

WELCOME TO THE 5th  
BAC PLATINUM DAY

GENEVA, Oct. 23<sup>rd</sup>

BASEL, Oct. 22<sup>nd</sup>

LUGANO  
Oct. 24<sup>th</sup>

ZURICH, Oct. 22<sup>nd</sup>

LAUSANNE, Oct. 23<sup>rd</sup>

DUBAI, Oct. 27<sup>th</sup>

ABU DHABI, Oct. 27<sup>th</sup>

MONACO, Oct. 30<sup>th</sup>



# «Platinum: Three birds, one stone: Chindia, Energy and Climate Change»

by Bernard Loriol, Managing Partner and Fund Manager BAC Mining Regions Managed Vol.- South Africa (CHF) Zug, Switzerland

# BAC Best Asset Class AG, Company Structure




## MANAGEMENT




**Bernard Loriol**  
CEO, CIO




## STAFF




**Dr. Albert Jung**  
Legal Advisor  
President of  
Bushveld Foundation



**Felix Wuerth**  
Accounting




**Joakim Buenzli**  
Compliance Officer  
North Europe / Banks  
Hedge Funds  
Fund of Funds  
Due Diligence




**Michael Buechler**  
Assistant

## BUSINESS DEVELOPMENT




**Csaba Virag**  
PARTNER  
East Europe  
Germany  
Communications  
IT / BAC Indicies




**Cyrill Moity**  
Middle East  
South America  
Media Support  
Weekly Newsletter





**Patrick Gallati**  
Marketing  
Communications  
Newsletter





**Sandro Bagnato**  
South Europe  
Insurances  
New Funds




## EVENTS




**Irina Jung**  
Platinum Days



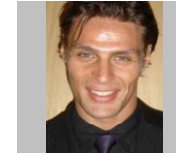

**Miguel San Juan**  
Platinum Night



**Natalie Gasser**  
Platinum Night




## BUSHVELD FOUNDATION



**Francois Beer**  
Project Manager

**Alastair Coldrey**  
Project Manager



## INVESTMENT COMMITTEE

**Laurent Krull**  
LK Consult  
Geology

**Christian Piquet**  
FidFund S.A.  
Compliance  
Risk Control


**Urs Gmuer**  
Dolefin S.A.  
Technical  
Analysis

**Christophe Audergon**  
Crossinvest S.A.  
Bottom up  
Analysis

## CONSULTANT

**René Hochreiter**  
Allan & Hochreiter Ltd  
Geology  
Mining  
Engineering  
Finance


## PARTNERS



BAC Africa



Structured Products



Commodities  
Geology  
Exploration

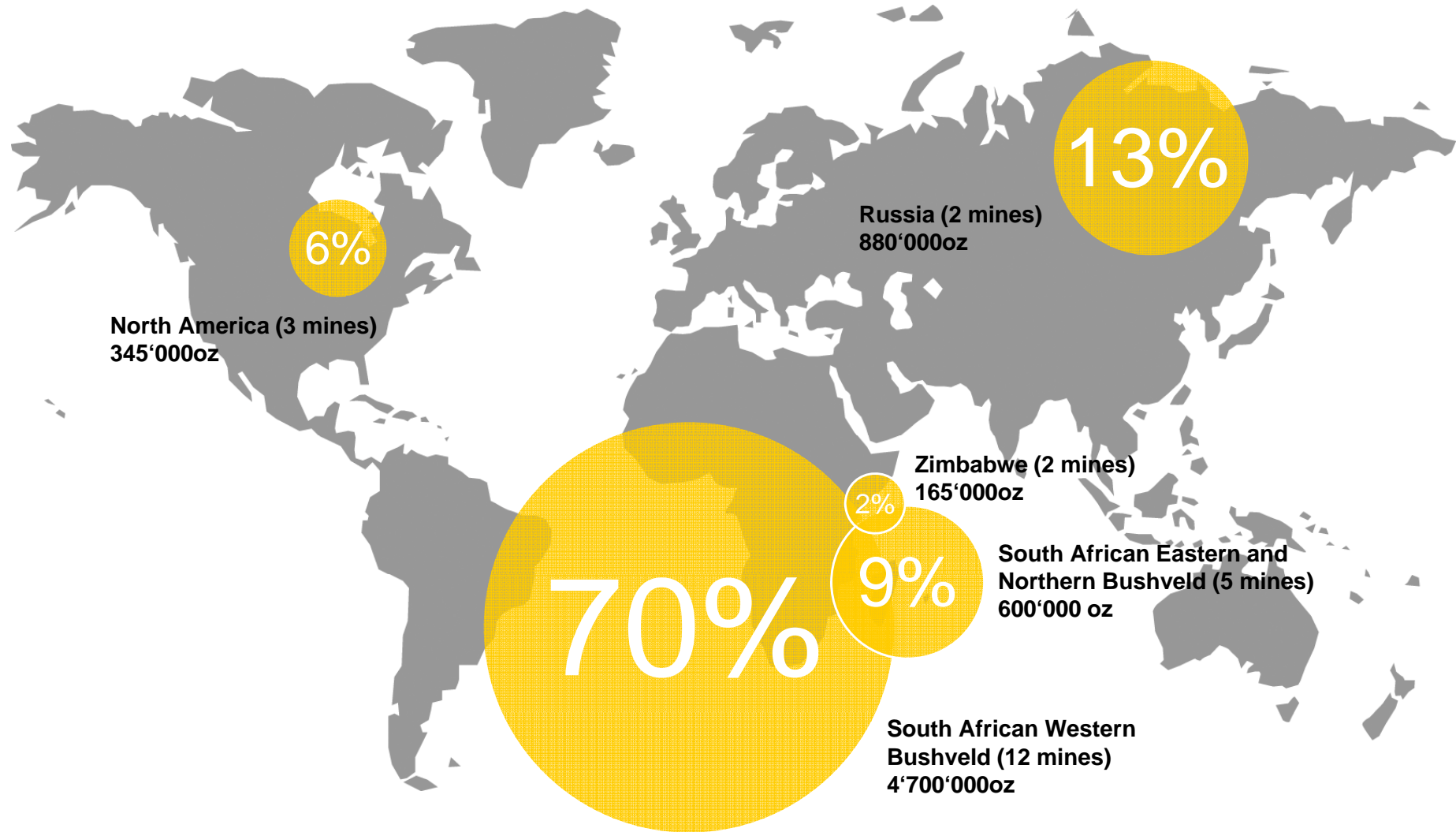
# Bushveld Foundation



- ◆ CHF 300'000, no urgent need for money now, all costs / expenses financed by BAC so far.
- ◆ 1 existing project: 4 visits 21 children, 3 at University
- ◆ Evaluating 1 new project: 70 children Limpopo Province
- ◆ BAC supporting My Life project (400 streets children) by financing London Charity Dinner



