2007	2008
January	1,350	1,650	100
February	0	0	100
March	2,450	1,000	300
April	500	0	100
May	300	300	200
June	0	600	
July	150	800	
August	0	850	
September	0	100	
October	1,400	1,000	
November	1,350	1,350	
December	6,050	1,400	
YTD Total (May 2008)	4,600	2,950	800
<i>% Change YOY</i>	<i>-30.3%</i>	<i>-35.9%</i>	<i>-72.9%</i>
Annual Total	13,550	9,050	800
<i>% Change Previous Year</i>	<i>-32.3%</i>	<i>-33.2%</i>	

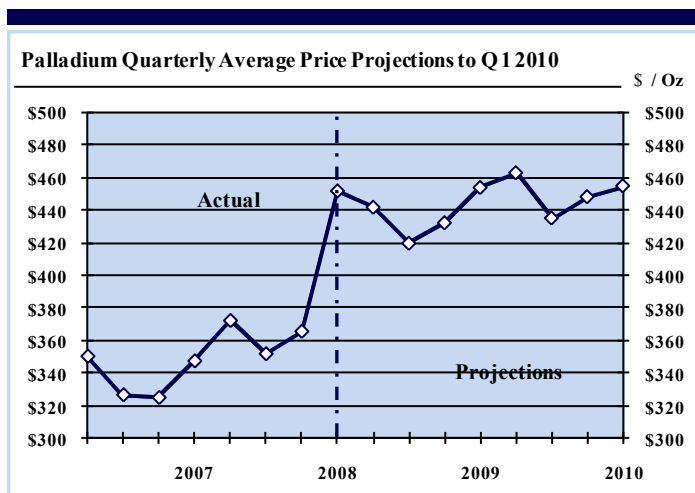
PLATINUM STATISTICAL POSITION

XXI-6

Supply	2005	2006	2007	2008p
Mine Production				
South Africa	5,056	5,516	5,141	4,972
Canada	238	212	198	200
United States	131	143	129	136
Other	230	237	240	244
Total	5,655	6,109	5,708	5,552
<i>% Change Year Ago</i>	<i>2.3%</i>	<i>8.0%</i>	<i>-6.6%</i>	<i>-2.7%</i>
Secondary Supply				
Total	780	860	920	1,000
<i>% Change Year Ago</i>	<i>6.1%</i>	<i>10.3%</i>	<i>7.0%</i>	<i>8.7%</i>
Russian Exports	850	810	790	765
<i>% Change Year Ago</i>	<i>-5.6%</i>	<i>-4.7%</i>	<i>-2.5%</i>	<i>-3.2%</i>
Total Supply	7,285	7,779	7,418	7,317
<i>% Change Year Ago</i>	<i>1.7%</i>	<i>6.8%</i>	<i>-4.6%</i>	<i>-1.4%</i>
Fabrication Demand				
Auto	3,750	4,046	4,307	4,500
Jewelry	666	505	425	400
Other	1,801	1,901	1,788	1,835
Chinese Demand	600	550	540	550
Total Demand	6,817	7,002	7,060	7,285
<i>% Change Year Ago</i>	<i>3.0%</i>	<i>2.7%</i>	<i>0.8%</i>	<i>3.2%</i>
Net Surplus or Deficit	468	777	358	32
Coin Fabrication	30	23	20	20
Surplus/Deficit Less Coin Fabrication	438	754	338	12
Changes in Market Inventories*	2	3	206	
Price Per Ounce				YTD
High	\$1,018.10	\$1,321.50	\$1,549.30	\$2,276.10
Low	840.70	981.80	1,112.00	1,531.30
Average	899.96	1,146.94	1,314.46	1,916.45
<i>% Change Year Ago</i>	<i>6.4%</i>	<i>27.4%</i>	<i>14.6%</i>	<i>56.9%</i>

