Base Metals Outlook

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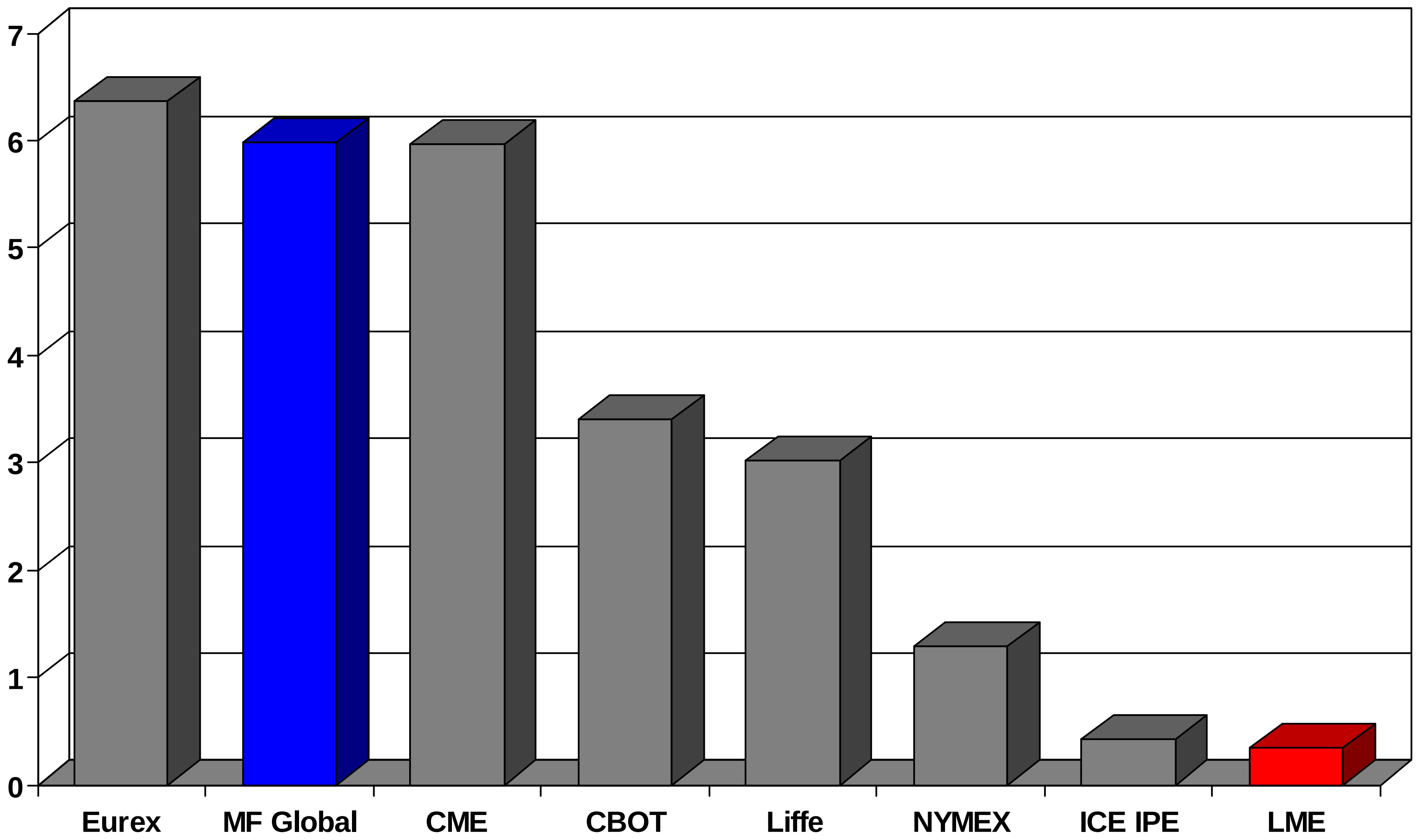

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LME

Futures and Options and Clearing

COMEX

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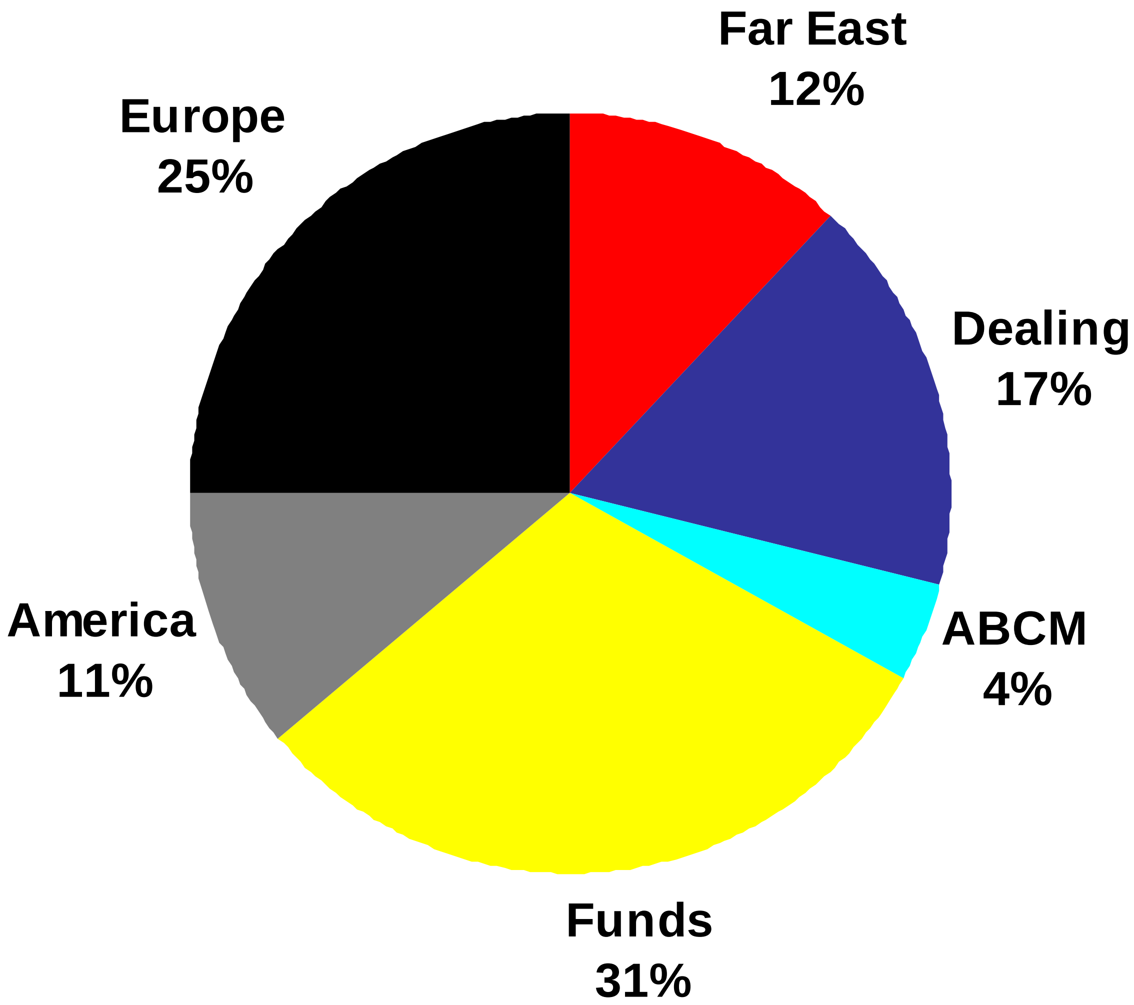
FASB Issues, w PWC
Producer Hedge Survey

Forecasting Methodologies
Technical Analysis
Funds and the LME

Metals Group

Metals Business Distribution



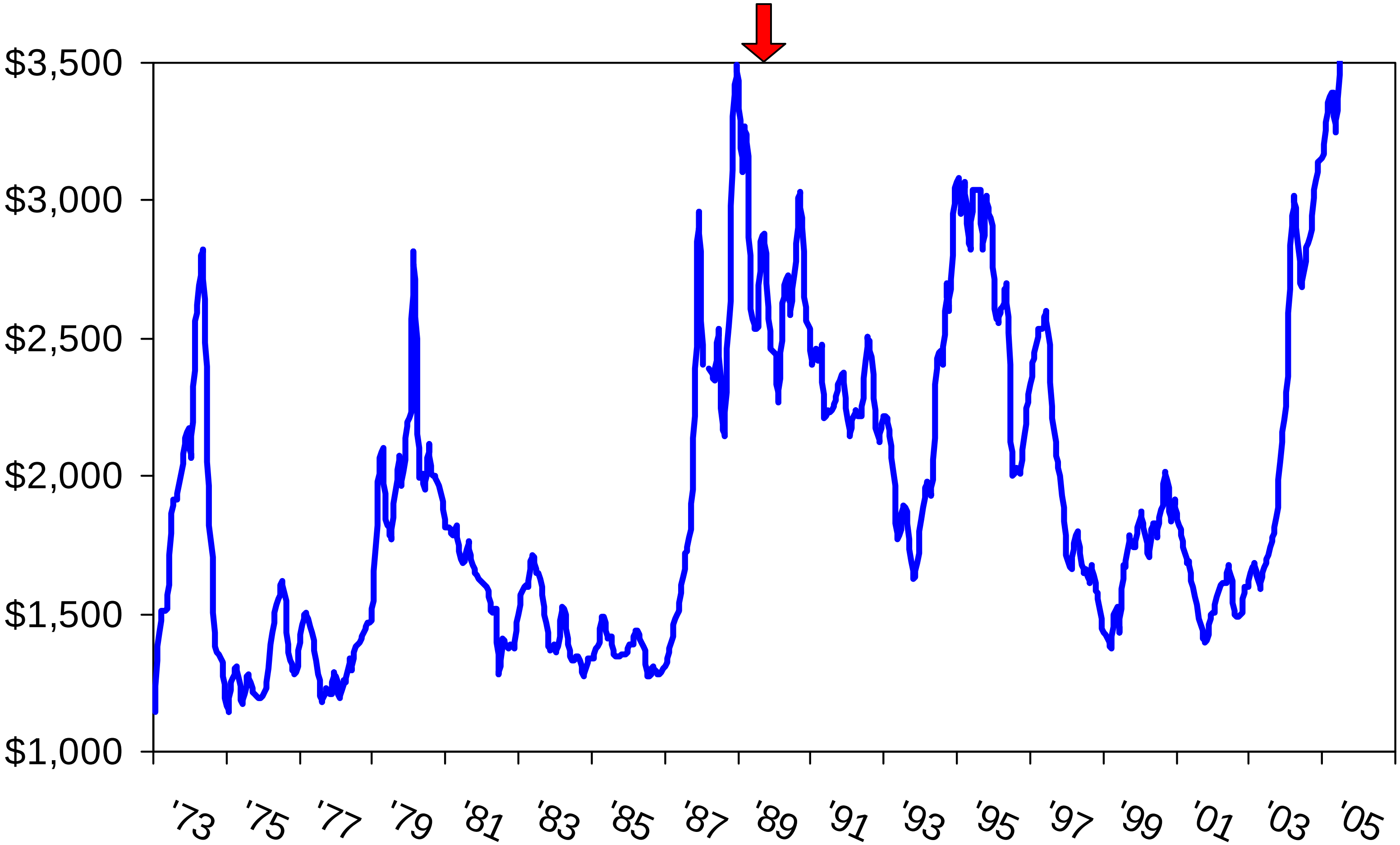
2004, 2005, 2006, 2007 **Broker Rankings**

international survey of corporate risk managers

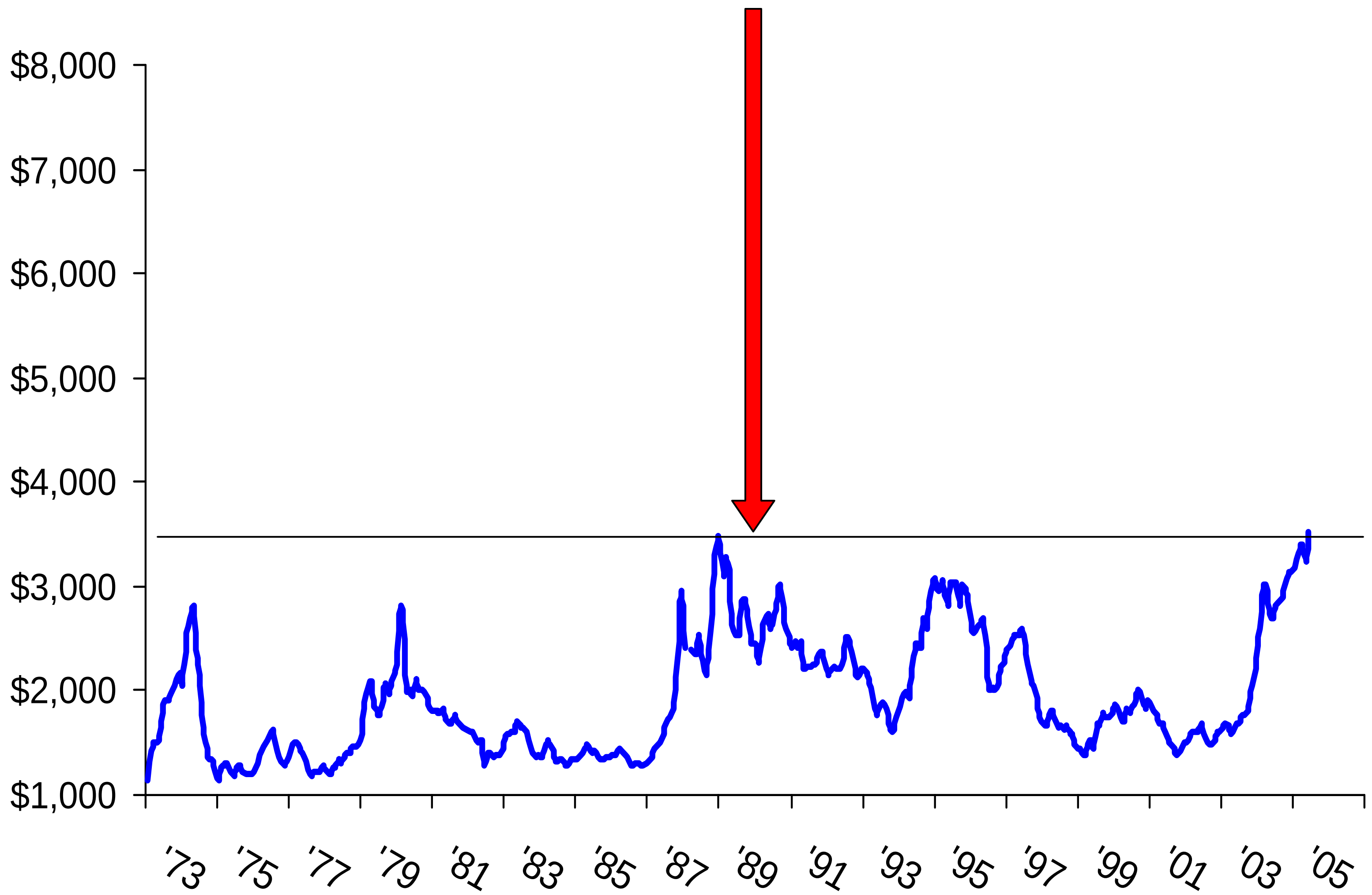
		2004 Rank	2005 Rank	2006 Rank	2007 Rank
COPPER	Cash	MF Global #1	MF Global #1	MF Global #1	MF Global #1
	Forwards	MF Global #1	MF Global #1	MF Global #1	MF Global #1
	Options	MF Global #1	MF Global #2	MF Global #1	MF Global #1
ALUMINUM	Cash	MF Global #1	MF Global #1	MF Global #1	MF Global #1
	Forwards	MF Global #2	MF Global #1	MF Global #1	MF Global #1
	Options	MF Global #1	MF Global #1	MF Global #1	MF Global #1
OTHER BASE METALS	Cash	MF Global #1	MF Global #2	MF Global #1	MF Global #2
	Forwards	MF Global #1	MF Global #1	MF Global #1	MF Global #2
	Options	MF Global #1	not surveyed	MF Global #1	MF Global #3
BASE METALS	Structure	not surveyed	not surveyed	MF Global #1	MF Global #2

Metals Outlook

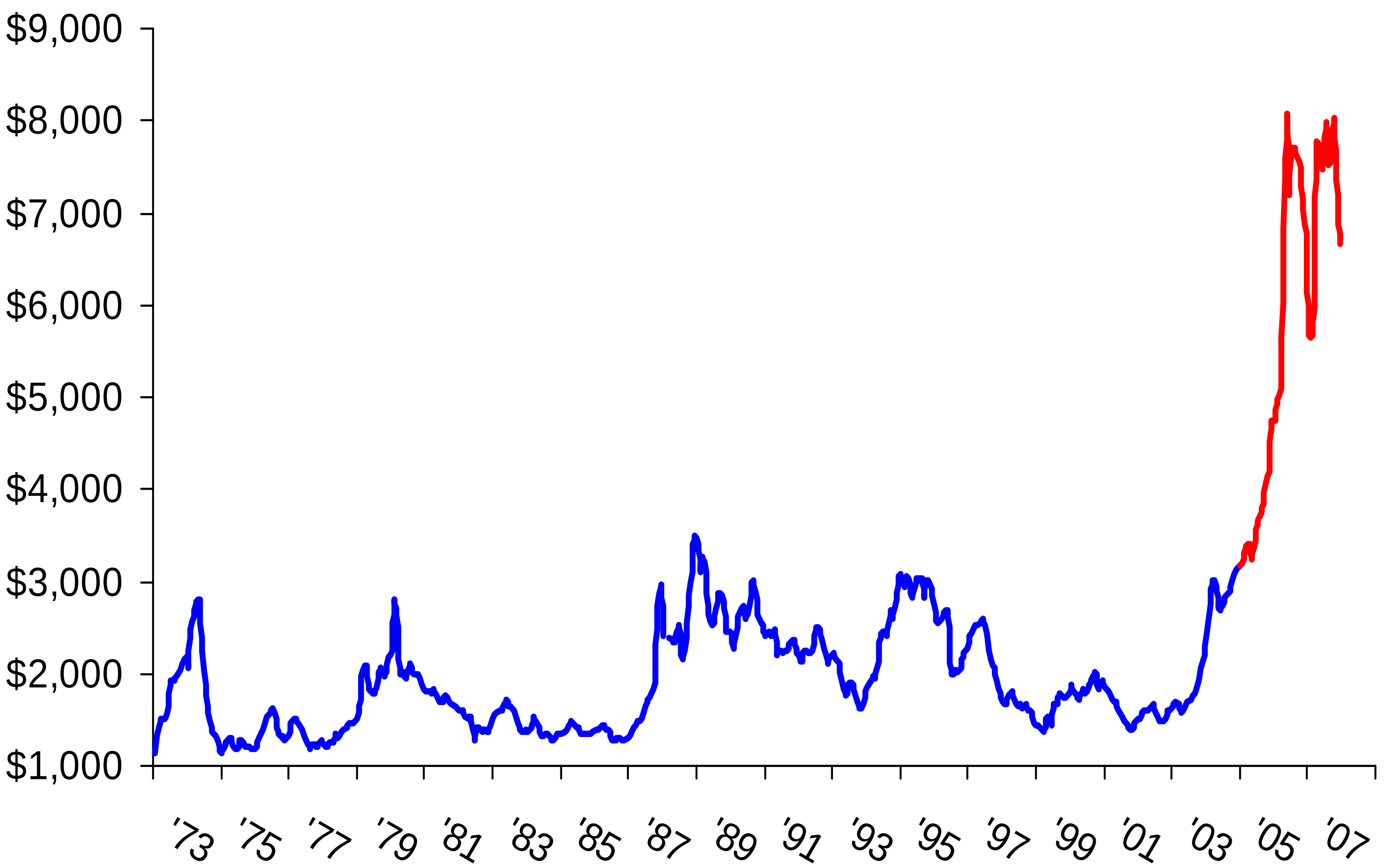
Copper Prices, $/metric tonne



Copper Prices, $/metric tonne



Copper Prices, $/metric tonne



Fundamentals Constructive

- Global Economic Expansion
- Chinese and Indian Demand
- Production Losses
- & Critically Low Stocks

But…

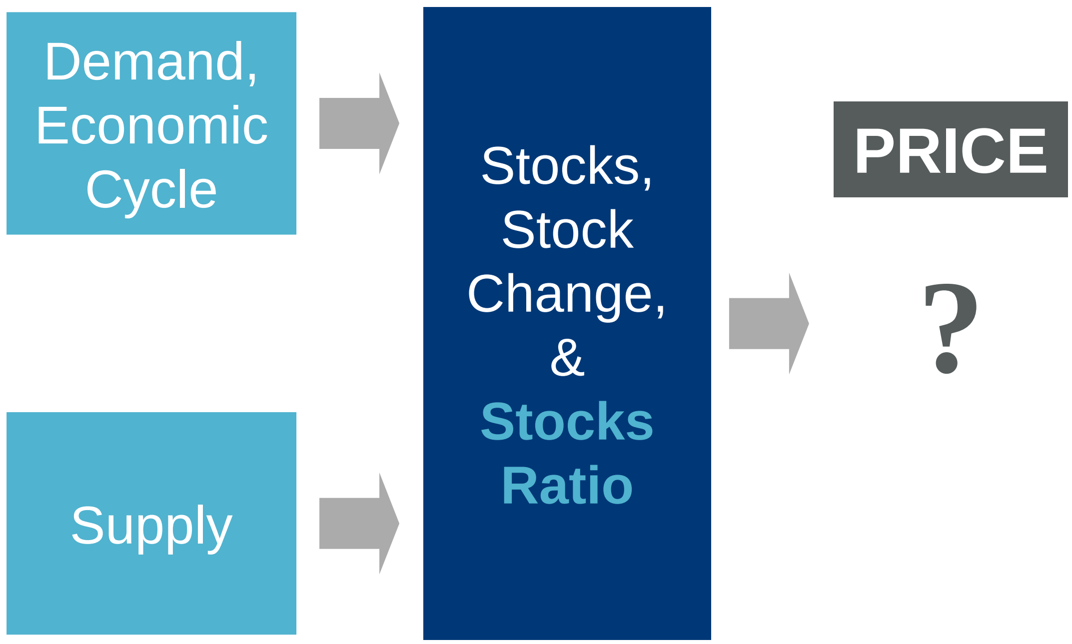
Fundamentals

Don’t Fully Explain Current High Prices

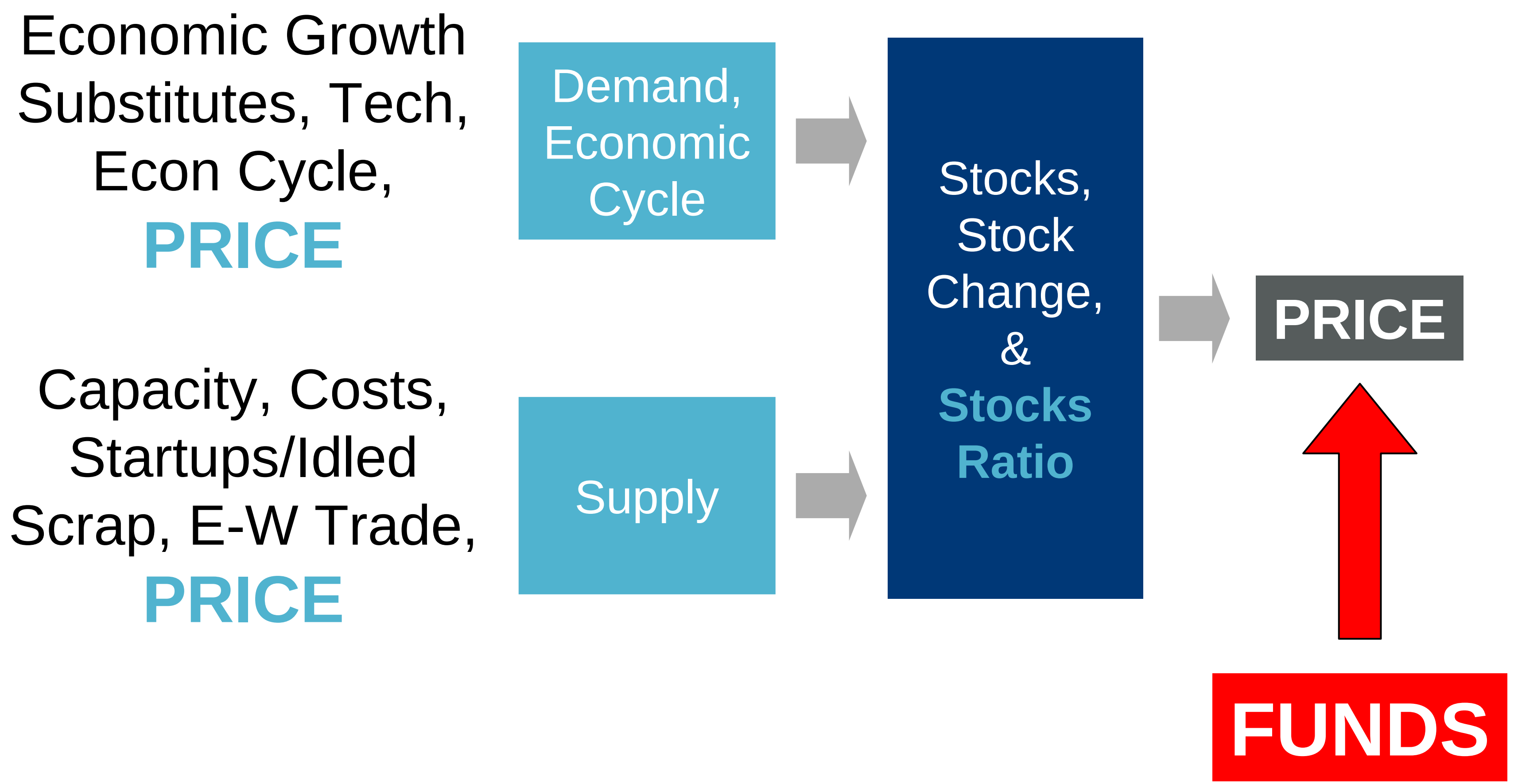
Structural Model for Metals Prices

Economic Growth
Substitutes, Tech,
Econ Cycle,
PRICE

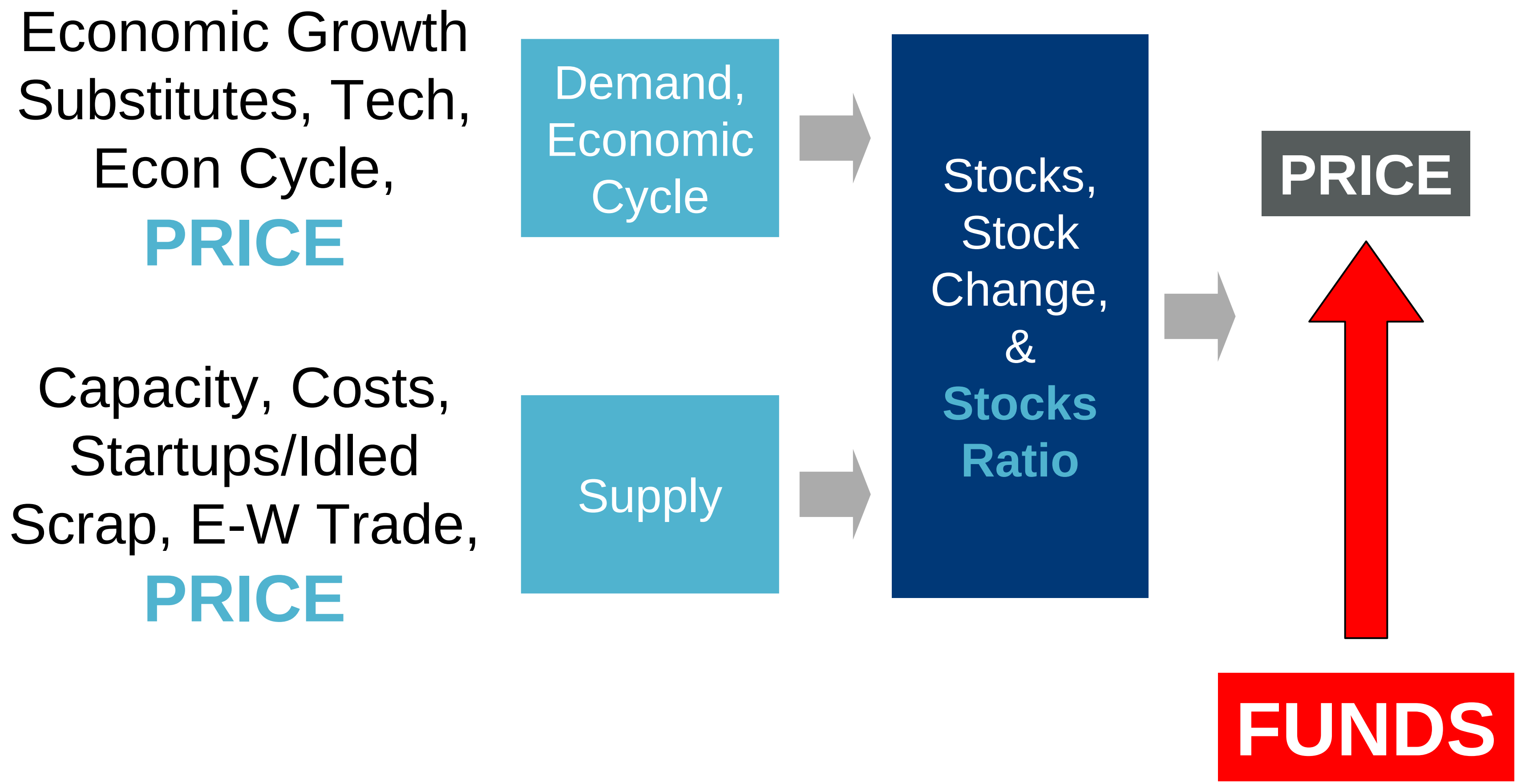
Capacity, Costs,
Startups/Idled
Scrap, E-W Trade,
PRICE



Structural Model for Metals Prices



Structural Model for Metals Prices



Structural Model for Metals Prices

Economic Growth
Substitutes, Tech,
Econ Cycle,
PRICE

Demand, Economic Cycle

Capacity, Costs,
Startups/Idled
Scrap, E-W Trade,
PRICE

Supply

Stocks, Stock Change, & **Stocks Ratio**

PRICE

FUNDS

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Factors Underpinning Current Prices

- **Fundamentals Constructive**
  - Global Economic Expansion,
  - Metals Demand Rebound
  - Production Losses & Critically Low Stocks
- **Surge in Speculative Demand**
  - Macro/Hedge Funds,
  - CTAs/Specialist Funds
  - Passive/Index Funds

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Our Outlook…

Base Metals Market Outlook…

- **Fundamentals Are Reasonably Constructive**
  - prices still overbought, but moving into seasonal strength
  - economy slowing in 2008 but rebound in 2009
  - continued strength in China & India demand
  - high prices lead to production builds but losses expected
  - stocks critically low, reasonably tight conditions expected
- **Price vs Stocks/Physical Demand Nexus**
  - **structurally altered by fund buying**
- **Speculative Demand Will Only Grow**
  - diversification theme, commodity super cycle

Base Metals, ***Price Outlooks***

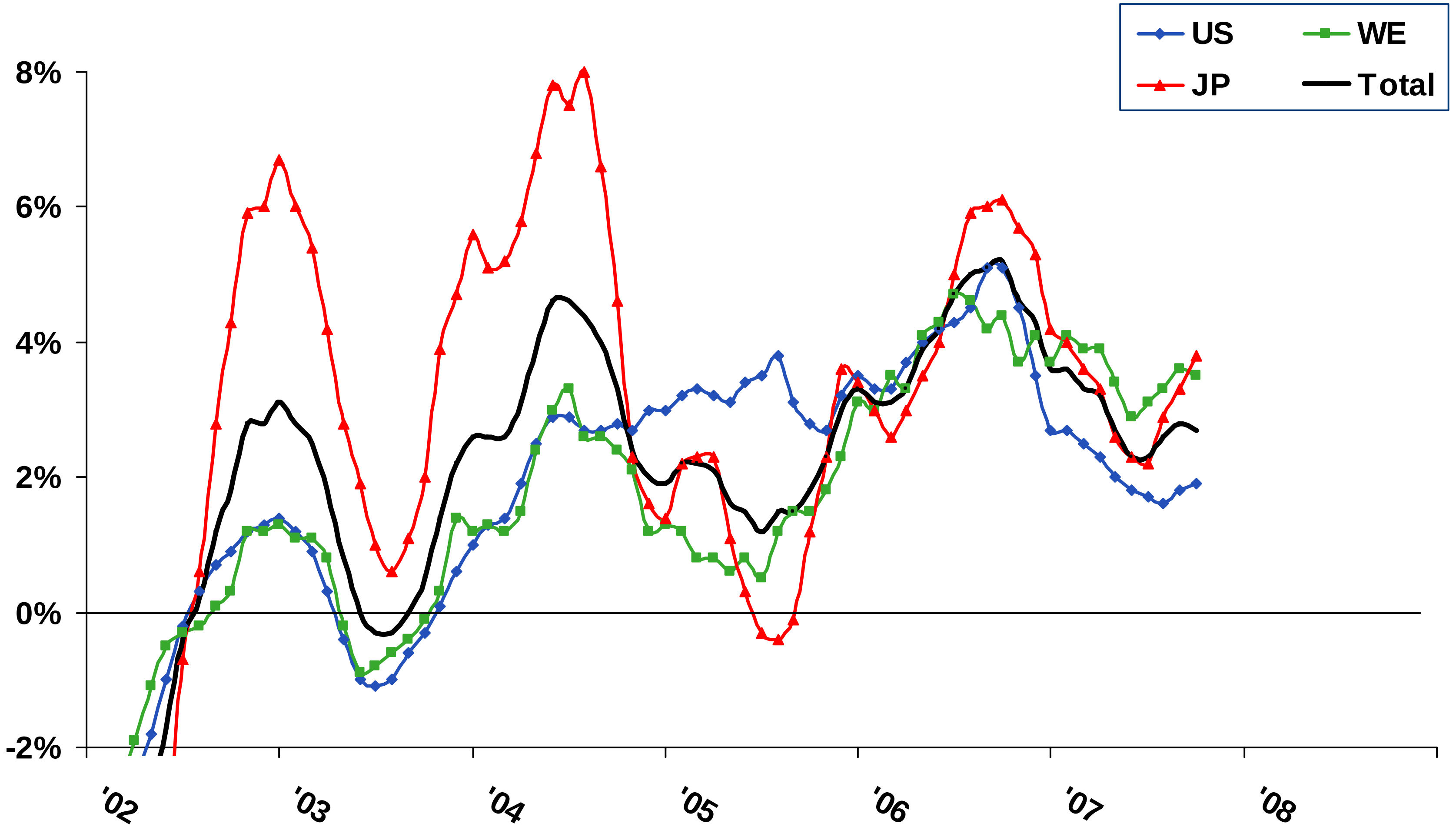
	Copper	Alum	Zinc	Lead	Nickel	Tin
2008 Q1	$7,400	$2,524	$2,621	$2,555	$31,172	$16,933
2008 Q2	$7,500	$2,600	$2,500	$2,150	$31,000	$16,500
2008 Q3	$6,700	$2,400	$2,300	$2,500	$28,000	$14,500
2008 Q4	$6,250	$2,200	$2,200	$2,200	$25,000	$15,500
2008 Avg	**$6,963**	**$2,431**	**$2,405**	**$2,351**	**$28,793**	**$15,858**
2009 Q1	*$6,550*	*$2,300*	*$2,100*	*$2,100*	*$26,000*	*$15,500*
2009 Q2	*$6,600*	*$2,300*	*$2,000*	*$2,000*	*$26,000*	*$15,750*
2009 Q3	*$6,350*	*$2,100*	*$1,900*	*$2,100*	*$22,000*	*$14,750*
2009 Q4	*$6,850*	*$1,900*	*$2,000*	*$2,000*	*$23,000*	*$15,000*
2009 Avg	**$6,588**	**$2,150**	**$2,000**	**$2,050**	**$24,250**	**$15,250**

Reuters Poll (Jan 2008)