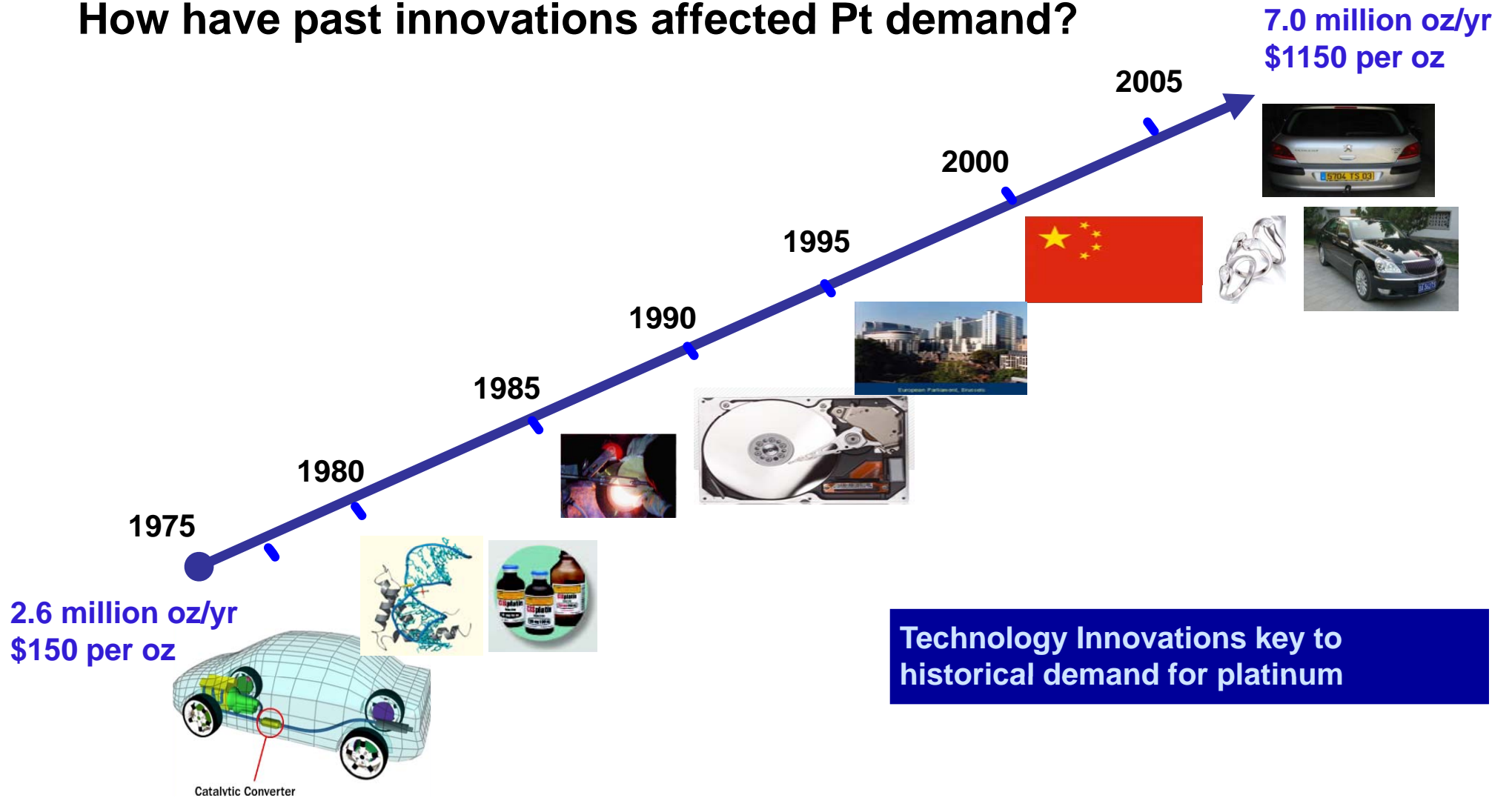
# Platinum Production 2006: 6'785'000 oz (+2.2%)



# Technical Necessity of Platinum



## How have past innovations affected Pt demand?

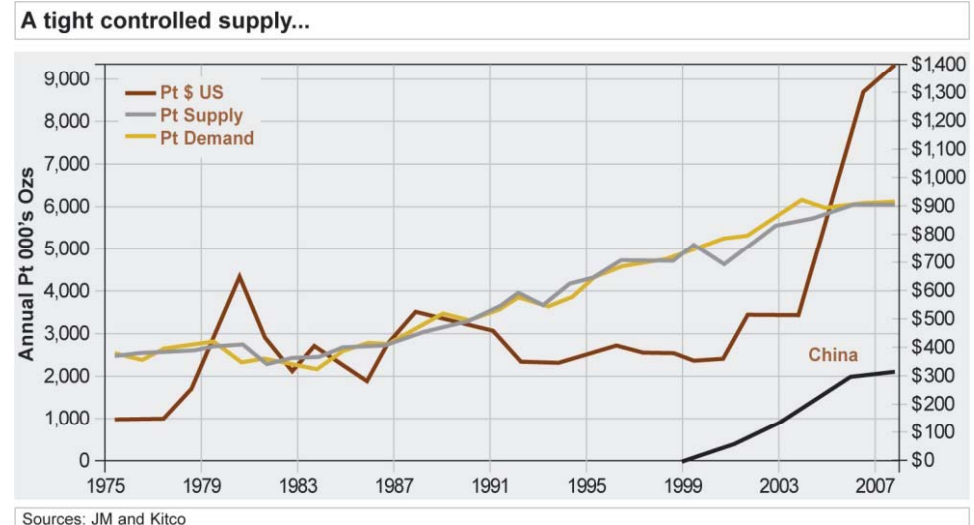


# Platinum demand 2006: 6.775mio oz (+1.2%) \*



- ◆ **Autocatalysts:**
  - ◆ 62% of total demand
  - ◆ 50% of the new cars produced in EU
  - ◆ from \$ 200 platinum per car to \$ 700
  - ◆ 30% scrap
- ◆ **Jewellery**
  - ◆ 1/4 of total demand
  - ◆ China... from 236'000 millionaires in 2003 to... 500'000 today
  - ◆ wedding rings are a USD 4,5bn market with 9% annual growth
- ◆ **Industrial**
  - ◆ one of five manufactured products uses platinum
  - ◆ +11% demand growth in 2006
- ◆ **Investment demand**
  - ◆ 15'000 oz in 2005 (= 20mio USD, one flat on Central Park)
  - ◆ (40'000 oz) in 2006
  - ◆ or 1/6 of «Le jeune homme à la pipe»
  - ◆ Pt ETF + 50'000 oz for the coming 12 months

\* 5.5% annual growth rate demand from 1983 to 2005



# Chindia

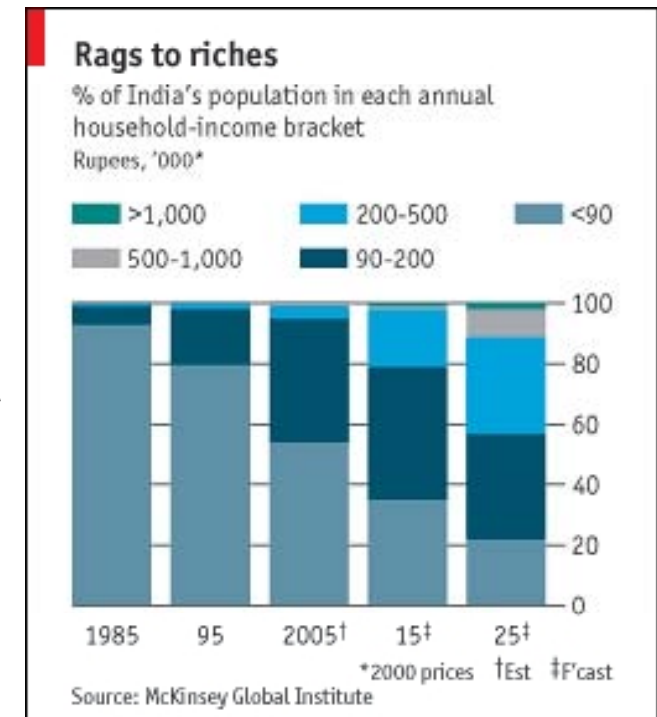


- ◆ **Soon 50 million cars in China (+23% Q2 2007), 160 million in 2020 (world 1bn in 2020, 1.2bn in 2030, 3.5bn in 2050...)**
- ◆ **260 mio chinese with an annual income above USD 9'000 in 2004 (13 mio in 1990)\***
- ◆ **70% of the pollution is urban and due to trafic**
- ◆ **China has no platinum!  
87% of the world platinum underground, and  
99% of the world resources below 2000 meters  
deep are in South Africa!**
- ◆ **China consumed 1% of PT production in 1999,  
more than 25% today, and will consume about 35% in 2011\*\***