*Thousand Troy Ounces; Notes: Excludes transitional economies, except as noted. Secondary production statistics exclude toll-refined material; Prices are settlement prices for the active nearby contract on the New York Mercantile Exchange. 2008 through April; Changes in market inventories are year-end. *Changes in 1997 market inventories exclude U.S. Industry stocks since the U.S. Bureau of Mines ceased publication of U.S. Industry stock level data in the third quarter of 1997; As of 2006 Inventories includes changes in ETF holdings; There may be discrepancies due to rounding; NA -- not available; e -- estimates; p -- projections; Sources: U.S. Bureau of Mines, Statistics Canada, trade sources, CPM Group; June 5, 2008

PRICE PROJECTIONS



Year	Quarter	Quarterly AVG	Change	Annual AVG	Change
2008	II	441.20	-2.2%		
2008	III	419.14	-5.0%		
2008	IV	431.72	3.0%	435.82	21.4%
2009	I	453.30	5.0%		
2009	II	462.37	2.0%		
2009	III	434.62	-6.0%		
2009	IV	447.66	3.0%	449.49	3.1%
2010	I	454.38	1.5%		

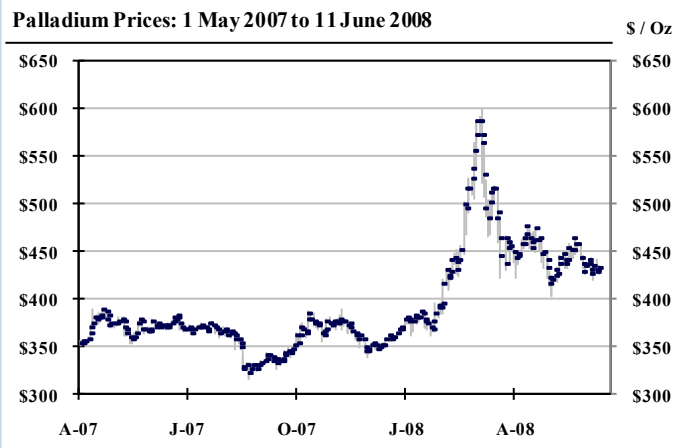
OUTLOOK

Over the next four weeks palladium could trade with support at \$410. Prices could find resistance at \$470 on the upside. Palladium prices have strong support from the demand side, with healthy demand from both the auto catalyst and electronics industries. Among the fabrication uses of palladium, there also is a significant push to promoting the use of palladium in jewelry. In addition to fabrication demand, there also is an increase in investment demand from the palladium ETFs, which should support prices.

PRICES

Palladium prices rose during the first three weeks of May. On 21 May prices touched an intraday high of \$463.20 and settled at this level. Prices slipped lower over the remainder of the month, settling at \$435 on 30 May.

Monthly palladium price volatility in May stood at 27.1%, essentially unchanged from April's 27.7% volatility. Volatility during May also was significantly lower than the 10-year average May volatility of 38%.



SUPPLY

On the supply side much depends on the amount of palladium that is exported out of Russia. In recent years Russian exports have accounted for approximately 36% of total palladium supplies. In 2007 Russian palladium exports stood at an estimated 3,020,000 ounces, down 2.6% from 2006 levels. Russian exports are expected to decline further in 2008, largely as a result of lower mine production. Exports in 2008 are forecast at 2,910,000 ounces, down 3.6% from 2007 levels. South African supplies are also tight on account of power shortages.

FABRICATION DEMAND

Global demand for electronics, especially personal computers and cell phones, is holding up fairly well. Both of these electronics markets directly affect the demand for semiconductors, which are one of the largest users of palladium. Increased disposable income and better cell phone and internet connectivity are driving sales, especially in developing countries.

According to the Semiconductor Industry Association (SIA) global sales of semiconductors rose nearly 6% in April, compared with the same period last year. The SIA expects personal computer sales to grow by approximately 10% this year. Meanwhile, it expects global cell phone sales to grow by approximately 12%. Other sectors of the electronics market are also holding up fairly well. According to Gartner, worldwide sales of servers rose 7.6% during the first quarter of 2008 over the previous year.