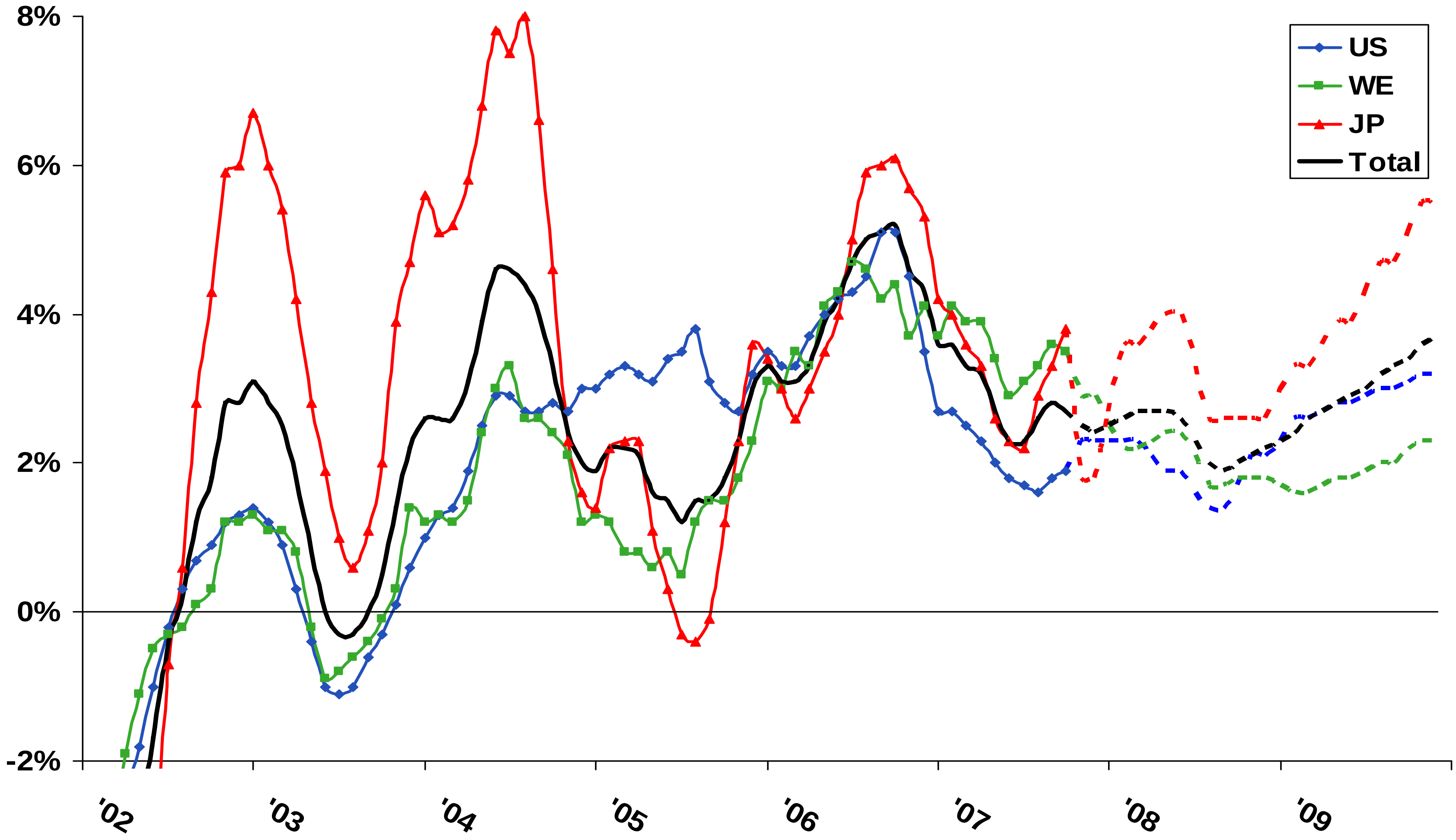
	Copper	Alum	Zinc	Lead	Nickel	Tin
2008 Avg	$6,779	$2,516	$2,481	$2,520	$28,496	$15,387
2009 Avg	$6,118	$2,527	$2,271	$1,982	$25,046	$12,906

Economic Outlook

Global IP, *economic growth stabilizes*

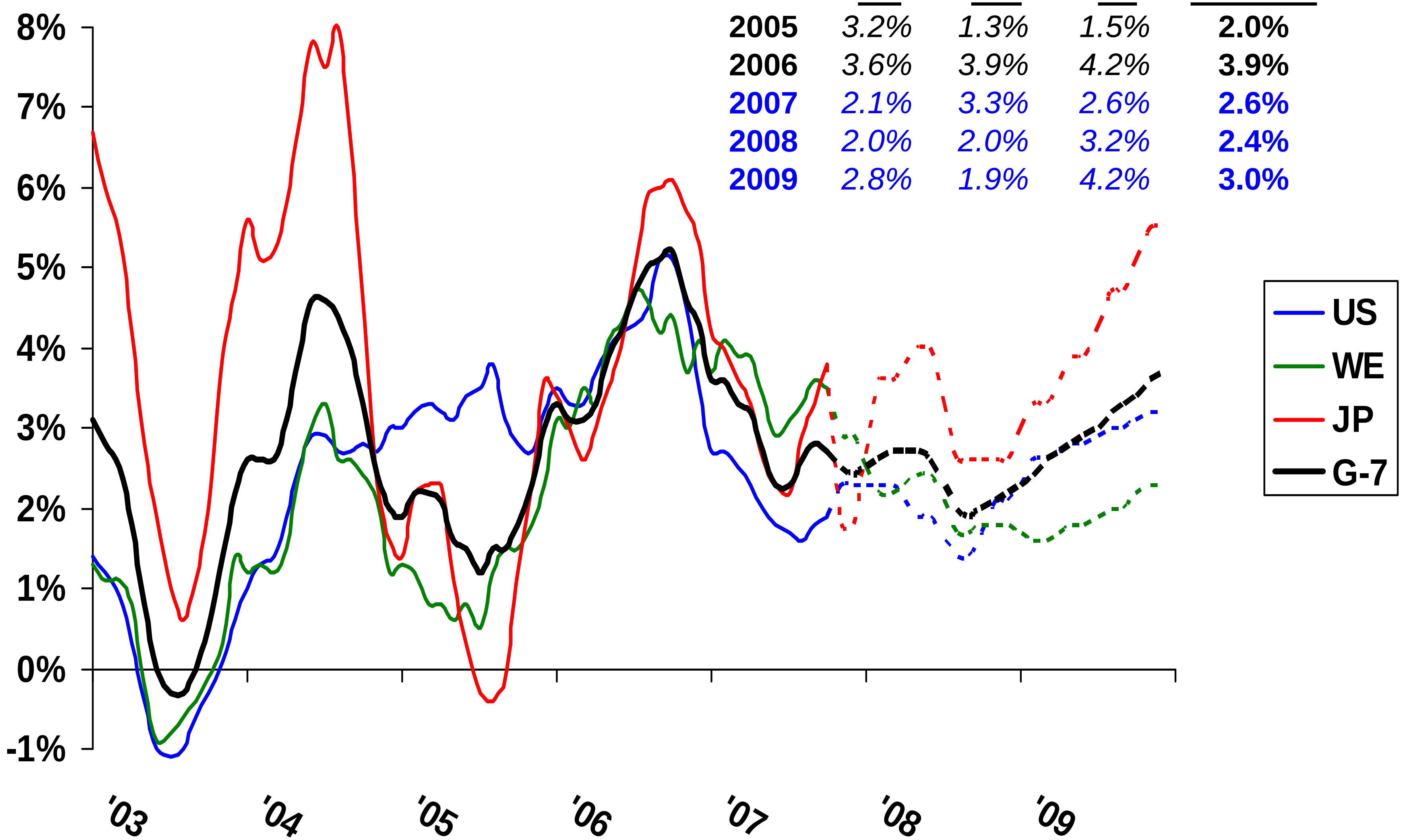


Global IP, *moderate rebound 2008 and 2009*



Industrial Production Outlook: *rebound 2008/2009*

	US	WE	JA	W World
2005	*3.2%*	*1.3%*	*1.5%*	**2.0%**
2006	*3.6%*	*3.9%*	*4.2%*	**3.9%**
2007	*2.1%*	*3.3%*	*2.6%*	**2.6%**
2008	*2.0%*	*2.0%*	*3.2%*	**2.4%**
2009	*2.8%*	*1.9%*	*4.2%*	**3.0%**

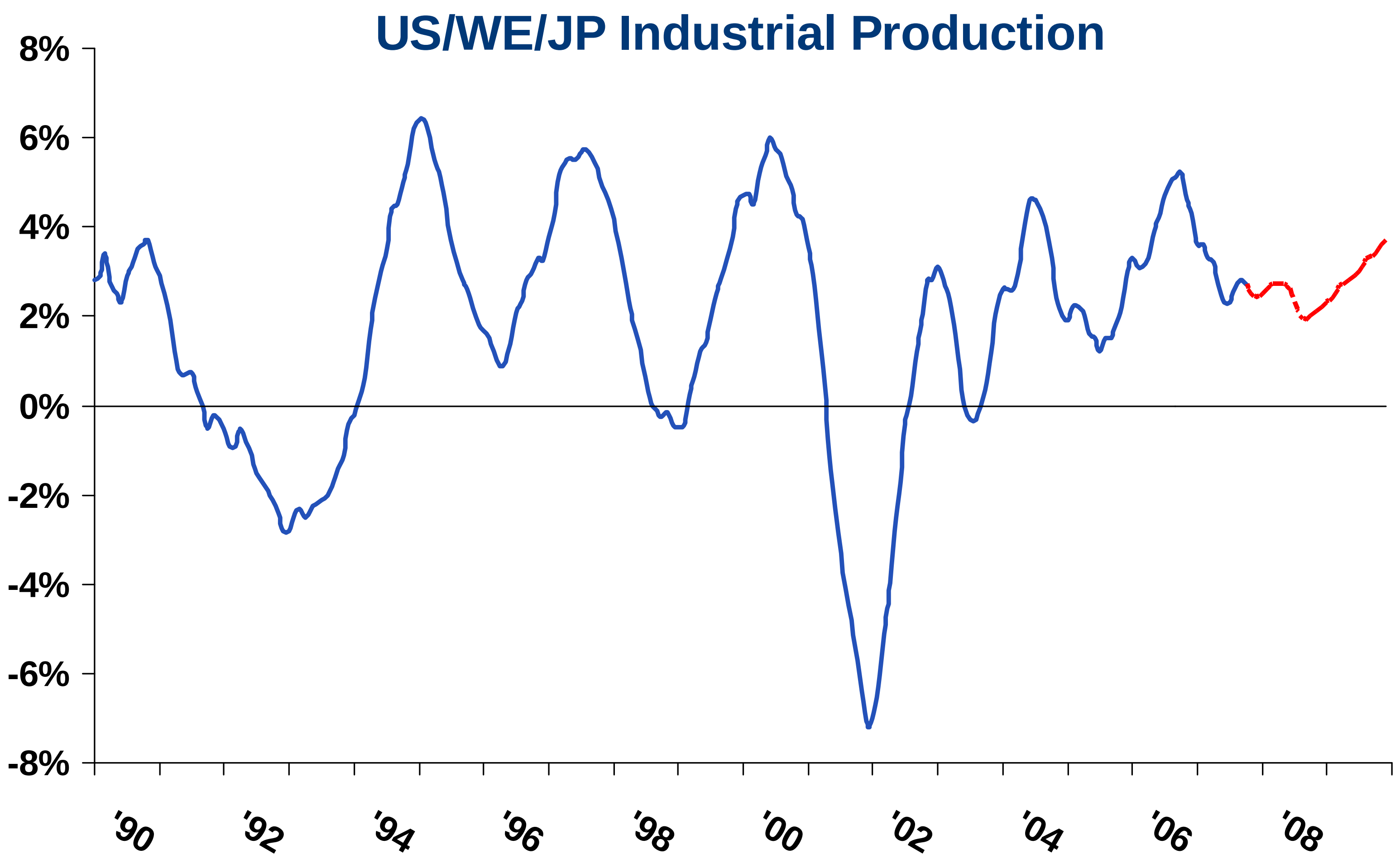


Consensus Economics IP Forecasts, '*07 steadies, '08 eases*

Year '07	US	WE	JP	FW
07 Q1	*2.2%*	*2.3%*	*2.5%*	**2.4%**
07 Q2	*2.0%*	*2.9%*	*2.8%*	**2.6%**
07 Q3	*2.0%*	*3.0%*	*2.4%*	***2.5%***
Oct-07	*2.1%*	*3.0%*	*2.3%*	***2.5%***
Nov-07	*2.1%*	*3.3%*	*2.5%*	***2.6%***
Dec-07	*2.1%*	*3.4%*	*2.7%*	***2.7%***

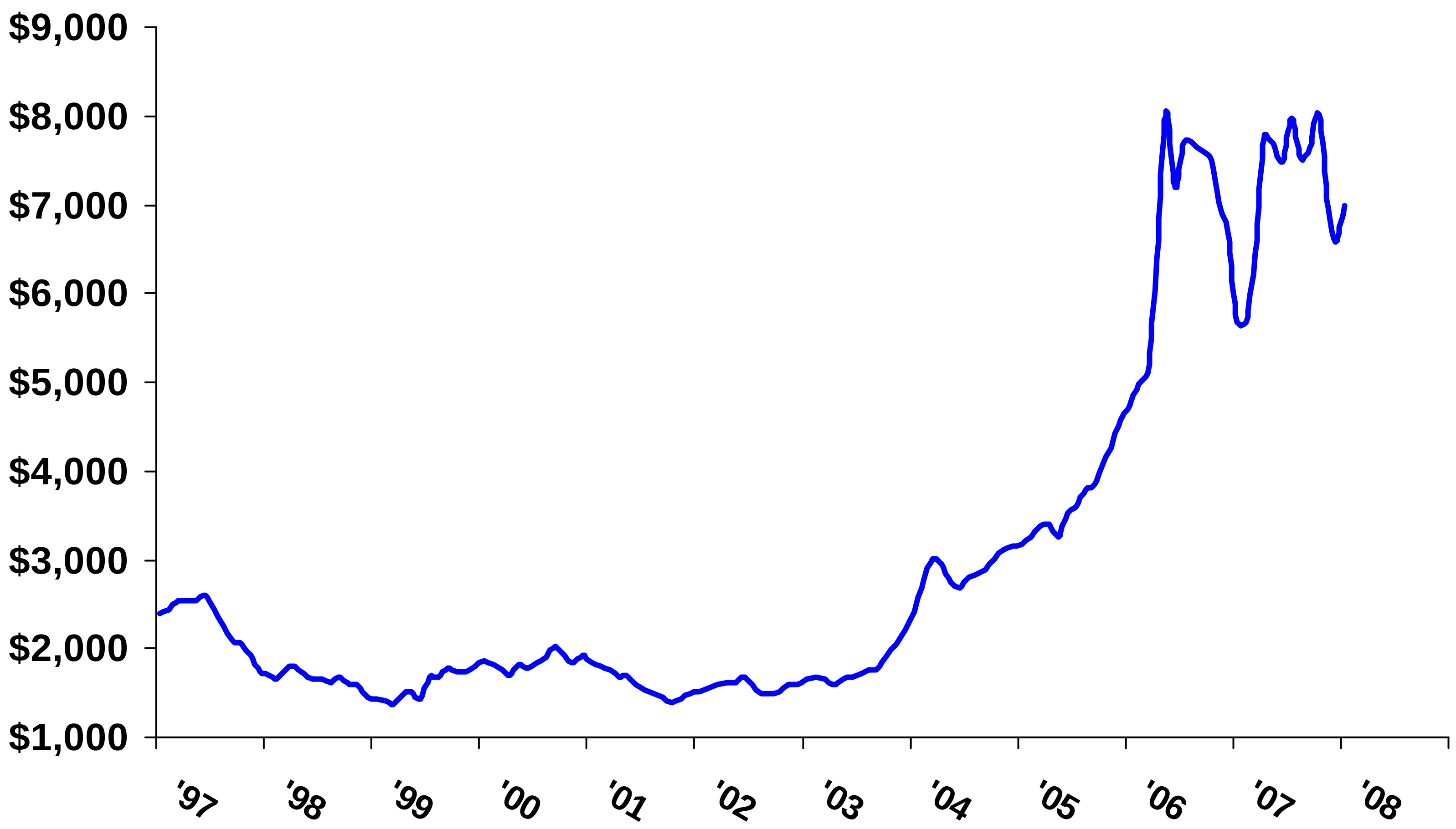
Year '08	US	WE	JP	FW
07 Q1	*3.2%*	*2.1%*	*2.9%*	***2.7%***
07 Q2	*3.0%*	*2.3%*	*3.1%*	***2.7%***
07 Q3	*2.8%*	*2.4%*	*3.2%*	***2.8%***
Oct-07	*2.7%*	*2.2%*	*3.1%*	***2.7%***
Nov-07	*2.5%*	*2.1%*	*3.0%*	***2.5%***
Dec-07	*1.9%*	*2.1%*	*2.7%*	***2.2%***

Global IP: *moderate rebound in 2.5% to 3.0% range*

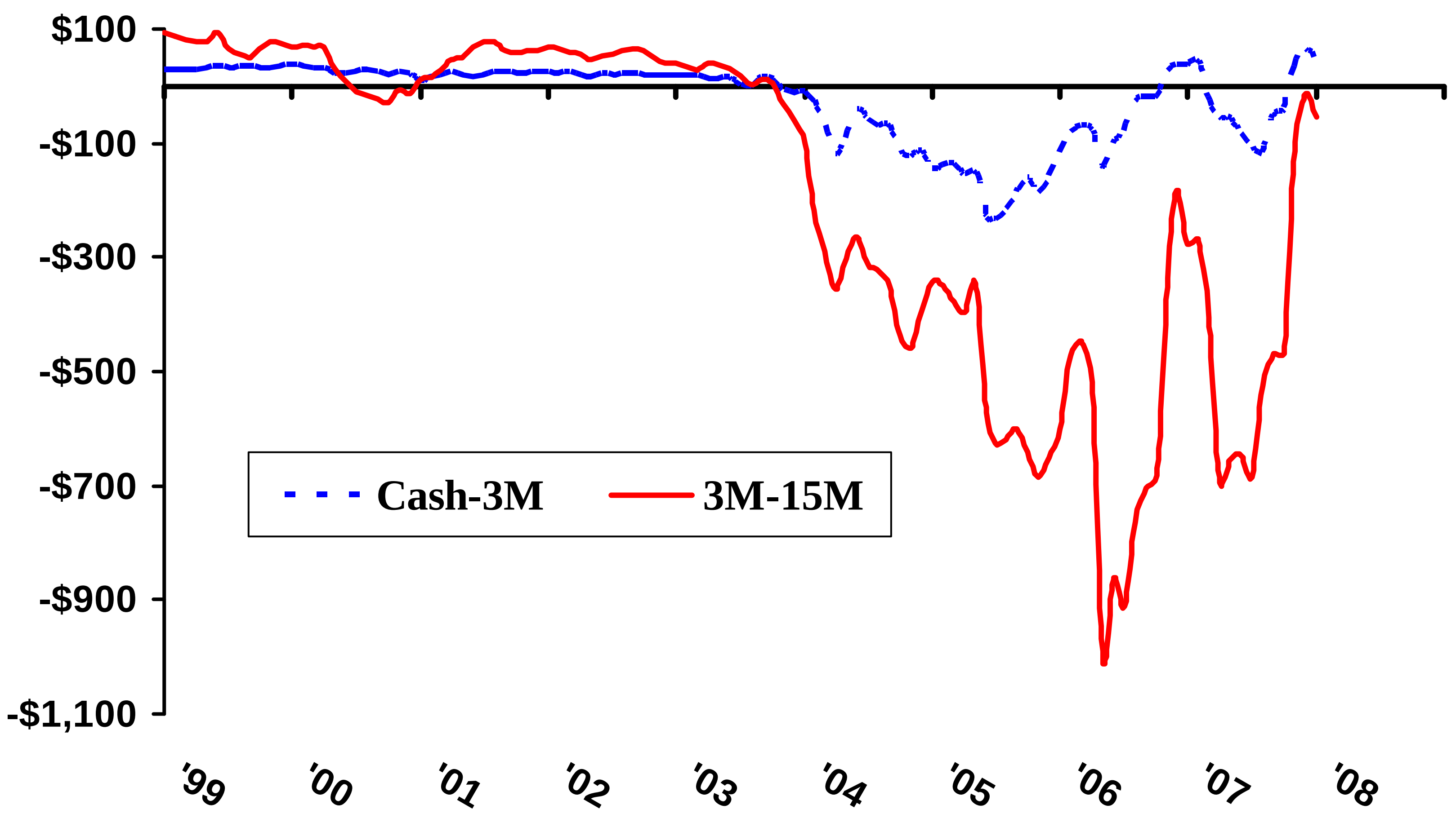


Copper Market Review

Copper Prices, $/metric tonne



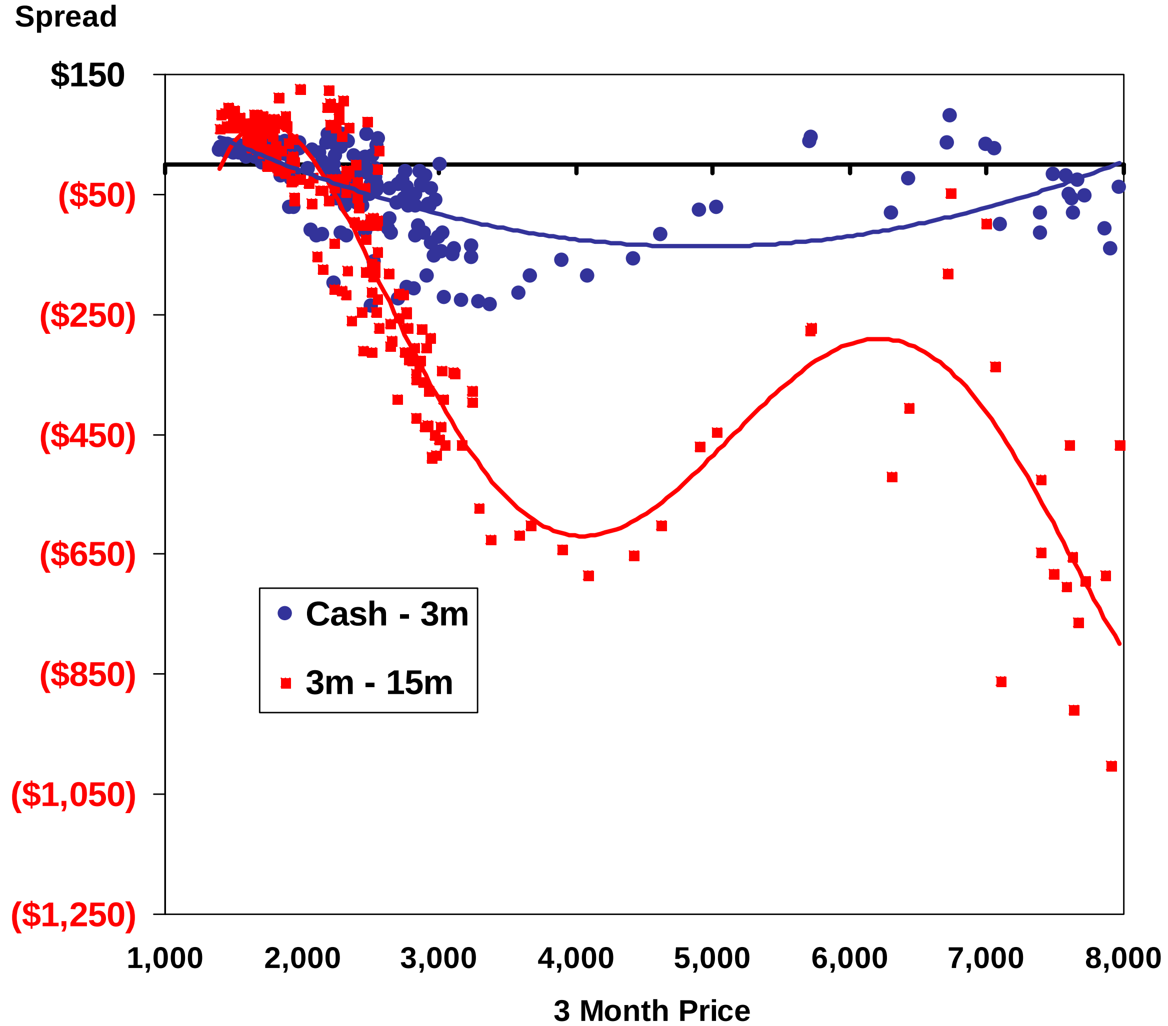
Copper Spreads, *Spreads Tighten than Ease*



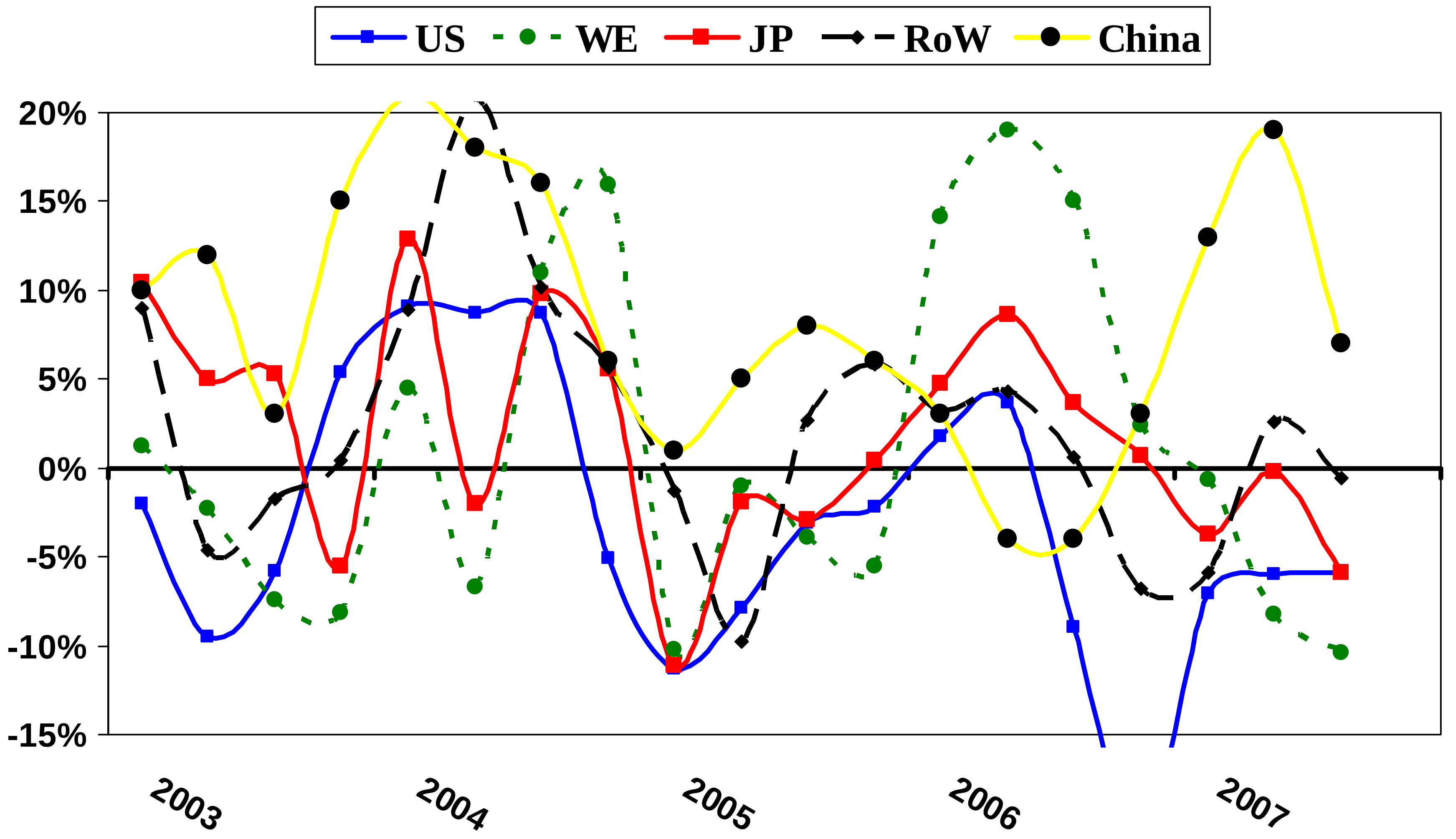
Copper Prices vs Spread

High Prices, Backwardations; Low Prices, Contangos

- **Current:**
  - $6,750/tonne
  - c-3m: $80c
  - 3m-15m: $50b
  - **3m equilibrium:**
    - **$1,800 - $2,000**

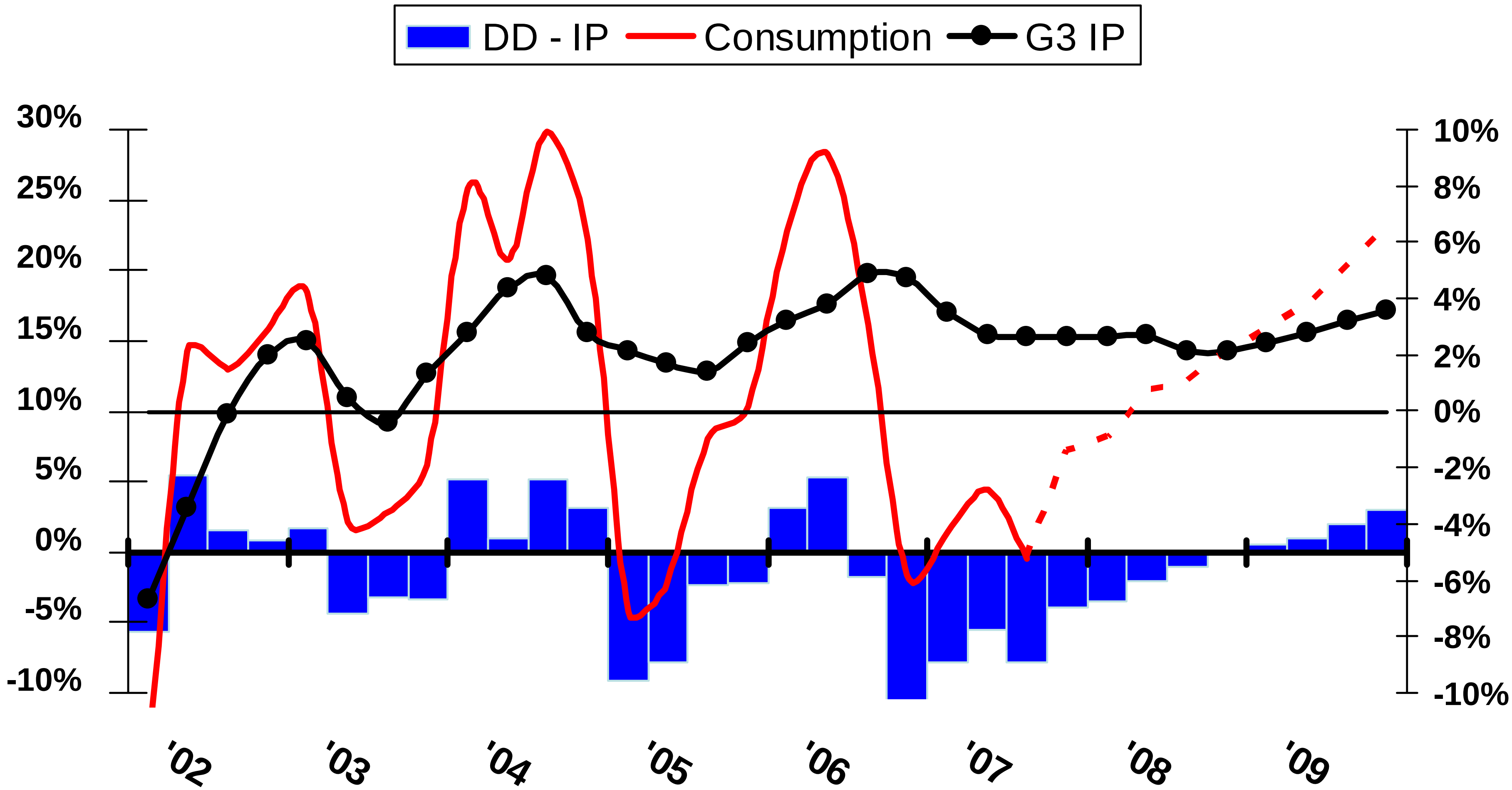


Copper Consumption, by Region



Copper Consumption vs IP Growth

Copper Consumption to be Supported by Economic Recovery



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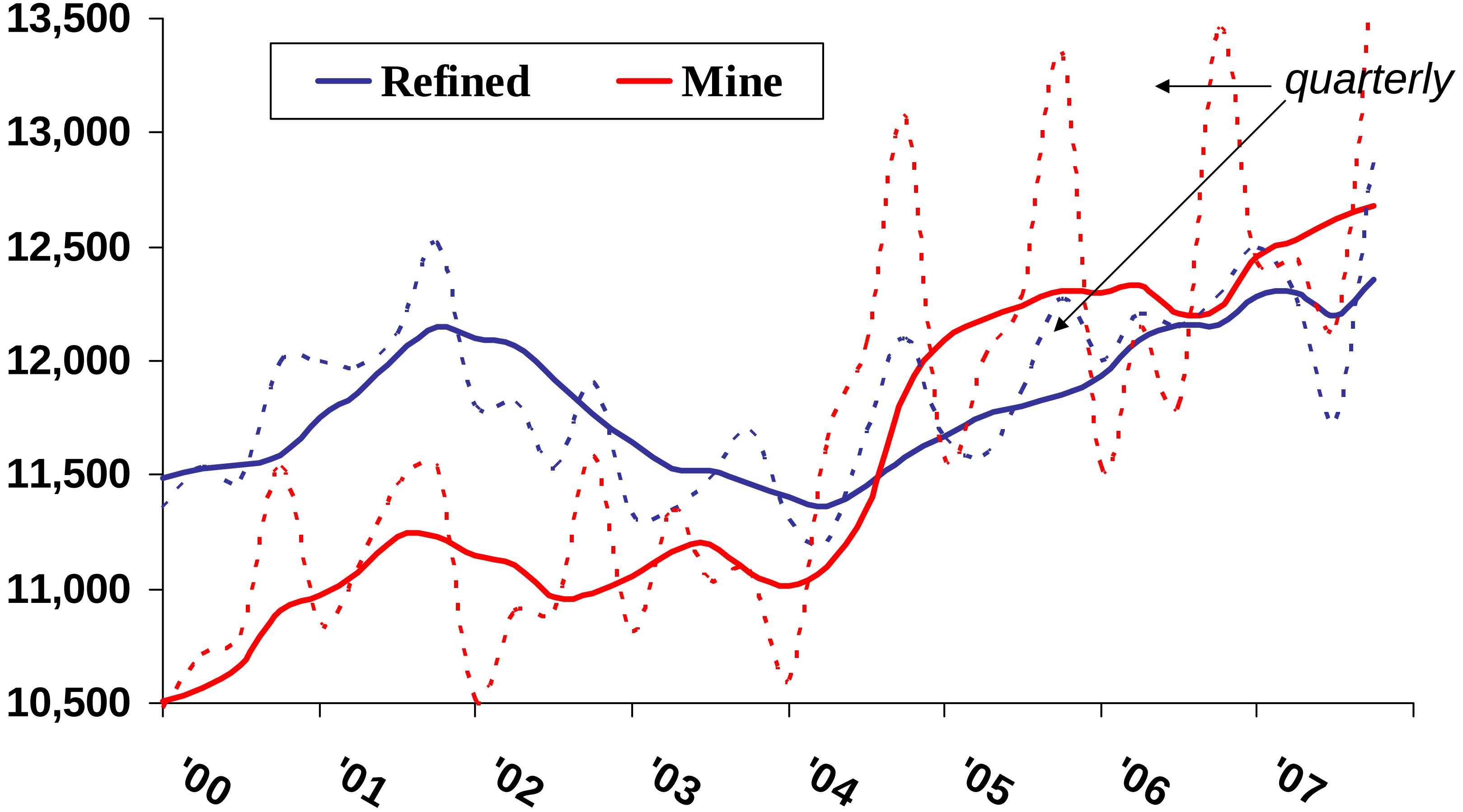
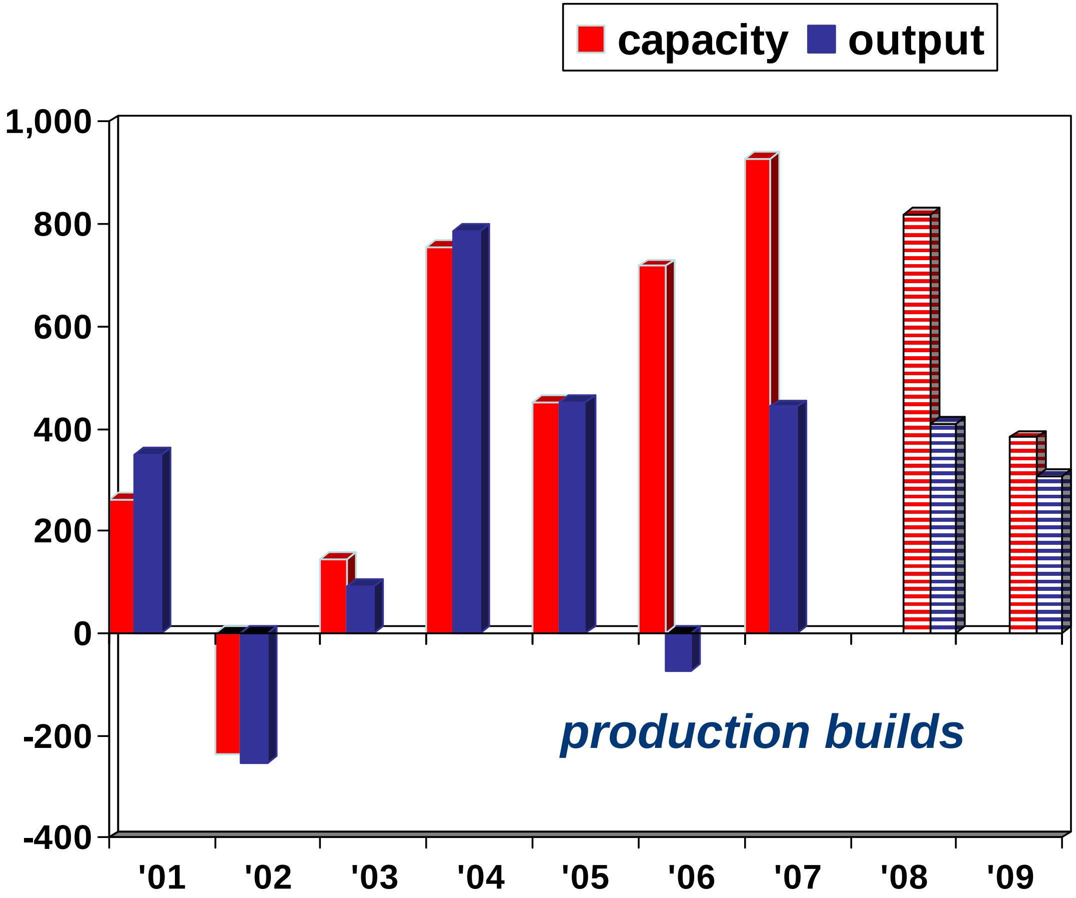
Production Slowdown

high prices lead to restarts,new capacity & expn
BUT labor problems and lower grade ores curtail output