**... India Jewellery gold demand: close to 1000 tons for 2007**

\*source: Prof. X. Sala-i-Martin

\*\*source: Mining Weekly vol.11 no. 41



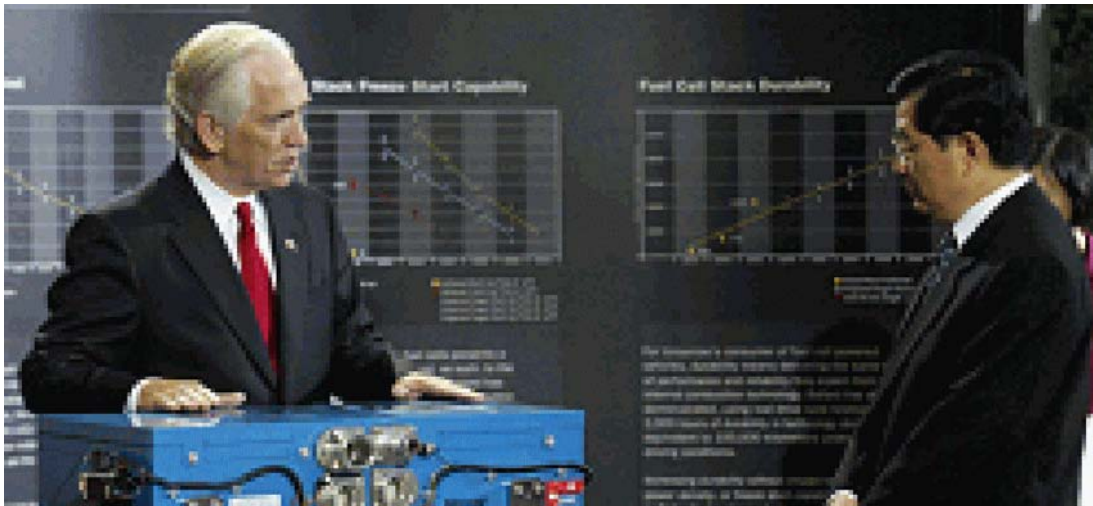


# Platinum: The new love story...



Picture: FT July 2005

Zimbabwe: 12% of the world resources



Picture September 2005: [www.ballard.com](http://www.ballard.com)



Picture: Cape Town January 2006

# Climate change: an emerging major investment theme for the coming decade



## Where to invest?

- ◆ **Alternative energies**
  - ◆ Is it going to generate profits?
  - ◆ The next bubble?
  
- ◆ **Water**
  - ◆ How big are the profits?
  - ◆ Too correlated with MSCI world?
  
- ◆ **Uranium**
  - ◆ Accident risks (435 reactors operable)
  - ◆ Greenpeace: Energy Revolution without Atom?
  - ◆ Valuation?

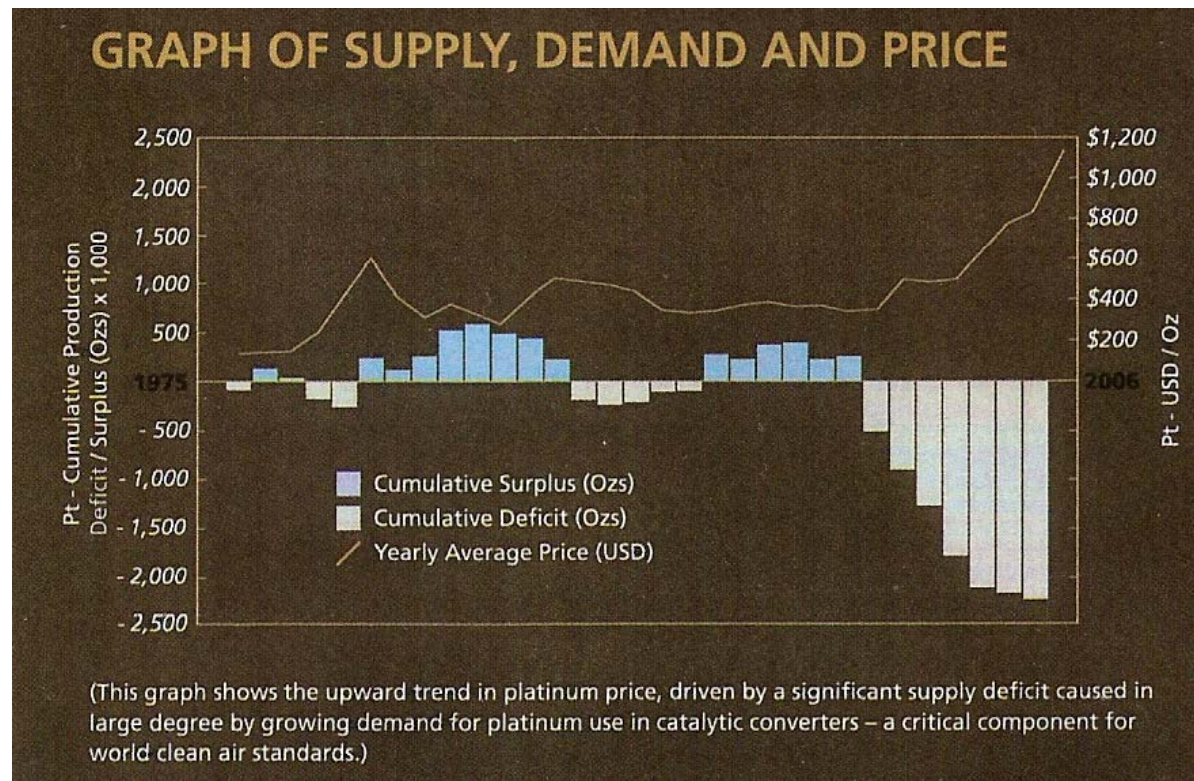
...one has to consider:

- ◆ **Profitability**
- ◆ **Capacity to become a market leader**
- ◆ **Factors influencing prices (state, public opinion, ...)**
- ◆ **Shock absorption capacity**

# Why Platinum Group Metals?



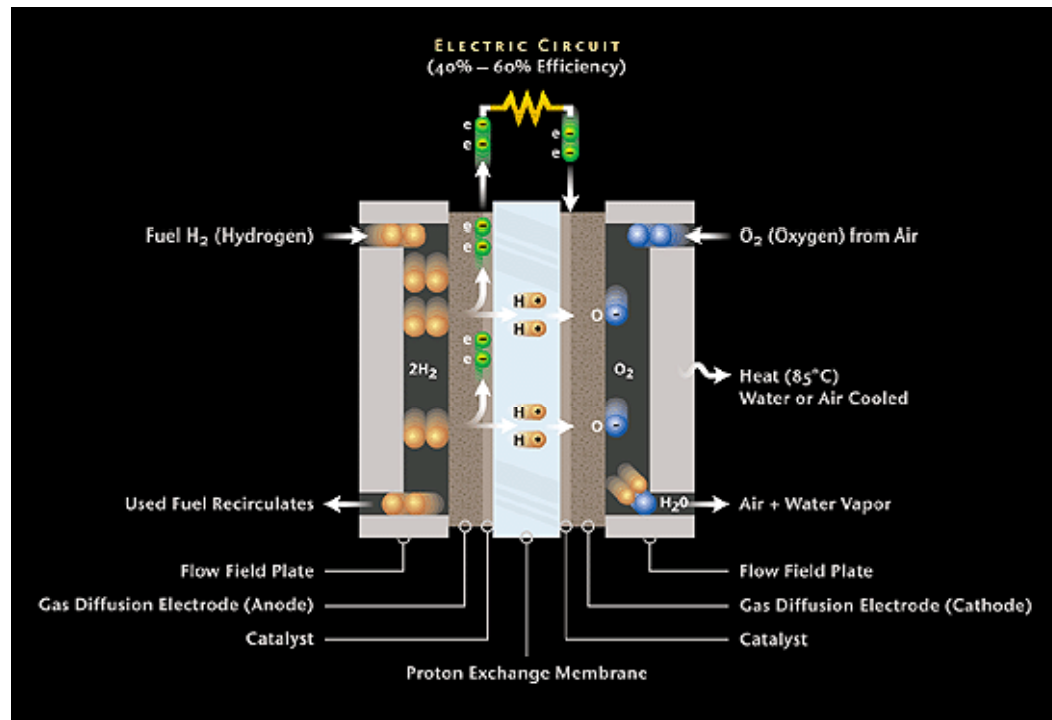
- ◆ PGM demand will substantially increase due to more restrictive legislations worldwide
- ◆ Can US (3% diesel today) join EU (50%) by 2015?
  - ◆ This move could easily exhaust all future platinum production capacity!
  - ◆ Pressure to produce more, and to find alternatives
- ◆ There is no platinum stockpile!