The use of palladium in auto catalysts, the largest end-use of the metal, is benefiting from the rise in global auto

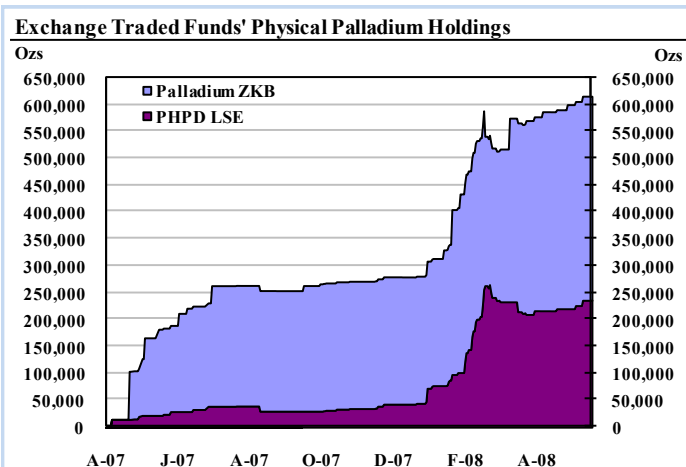
production, tightening emissions standards, and its current cost advantage over platinum. Furthermore, the ability to now use some palladium in diesel auto catalysts insulates the metal's demand from the downturn in the U.S. auto market, which is predominantly a gasoline engine market.

In several countries, palladium jewelry is being promoted strongly. Significant efforts are being made to improve the perception in the minds of consumers regarding the use of palladium in jewelry. Furthermore, palladium has a price advantage over platinum in this price sensitive sector of the market. Palladium also has certain physical attributes that make it better suited for complex settings. It also is a shinier metal than platinum, which may seem appealing in jewelry to certain users.

INVESTMENT DEMAND

Total palladium exchange traded fund (ETF) holdings, rose nearly 5% in May. The increased interest in commodities that is aiding platinum investment demand also is supporting increased demand for palladium. The rise in total palladium ETF holdings while prices have come off their highs suggests that investors are buyers on price declines.

For the one year period beginning June 2007, total ETF holdings rose 270%. This increase in holdings is relatively tame compared to the 912% increase in total platinum ETF holdings over the same period.

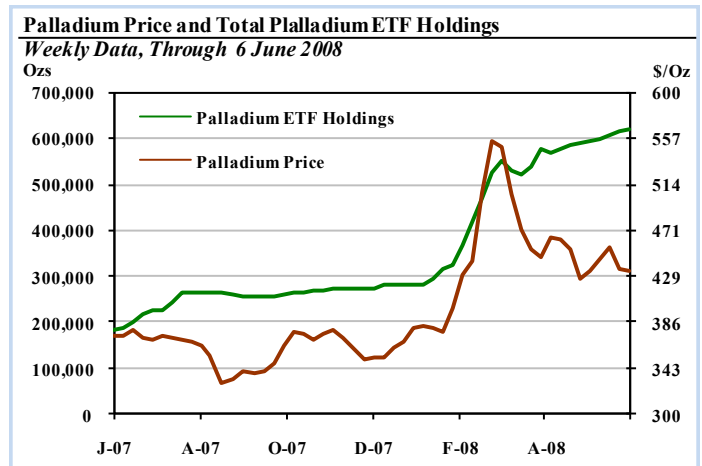


Note: PHPD-ETFs Palladium traded on the London Stock Exchange as of 6 June 2008. ZKB-Zurich Cantonal's palladium ETF traded as of 6 June 2008.

In terms of ounces the total palladium holdings as of 30 May stood at 617,374 ounces, significantly higher than the platinum holdings on that day of 430,998 ounces.