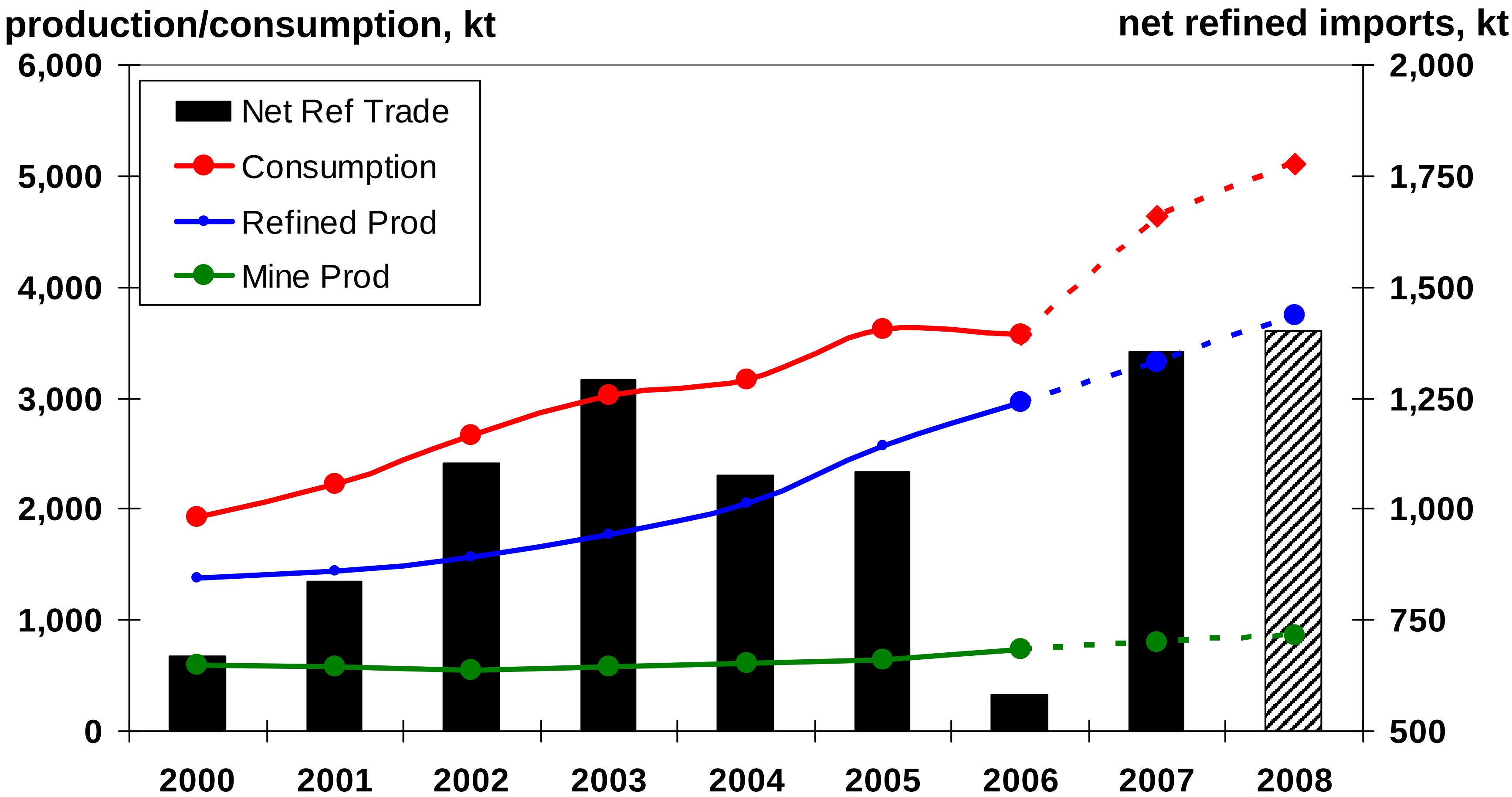
New / Expanded Copper Capacity, kt

- **Chile Projects**
  (Escondida, Chuquicamata, Pelambres, Collahausi, Abra, Radomiro, Teniene, Candelaria)
- **United States Projects**
  (Morenci & Bingham)
- **Indonesian Projects**
  (Grasberg & Batu Hijau)
- **Future Chile, Zambia & Mongolia Startups**



China Copper, Supply-Demand, kt

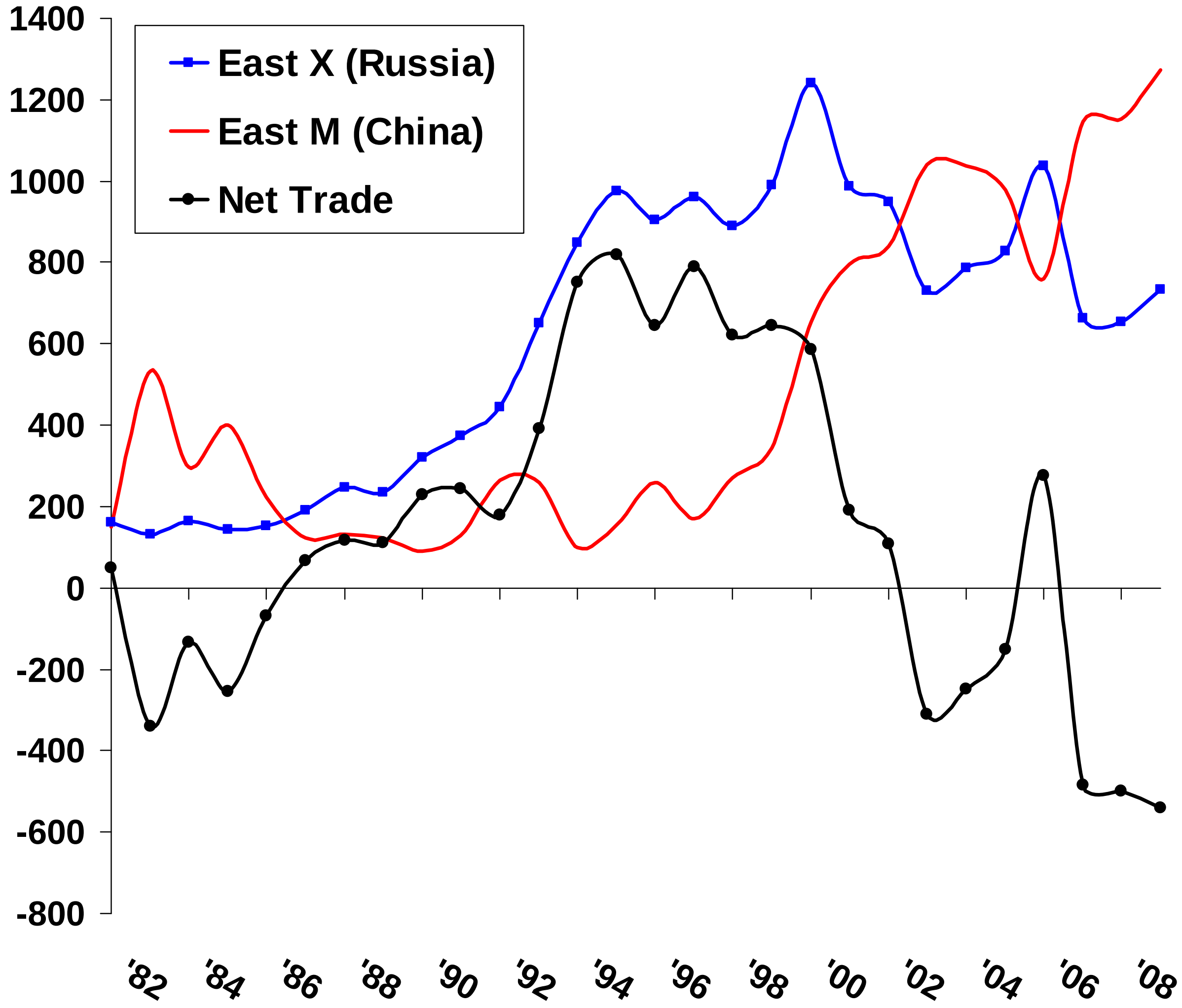
SRB sales in ’06 curtails “imports & consumption”; rebound in 2007 & 2008



Copper East to West Trade Improves

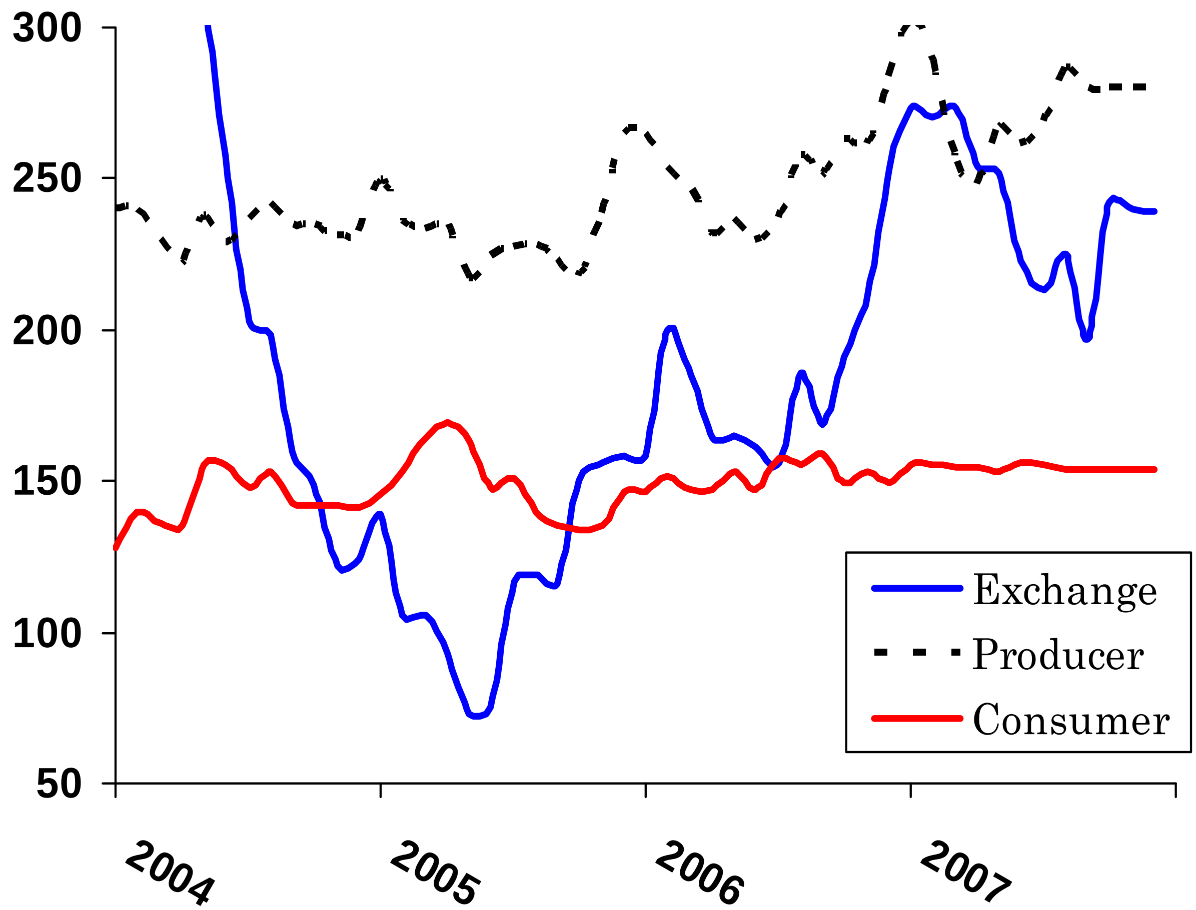
significant structural shift with China

- FSU exports increase
- Chinese **rebound**
- Net East to West trade **improves** after weak 2006



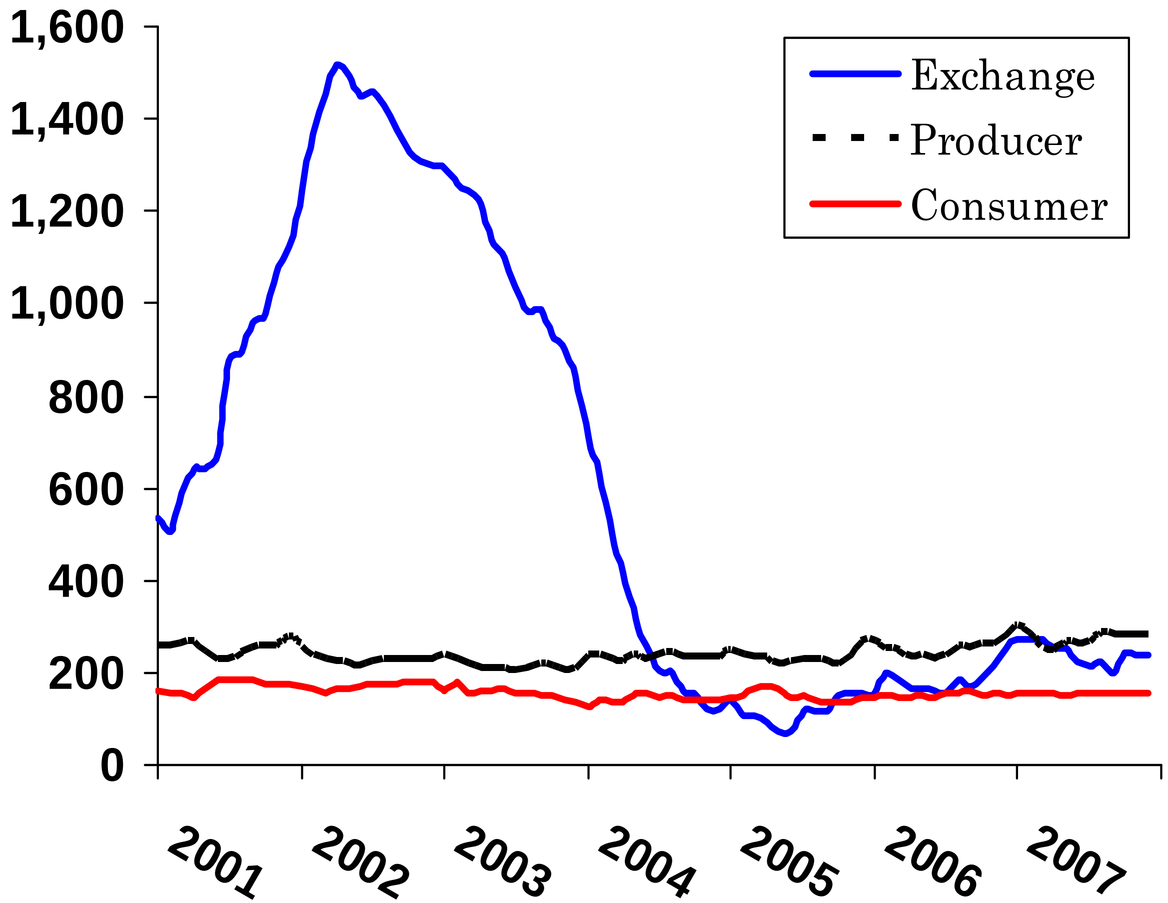
Global Copper Inventories

- exchange stocks increase since 2005
- producer, consumer well managed



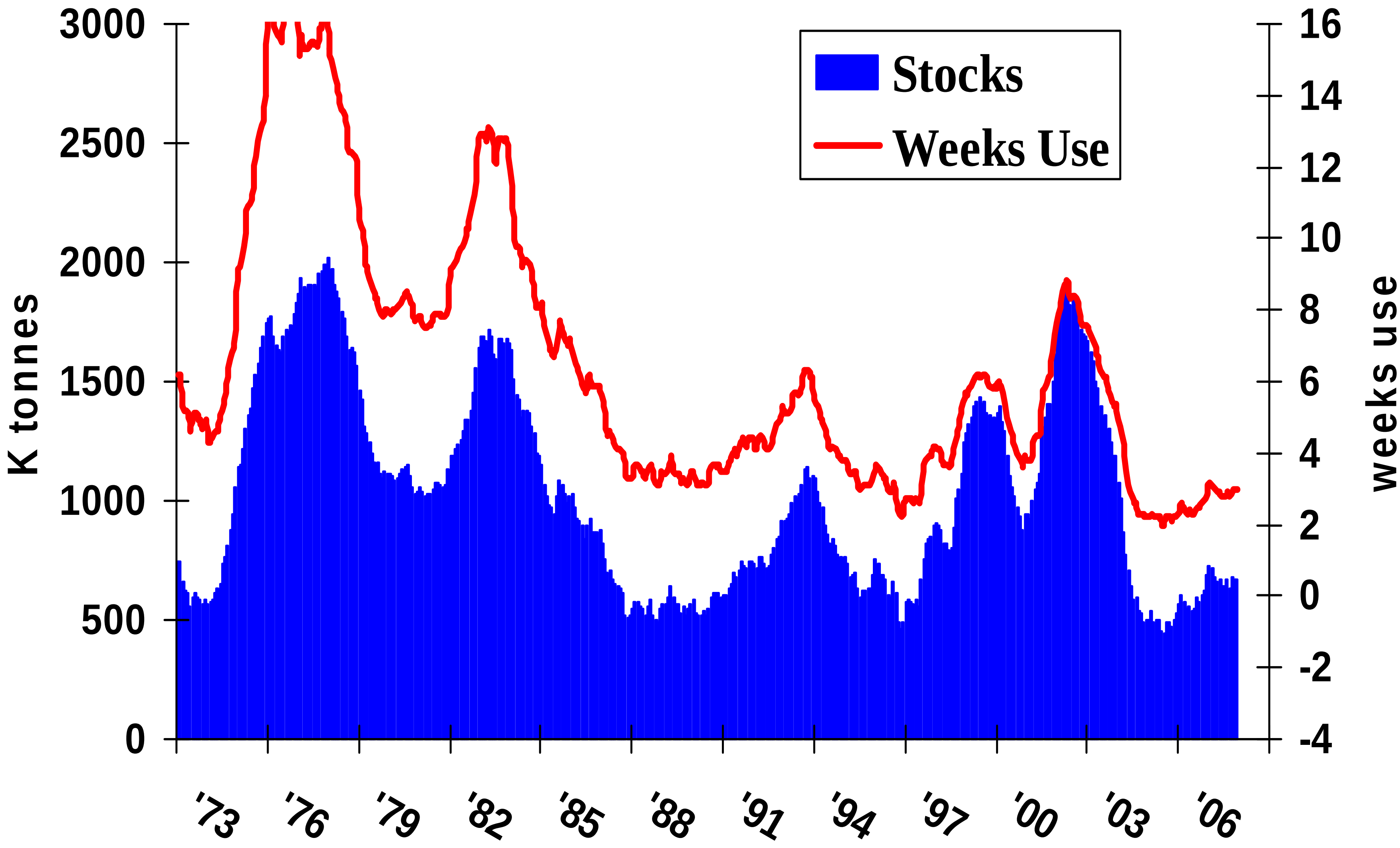
Global Copper Inventories

- exchange stocks still critically low
- producer, consumer well managed



Copper Stocks and Weeks Use

ratio drops to 2 weeks, recent increases to 3 weeks



Copper Quarterly Supply-Demand Balance

	07Q3	07Q4	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4
Refined Consumption	**2,908**	**2,785**	**2,929**	**3,129**	**2,940**	**2,844**	**3,015**	**3,247**	**3,092**	**3,031**
	-5.2%	*-1.4%*	*-0.9%*	*0.7%*	*1.1%*	*2.1%*	*2.9%*	*3.8%*	*5.2%*	*6.6%*
Mine Production	**3,040**	**3,417**	**3,210**	**3,213**	**3,142**	**3,519**	**3,291**	**3,295**	**3,224**	**3,601**
East to West Trade	**-46**	**-91**	**-121**	**-121**	**-126**	**-131**	**-131**	**-131**	**-136**	**-141**
Total Supply	**2,890**	**3,135**	**3,049**	**3,024**	**2,950**	**3,197**	**3,118**	**3,116**	**3,038**	**3,298**
	-7%	*0%*	*3%*	*4%*	*2%*	*2%*	*2%*	*3%*	*3%*	*3%*
Reported Balance	***-10***	***42***	***107***	***-126***	***-56***	***230***	***59***	***-147***	***-103***	***158***
Stocks	**630**	**673**	**780**	**654**	**598**	**828**	**886**	**739**	**636**	**794**
Stocks Usage Ratio	***2.8***	***3.0***	***3.5***	***2.9***	***2.6***	***3.6***	***3.9***	***3.2***	***2.7***	***3.3***

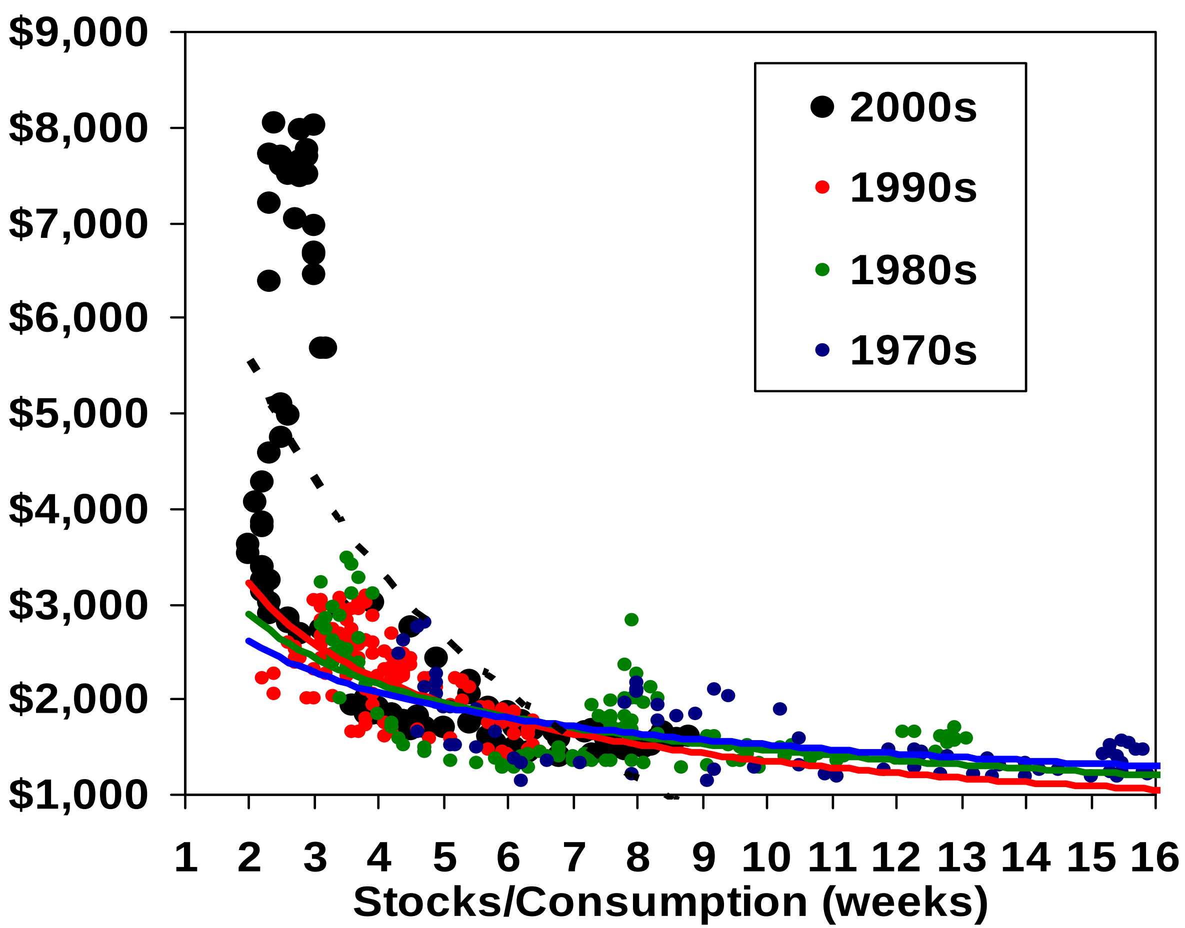
Copper Supply-Demand Balance

	2004	2005	2006	2007	2008	2009
Refined Consumption	**12,247**	**11,810**	**12,177**	**11,756**	**11,842**	**12,385**
	7.8%	*-3.6%*	*3.1%*	*-3.5%*	*0.7%*	*4.6%*
Mine Production	**11,856**	**12,307**	**12,234**	**12,676**	**13,085**	**13,410**
East to West Trade	**-249**	**-150**	**276**	**-485**	**-500**	**-540**
Total Supply	**11,326**	**11,698**	**12,437**	**11,870**	**12,220**	**12,570**
	2.1%	*3.3%*	*6.3%*	*-4.6%*	*2.9%*	*2.9%*
Reported Balance	***-691***	***32***	***156***	***-13***	***155***	***-33***
Stocks	**498**	**530**	**686**	**673**	**828**	**794**
Stocks Usage Ratio	***2.1***	***2.3***	***2.9***	***3.0***	***3.6***	***3.3***

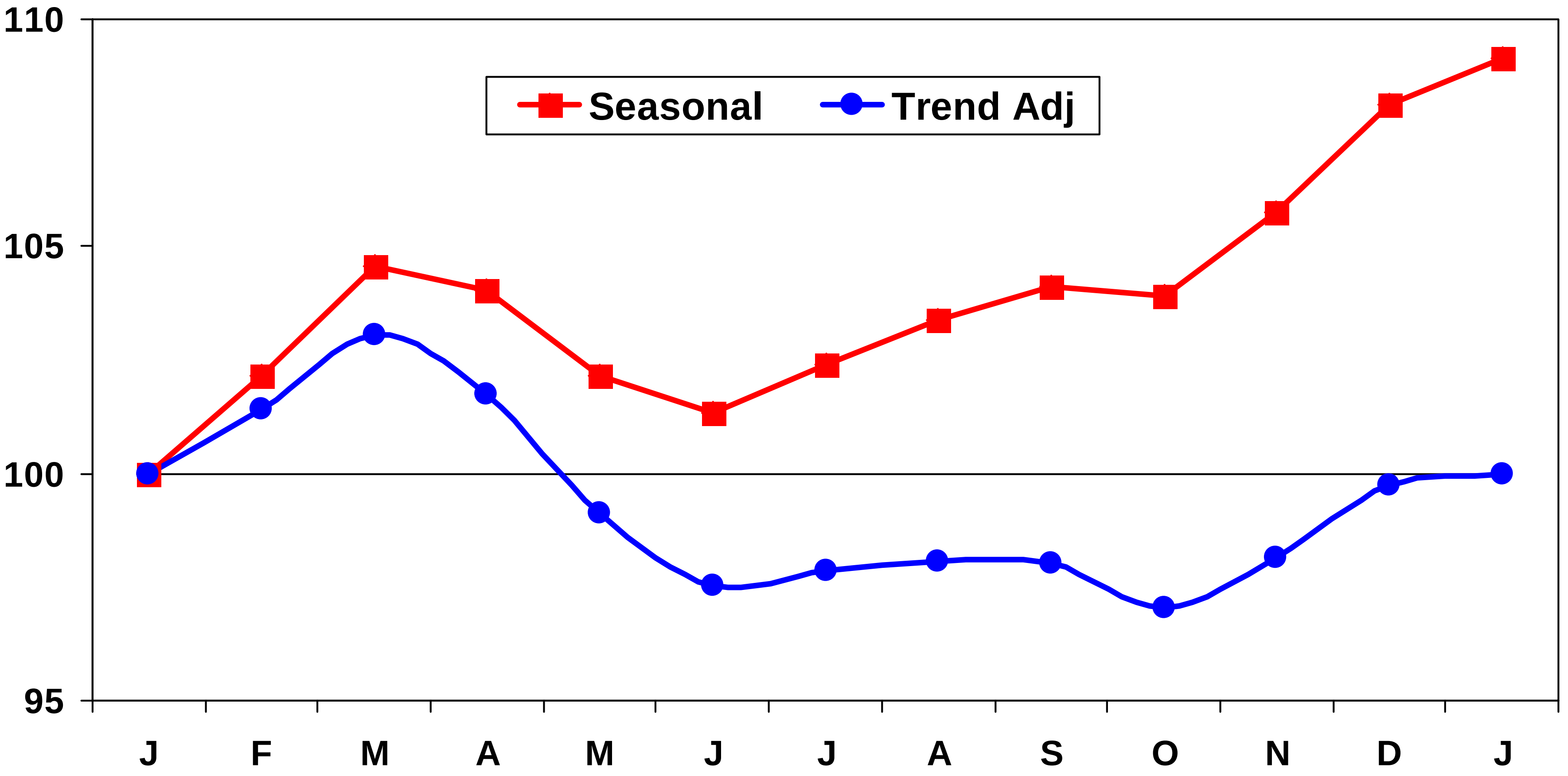
Copper Price vs Stocks/Consumption Ratio

Current Stocks-Current Prices: overbought to fairly valued…

- current ratio:
  - 3 weeks
- current price
  - $7,000
- ***copper overvalued***
- slight surplus expected



Copper Price Seasonals



Copper Stocks Ratio vs Spread

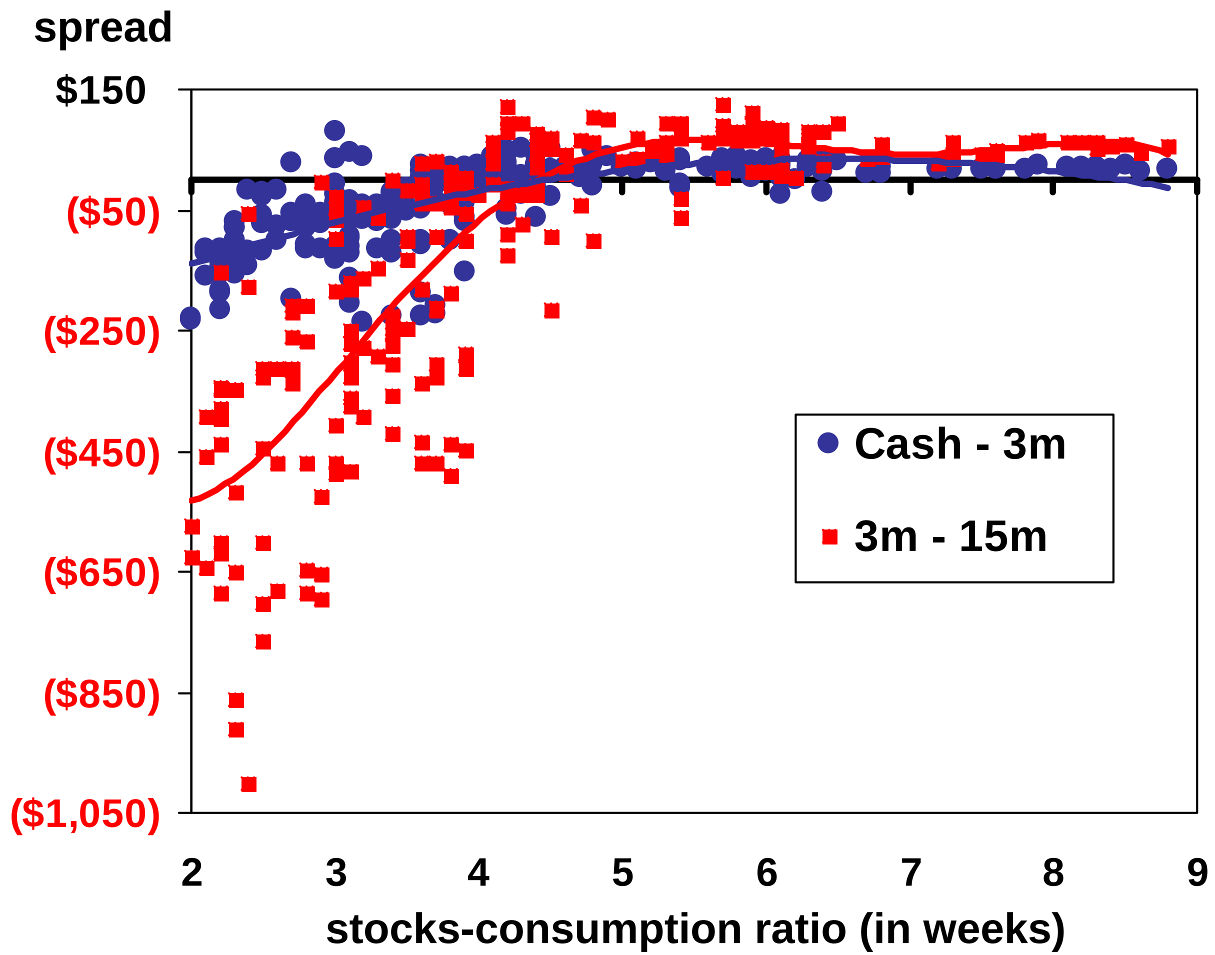
low ratio, backwardations; high ratio, contangos

