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2

## FEBRUARY 2003 – GLOBAL PGM LEVERAGE ANALYSIS

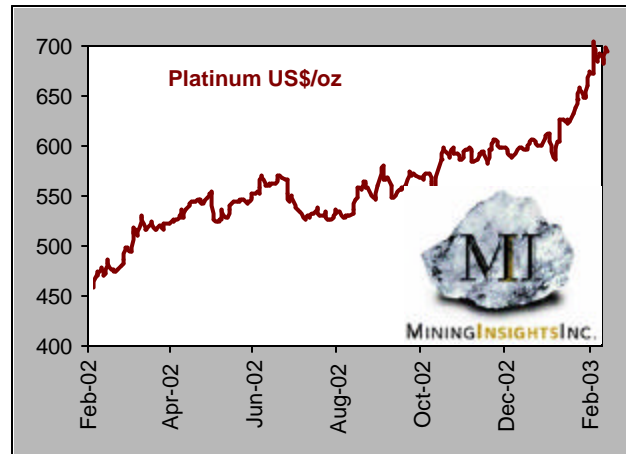
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Platinum and palladium stories are in the news, with platinum hitting US\$700/oz earlier this month and the palladium price testing new lows on a regular basis. This article looks at investor recognition-derived leverage to the underlying Pt, Pd, or Pt/Pd basket price over the past year. A review of leverage and quick insights into assets suggests [Zimbabwe](#)

[Platinum Mines Ltd](#) sports the best combination of investor promise and growth for a company with production earnings. Zimbabwe political risk does not seem to impact ZIM trading; but may be responsible for the systematic breakdown in [Aquarius Platinum Limited](#) leverage even though AQP's Mimosa mine appears to be a great growth story. [Impala Platinum Ltd](#) and [Anglo American Platinum Ltd](#) also trade at a discount due in part to higher exchange rate risk but hold promise from platinum/ palladium production ratios at least equal to 1. Palladium based stocks like [Stillwater Mining Corp](#) and [North American Palladium Ltd](#) are not seen as good investment bets at this time based on high default risk for the former and high palladium exposure for the latter. The [MII GLOBAL PGM COMPARATIVE TABLE](#) suggests relative undervaluation for Zimplats and Anglo American Platinum against the other producers modeled.

Five PGM explorers are reviewed. For excellent investor recognition, a price premium, and terrific portfolio diversification through early stage Platreef and advanced Merensky/UG2 projects, choose [Platinum Group Metals Ltd](#). For advanced Platreef and early stage Merensky, Bastard, UG2 exploration exposure with loads of geological promise, choose [Pan Palladium Ltd](#). Lack of price leverage, an inferred resource somewhat on the thin side and undiversified low-grade Platreef exposure suggests avoiding [Anooraq Resources Ltd](#).

Geological insights into the Merensky reef as compared to [Starfield Resources Ltd](#) Ferguson Lake low-sulphide Pd/Pt zone suggest promise unfulfilled and not recognized in trading data; and finally [Pacific North West Capital's](#) advanced exploration River Valley project offers the highest resource confidence level of any explorer although investor-generated leverage is sorely lacking.