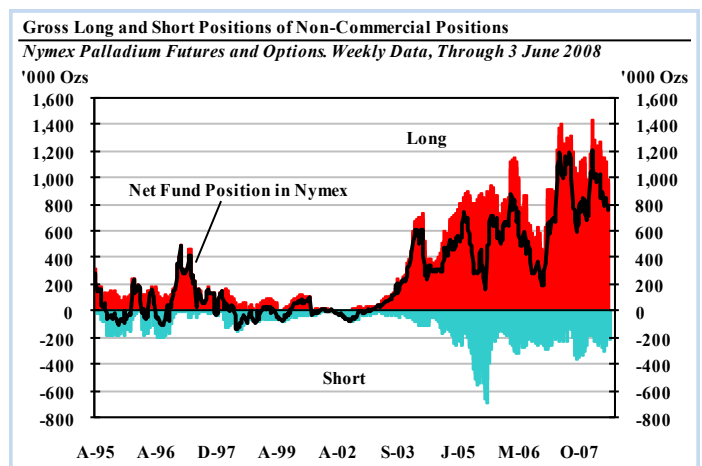
Based on the nearby active Nymex futures prices, the total value of the palladium holdings stood at \$268,557,690, while the value of the platinum holdings stood at \$867,943,772.

The physical palladium holdings as of 30 May account for approximately 7% of forecast 2008 palladium supply, higher than the 6% for platinum. Total palladium supply is calculated as the sum of mine production, secondary supply, and Russian exports. At the end of 2007, the first calendar year when these palladium funds traded, physical holdings accounted for approximately 3% of 2007 palladium supply, around the same as platinum.

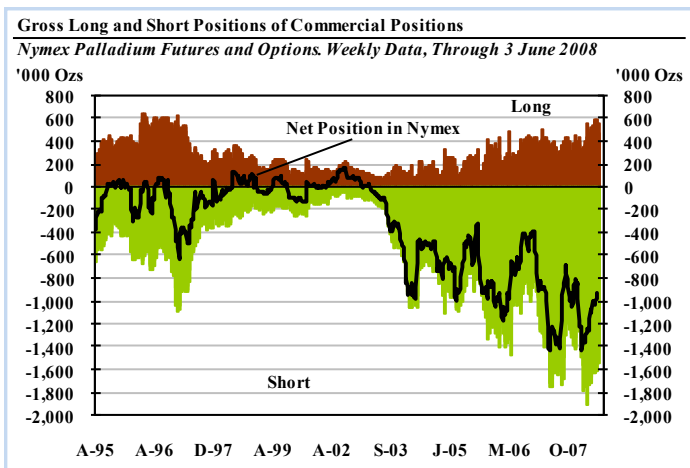


MARKETS & INVENTORIES

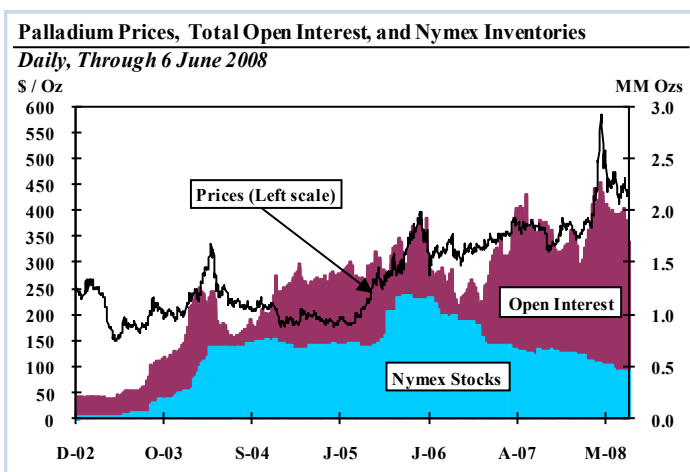
Gross long positions held by large non-commercial market participants stood at 968,600 ounces on 3 June, down from 1,119,600 ounces on 6 May. Gross longs held by large non-commercial market participants have been in a generally declining trend after touching a record high 1,430,700 ounces on 29 January 2008. Gross short positions held by large non-commercial market participants declined slightly to 218,300 ounces on 3 June, down from 267,100 ounces as of 6 May.



Gross long positions held by commercial market participants declined to 474,900 ounces on 3 June from 586,400 ounces on 6 May. Gross shorts also declined during this period to stand at 1,401,700 ounces on 3 June from 1,610,000 ounces on 6 May.