# The Future: Hydrogen energy (fuel cell)



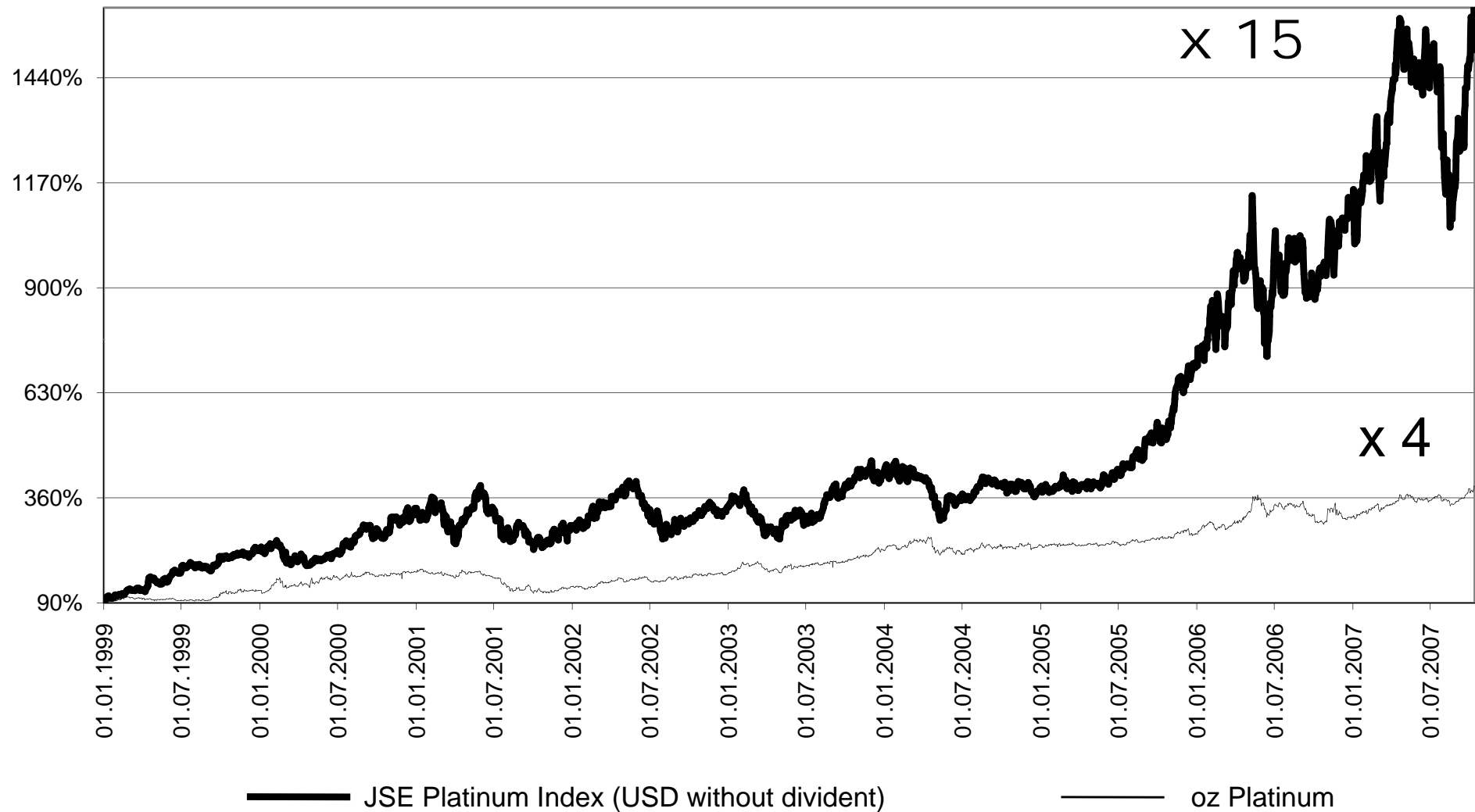
- ◆ no other long term alternative, today one fuel cell needs 60 gramms of pt
- ◆ in 2020, 1 bn cars would need 15'000 tons = 15 gramms per car (47'570 tons reserve in the ground\*)



- ◆ <http://www.ballard.com/resources/animations/animations/FuelCellLong/index.html>

\* FT 6 July 2005

# Performances: JSE Platinum Index versus Platinum bullion



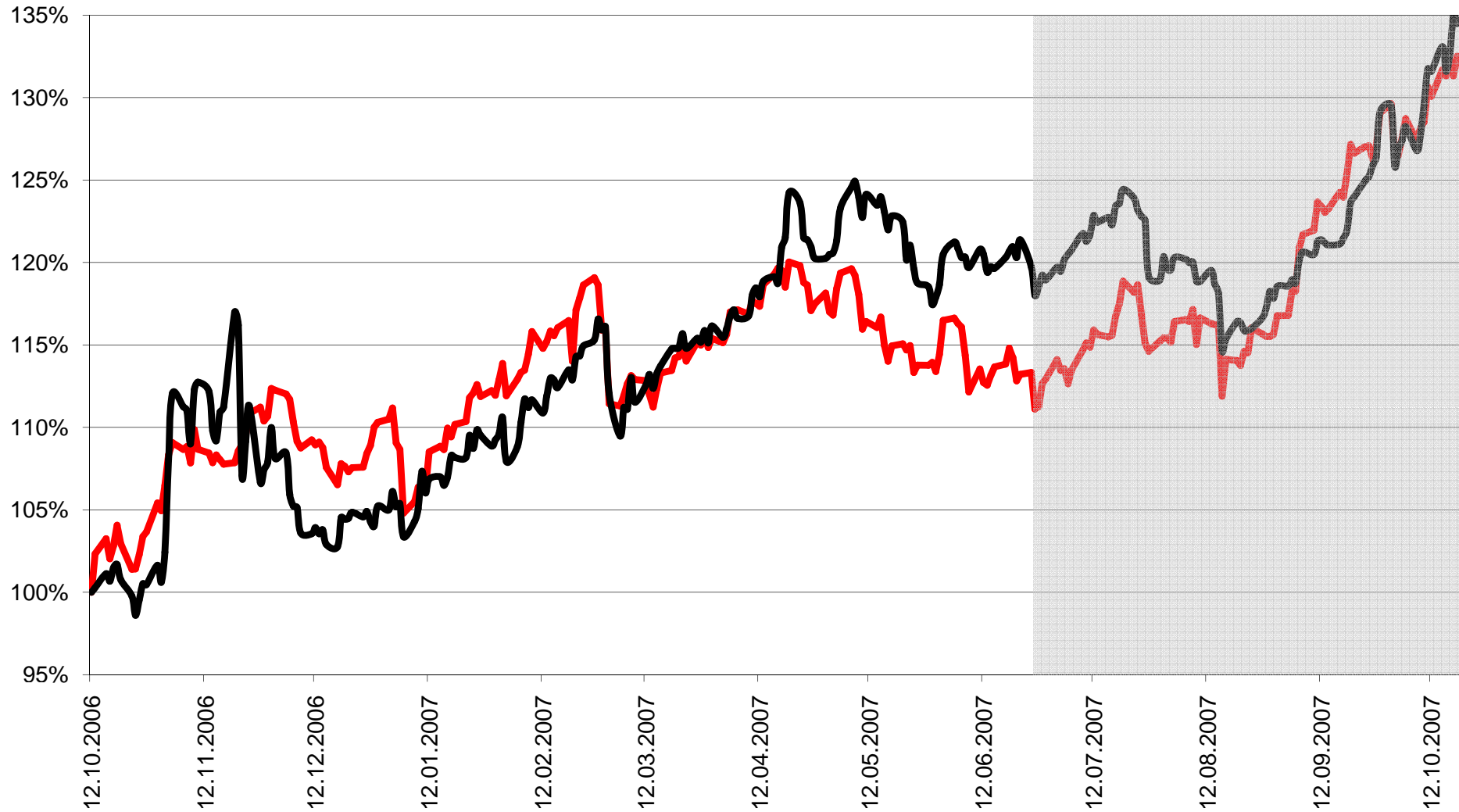
◆ Q3 2007: more than 60% operational margin ?