Current: 3 weeks
c-3m: $80c
3-15m: $50 b

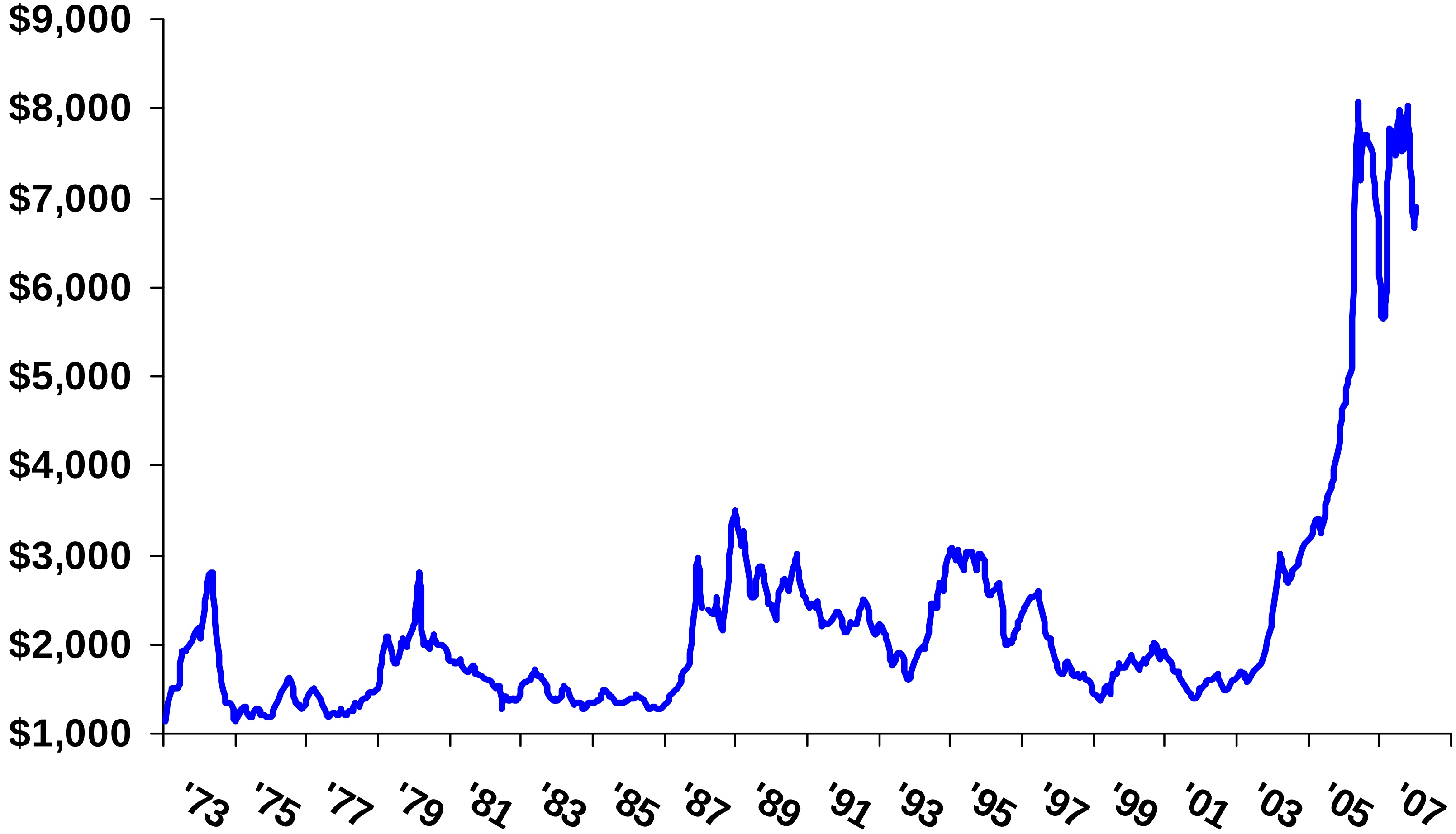
Equilibrium: 4 to 5 wks

Forecast wks use:
price:

…backwardations to contangos



Copper Prices, $/metric tonne



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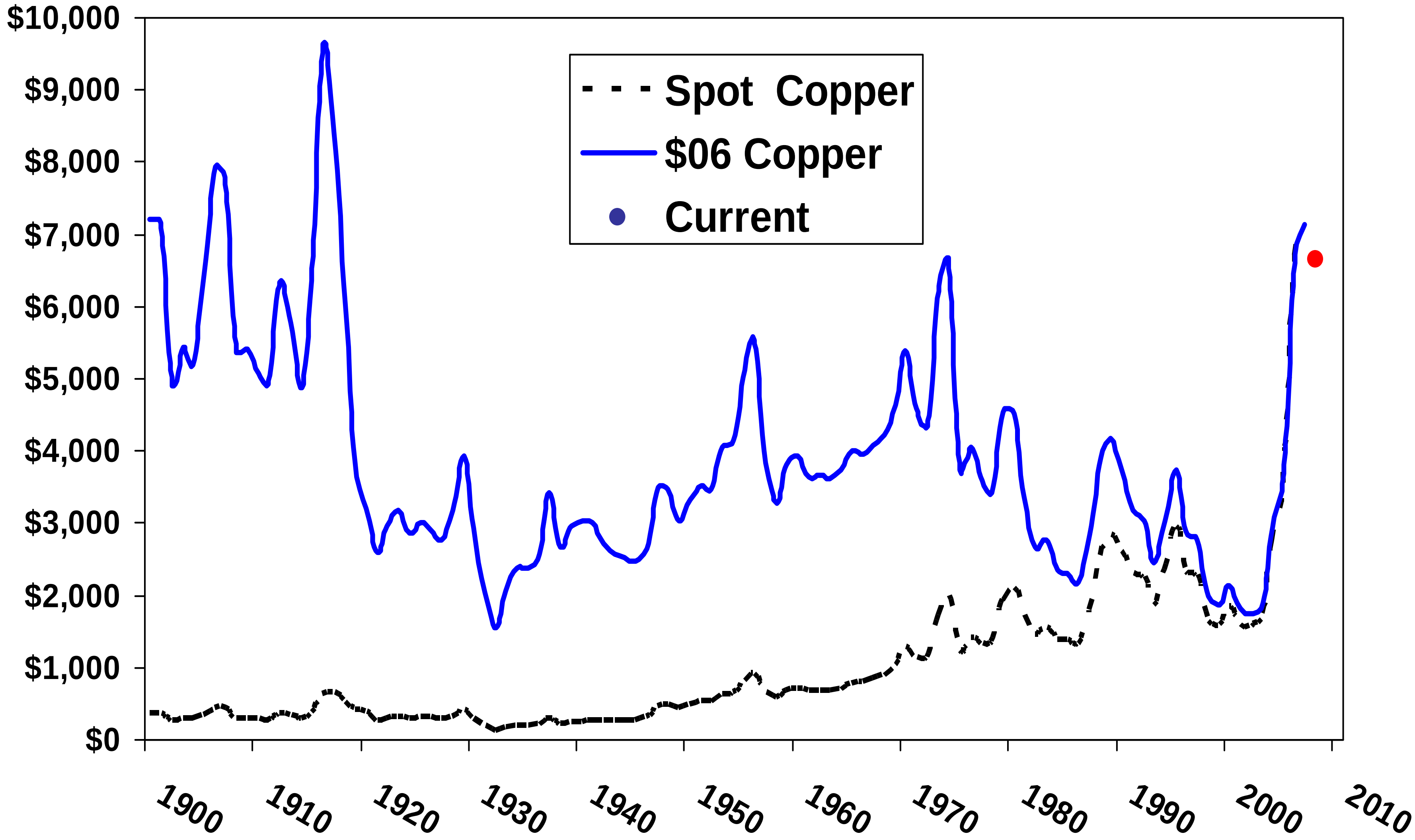
Copper Outlook

- Copper consumption falls, to rebounds late 2008, 2009
- Significant mine capacity builds in 07 & 08, but output restrained w/ likely losses
- China imports recover with econ growing, strategic sales down
- Inventories up but still critically low, balanced market in 2007, moderate builds in 08, but stocks still low
- Price strength near term, then easing with surplus; prices to remain relatively high with speculative demand.

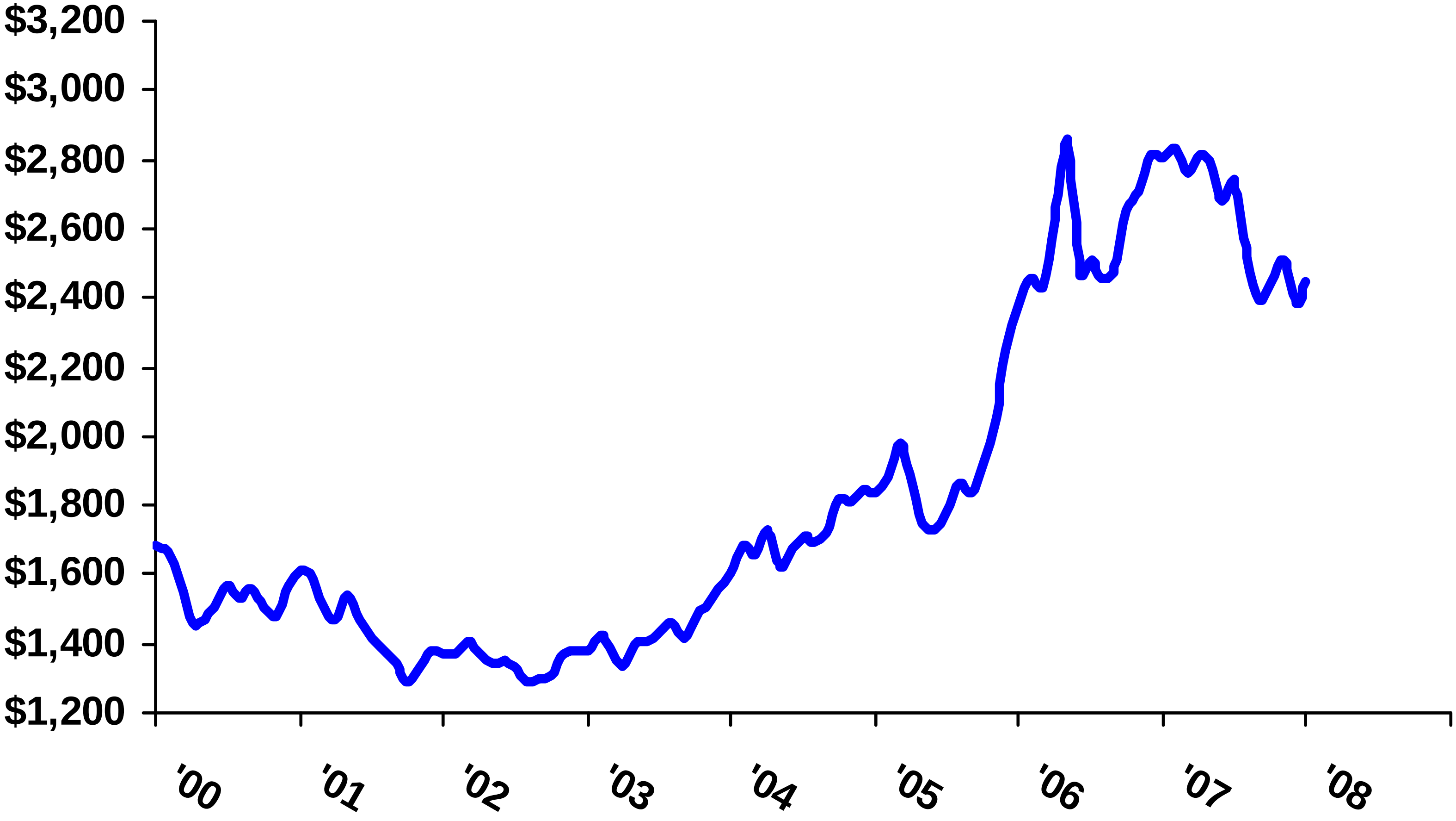
Copper Prices, Spot & Deflated

annual averages, CPI/GNP deflated



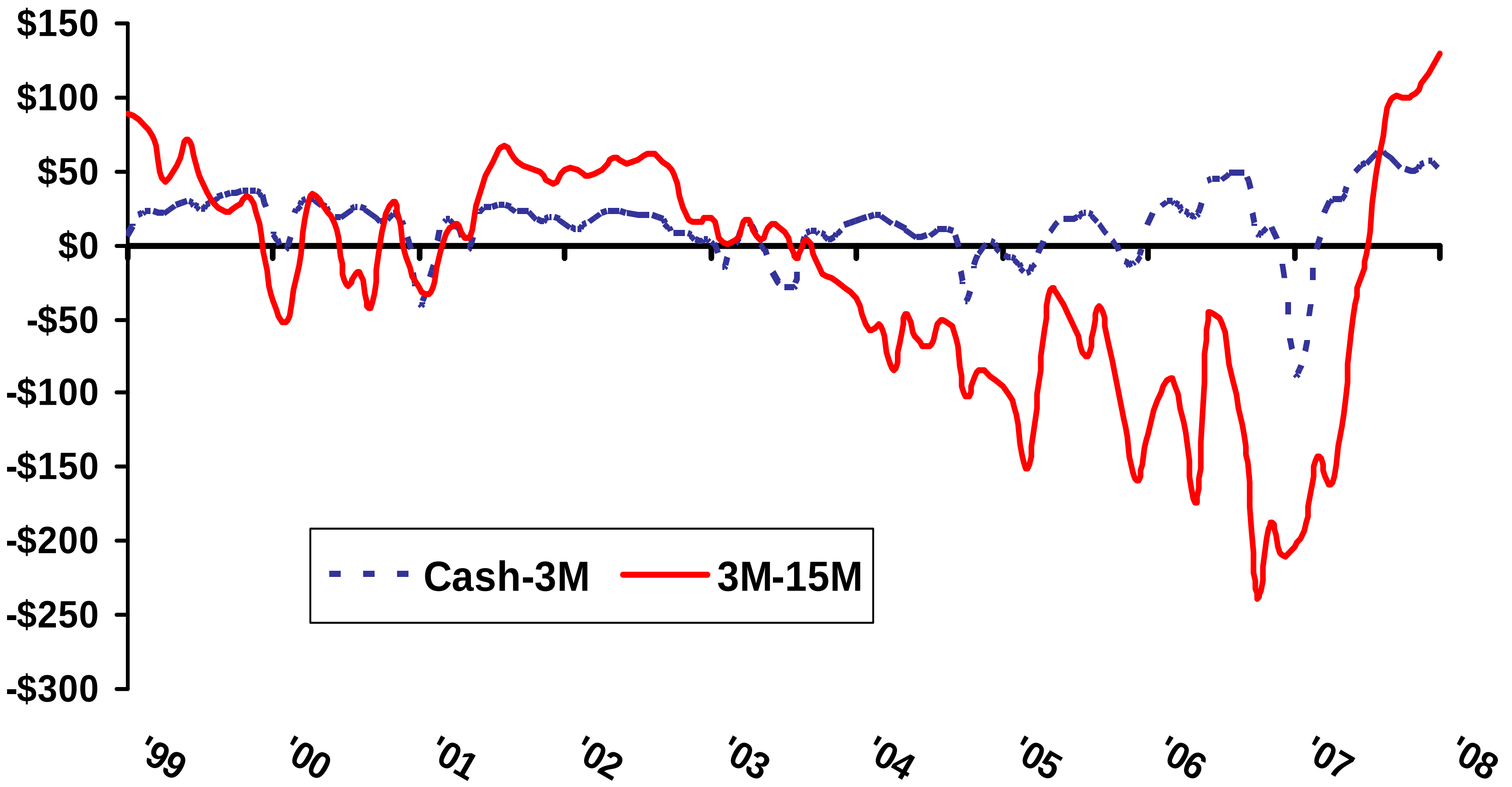
Aluminum Market Review

Aluminum Price Review



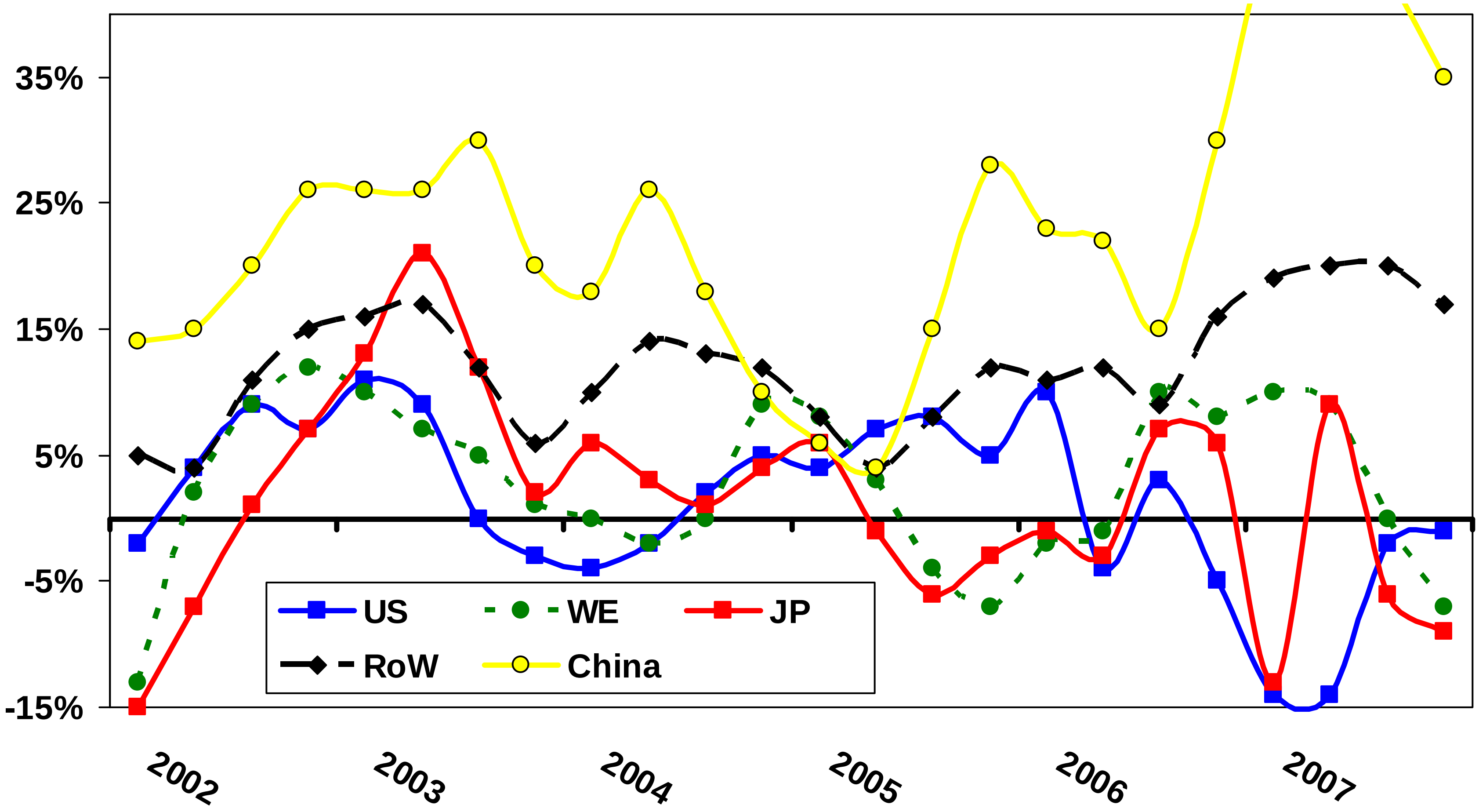
Aluminum Spreads

spreads tighten over last few years, then collapse



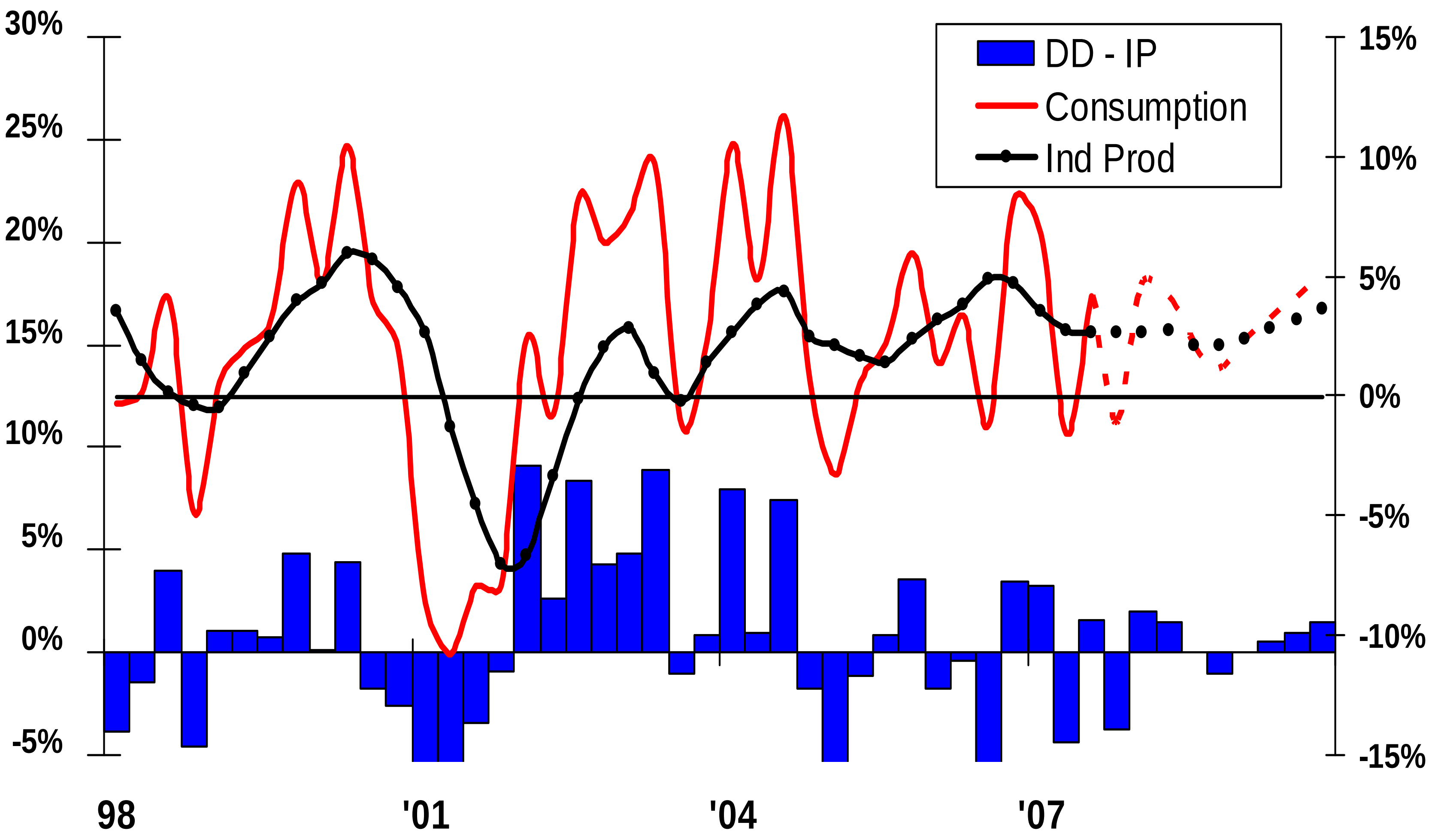
Aluminum Consumption, by Region

China, RoW firm, US, Europe, JP soft



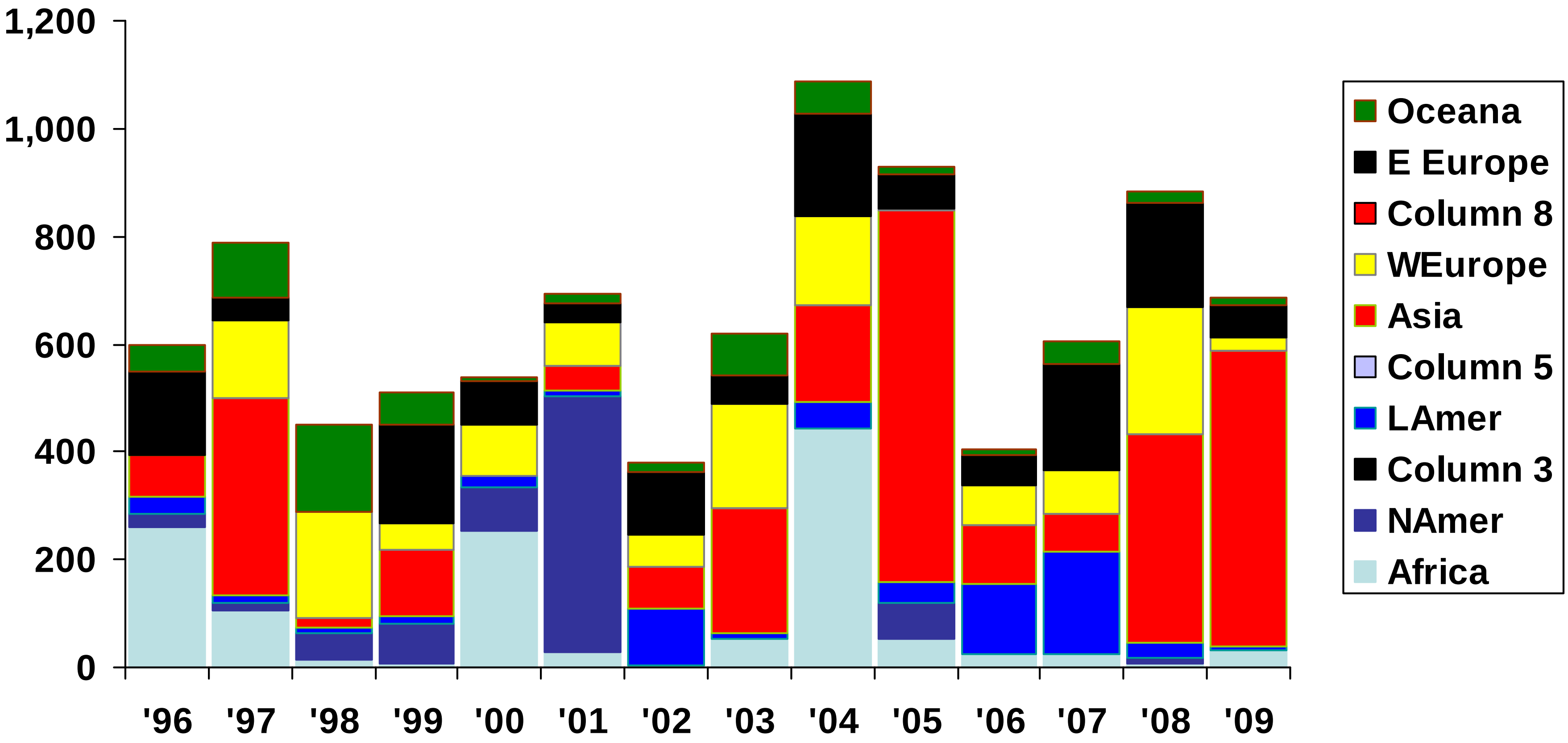
Aluminum Shipments vs IP Growth

aluminum shipments slow but bolstered by econ rebound



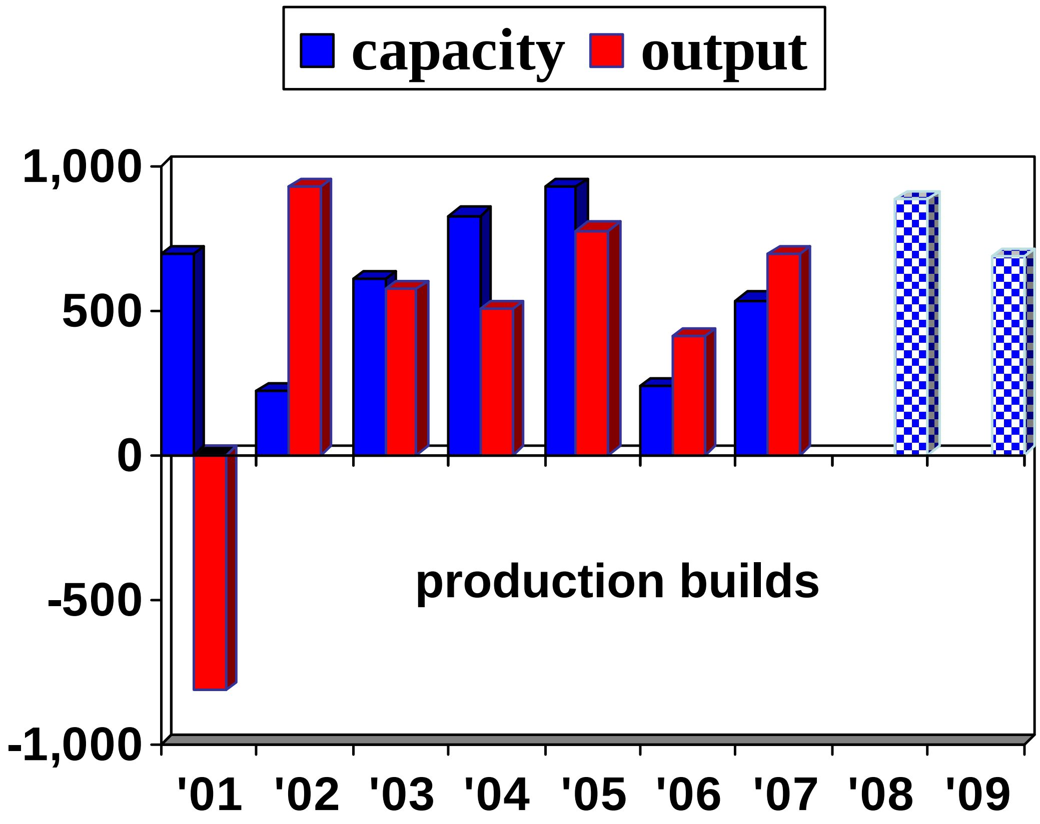
IAI Alum Planned Capacity Builds

large in ’07-’08-’09, but below ’04-’05 builds



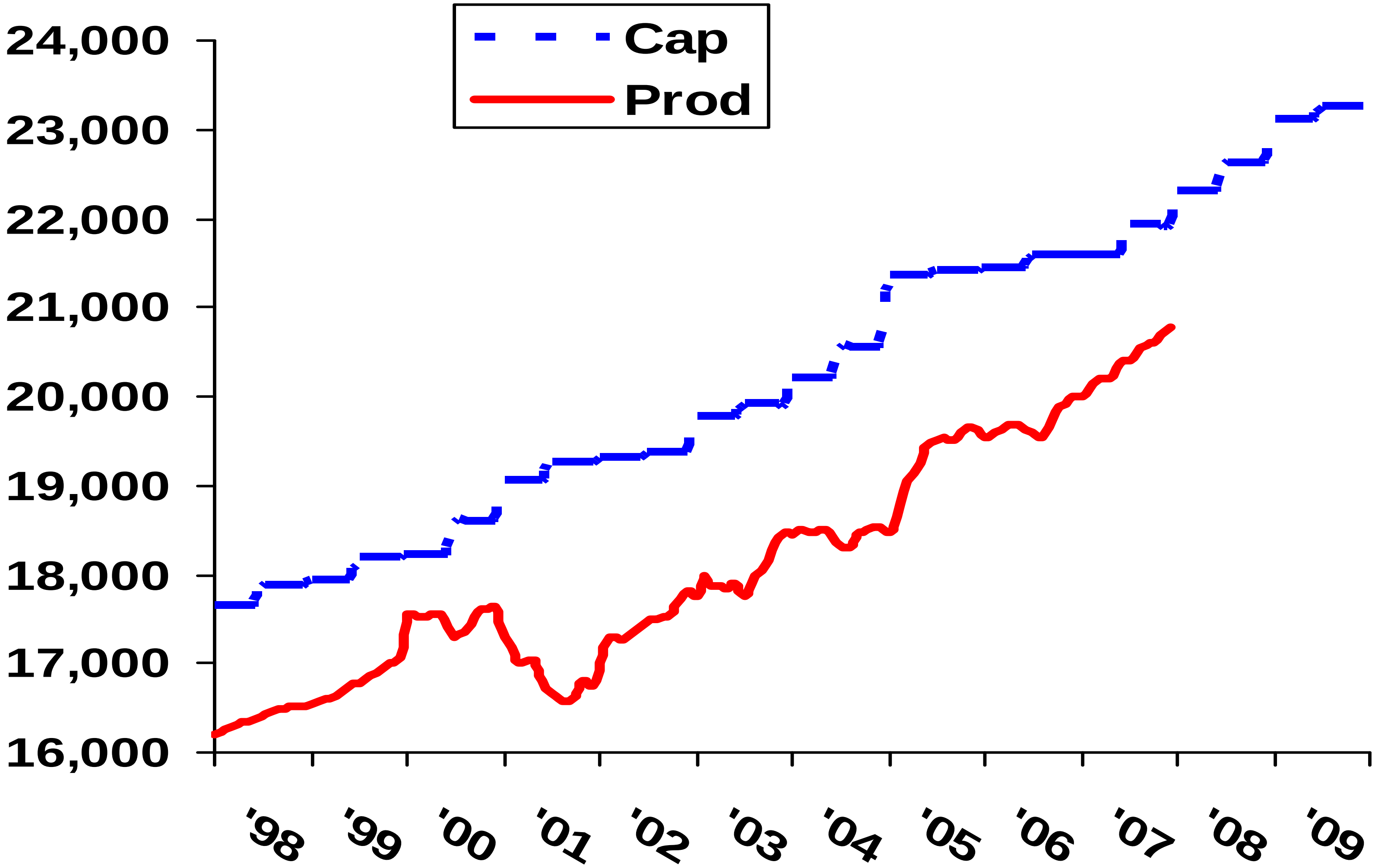
New/Expanded Aluminum Capacity, kt

- **Alba Project in Bahrain**
- **BHP/Billiton Projects** (Hillside & Mozal)
- **Australia Comalco's Projects** (Boyne Island, Portland & Tomago)
- **Canada Projects** (Baie Comeau, Alma & Alouette)
- **Latin America Projects** (Venezuela – San Felix, Brazil- Belem & San Luis, Argentina Puerto Madryn)