Total open interest declined to 1,764,100 ounces on 30 May from 1,931,800 ounces on 1 May, peaking at 2,026,800 ounces on 13 May. The decline in total open interest during the latter half of the month was accompanied by declining prices, which suggests long liquidation. There also was some short covering by market participants, which prevented prices from declining sharply, however.



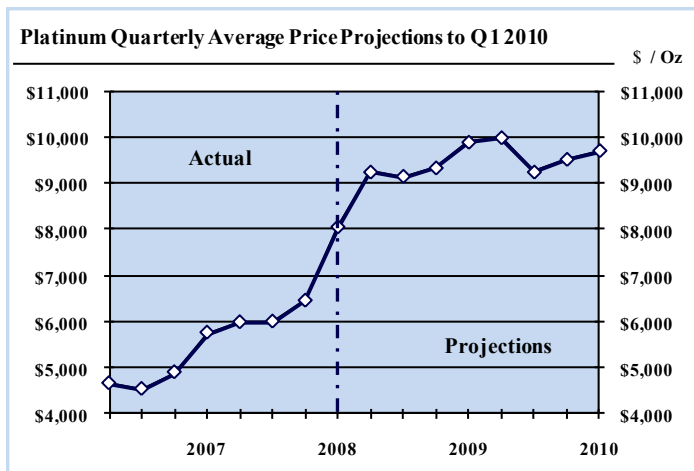
PALLADIUM STATISTICAL POSITION

XXI-6

Supply	2005	2006	2007	2008p
Mine Production				
South Africa	2,603	2,840	2,681	2,603
Canada	464	508	538	553
United States	438	473	423	440
Others	238	247	246	247
Total	3,743	4,068	3,889	3,843
<i>% Change Year Ago</i>	<i>0.8%</i>	<i>8.7%</i>	<i>-4.4%</i>	<i>-1.2%</i>
Secondary Supply				
Total	1,359	1,407	1,600	1,680
<i>% Change Year Ago</i>	<i>3.5%</i>	<i>3.5%</i>	<i>13.7%</i>	<i>5.0%</i>
Russian Exports	3,100	3,100	3,020	2,910
<i>% Change Year Ago</i>	<i>55.0%</i>		<i>-2.6%</i>	<i>-3.6%</i>
Total Supply	8,202	8,575	8,509	8,433
<i>% Change Year Ago</i>	<i>16.7%</i>	<i>4.5%</i>	<i>-0.8%</i>	<i>-0.9%</i>
Fabrication Demand				
Electronics	955	1,035	1,065	1,112
Automotive	3,580	3,956	4,201	4,505
Dental	948	765	774	778
Other	847	886	1,040	1,068
Chinese Demand	600	800	880	915
Total Demand	6,930	7,442	7,960	8,378
<i>% Change Year Ago</i>	<i>13.8%</i>	<i>7.4%</i>	<i>7.0%</i>	<i>5.2%</i>
Net Surplus or Deficit	1,272	1,133	548	56
Inventory Sales *	-	-	-	-
Changes in Market Stocks*	80	-94	159	
Price Per Ounce				YTD
High	\$292.35	\$400.00	\$388.25	\$585.70
Low	179.00	266.35	323.00	369.45
Average	204.08	324.38	359.21	450.26
<i>% Change Year Ago</i>	<i>-12.5%</i>	<i>58.9%</i>	<i>10.7%</i>	<i>27.3%</i>

*Thousand Troy Ounces; Notes: Excludes transitional economies, except as noted. Secondary production statistics exclude toll-refined material. Prices are settlement prices for the active nearby contract on the New York Mercantile Exchange. 2008 through April. Changes in market inventories are year-end. *Changes in 1997 market inventories exclude U.S. Industry stocks since the U.S. Bureau of Mines ceased publication of U.S. Industry stock level data in the third quarter of 1997. As of 2006 Inventories includes changes in ETF holdings. There may be discrepancies due to rounding. NA -- not available. e -- estimates. p -- projections. Sources: U.S. Bureau of Mines, Statistics Canada, trade sources, CPM Group. June 5, 2008