# Pt versus Au



Performances 12.10.06-19.10.07

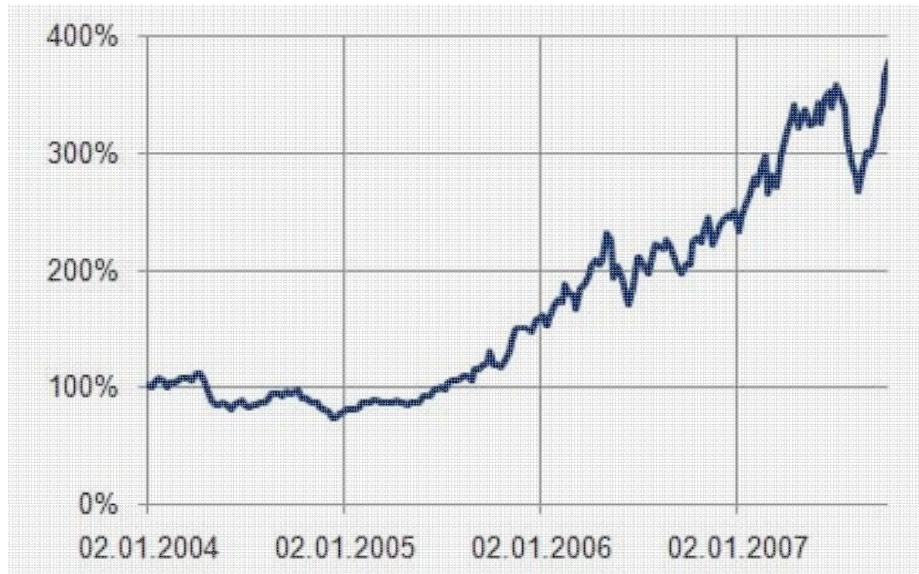
— Gold oz      — Platinum oz



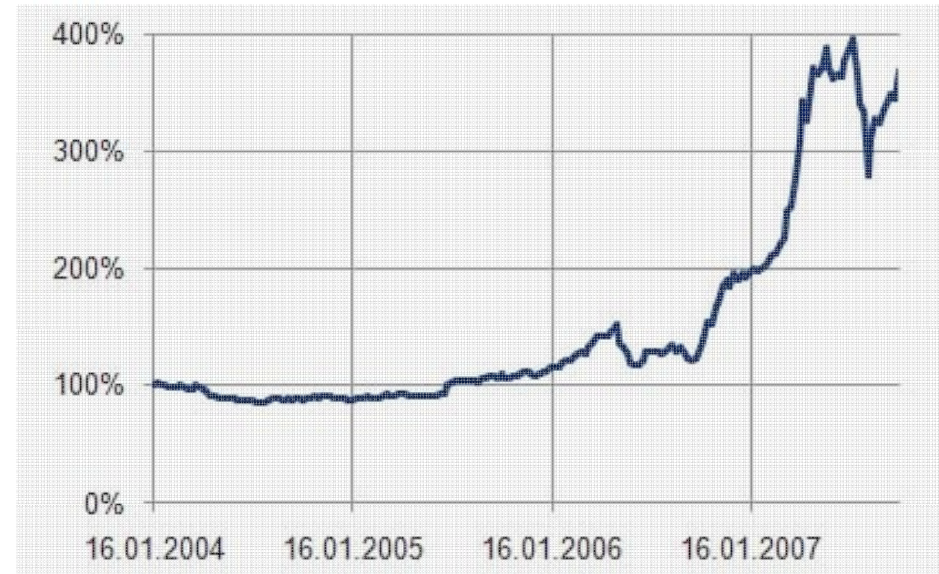
# Performances: [www.platexindex.com](http://www.platexindex.com)



## BAC Platinum Group Metals Global Index



## BAC Platinum Group Metals Explorers Index



## Performances in CHF

### Global Index

◆ 2004	- 22.0 %
◆ 2005	+101.3 %
◆ 2006	+59.23 %
◆ YTD	+51.20 %

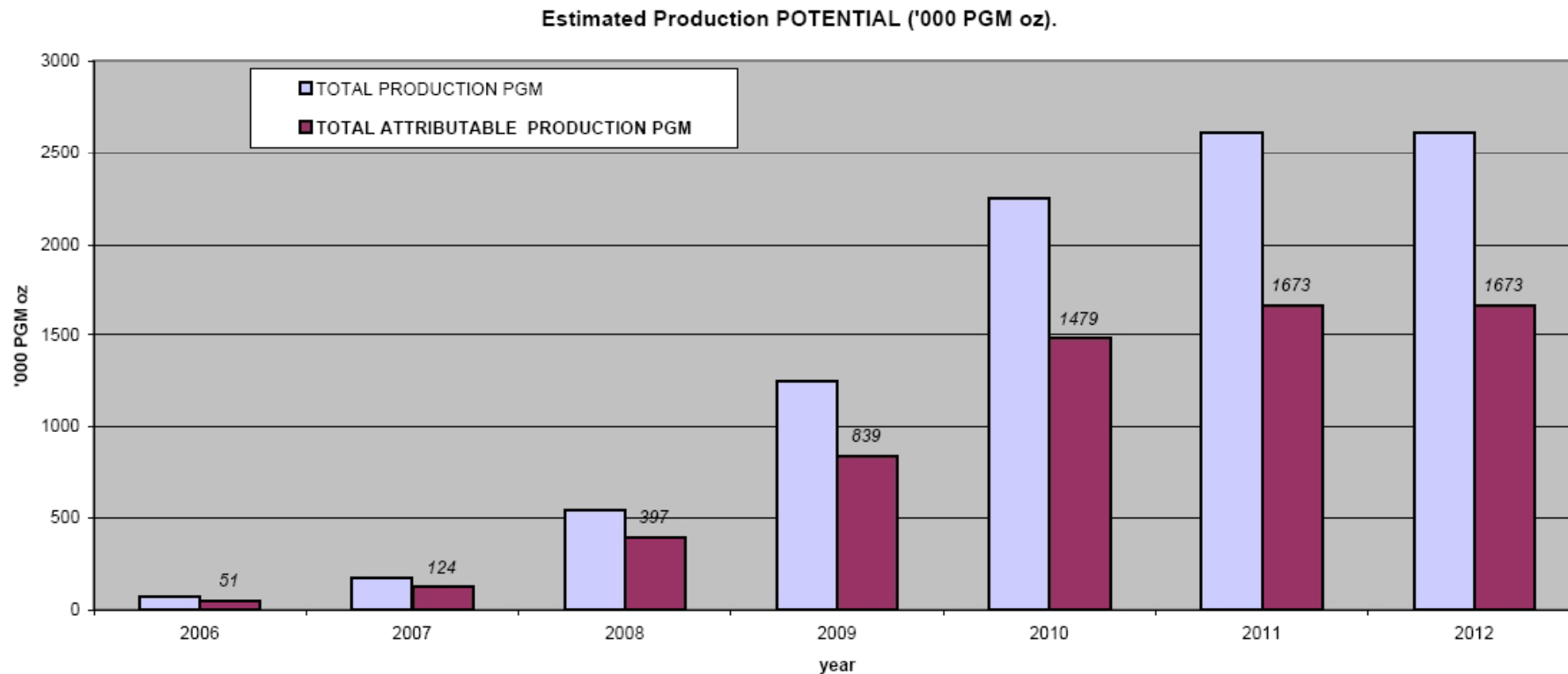
### Explorers Index

- 11.0 %
+24.72 %
+75.67 %
+89.23 %

# Latest developments on the supply side



- ◆ Substantial increase in investments (30bn ZAR for the coming 3 years for Anglo Platinum)
- ◆ Explorers production will soon enter into the market: ( URGENTLY NEEDED )