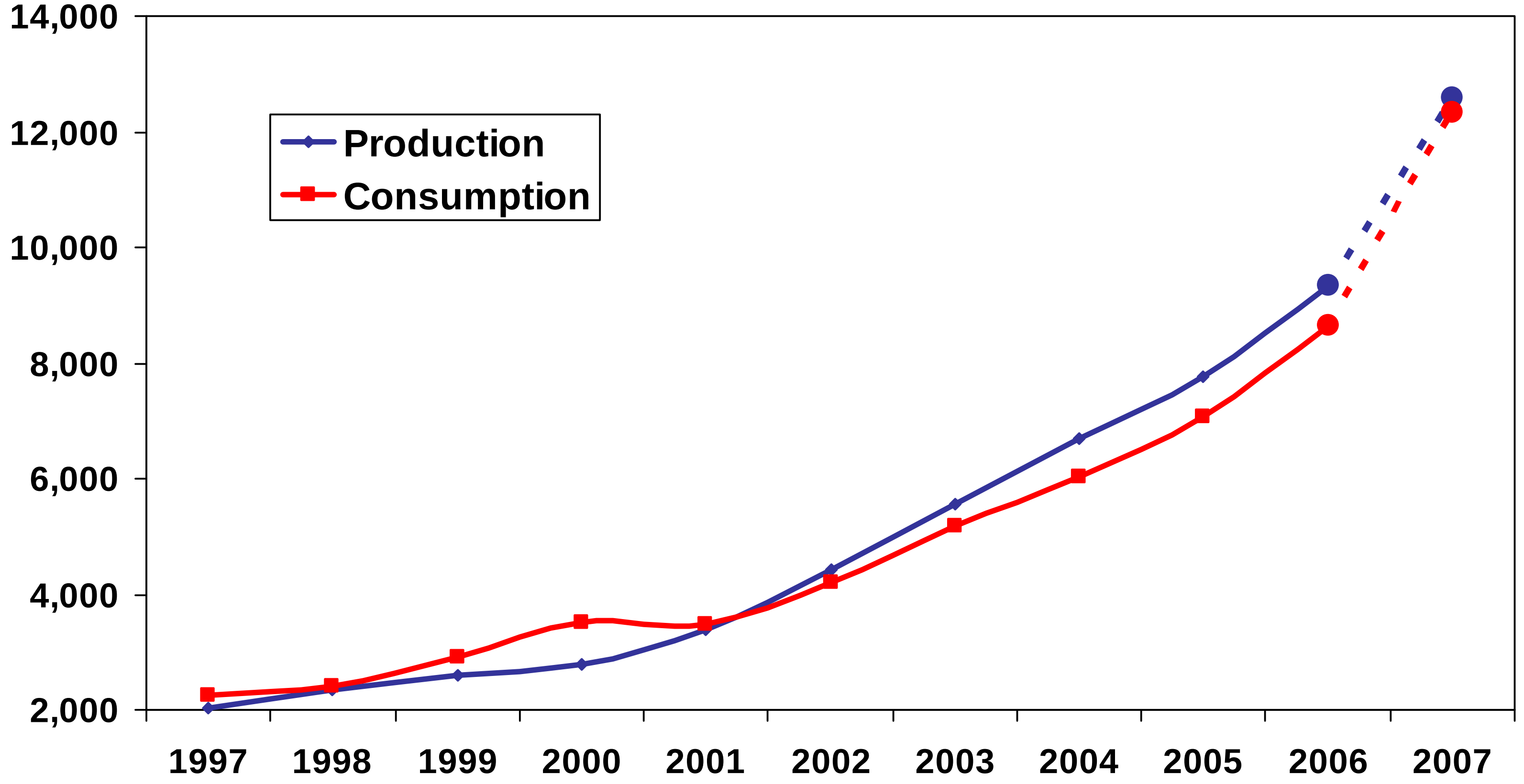
Primary Output Recovers after '06 Slowdown

some restarts, greenfield and brownfield builds



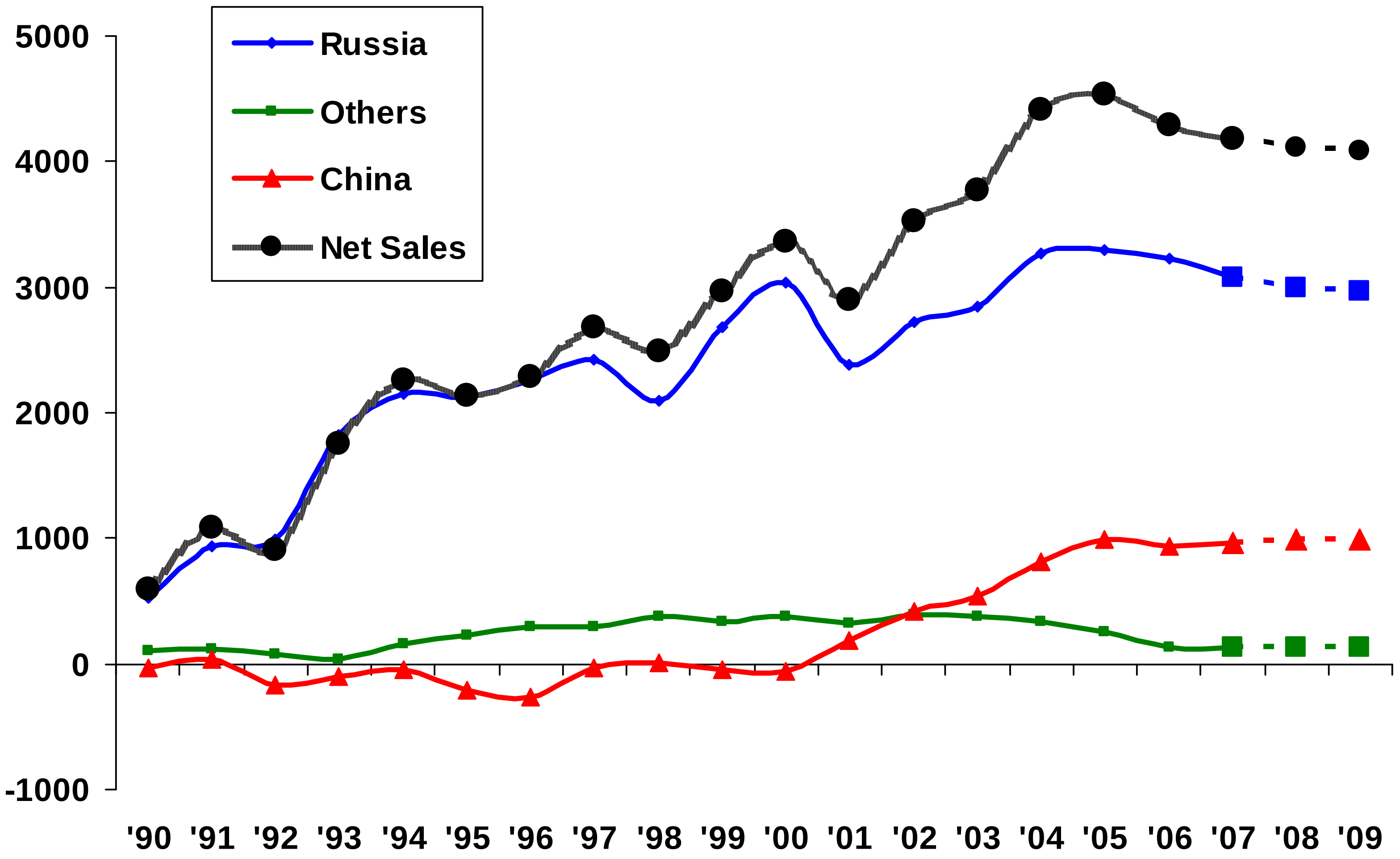
China, Production & Consumption

consumption keeps pace with production



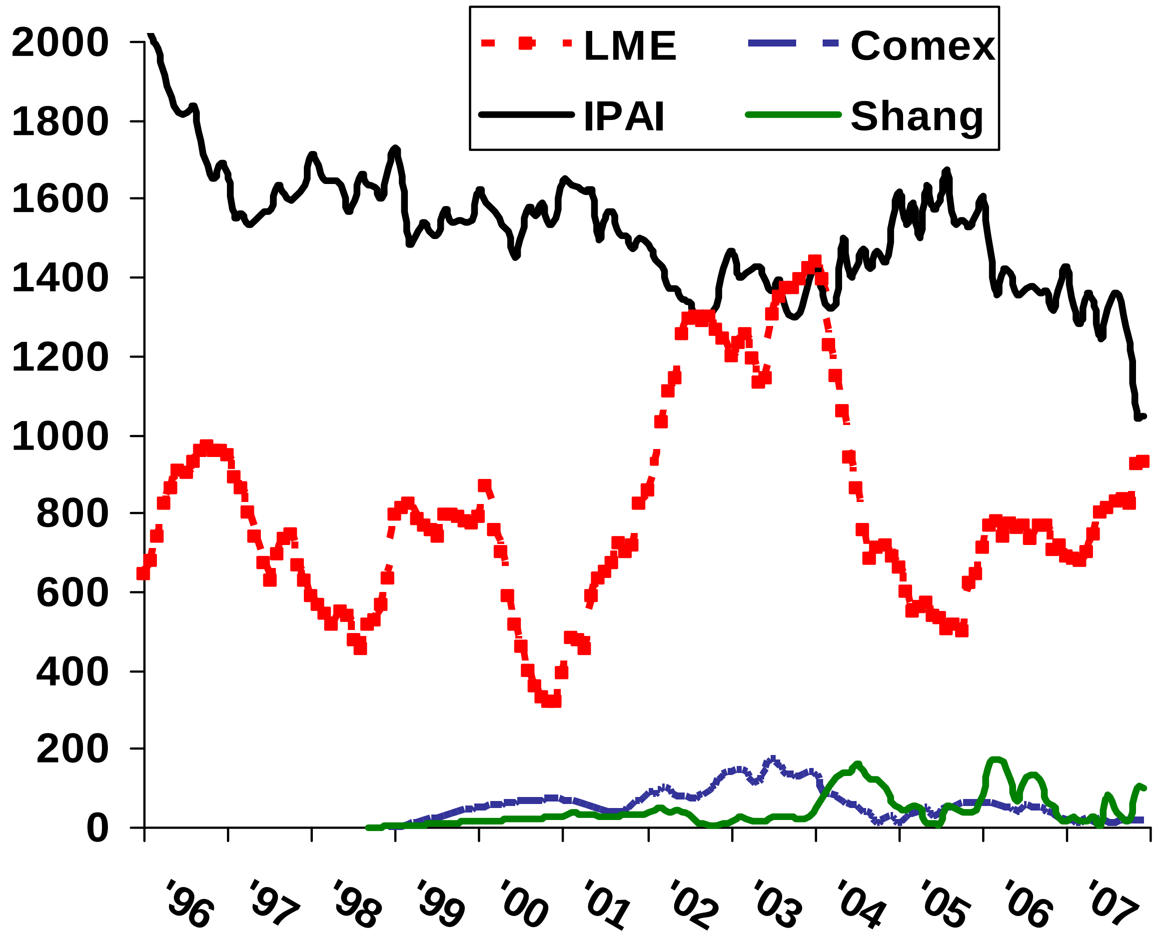
Net East to West Trade Balance

Russian exports slow, Chinese exports steady



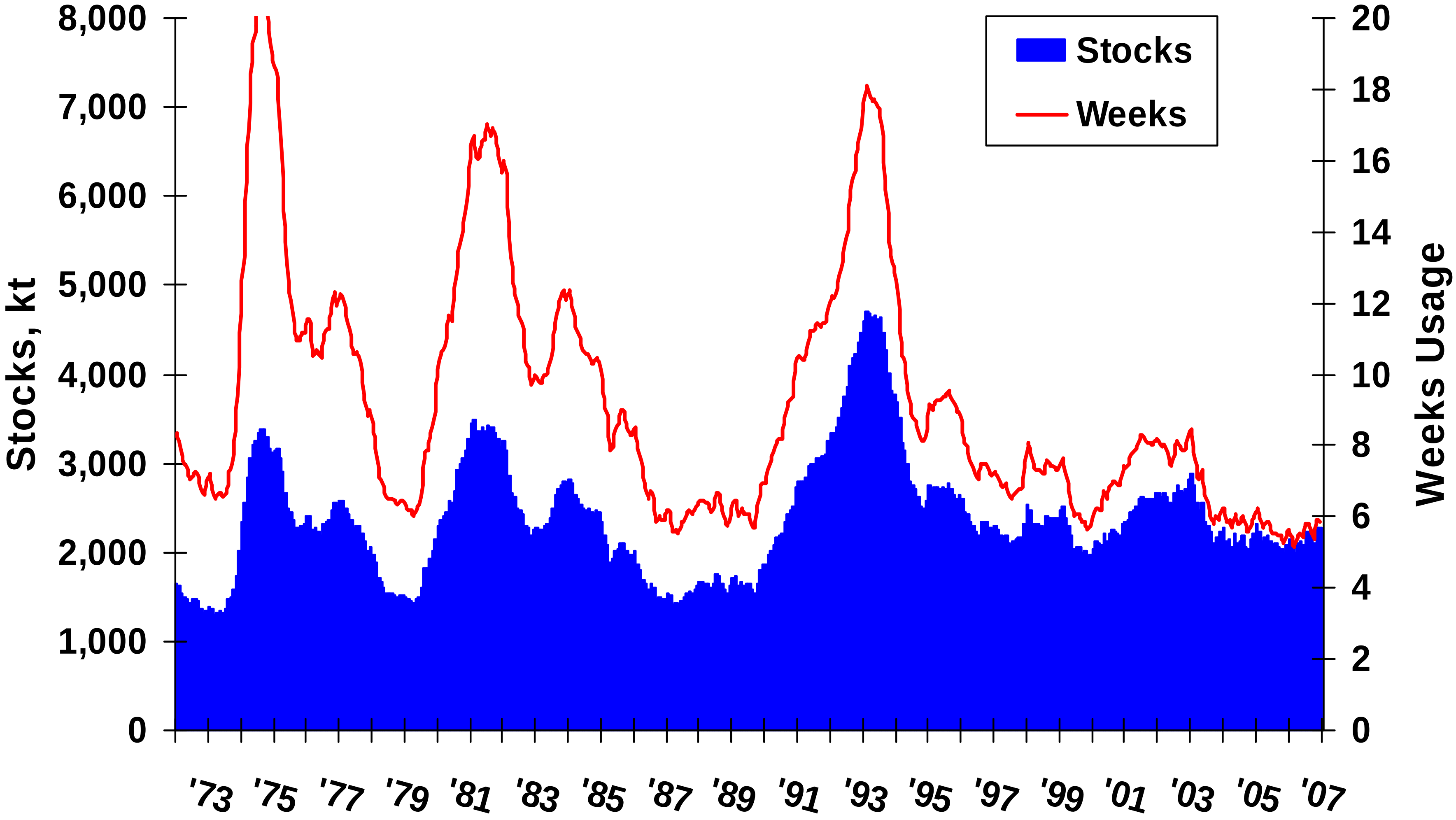
Exchange Stocks Build, After Recent Decline

- LME stocks build in '07
- IAI stocks decline



Aluminum: Stocks/Shipments Ratio

stocks/shipments ratio at 5.9 wks still critically low



MF Global

Aluminum Supply-Demand Outlook, kt

expect balanced market

	Shipments		Production		Inventories		Wks
	K Tons	% Chg	Prod-kt	% Chg	K Tons	Chg	Use
2006	**19,810**	***2.9%***	**19,638**	***2.1%***	**2,144**	**(172)**	***5.6***
2007Q1	5,092	*6.8%*	4,938	*2.5%*	1,990	(154)	*5.1*
2007Q2	4,954	*-1.6%*	5,041	*3.1%*	2,077	87	*5.4*
2007Q3	5,043	*4.2%*	5,148	*4.5%*	2,182	105	*5.6*
2007Q4	5,109	*-1.1%*	5,203	*4.0%*	2,275	94	*5.9*
2007	**20,198**	***2.0%***	**20,330**	***3.5%***	**2,275**	**132**	***5.9***
2008Q1	5,326	*4.6%*	5,243	*6.2%*	2,192	(83)	*5.5*
2008Q2	5,162	*4.2%*	5,283	*4.8%*	2,313	121	*5.8*
2008Q3	5,149	*2.1%*	5,321	*3.4%*	2,484	172	*6.2*
2008Q4	5,166	*1.1%*	5,358	*3.0%*	2,676	192	*6.7*
2008	**20,804**	***3.0%***	**21,205**	***4.3%***	**2,676**	**401**	***6.7***
2009Q1	5,483	*2.9%*	5,413	*3.2%*	2,606	(70)	*6.3*
2009Q2	5,357	*3.8%*	5,468	*3.5%*	2,718	111	*6.5*
2009Q3	5,415	*5.2%*	5,484	*3.1%*	2,787	69	*6.7*
2009Q4	5,454	*5.6%*	5,499	*2.6%*	2,831	45	*6.8*
2009	**21,709**	***4.4%***	**21,864**	***3.1%***	**2,831**	**155**	***6.8***

MF Global

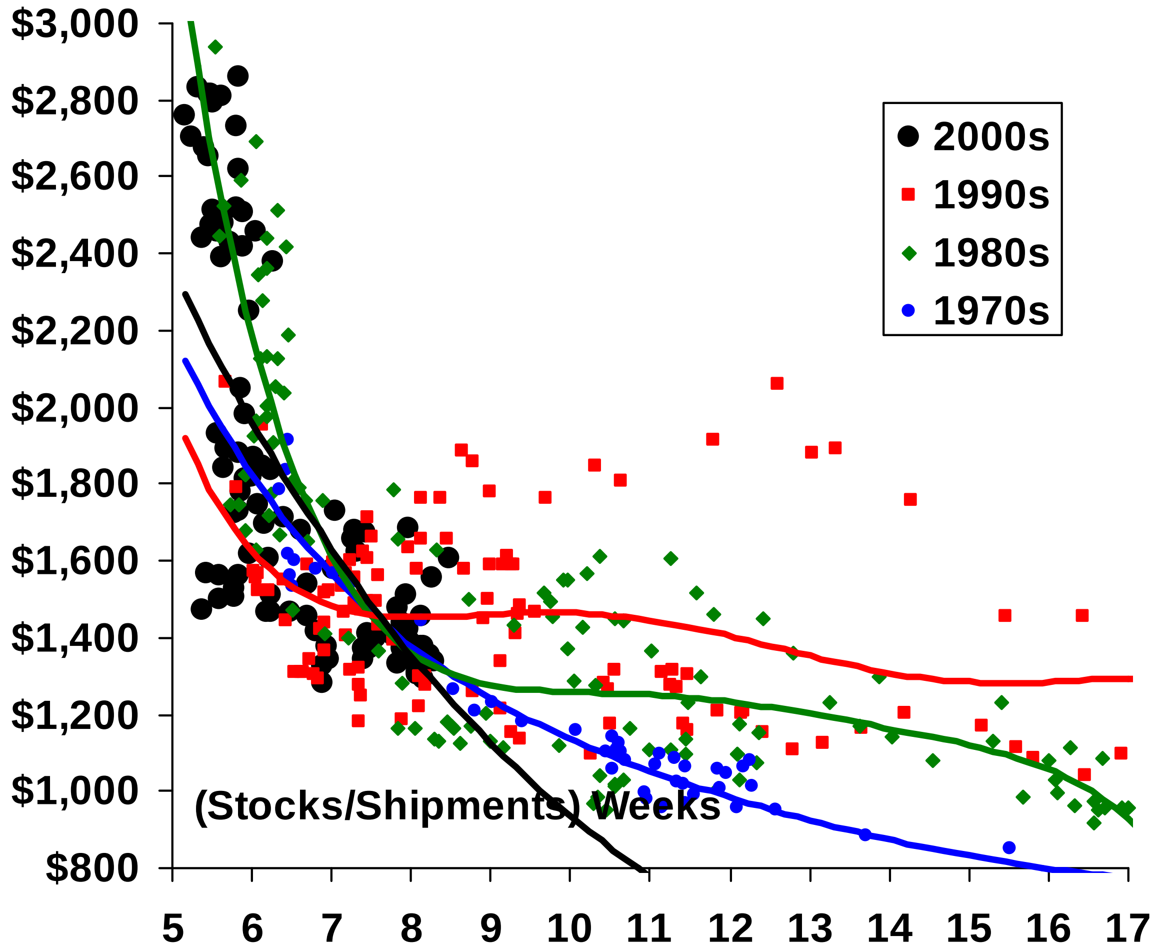
Aluminum Supply-Demand Outlook, kt

	2005	**2006**	**2007**	**2008**	**2009**
Total Consumption	**22,640**	**23,254**	**22,706**	**23,386**	**24,404**
	2.6%	*2.7%*	*-2.4%*	*3.0%*	*4.4%*
Total Production	**19,587**	**19,932**	**20,483**	**21,358**	**22,018**
	4.9%	*1.8%*	*2.8%*	*4.3%*	*3.1%*
Net E-W Balance	**4,533**	**4,289**	**4,176**	**4,119**	**4,089**
Total Supply	24,120	24,221	24,659	25,477	26,107
Reported Balance	**-23**	**-246**	**92**	**401**	**155**
Reported Stocks	3,010	2,764	2,856	3,257	3,412
Weeks Use	***6.3***	***5.6***	***5.9***	***6.7***	***6.8***

Aluminum Stocks Ratio vs Price

stocks below equil, expected to remain tight

- **current: 5.9 wks**
- **price: $2,450**
- **equil: 7 to 9 wks**
- **Forecast: 6-7 weeks**



Aluminum Stocks Ratio vs Price

stocks below equil, expected to remain tight

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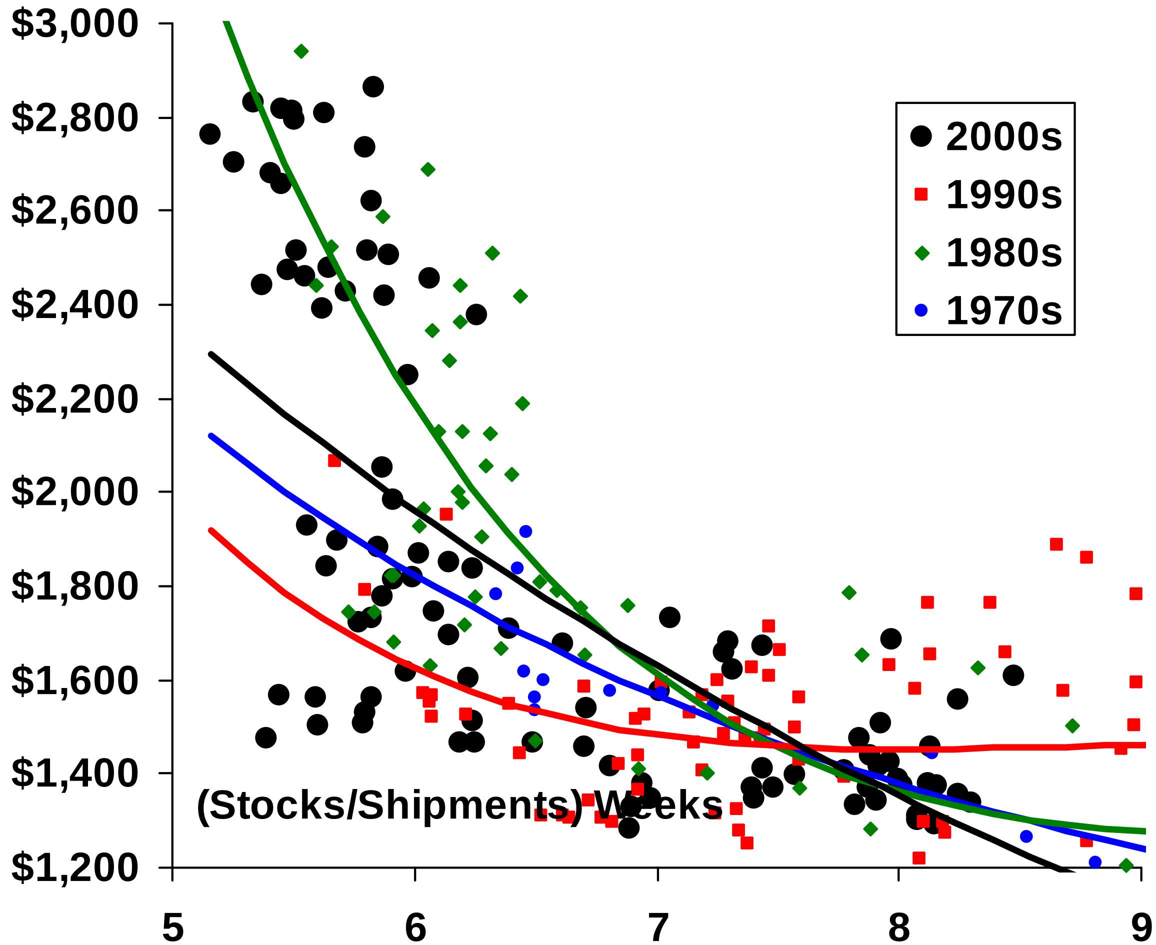