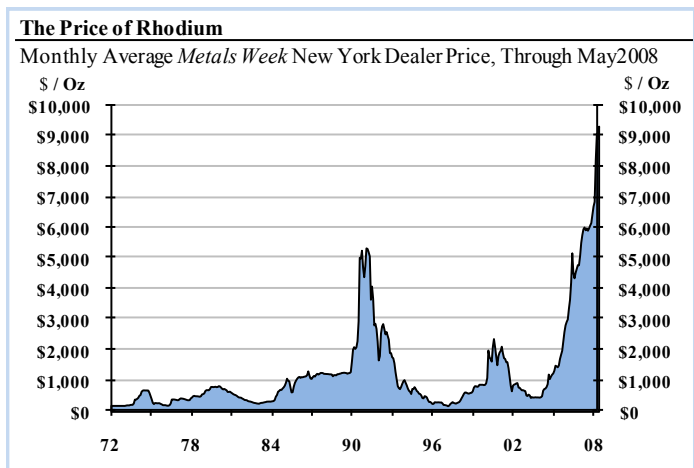
PRICE PROJECTIONS



Year	Quarter	Quarterly AVG	Change	Annual AVG	Change
2008	II	9133.33	13.2%		
2008	III	8585.33	-6.0%		
2008	IV	8757.04	2.0%	8636.18	42.6%
2009	I	9282.46	6.0%		
2009	II	9375.29	1.0%		
2009	III	8672.14	-7.5%		
2009	IV	8932.30	3.0%	9065.55	5.0%
2010	I	9110.95	2.0%		

PRICES & OUTLOOK

The monthly average rhodium price stood at \$9,330 during May, basis the **Metals Week** New York dealer price. This monthly average was a record high. On a weekly average basis, during the last week of May prices touched a high of \$9,880. The price of rhodium is likely to remain at high levels over the next four weeks. The price could rise, with resistance at the \$10,000 level.



Similar to its sister metals, platinum and palladium, rhodium's market fundamentals are extremely strong at this

time. Strong fabrication demand, tight supplies, and increased interest by institutional investors in holding physical rhodium are all factors that make the \$10,000 mark a plausible target in the short-term.

SUPPLY

On the supply side, the power issues that are adversely affecting platinum and palladium mine production also are affecting rhodium production. South African rhodium mine production accounts for approximately 68% of total rhodium supply. Total supply includes mine production, Russian exports, and secondary supply. South African mine production has been declining since 2006, when it peaked at 678,179 ounces. South African mine production was down 3.4% in 2007 and is expected to decline in 2008 by approximately the same percentage. The power issues that have gripped the South African mining industry are unlikely to be resolved in the near future. This issue will continue to hinder any plans to develop new platinum group metal (PGM) mines, keeping the supply situation tight.

The high price of rhodium, due to tight supply and demand fundamentals, is stimulating recovery of the metal. Most of this recovery is from spent auto catalysts. As a result the decline in supply from mine production is being offset to some extent by increasing secondary supply. Secondary supply rose to 155,000 ounces in 2007, up 8.5% from the previous year. This accounted for approximately 16% of total supply, up from an average 14% contribution to total supply. During 2008 auto catalyst recovery of the metal could rise furthermore, because of record high prices and the greater proportion of cars being scrapped that were fitted with auto catalyst.

DEMAND

Fabrication demand for rhodium is expected to rise in 2008. This is based on the assumption that sufficient supplies are available to meet this demand. High prices are likely to result in some thrifting where possible. Nearly all of rhodium's fabrication demand comes from auto catalysts. The spread of emission standards to nearly every corner of the globe, the rising stringency of these standards, and the rising global auto population are all contributing to the increased use of PGMs in auto catalysts. The tight supply situation is likely to force catalyst manufacturers that use rhodium to step in as buyers on any price declines. This is likely to prevent prices from making any sharp declines.