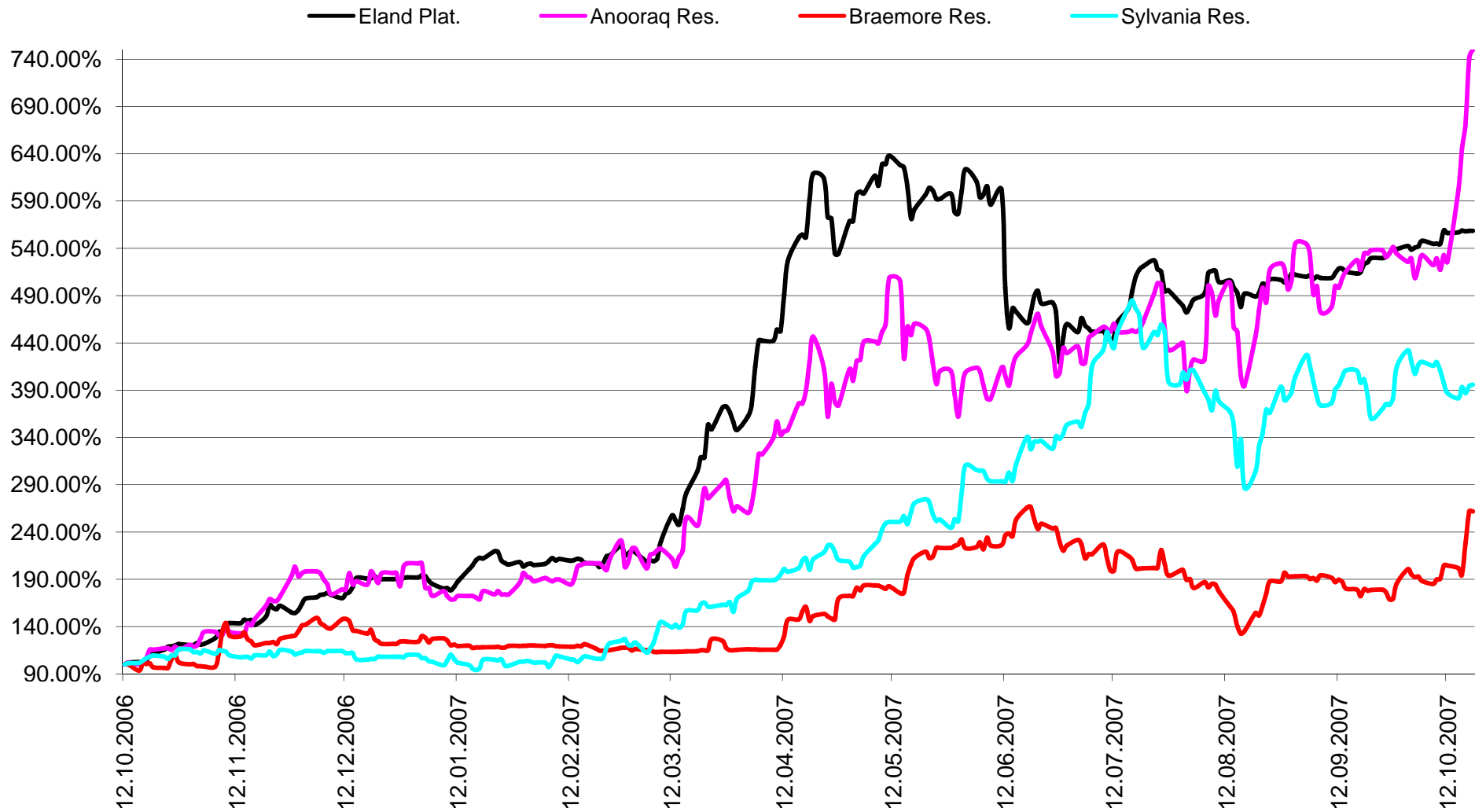
➔ PGM Explorers are the actual major investment theme of the Bushveld Fund



# 5th BAC Platinum Day score



Performances (in USD) 12.10.06-19.10.07



# Investment Universe



Platinum Producers	Platinum Explorers	Gold Companies
Norilsk Nickel	Eland Platinum	Anglo Gold Ashanti
Anglo American Platinum	Platmin	Gold Fields
Impala Platinum	Wesizwe Platinum	Harmony
Lonmin	Sylvania Resources	DRD Gold
Aquarius Platinum	Platinum Australia	Mvelaphanda
Northam Platinum	Platinum Group Metals	Randgold
Eastern Platinum	Ridge Mining	Centurion
Anooraq Resources	AIM Resources	African Rainbow
	Jubilee Platinum	JCI
	Nkwe Platinum	Simmer & Jack
	Braemore Resources	Great Basin Gold
	Caledonia Mining	Afgold
	Consolidated Puma Minerals	Witsgold
	Beartooth Platinum	

- ◆ Easy access to management/transparency
- ◆ Core holdings very liquid
- ◆ Own Research (LK Consult)

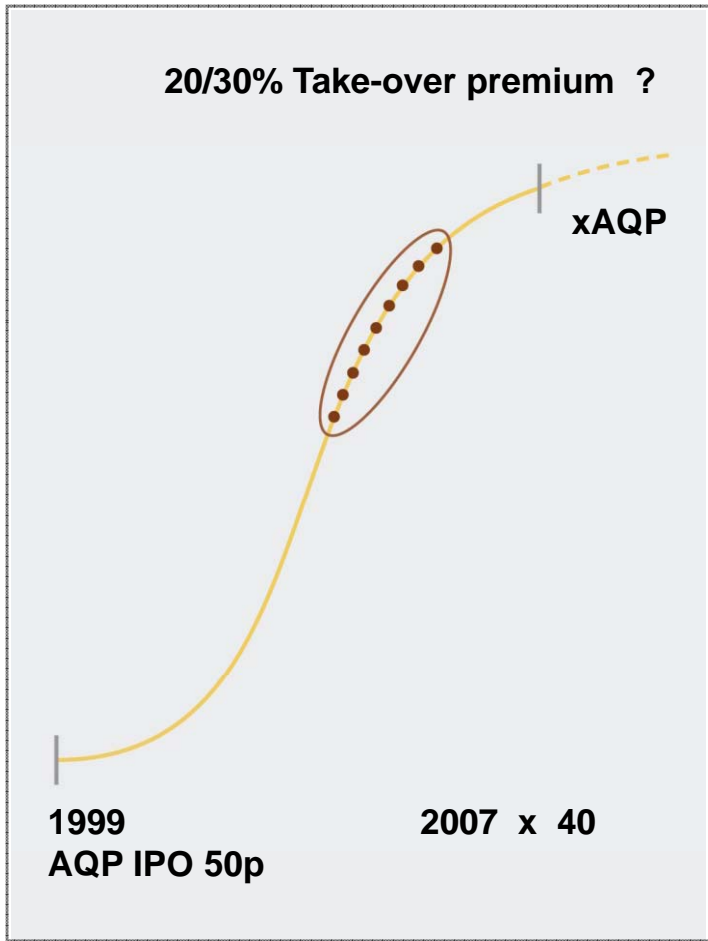
# Investment case: Explorers



## Pt Explorers are cheap

- ◆ Au producers:  
202 (206) \$ |oz in situ
  - ◆ Au explorers:  
90 (96) \$ |oz in situ
  - ◆ PGM producers:  
58 (50) \$ |oz in situ
  - ◆ Pt explorers:  
20 (31) \$ | oz in situ
- ...and Pt price is 90% higher than Au