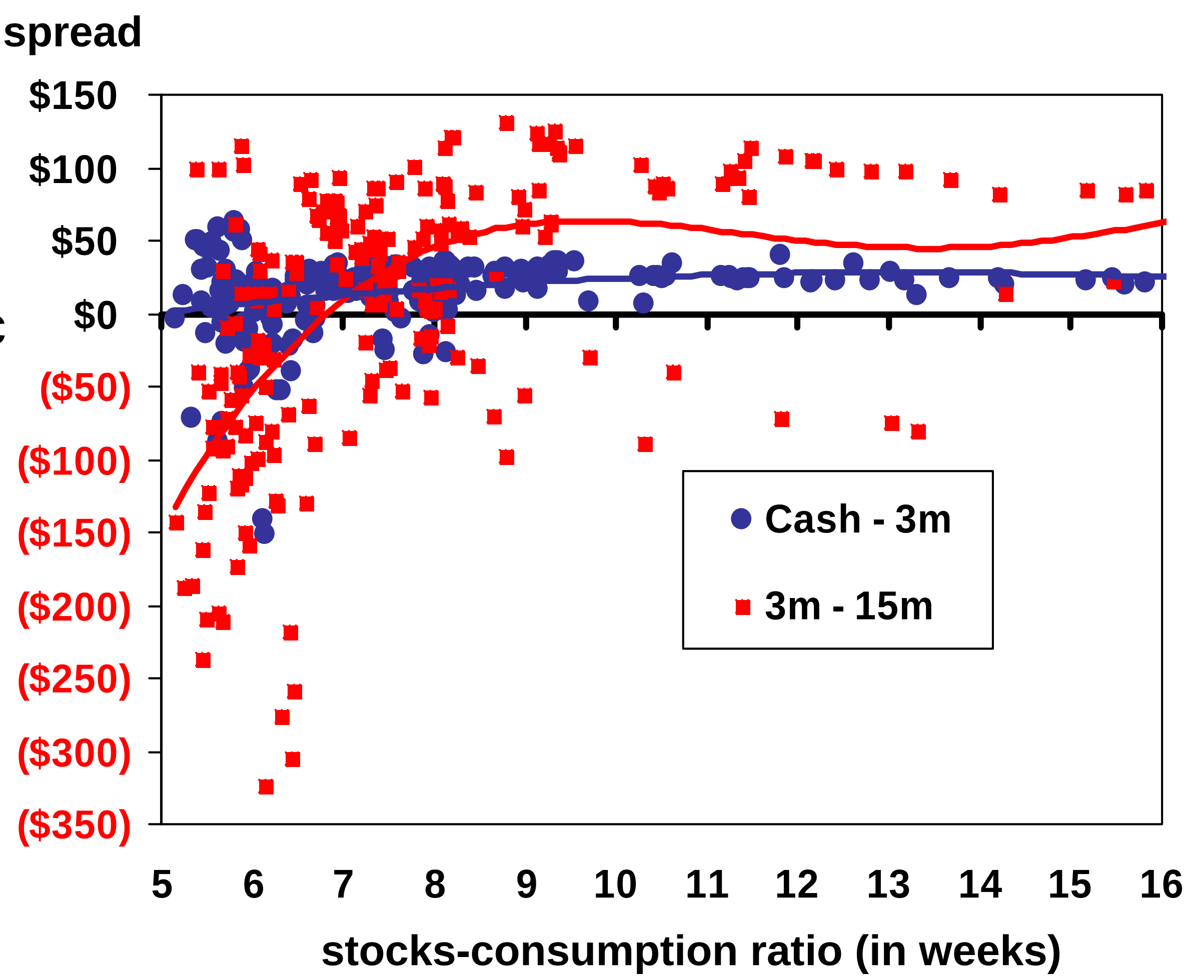
Aluminum Stocks Ratio vs Spread

low ratio, backwardations; high ratio, contangos

Current: 5.9 weeks
c-3m: $80 c
3-15m: $125 c

Equilibrium: 6 to 7 wks

Forecast wks use:
price:
…backwardations



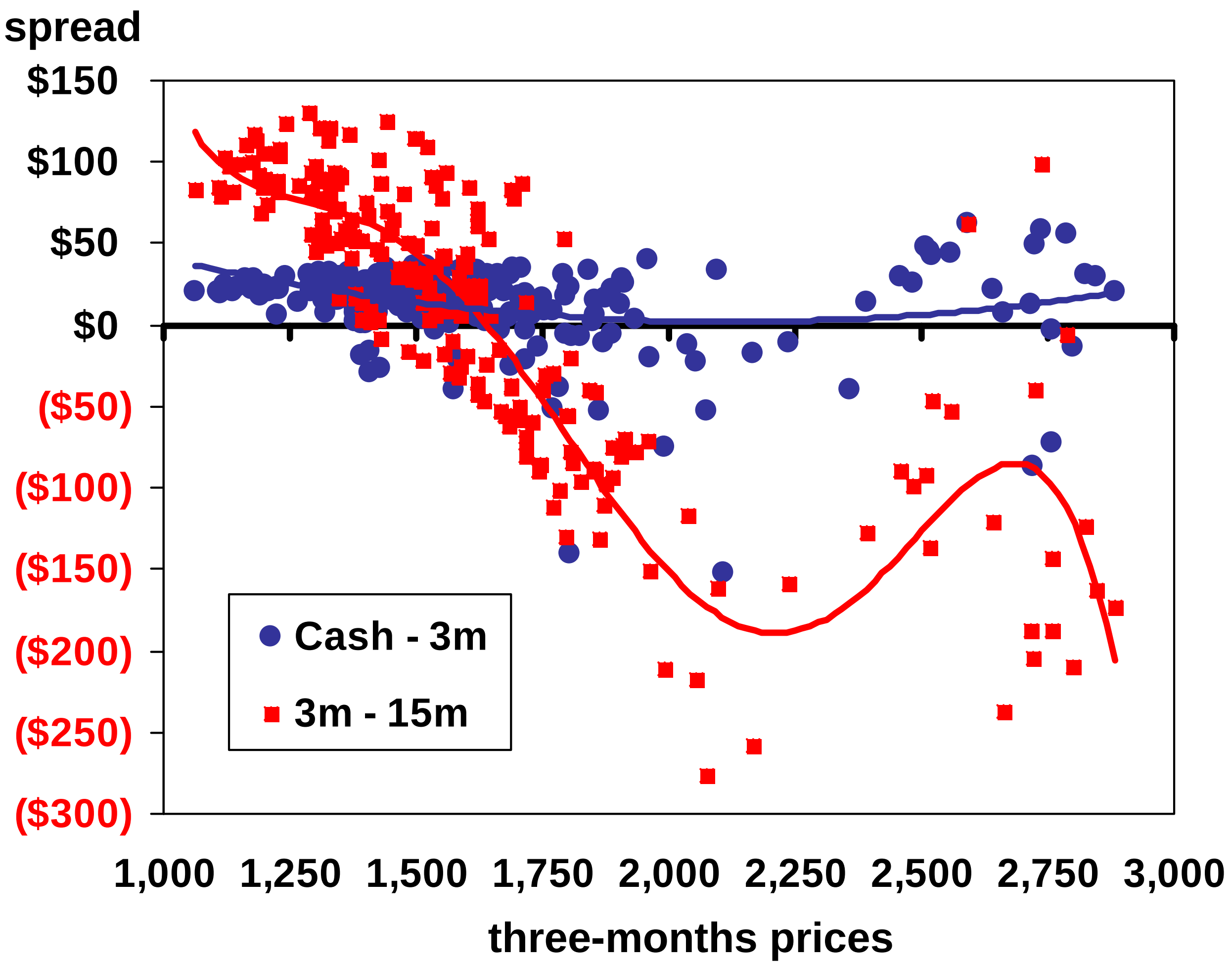
Aluminum Spreads vs 3 Months

high prices, backwardations; low prices, contangos

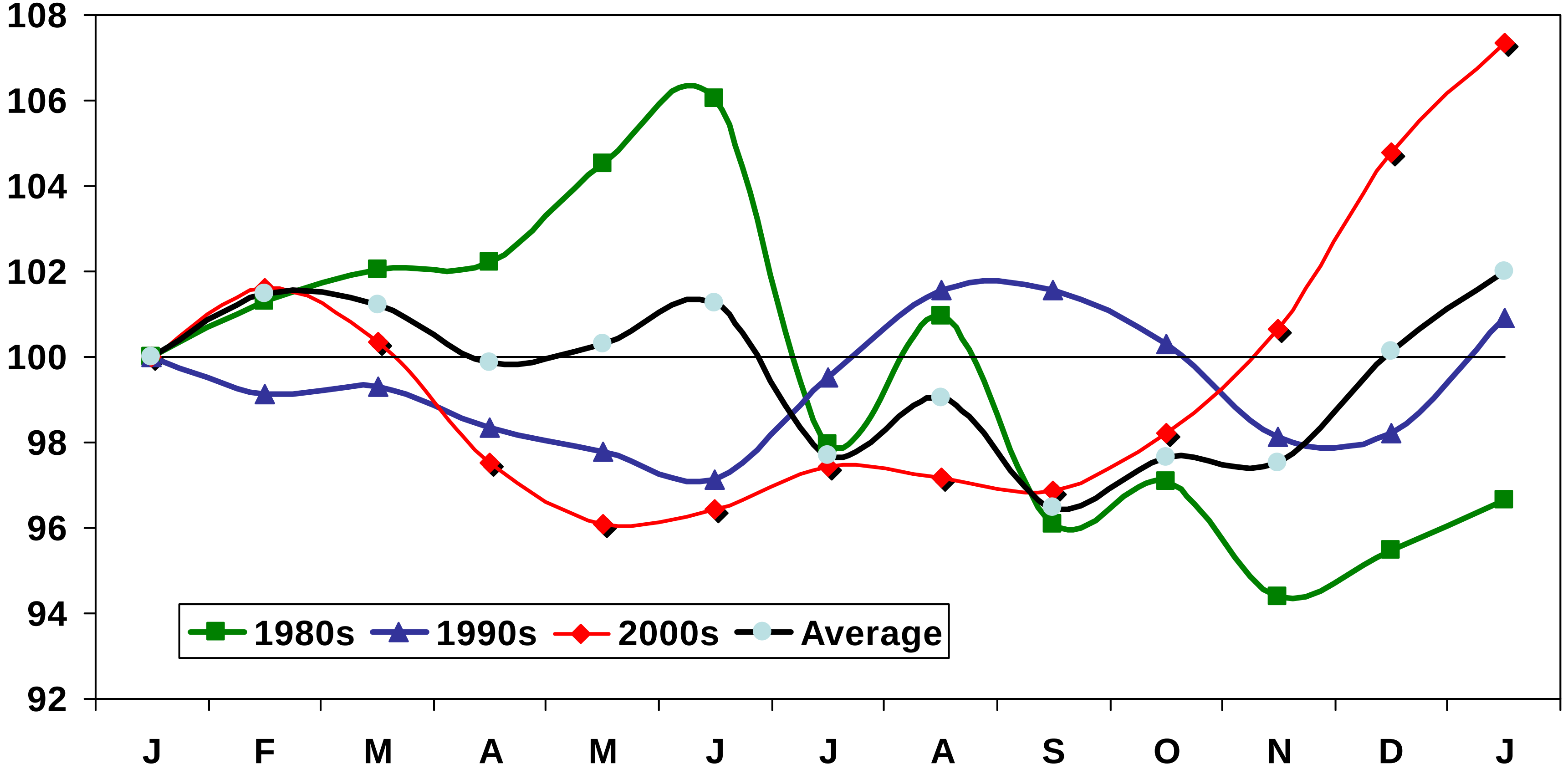
Current:
$2,435

c-3m: $80c
3-15m: $125c

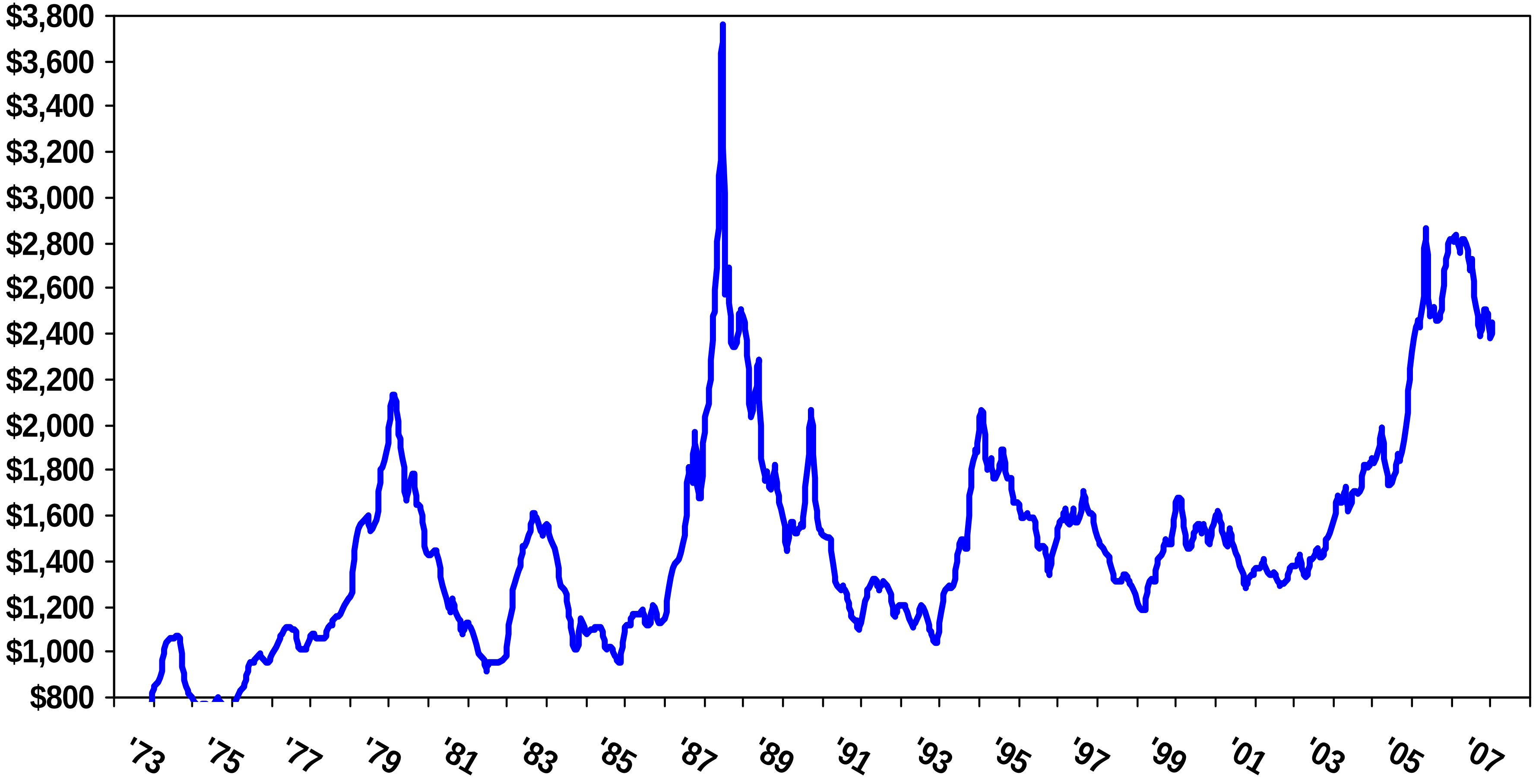
Equilibrium:
~$1,700



Aluminum Price Seasonals



Aluminum Prices, 1973 to present

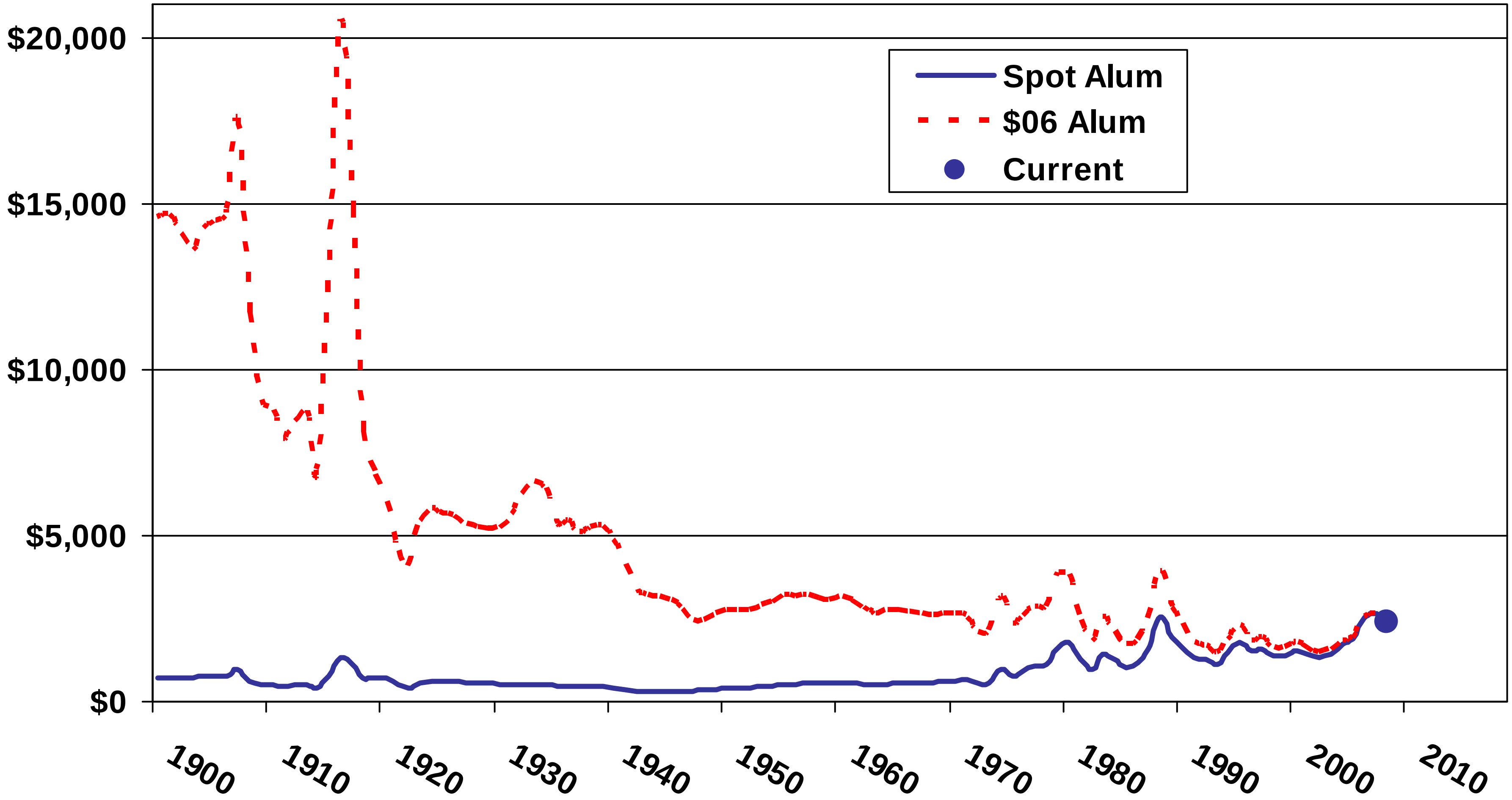


Aluminum Outlook

- aluminum consumption slows with economy, rebounds in 2008
- significant primary capacity builds in 2007 & 2008
- China consumption firm, offsetting production builds
- inventories up but still critically low, surplus in 2008; stocks still low
- prices expected to remain firm in early 2008 with inventories low, but then ease later in the year.

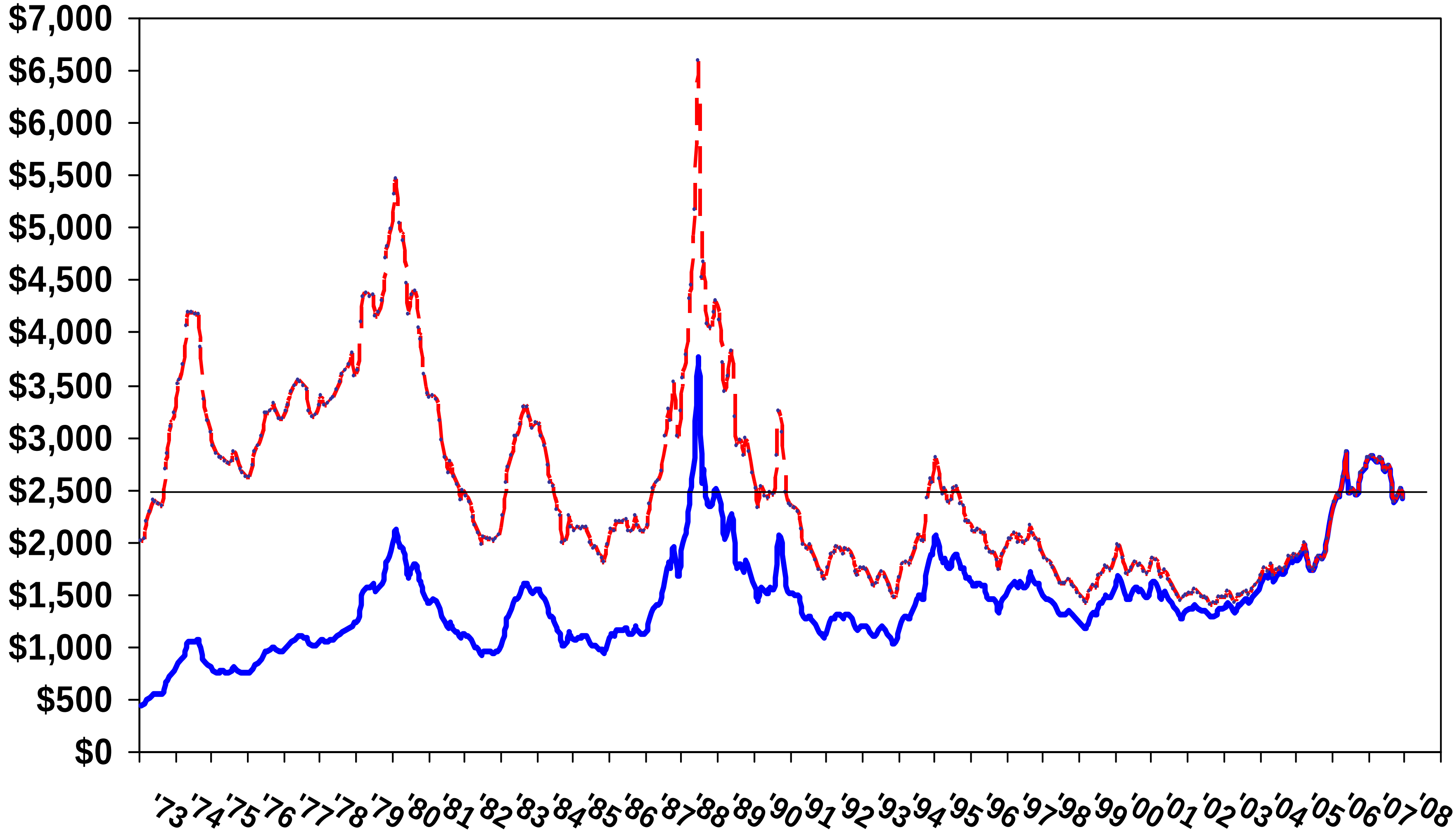
Aluminum Prices, Spot & Deflated

Annual Averages, CPI/GNP Deflated



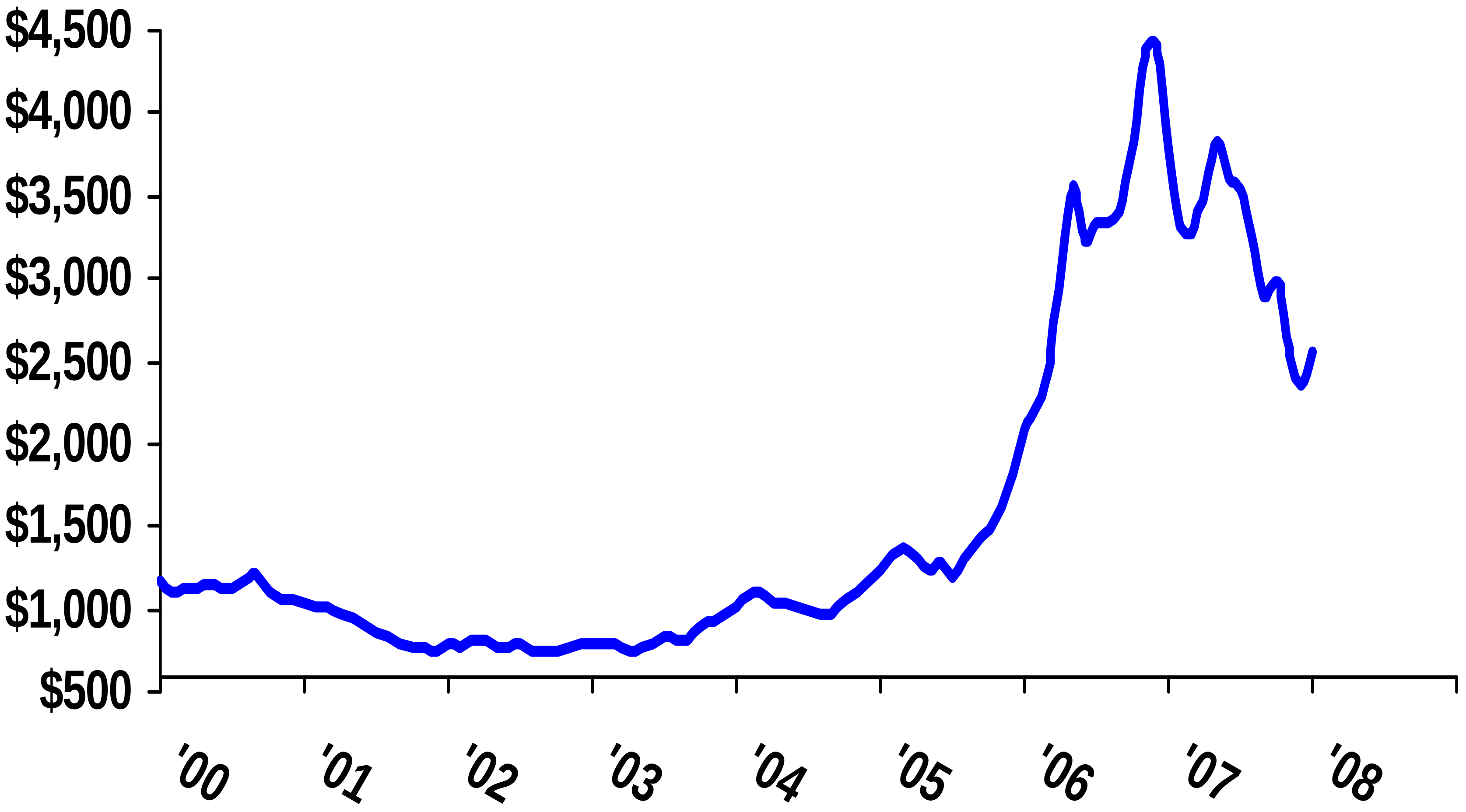
Aluminum Prices, 1973 to present

2006 constant dollar average ($2,500)



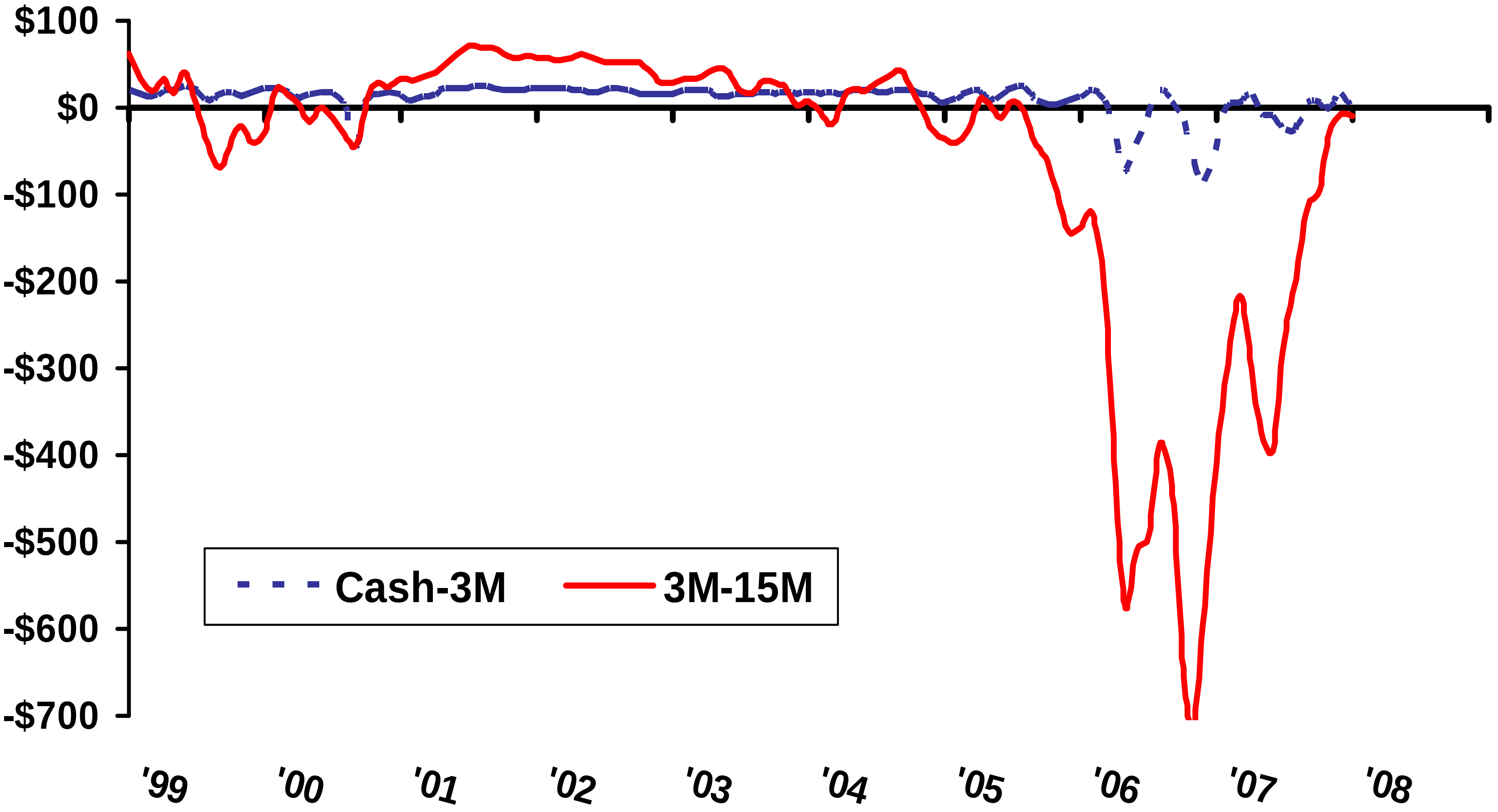
Zinc Market Review

Zinc Price Review



Zinc Spreads

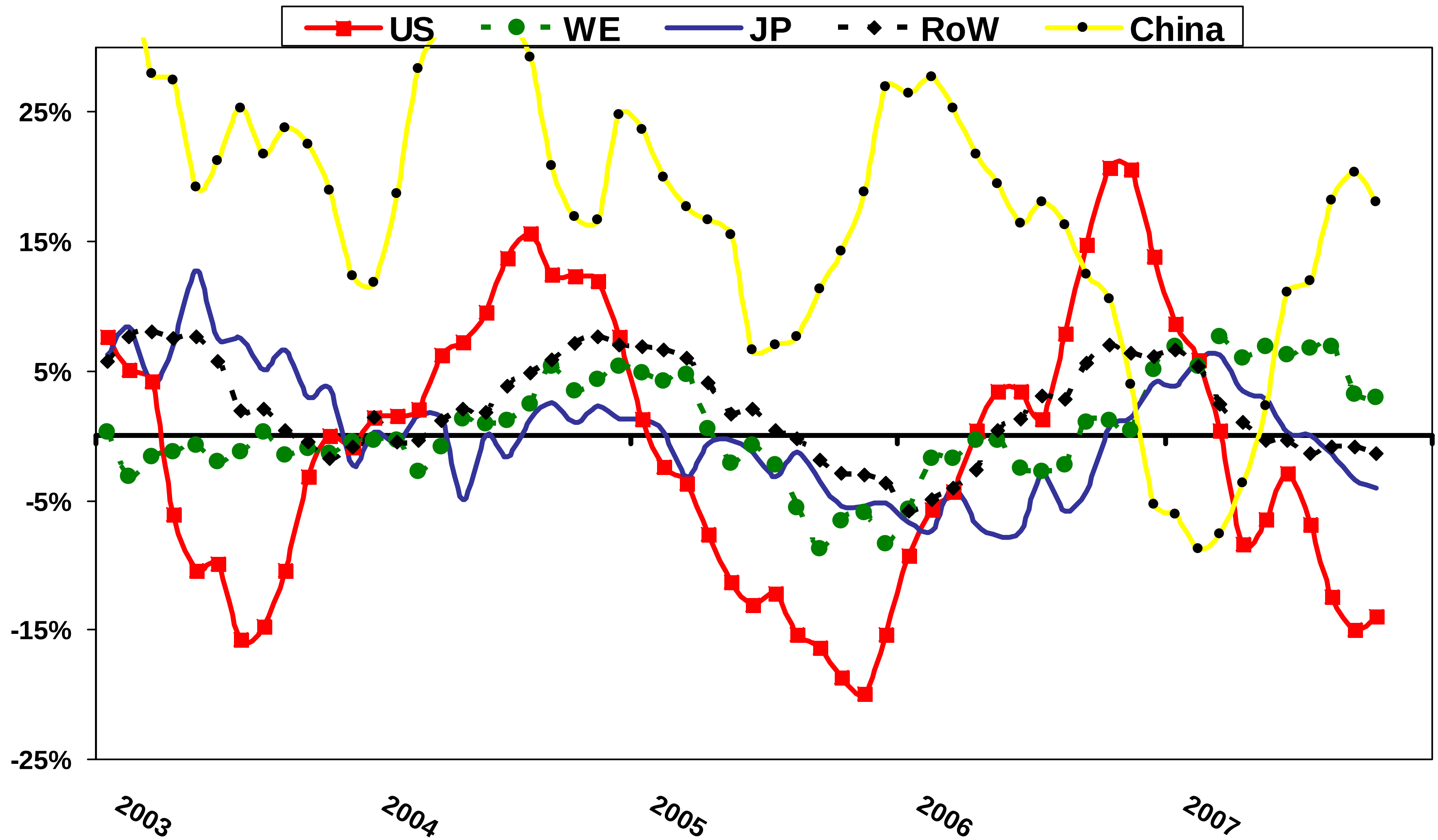
spreads tighten than ease over last year



MF Global

Zinc Consumption, by Region

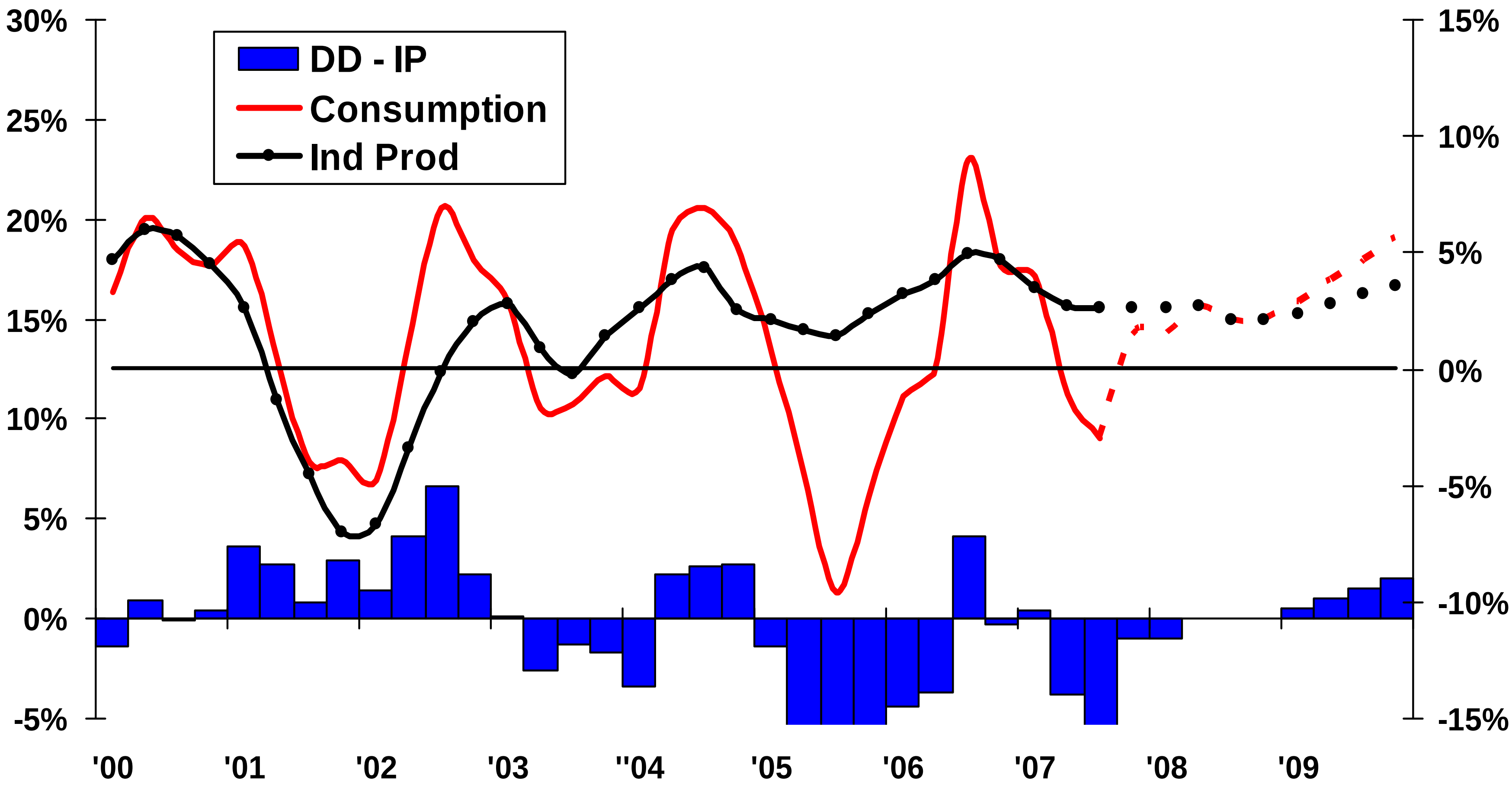
mixed trends, slowing in the West, strength in China



MF Global

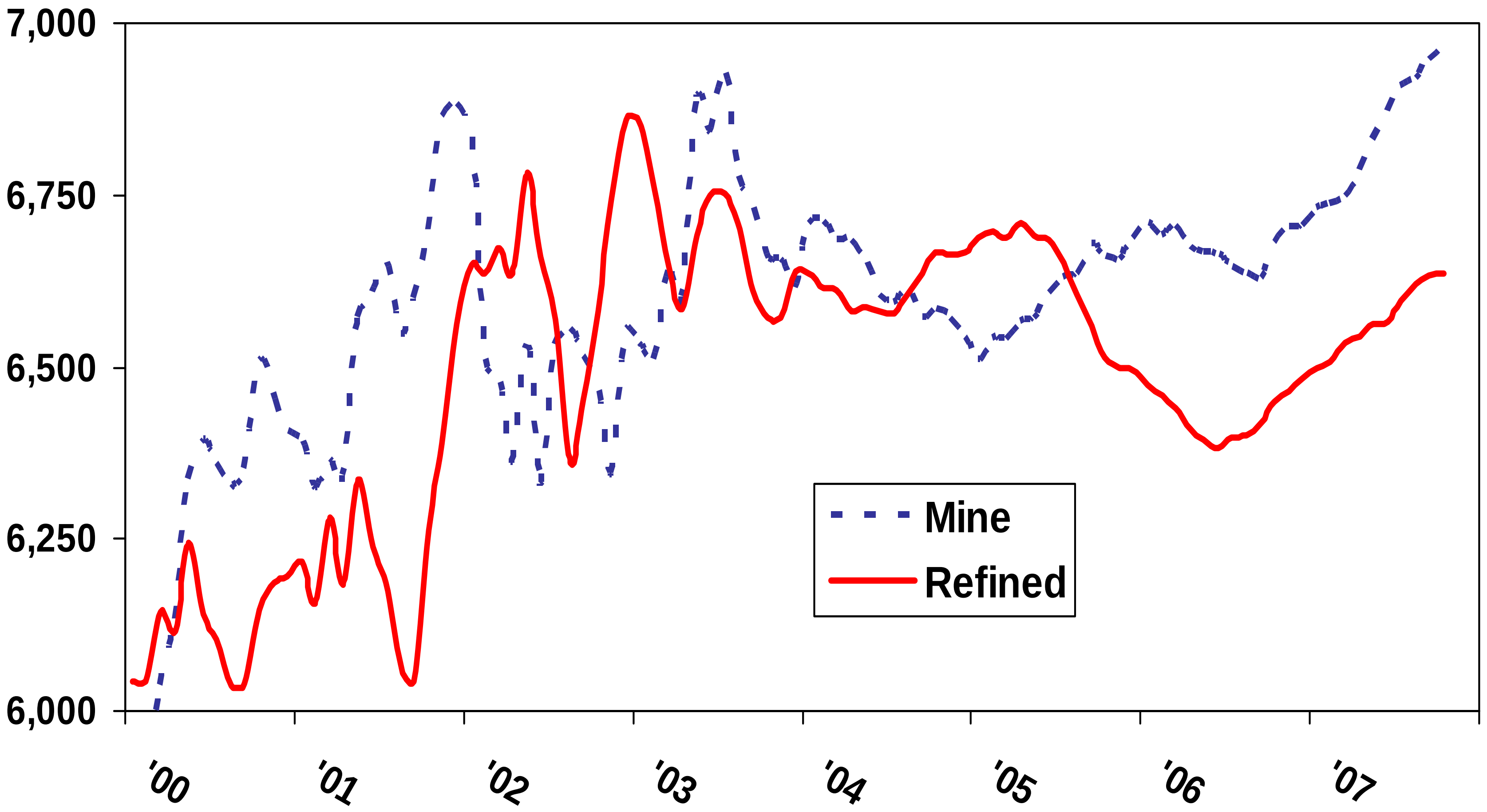
Zinc Consumption vs IP Growth

zinc consumption slows then bolstered by econ rebound



Zinc Mine, Refined Output

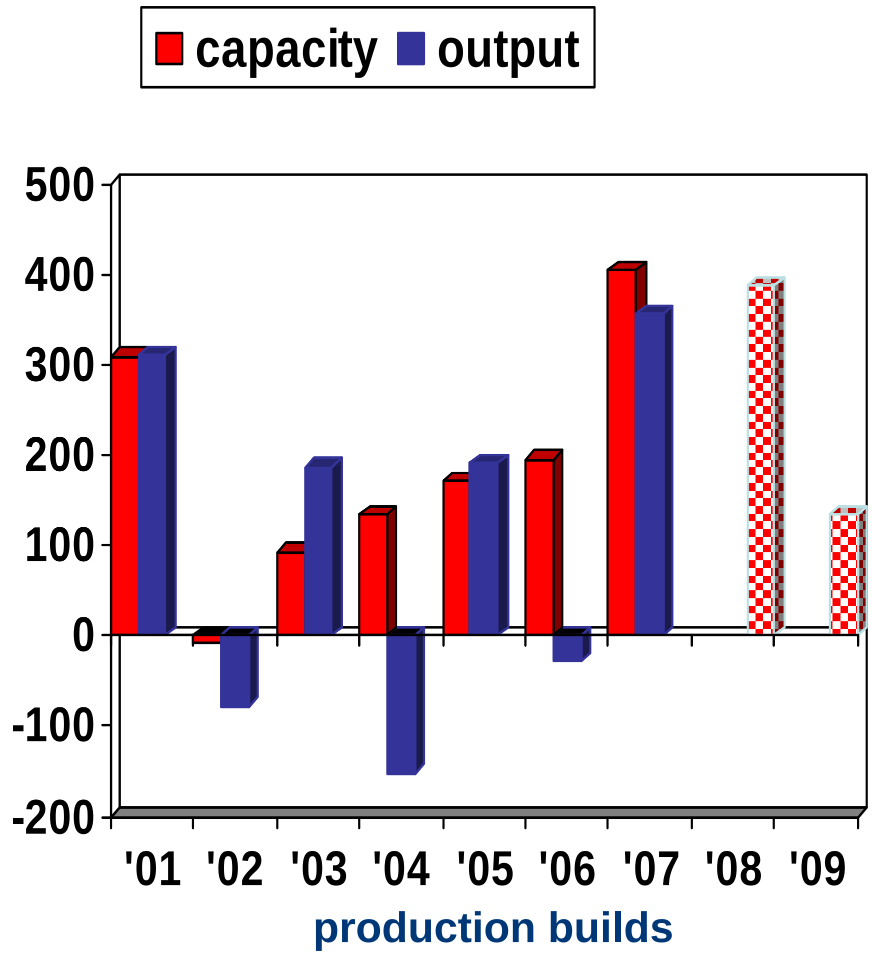
mine production, refined output gains



New/Expanded Zinc Capacity, kt

large capacity builds planned

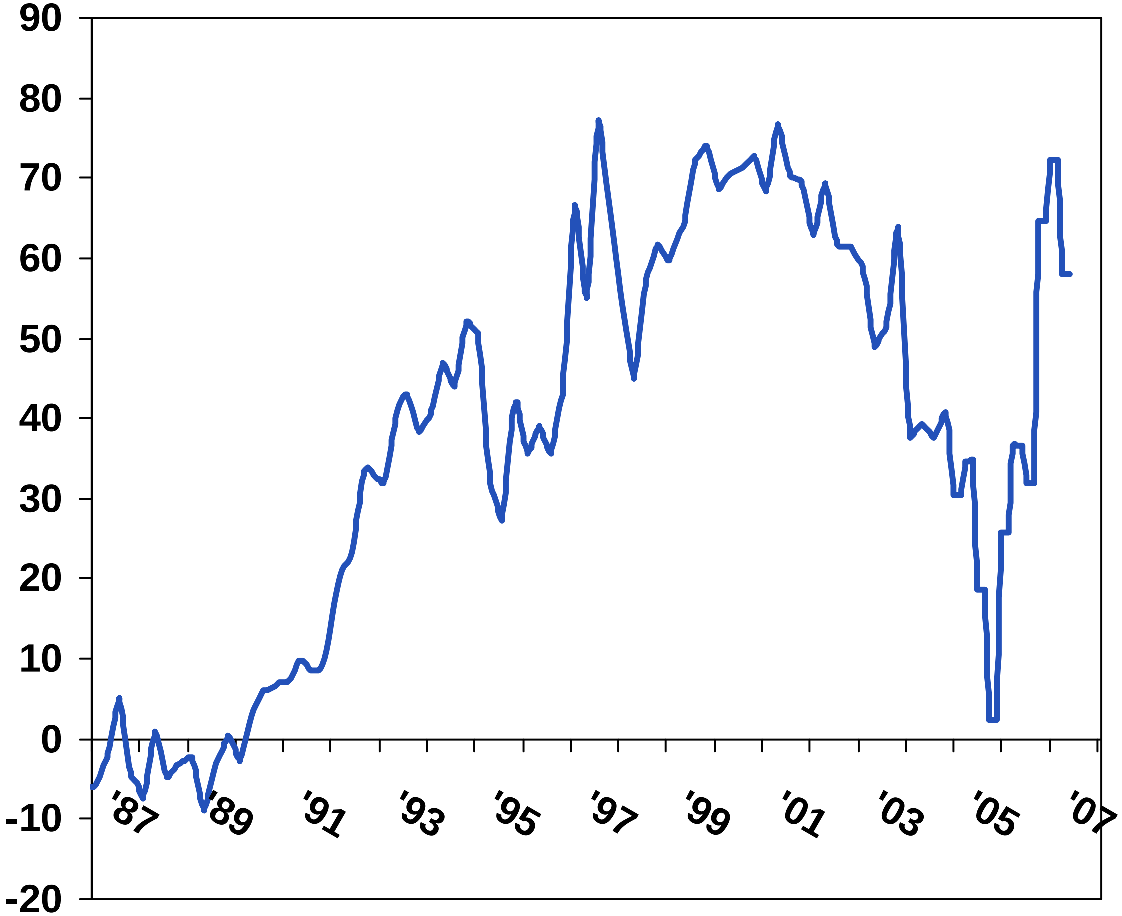
- **Australian Projects** (Century, George Fisher, MacArthur River, Cannington, Alura, Blendavale & Scuddles)
- **North American Projects** (Red Dog, Brunswick, & Kidd Creek)
- **Ireland Projects** (Tara & Lisheen)
- **Peru Projects** (Antamina & Iscaycruz)