<u>Financial Performance</u> <u>May 30, 2008</u>	<u>Price</u>	<u>One Month</u> <u>% Change</u>	<u>One Year</u> <u>% Change</u>	<u>52 Week Range</u>	<u>P/E</u>	<u>Dividend</u>	<u>Yield %</u>
South African Gold Finance Houses US\$							
AngloGold Ashanti	34.79	2.0%	-16.6%	51.35 - 30.50	NA	0.14	0.40
Gold Fields	12.93	-4.2%	-25.3%	19.92 - 12.17	16.31	0.17	1.40
Harmony Gold Mining Co. Ltd.	11.90	1.8%	-20.3%	15.27 - 8.41	NA	NA	NA
Randgold & Exploration Co.	42.40	-6.9%	80.9%	56.15 - 20.83	62.9	0.11	0.30
North American Gold Mining Companies US\$							
Agnico-Eagle	70.69	13.2%	94.7%	83.45 - 33.67	63.2	0.18	0.30
Barrick Gold	40.29	4.3%	38.3%	54.74 - 27.79	19.5	0.40	1.00
Goldcorp	40.14	12.4%	66.6%	46.30 - 21.00	49.0	0.18	0.50
Kinross Gold	19.97	5.6%	49.9%	27.40 - 9.87	34.5	0.04	0.20
Yamana Gold	15.28	19.2%	13.6%	19.93 - 8.40	39.2	0.12	0.80
International Multi-Metal Companies US\$							
BHP	84.34	4.6%	60.2%	95.61 - 49.42	18.0	1.16	1.40
Rio Tinto PLC	483.00	2.8%	64.9%	558.65 - 221.85	20.8	6.72	1.40
Australian Gold Mining Companies US\$							
Lihir Gold Ltd.	28.79	0.9%	9.3%	57.80 - 29.11	NA	NA	NA
Newcrest Mining Ltd.	31.84	10.2%	44.7%	40.50 - 22.53	NA	NA	NA
Silver Mining Companies US\$							
Apex Silver Mines Ltd.	6.80	-32.3%	-66.8%	21.89 - 6.75	NA	NA	NA
Coeur d'Alene Mines Corp.	3.13	2.0%	-13.3%	5.18 - 2.95	35.3	NA	NA
Compania de Minas Buenaventura S.A.	65.85	5.2%	96.4%	85.78 - 31.10	48.9	0.44	0.70
Hecla Mining Co.	9.02	-12.1%	12.8%	13.14 - 6.58	18.96	NA	NA
Industrias Peñoles S.A. de C.V.	29.00	-4.0%	133.9%	37.75 - 10.55	NA	NA	NA
Pan American Silver Corp.	33.15	-1.0%	18.3%	44.10 - 20.80	25.4	NA	NA
Silver Standard Resources Inc.	30.13	17.2%	-20.2%	48.16 - 24.43	NA	NA	NA
Platinum Mining Companies US\$							
Adriana Resources	0.91	40.0%	-14.2%	1.41 - 0.45	NA	NA	NA
Anglo American Platinum Corp.	151.40	-5.2%	-5.3%	181.45 - 111.25	NA	NA	NA
Aquarius Platinum (A\$)	17.00	0.4%	-55.1%	40.45 - 9.85	NA	NA	NA
Eurasia Mining plc. (£)	3.38	-5.1%	-24.9%	5.70 - 2.50	NA	NA	NA
Jubilee Platinum (£)	70.00	-17.0%	-42.4%	130.74 - 58.00	NA	NA	NA
Impala Platinum	42.00	3.3%	35.5%	46.75 - 22.6	NA	NA	NA
Mustang Minerals (C\$)	0.44	4.8%	-60.7%	1.45 - 0.36	NA	NA	NA
North American Palladium	5.68	10.3%	-48.6%	12.36 - 3.28	NA	NA	NA
Pacific North West Capital (C\$)	0.30	0.0%	-45.5%	0.80 - 0.28	NA	NA	NA
Stillwater Mining Company	14.35	1.2%	13.0%	22.72 - 7.42	NA	NA	NA
Trend Mining Company	0.01	-15.4%	-86.3%	0.01 - 0.012	NA	NA	NA
Zimplats (A\$)	14.25	-1.7%	-5.6%	18.00 - 8.00	NA	NA	NA