## Value Curve



## Success with Explorers

- ✓ rock solid fundamentals
- ✓ management proximity
- ✓ follow-up of the projects

In brackets, situation 4th BAC Platinum Day (June 18 – 22, 2007)

# Risks



- ◆ **South Africa**
  - ◆ **Controlled Risk: Political risk in S.A. on a par with Britain**
  - ◆ **2009 Presidential election**
  - ◆ **Economy: 2010                      Budget surplus: +0.3%                      Debt ratio to GDP: 29%**
  - ◆ **Crime, HIV, unemployment**
  
- ◆ **Stock Market Crash Worldwide**
  - ◆ **Margin = shock absorber**
  - ◆ **Dividend = more than 5%**
  - ◆ **Impact of legislations on 60% of the demand**
  
- ◆ **China**
  - ◆ **Olympics 2008**
  
- ◆ **World recession**
  - ◆ **Follow Equity Markets: they should be early indicators**
  
- ◆ **Substitution**
  - ◆ **Autocats**
  - ◆ **Fuel cell**

## Prospects for the coming 5 months (6th BAC Platinum Day)



**+**

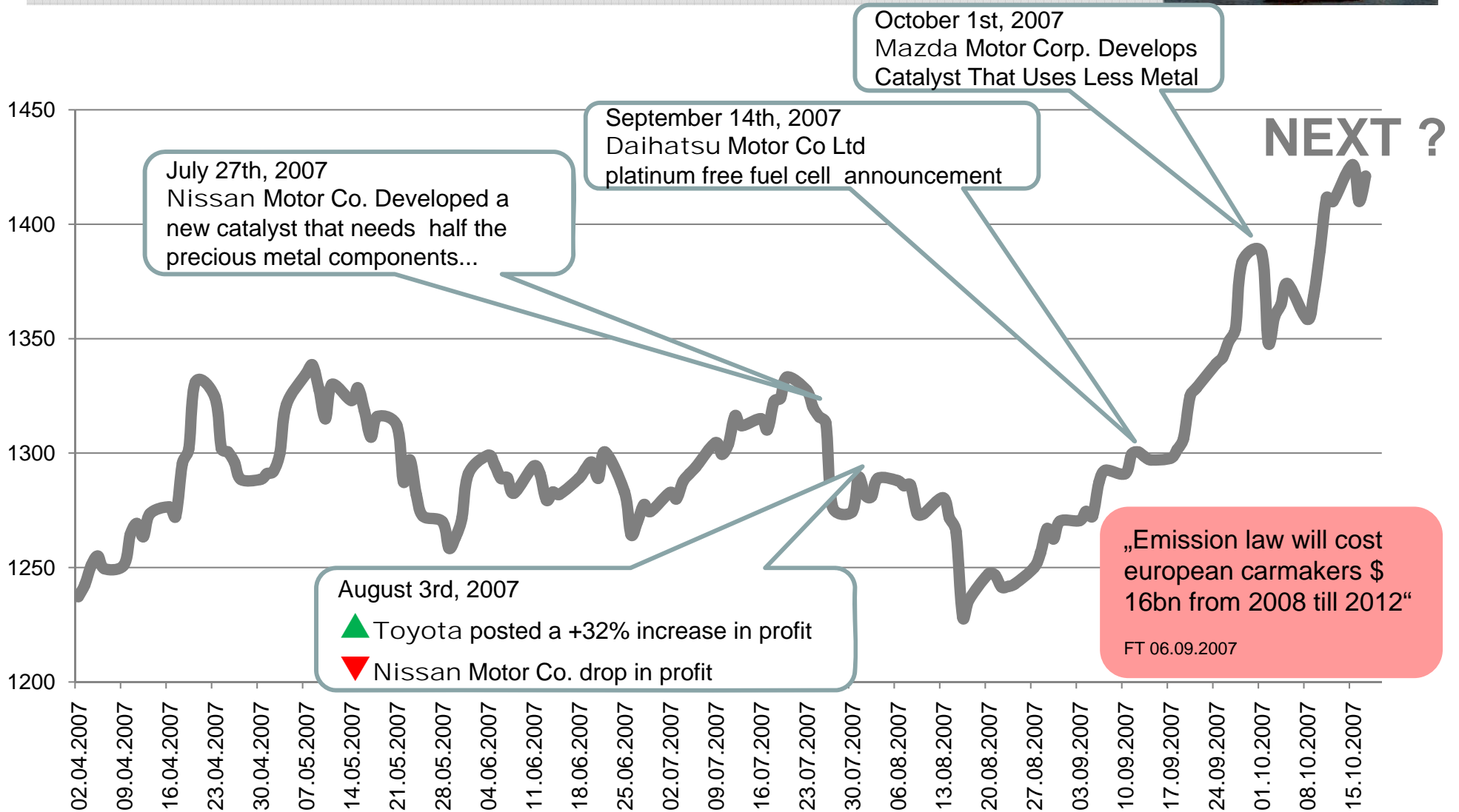
- ◆ **More corporate activities**
- ◆ **Excellent Q3 Results due to higher PGM prices**
- ◆ **Fundamentals supporting acceleration of projects and financing**
- ◆ **Explorers outperforming producers**
- ◆ **High Oil price**

**-**

- ◆ **Downside risks on the global stock markets**
- ◆ **End of the cycle?**
- ◆ **Correction of the Chinese equity markets**
- ◆ **More actions to reduce the heat**