Net East to West Trade, Chinese Exports

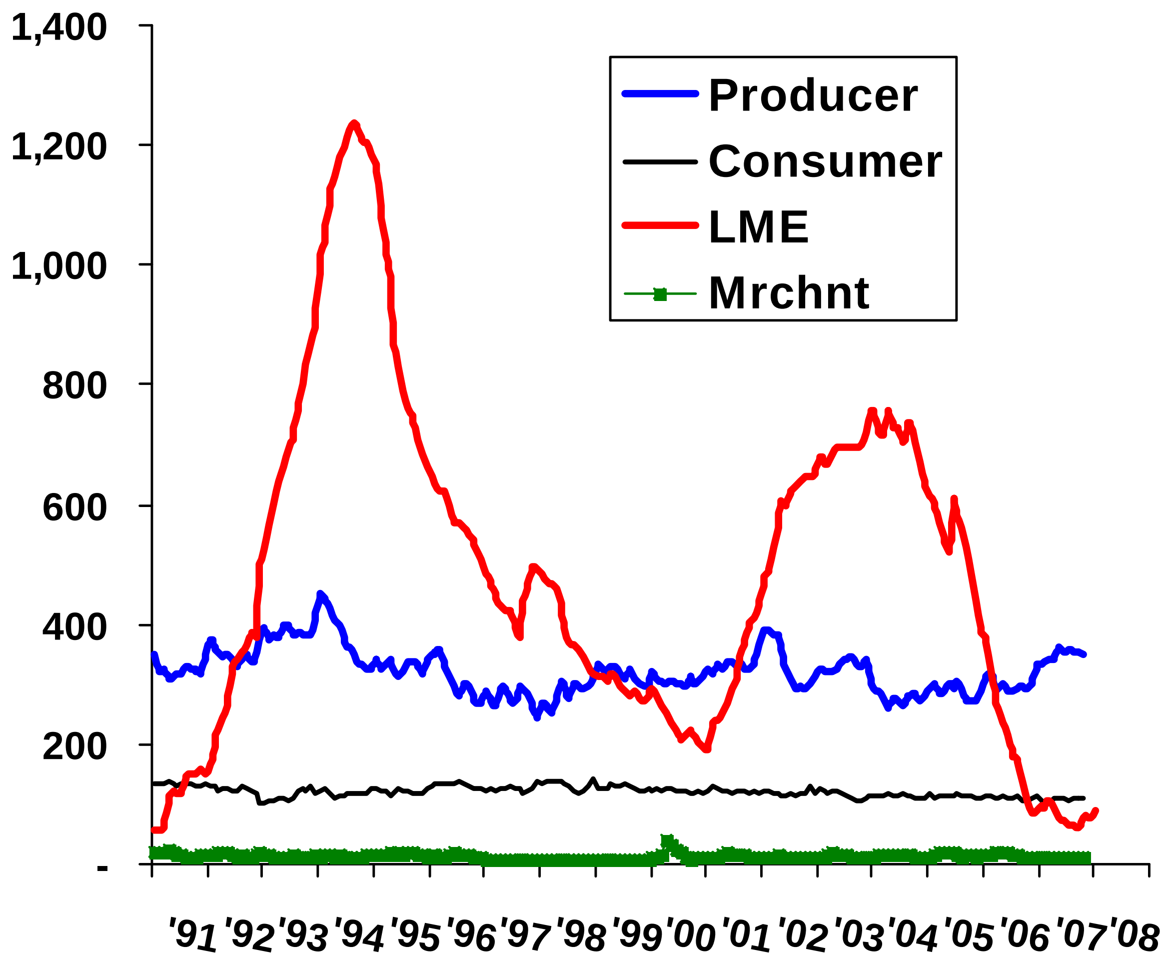
rebound in late 2006, 2007

- surge in 1990s,
- slowdown in 2000s,
- rebound last few quarters



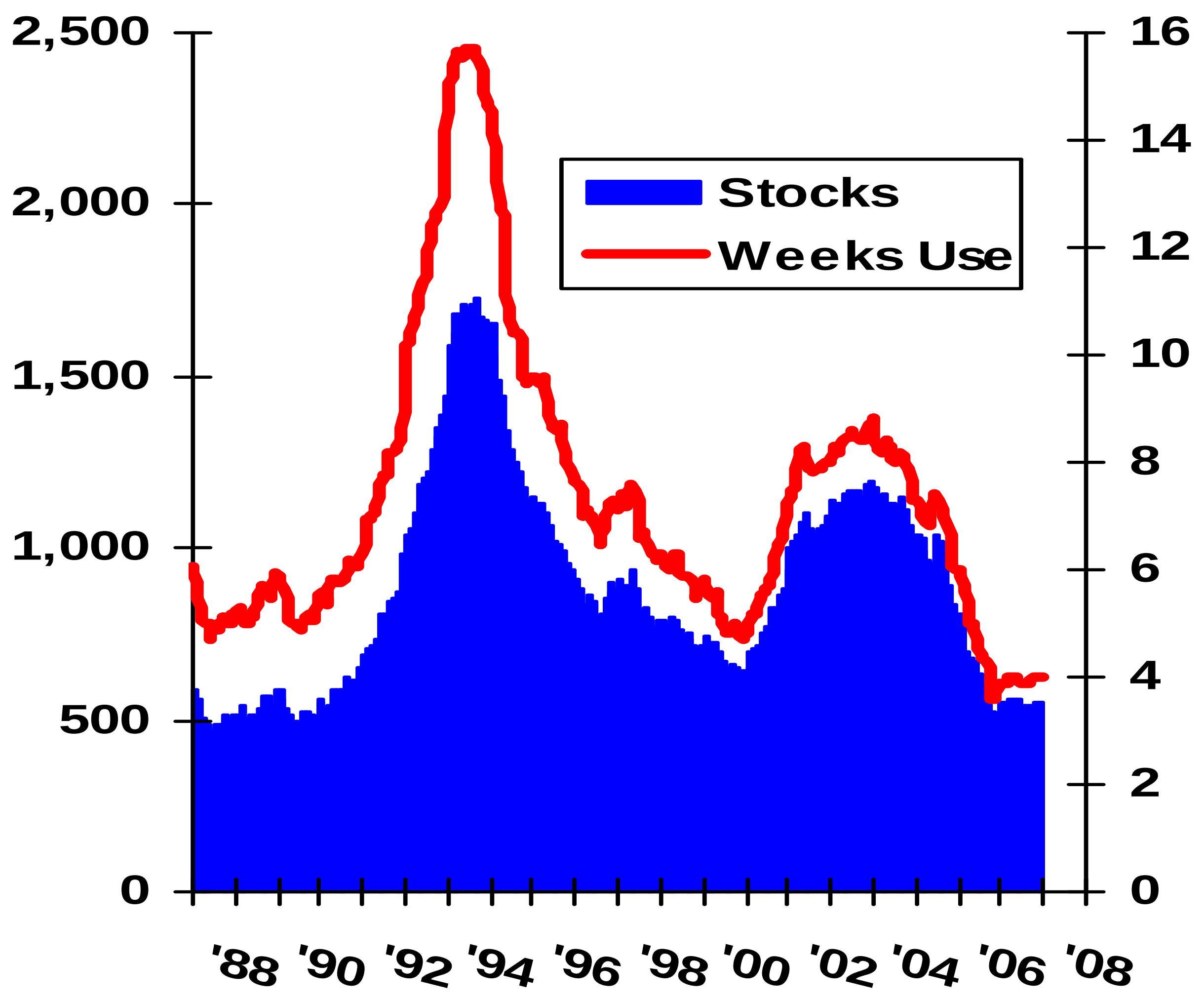
Zinc Inventories, declines over past year

- LME stocks fall sharply
- producer, consumer stocks also declining



Zinc Stocks and Weeks Usage

- both stocks and weeks use fall from mid 2004 highs
- stocks-use ratio at: 4 wks



Zinc Supply-Demand Outlook

	07Q4	**08Q1**	**08Q2**	**08Q3**	**08Q4**	**09Q1**	**09Q2**	**09Q3**	**09Q4**
Consumptior	*1,860*	*1,871*	*1,850*	*1,834*	*1,899*	*1,926*	*1,919*	*1,919*	*2,005*
	1.5%	***1.6%***	***2.7%***	***2.1%***	***2.1%***	***2.9%***	***3.8%***	***4.7%***	***5.6%***
Production	1,827	1,794	1,875	1,849	1,897	1,852	1,920	1,883	1,931
	7%	***6%***	***5%***	***5%***	***4%***	***3%***	***2%***	***2%***	***2%***
E/W Trade	129	124	119	114	109	109	109	109	109
Supply	1,818	1,849	1,836	1,873	1,873	1,901	1,882	1,914	1,911
Reported Bal	**13**	**(11)**	**14**	**68**	**(10)**	**(10)**	**(10)**	**8**	**(69)**
Stocks	552	541	555	623	613	602	592	600	532
Weeks Use	***3.9***	***3.8***	***3.9***	***4.4***	***4.3***	***4.2***	***4.1***	***4.2***	***3.7***

MF Global

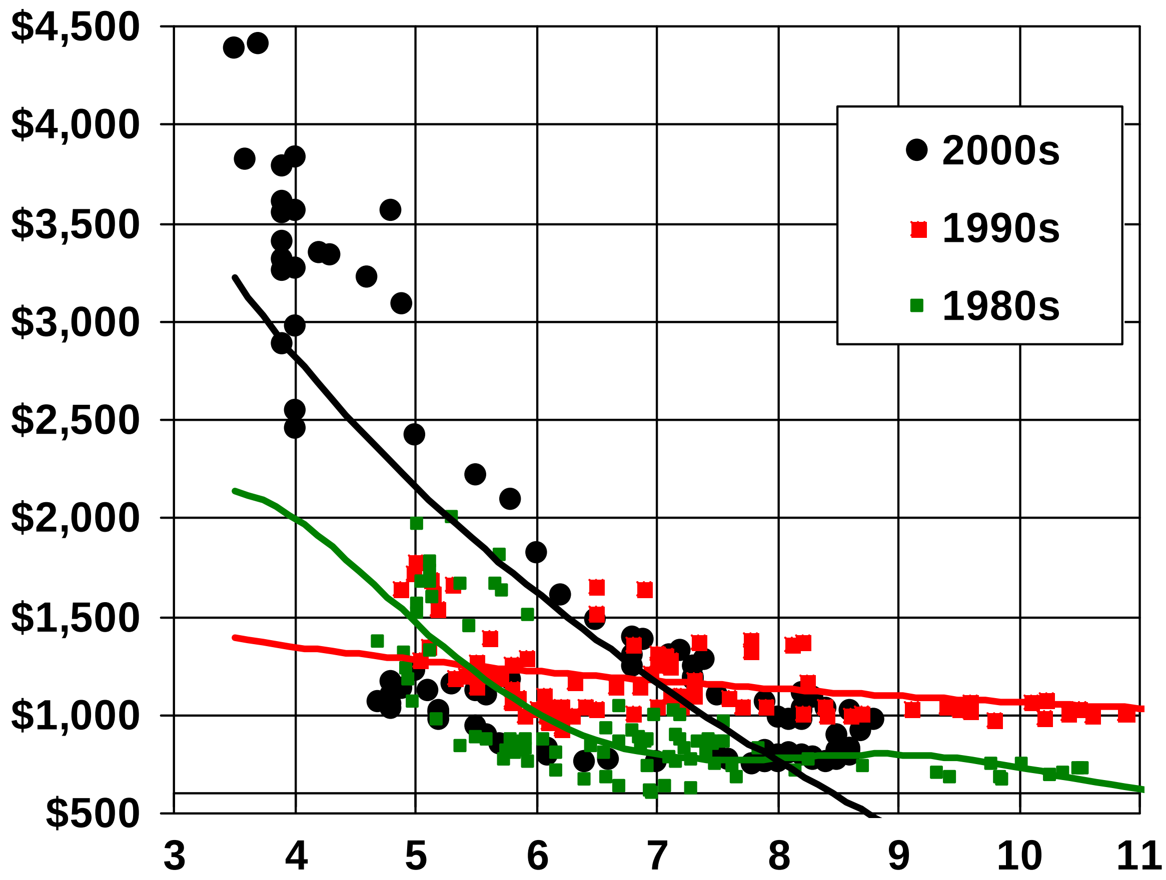
Zinc Supply-Demand Outlook

	2004	2005	2006	2007	2008	2009
Consumption	*7,422*	*7,066*	*7,276*	*7,298*	*7,453*	*7,770*
	4.3%	***-4.8%***	***3.0%***	***0.3%***	***2.1%***	***4.2%***
Production	6,500	6,736	6,707	7,064	7,414	7,585
	-3.1%	***3.6%***	***-0.4%***	***5.3%***	***5.0%***	***2.3%***
E/W Trade	466	258	432	582	466	436
Supply	7,169	6,783	6,943	7,229	7,430	7,609
Reported Balc	**(161)**	**(207)**	**(279)**	**4**	**61**	**(81)**
Stocks	1,035	828	549	552	613	532
Weeks Use	***7.3***	***6.1***	***3.9***	***3.9***	***4.3***	***3.7***

Zinc Stocks Ratio vs. Price

stocks below equilibrium, slight surplus market expected

- Current:
  - 4 weeks
  - $2,563/tonne
- Equilibrium
  - 5.5 to 6.5 wks
- Forecast
  - 3.8/4.5 wks



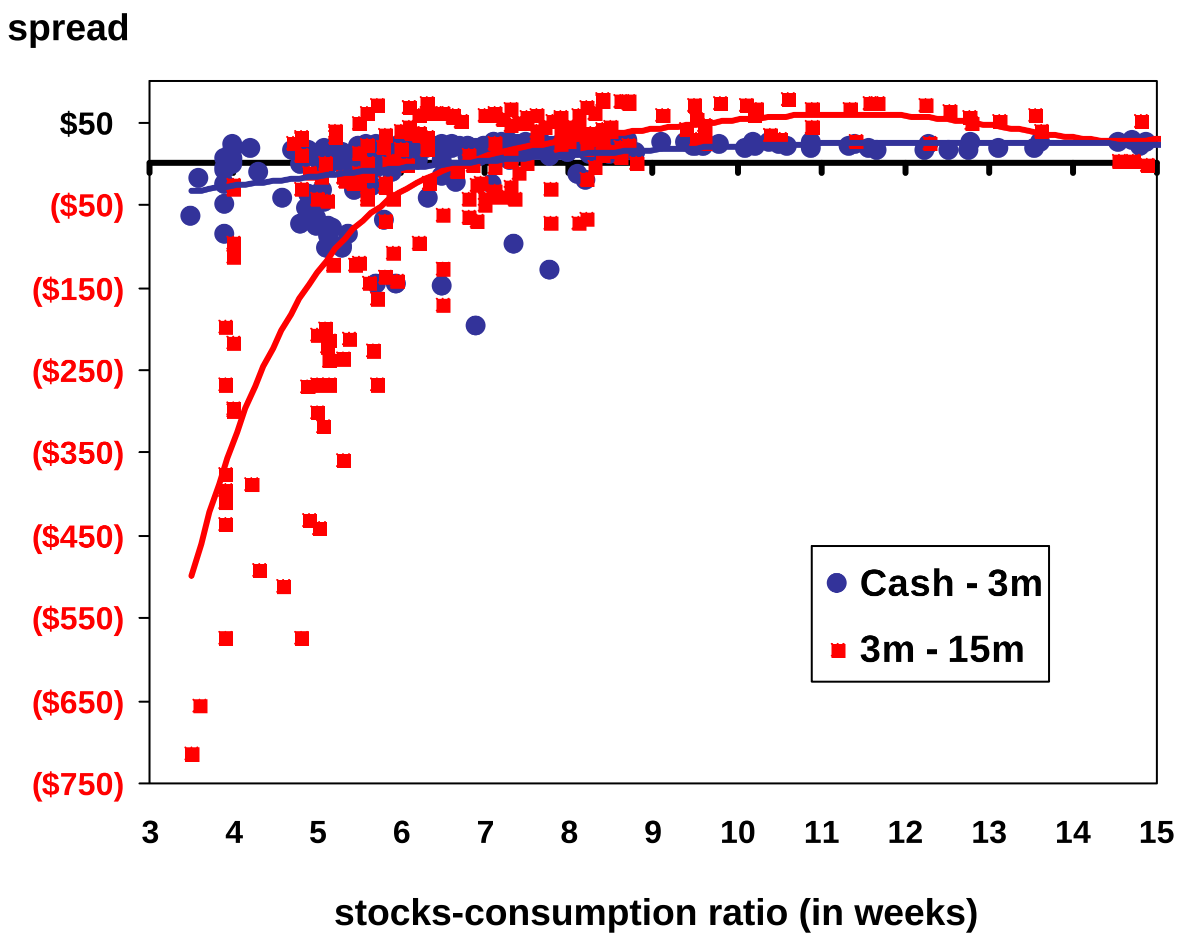
Zinc Stocks Ratio vs. Spread

low ratio, backwardations; high ratio, contangos

Current: 4 weeks
c-3m: $ 8 b
3-15m: $10 b

Equilibrium: 6 to 7 wks

Forecast wks use:
price:
…backwardations



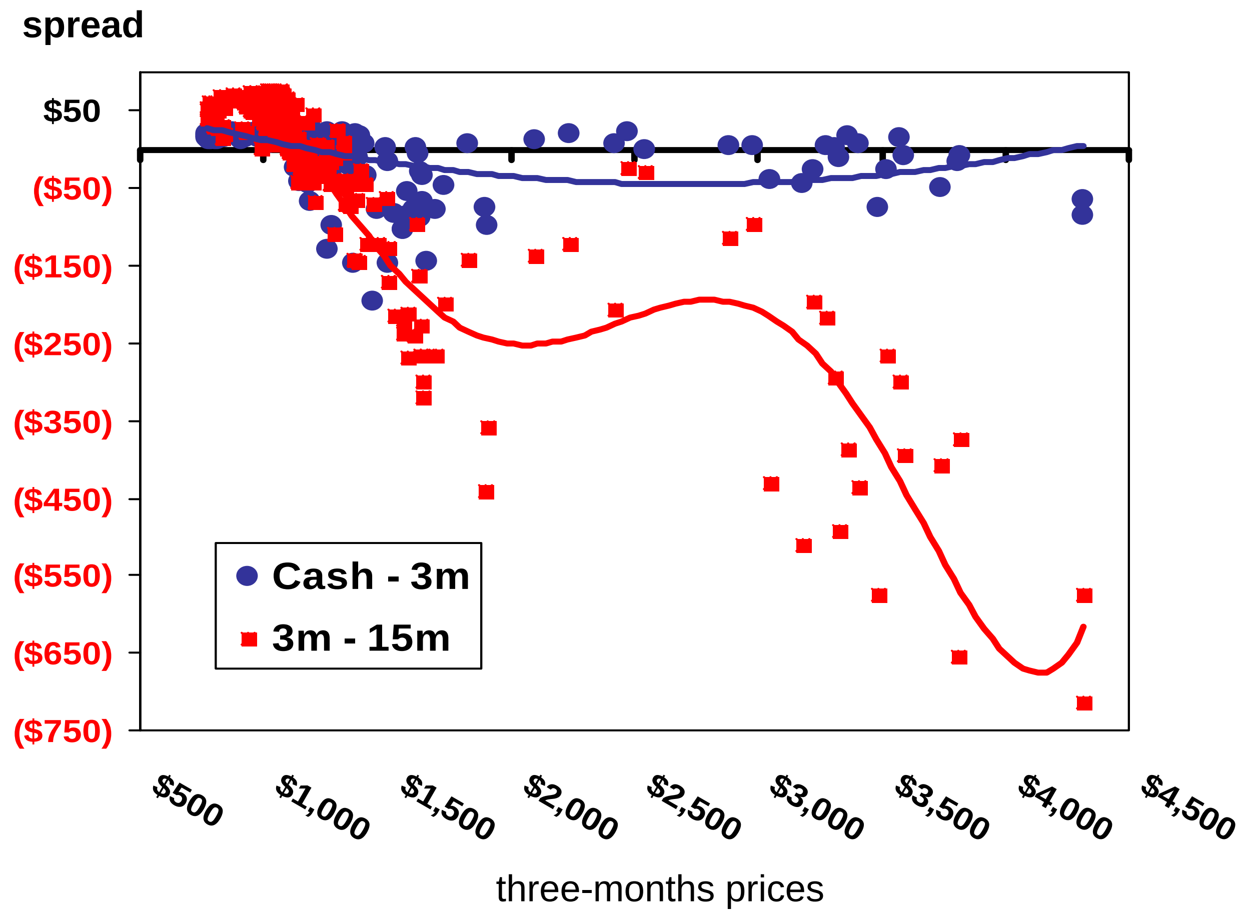
Zinc Spreads vs. 3 Months

high prices, backwardations; low prices, contangos

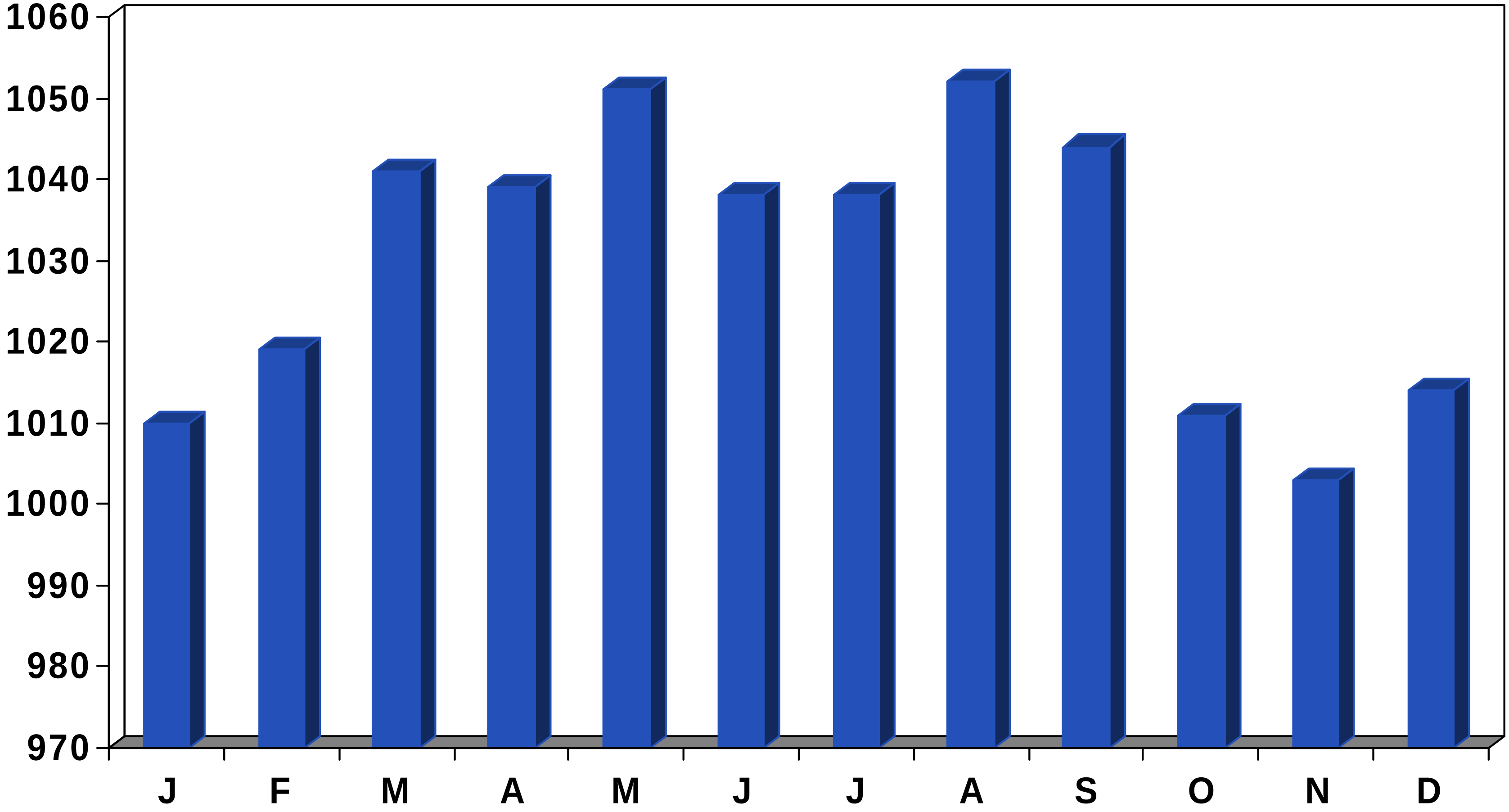
Current:
$2,560

c-3m: $8 b
3-15m: $10 b

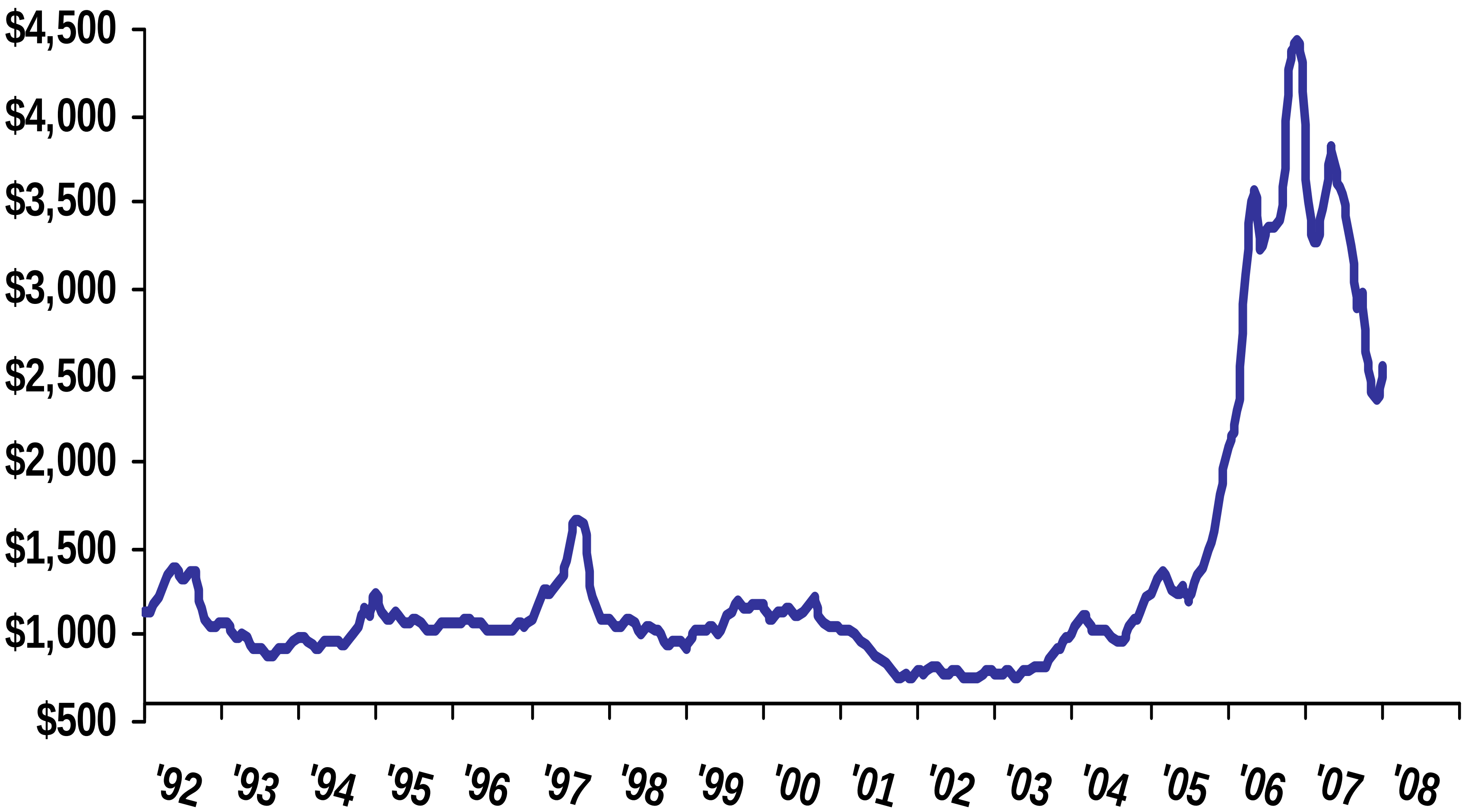
Equilibrium:
~$1,200



Zinc Price Seasonals



Zinc Price Outlook



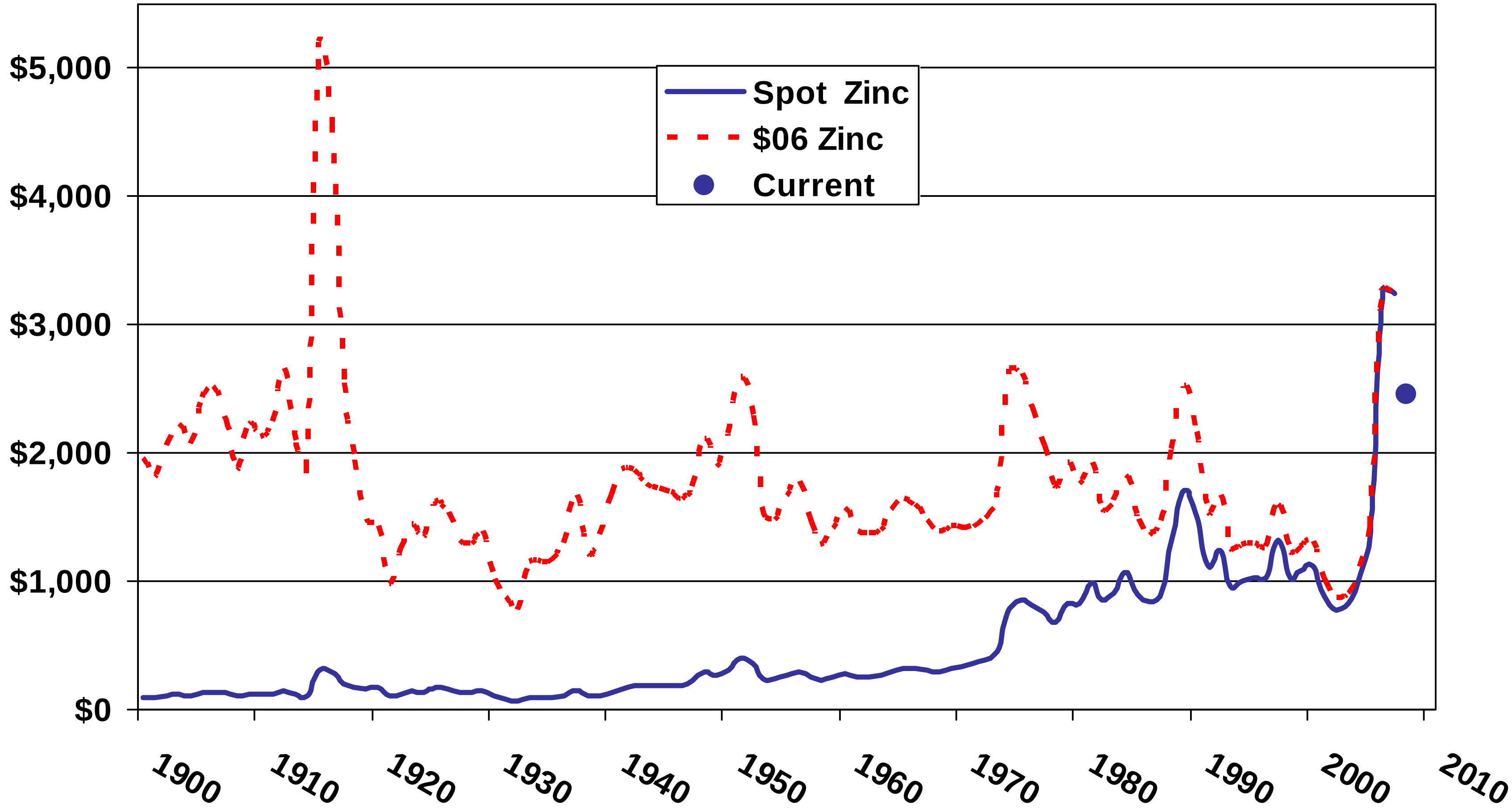
Zinc Outlook

- Zinc consumption stabilizes then firms in late 2008
- Significant primary capacity builds in 07 & 08
- Chinese exports rebound in 2006, to grow in 2007 & 2008 despite strong internal demand
- Inventories critically low, slight surplus in 2008,
- Stocks remain low
- Prices expected to remain firm