Notes: NA-Not available; NE-No earnings; Source: Bloomberg Data

METALS MARKETS

	<u>May. 08</u>	<u>Arp. 08</u>	<u>May. 07</u>	<u>% ▲1-Year</u>
Gold	\$887.30	\$865.10	\$661.00	34.2%
Silver	\$16.87	\$16.50	\$13.470	25.2%
Platinum	\$2,013.80	\$1,935.20	\$1,285.80	56.6%
Palladium	\$435.00	\$422.75	\$368.00	18.2%
Rhodium	\$9,800.00	\$9,125	\$6,070	61.4%
Iridium	\$450.00	\$450	\$460	-2.2%
Ruthenium	\$330.00	\$390	\$570	-42.1%
Osmium	\$350.00	\$350	\$350	0.0%
Copper	\$3.61	\$3.90	\$3.396	6.2%

CURRENCIES

	<u>May. 08</u>	<u>Arp. 08</u>	<u>May. 07</u>	<u>% ▲1-Year</u>
\$/Euro	1.56	1.56	1.35	15.7%
Japanese Yen/\$	105.48	104.54	121.76	-13.4%
\$/British Pound	1.98	1.98	1.98	-0.03%
U.S. TWS	95.8	95.5	104.0	-7.8%

INDICES

	<u>May. 08</u>	<u>Arp. 08</u>	<u>May. 07</u>	<u>% ▲1-Year</u>
Nasdaq	2,523	2,413	2,605	-3.1%
DJIA	12,638	12,820	13,628	-7.3%
S&P 510	1,400	1,386	1,531	-8.5%
FT World Stock	425	419	444	-4.2%
U.S. T-bills	1.85%	1.34%	4.59%	-59.7%
U.S. 10 Yr Notes	4.05%	3.76%	4.89%	-17.2%
\$-Euro Interest Rate Differential	-3.01%	-3.52%	0.48%	-
CRB Commodity Index	422.2	409.3	309.3	36.5%
Economist Commodity Dollar Index	254.8	257.9	201.8	26.3%
Euro Index	149.9	152.8	138.4	8.3%
FT World Gold	2,941	2,749	2,249	30.8%
XAU Gold & Silver Equity	181.4	171.2	139.8	29.8%
Tremont Man. Futures Account Index, Return	NA	0.57%	5.13%	NA
Oil (Nymex CL)	\$127.35	\$113.46	\$64.01	99.0%

THE ECONOMY

	<u>GDP</u>		<u>Consumer Prices</u>		<u>Interest Rates</u>	<u>Money Supply</u>	<u>Monetary Reserves (SBN)</u>		<u>Industrial Prod.</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2008</u>
	<u>1Q</u>	<u>1Q</u>	<u>Mar</u>	<u>Mar</u>	<u>Latest</u>	<u>Latest</u>	<u>Jun.</u>	<u>Jun.</u>	<u>Mar</u>
United States	0.9%	0.7%	4.0%	2.8%	2.13%	-0.7%	\$56.1	\$57.0	1.6%
Eurozone	2.2%	3.0%	3.3%	1.9%	4.86%	2.5%	\$205.9	\$184.5	2.0%
United Kingdom	2.5%	2.8%	2.5%	3.1%	5.83%	6.7%	\$42.4	\$40.8	0.2%
Japan	1.0%	2.6%	NA	-10.0%	0.75%	-1.2%	\$897.4	\$851.6	-0.4%
China	10.6%	11.1%	NA	3.3%	4.49%	NA	\$1,334.6	\$944.6	17.8%
India	8.8%	9.1%	7.9%	6.7%	7.46%	NA	\$206.5	\$156.9	3.0%

Notes: Gold, silver, platinum, palladium, and copper nearby active Comex or Nymex. Minor PGMs are **Metals Week** dealer prices; Interest rates are 3-month money market rates for the U.S., Eurozone, U.K., and Japan; Interest rates are one-year rates for China & India; \$-Euro interest rate differential is the spread between rates available on the 90-day government notes of each; Money supply is percent change from previous year; Money supply is M1, UK is M0; Monetary reserves excluding gold; NA - Not Available.