**PGMs equities should continue to outperform.**

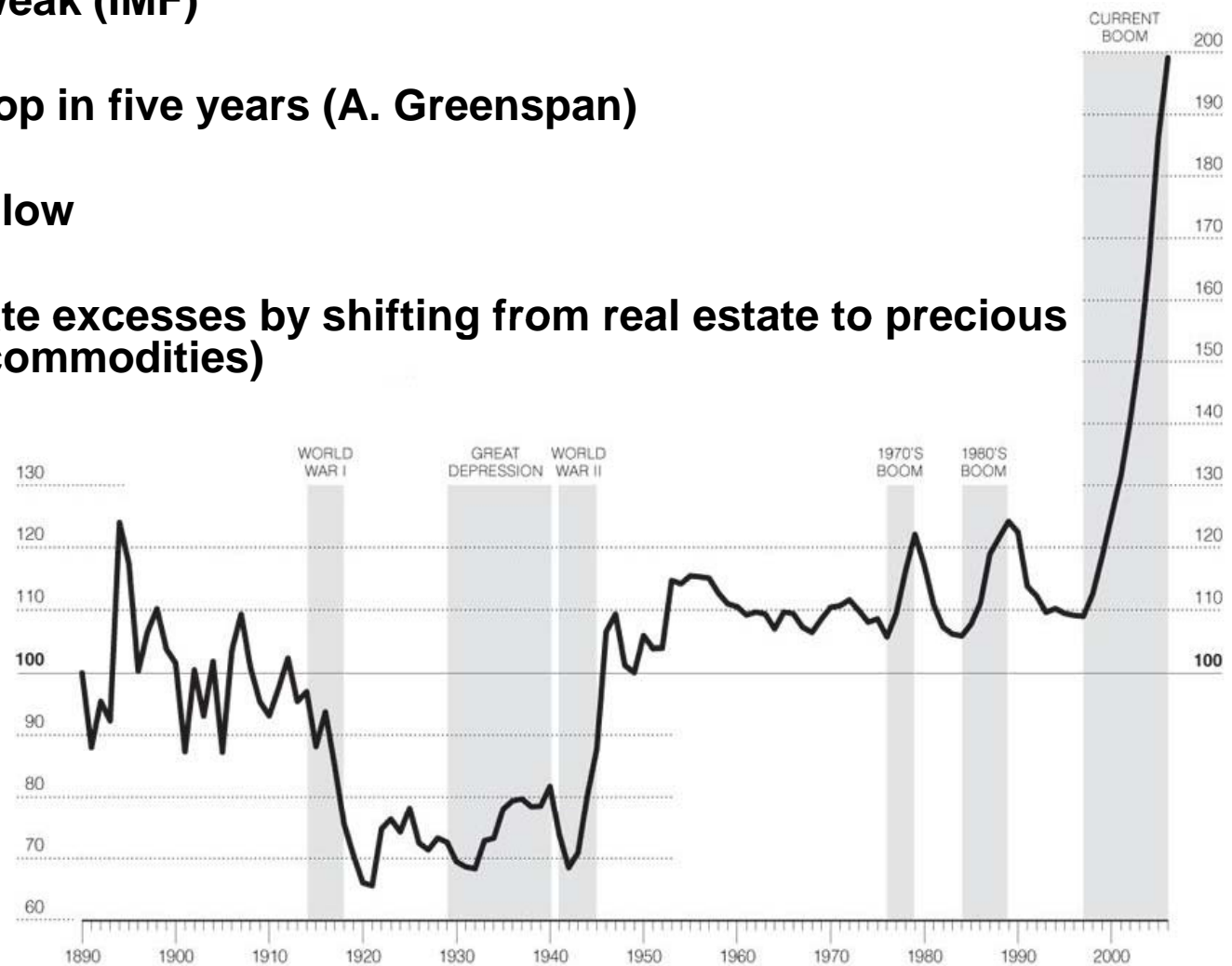
# More emissions from the car industry...



# Maximum bullish on precious metals sector for the coming 5 years!

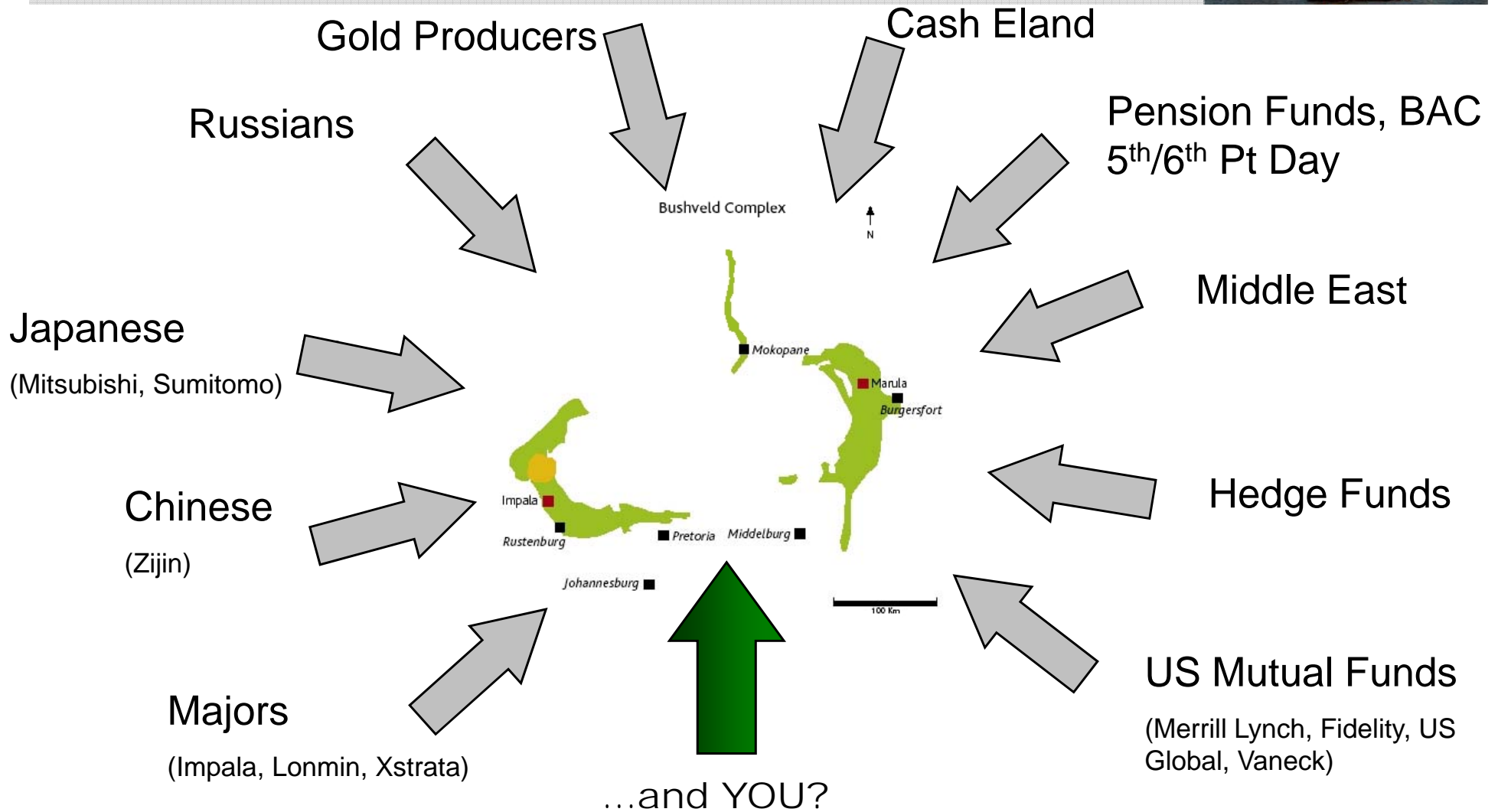


- ◆ The USD will stay weak (IMF)
- ◆ Inflation may develop in five years (A. Greenspan)
- ◆ Real rates will stay low
- ◆ The public will create excesses by shifting from real estate to precious metals (and some commodities)



Source: 'Irrational Exuberance' 2nd Edition  
2006 by Robert J. Shiller

# A growing interest...



Are you invested in the "Green Metal"?



# Conclusion



Platinum - A strategic metal for the Kings that hit all the three major investment themes for the coming decade:

CHINA



ENERGY



CLIMATE CHANGE



## Coming events



INVESTORS TOUR 4 2007, November 2 – 6, 2007

- ◆ **January 1<sup>st</sup>, 2008 – Expected launch of BAC Africa and BAC REE Q1 2008**



INVESTORS TOUR 1 2008, January 25 – 28, 2008

- ◆ **6<sup>th</sup> BAC Platinum Day, March 10 – 14, 2008**
- ◆ **First BAC Indaba Natural Resources Day, March 31 – April 5, 2008**
- ◆ **BAC Platinum Night, May 31, 2008**
- ◆ **7<sup>th</sup> BAC Platinum Day, June 30 – July 04, 2008**
- ◆ **8<sup>th</sup> BAC Platinum Day, October 6 – 11, 2008**



INVESTORS TOUR 2 2008, October 31 – November 4, 2008

## Further Information / Contact



### Information:

[www.bestassetclass.ch](http://www.bestassetclass.ch)  
[www.bacfund.ch](http://www.bacfund.ch)  
[www.platexindex.com](http://www.platexindex.com)  
[www.bushveldfoundation.org](http://www.bushveldfoundation.org)

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### Links:

**www.platinum.matthey.com**  
**www.ballard.com**  
**www.preciousplatinum.com**  
**www.angloplatinum.com**  
**www.implats.com**  
**www.kitco.com**  
**www.platinuminfo.net**

**«So many excellent properties united in a single metal»**

Antoine Baumé, Master Apothecary, 1773