MF Global

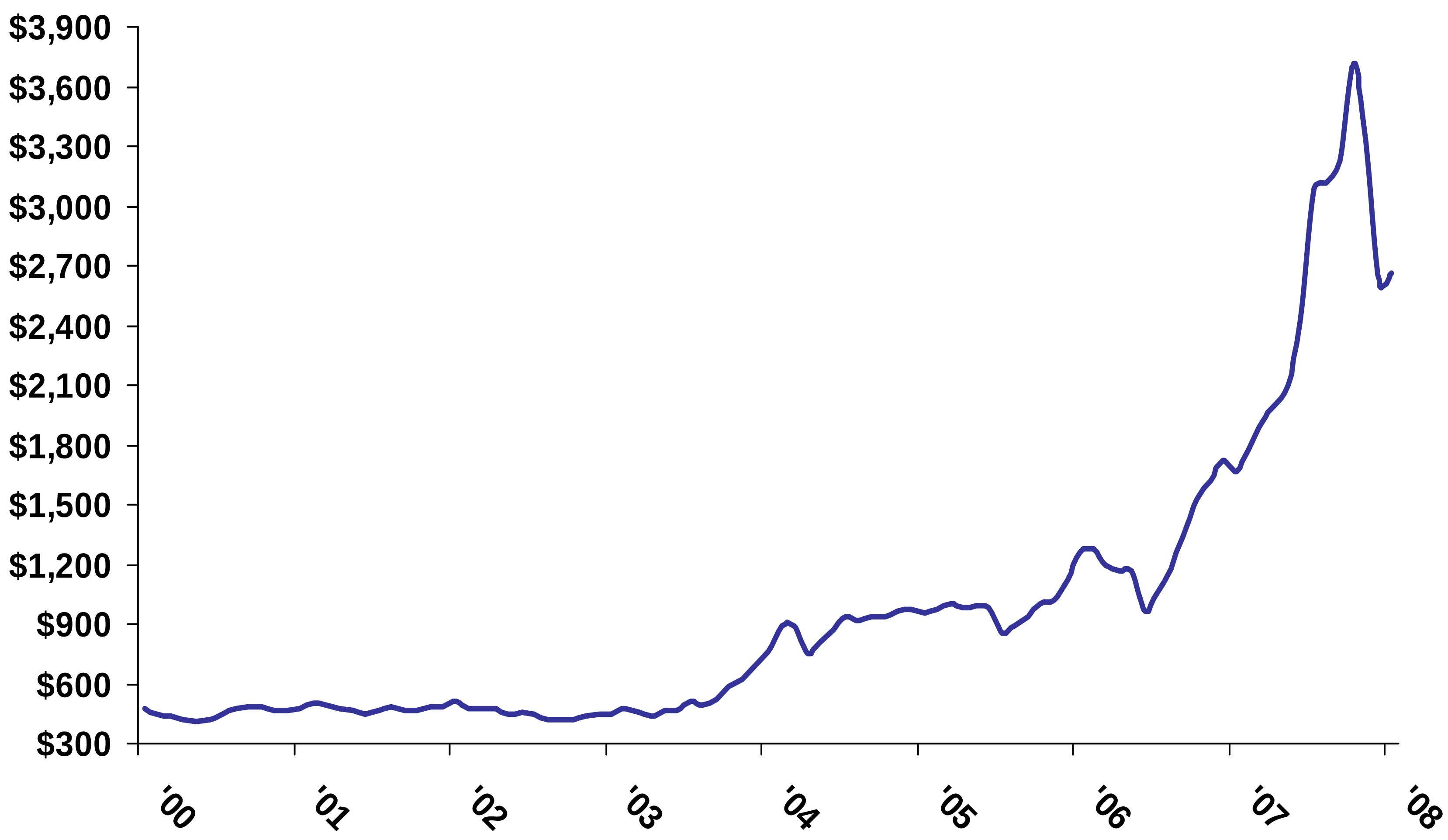
Zinc Prices, Spot & Deflated

Annual Averages, CPI/GNP Deflated



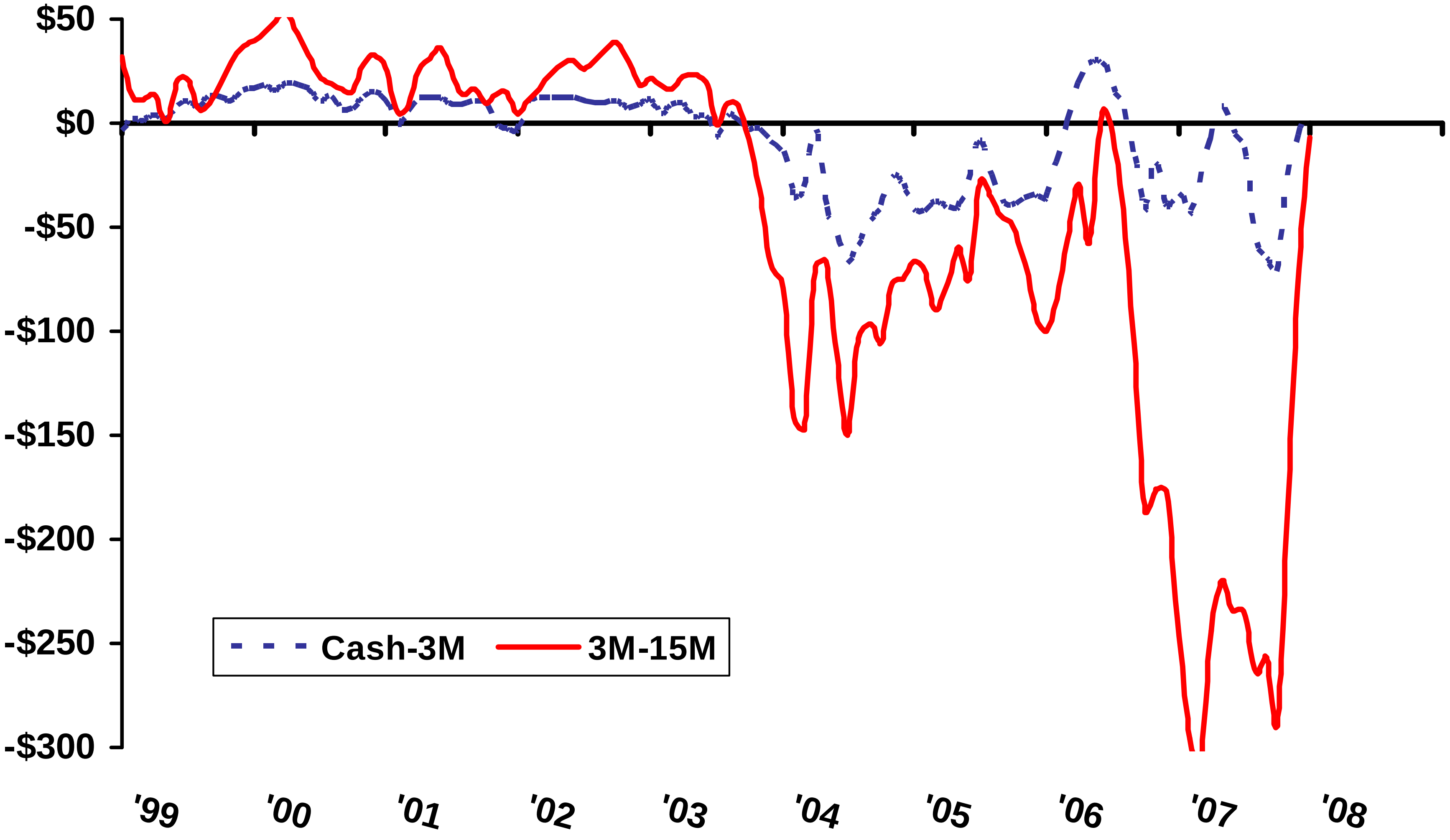
Lead Market Review

Lead, Price Review



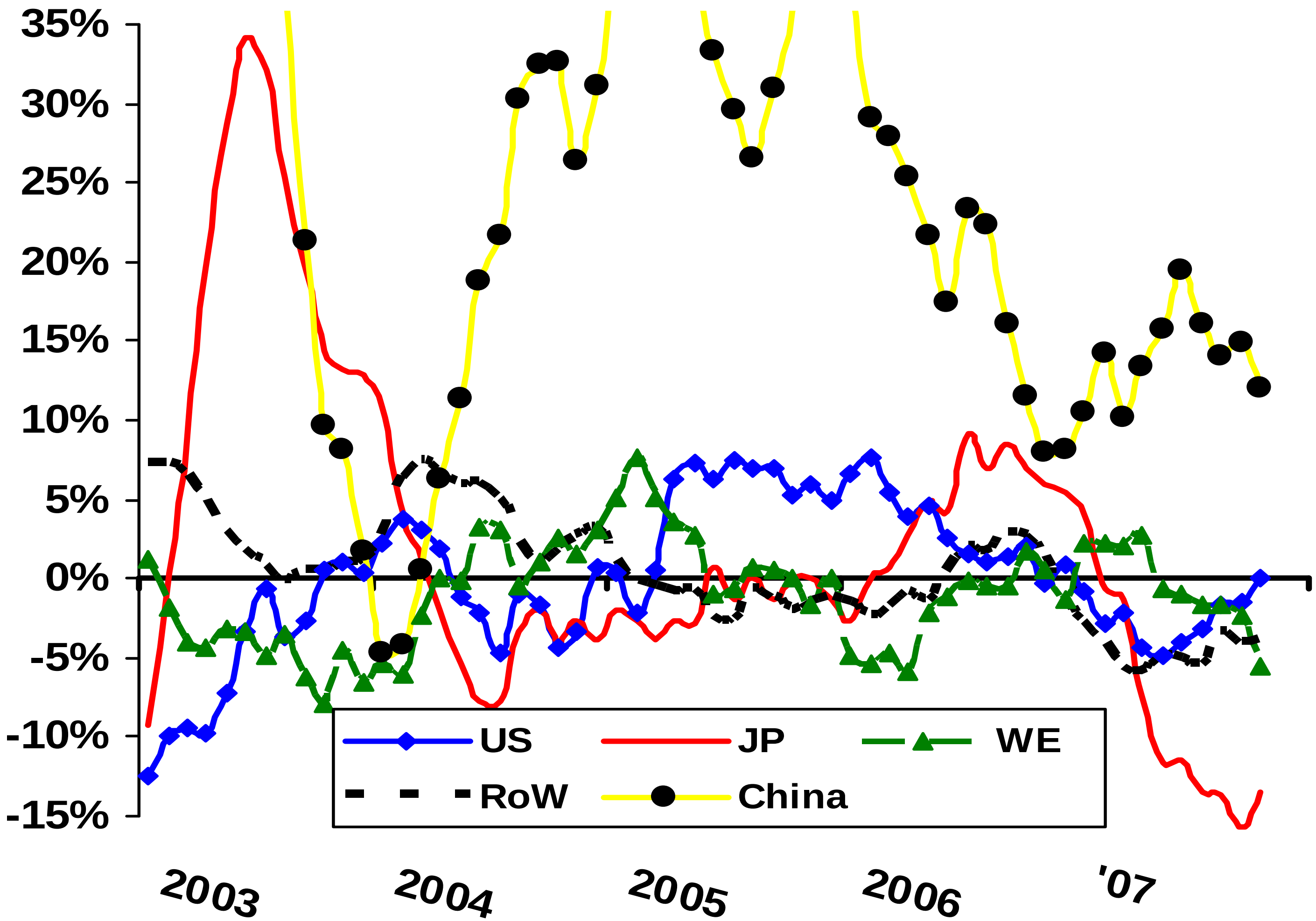
Lead Spreads

spreads tighten, then ease over last few months



Western World Lead Consumption Growth

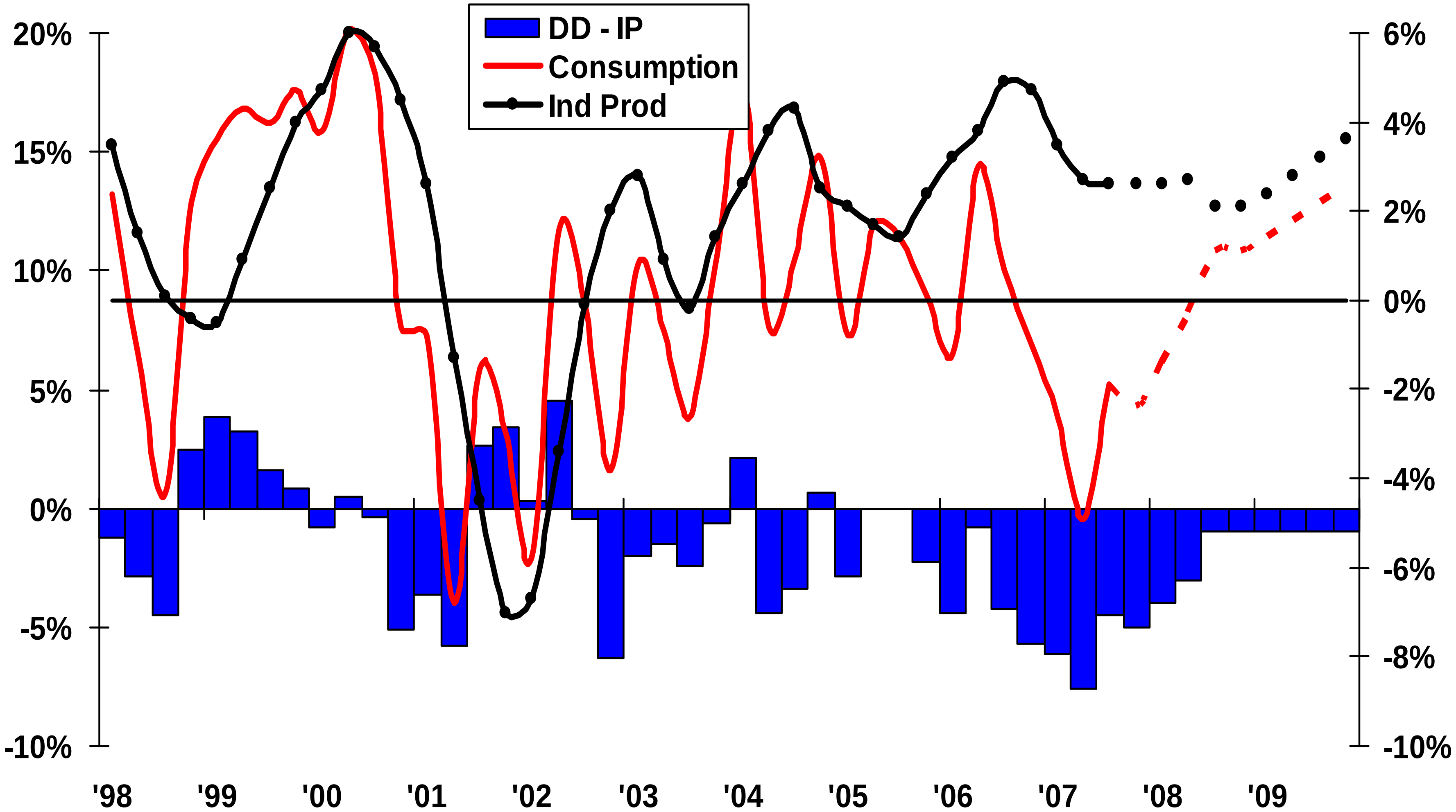
West weakens, China steady



MF Global

Lead Consumption vs. IP Growth

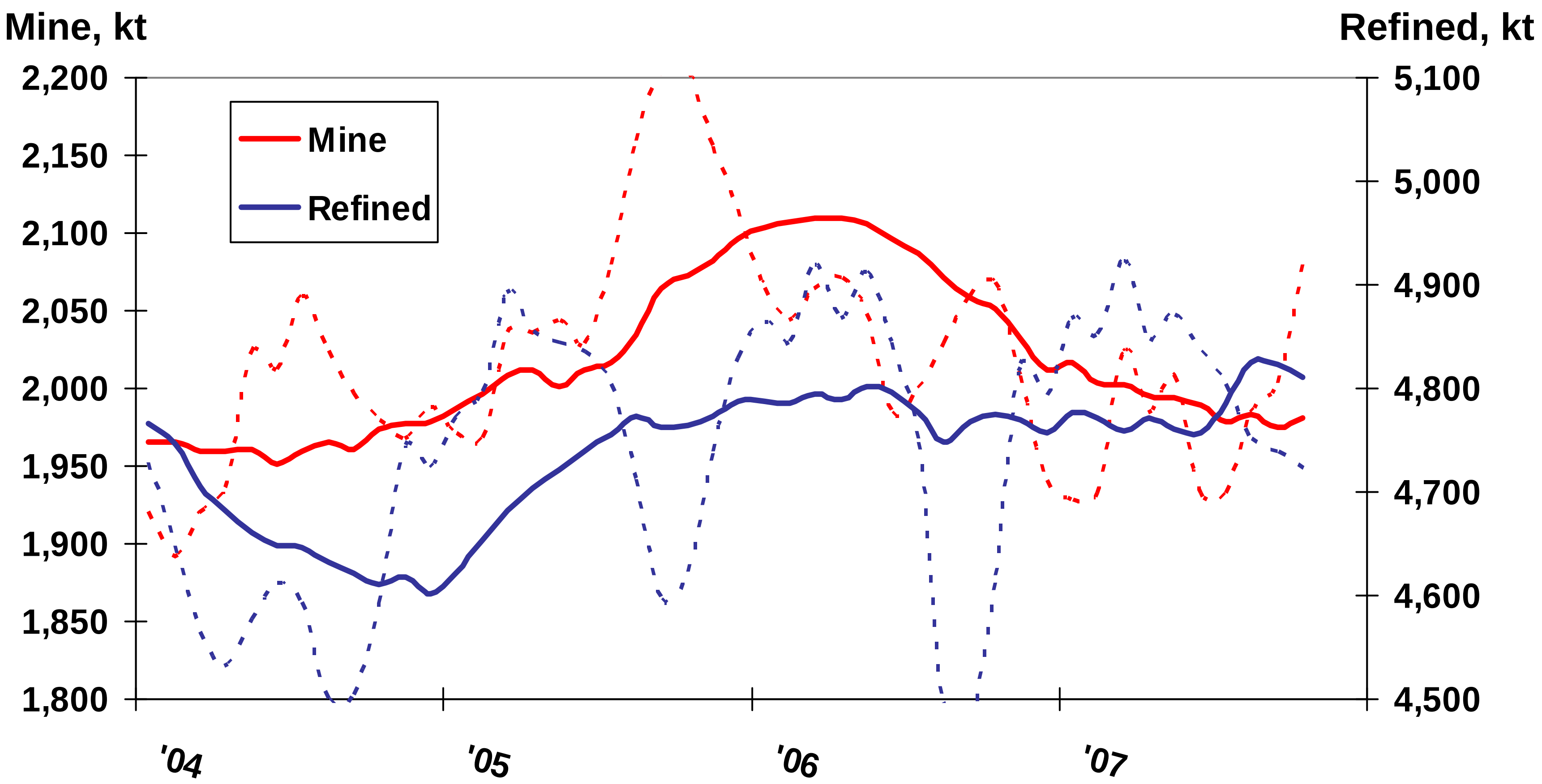
lead consumption slows then bolstered by econ rebound



MF Global

Lead Mine, Refined Output

mine production firms, refined eases



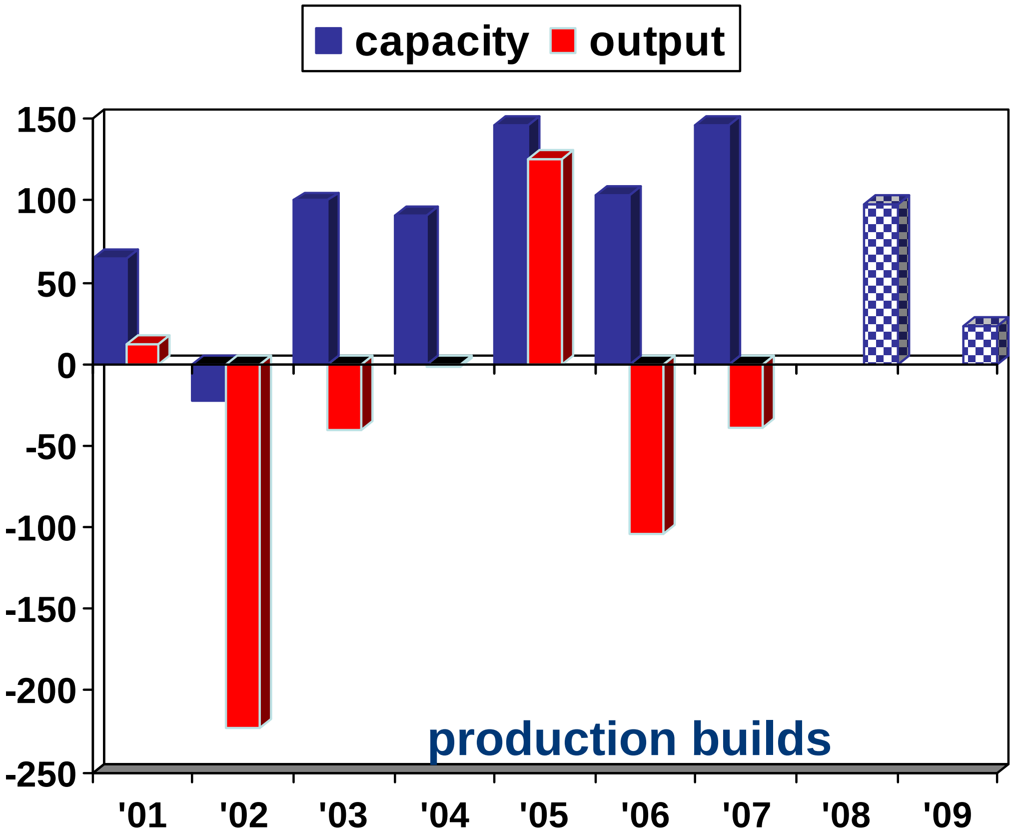
New/Expanded Lead Capacity, kt

production builds expected

- Australian Projects
  (Broken Hill, Cannington, Mt Isa, Magellan, George Fisher, Century)

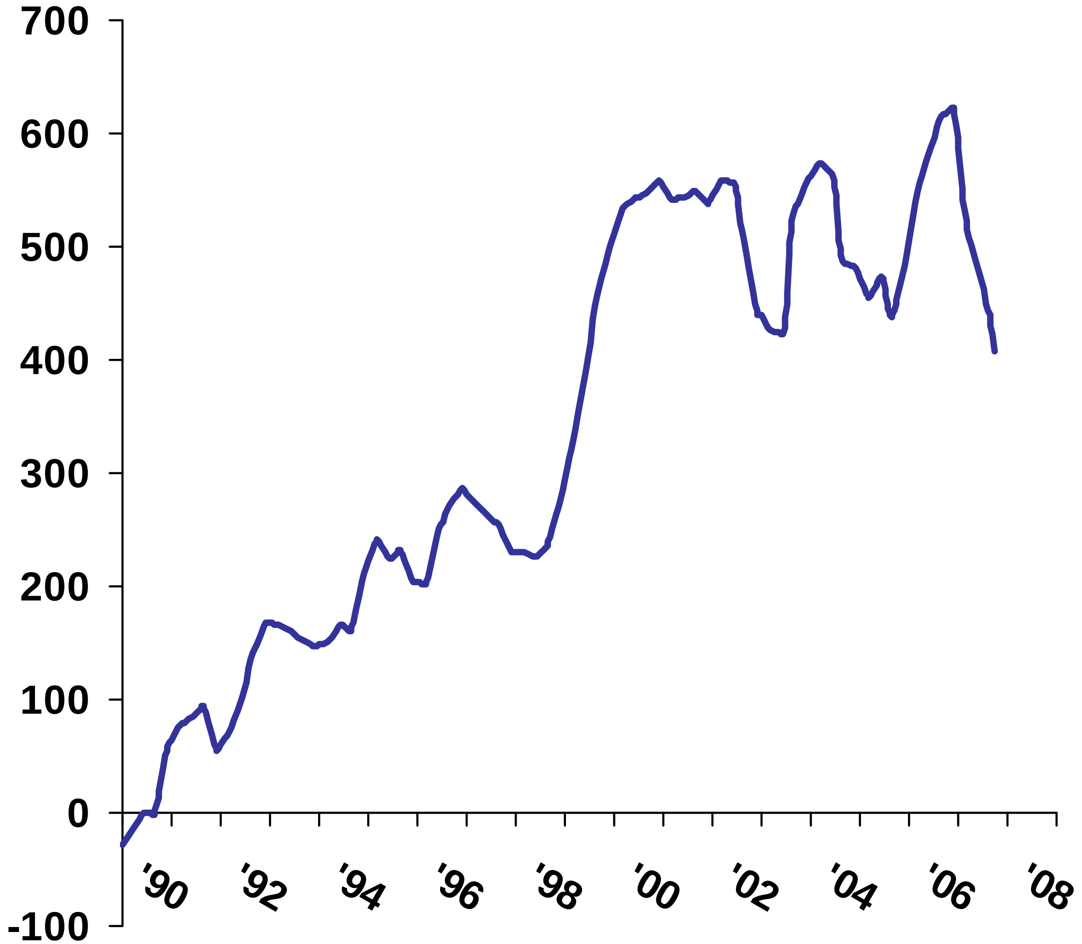
- Cominico Alaska's Red Dog Project

- Canadian Projects
  (Caribou, Brunswick & Faro)



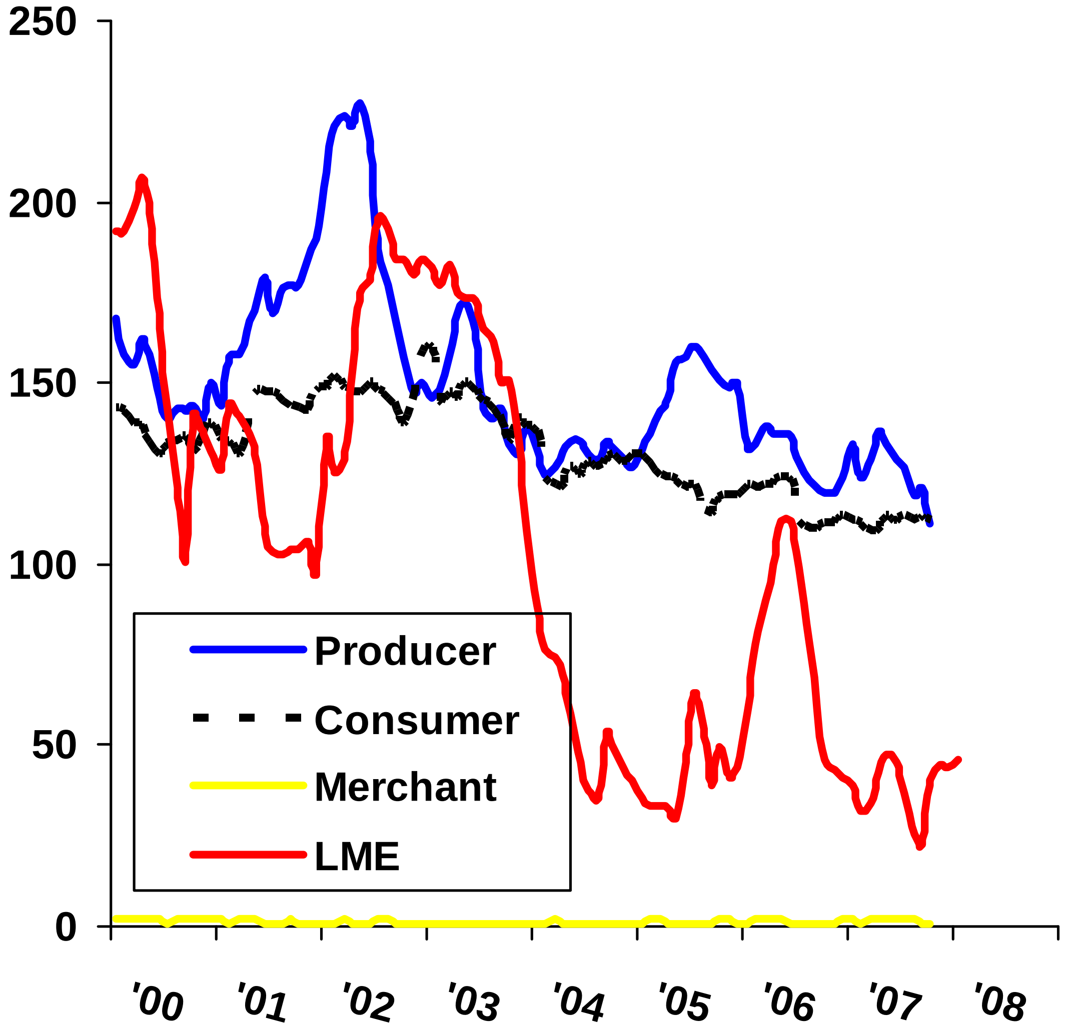
Net East to West Trade, Chinese Exports

- surge in 1990s,
- slowdown in 2000s,
- steady



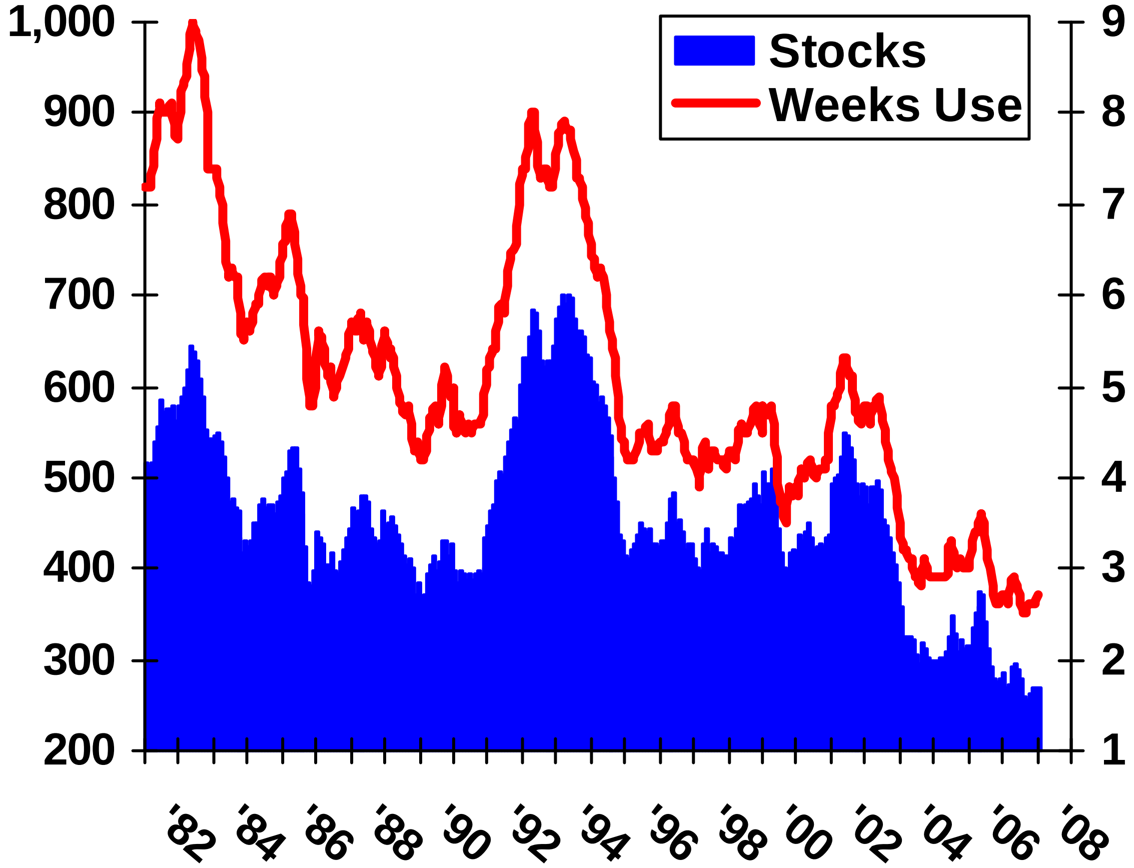
Lead Inventories, *… recent declines*

- LME stocks fall
- producer declines, consumer well managed



Lead Stocks and Weeks Usage

- stocks-use ratio drops to 2.7 weeks
- stocks critically low



Lead Supply-Demand Outlook

	2003	2004	2005	2006	2007	2008	2009
Consumption	5,315	5,425	5,456	5,475	5,313	5,320	5,426
	-0.4%	**2.1%**	**0.6%**	**0.3%**	**-3.0%**	**0.1%**	**2.0%**
Mine	*1,980*	*1,979*	*2,105*	*2,012*	*1,973*	*2,071*	*2,105*
Refined	*4,781*	*4,601*	*4,788*	*4,758*	*4,810*	*4,972*	*5,107*
E-W Trade	*557*	*481*	*483*	*623*	*353*	*248*	*208*
Supply	*5,399*	*5,138*	*5,307*	*5,400*	*5,163*	*5,220*	*5,315*
		-4.8%	***3.3%***	***1.8%***	***-4.4%***	***1.1%***	***1.8%***
Balance	**-76**	**-109**	**4**	**-23**	**-12**	**28**	**4**
Stocks	407	299	303	280	268	296	300
Weeks Use	**4.0**	**2.9**	**2.9**	**2.7**	**2.6**	**2.9**	**2.9**

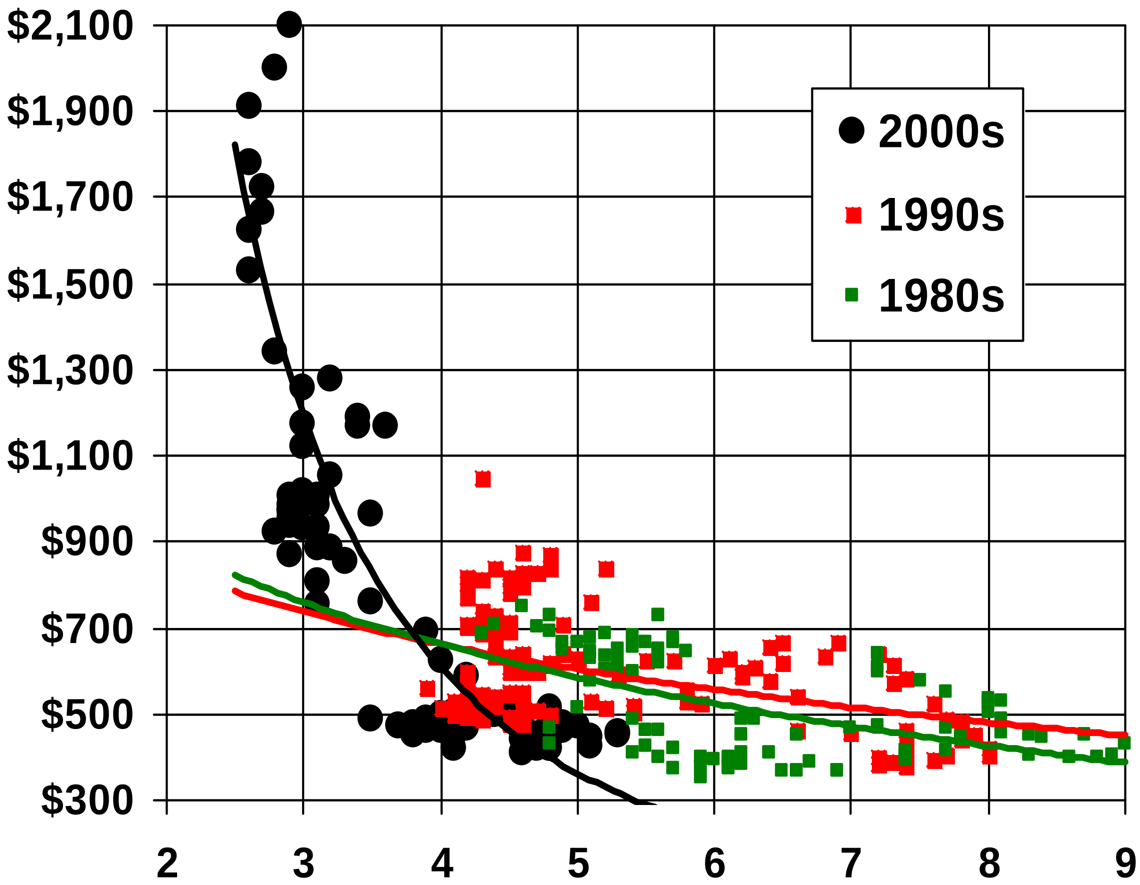
Lead Supply-Demand Outlook

	07Q4	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4
Consumption	1,335	1,315	1,326	1,328	1,350	1,334	1,350	1,357	1,385
	-2.4%	**-1.4%**	**-0.3%**	**1.1%**	**1.1%**	**1.4%**	**1.8%**	**2.2%**	**2.6%**
Mine	*483*	*535*	*510*	*522*	*504*	*549*	*519*	*527*	*509*
Refined	*1,185*	*1,262*	*1,248*	*1,231*	*1,231*	*1,308*	*1,285*	*1,260*	*1,254*
E-W Trade	*72*	*67*	*62*	*62*	*57*	*57*	*52*	*52*	*47*
Supply	*1,257*	*1,329*	*1,310*	*1,293*	*1,288*	*1,365*	*1,337*	*1,312*	*1,301*
	-7.0%	***2.2%***	***-2.8%***	***2.8%***	***2.5%***	***2.7%***	***2.1%***	***1.5%***	***1.0%***
Balance	**10**	**33**	**3**	**21**	**-29**	**51**	**-2**	**0**	**-44**
Stocks	268	301	304	325	296	347	344	344	300
Weeks Use	**2.6**	**3.0**	**3.0**	**3.2**	**2.9**	**3.3**	**3.3**	**3.3**	**2.9**

Lead Stocks Ratio vs Price

stocks below equilibrium, moderate surplus forecast

- Current:
  - 2.7 weeks
  - $2,665/tonne
- Equilibrium
  - 5 to 6 wks
- Forecast
  - 2.9 to 3.4 wks



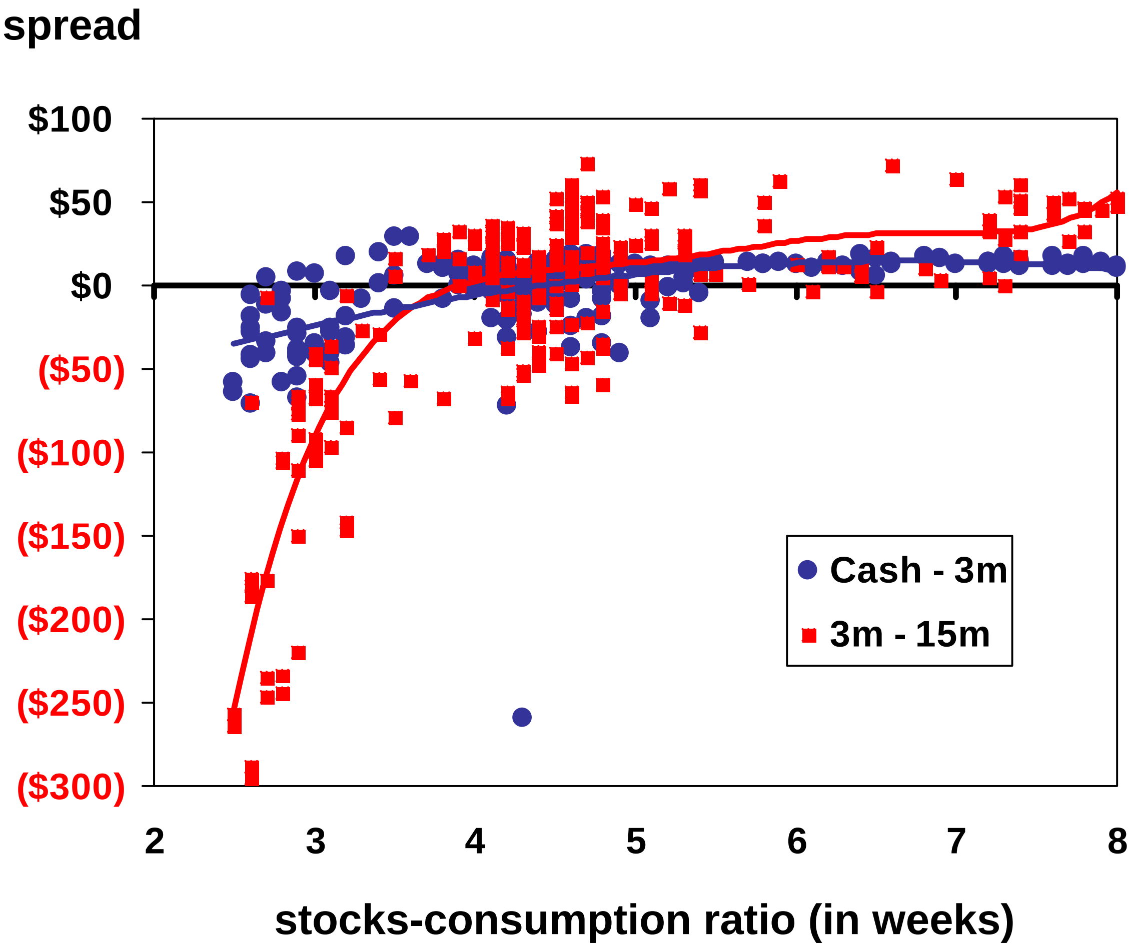
Lead Stocks Ratio vs Spread

low ratio, backwardations; high ratio, contangos

Current: 2.7 weeks
c-3m: $5c
3-15m: $7b

Equilibrium: 4 to 5 wks

Forecast wks use:
price:
…backwardation



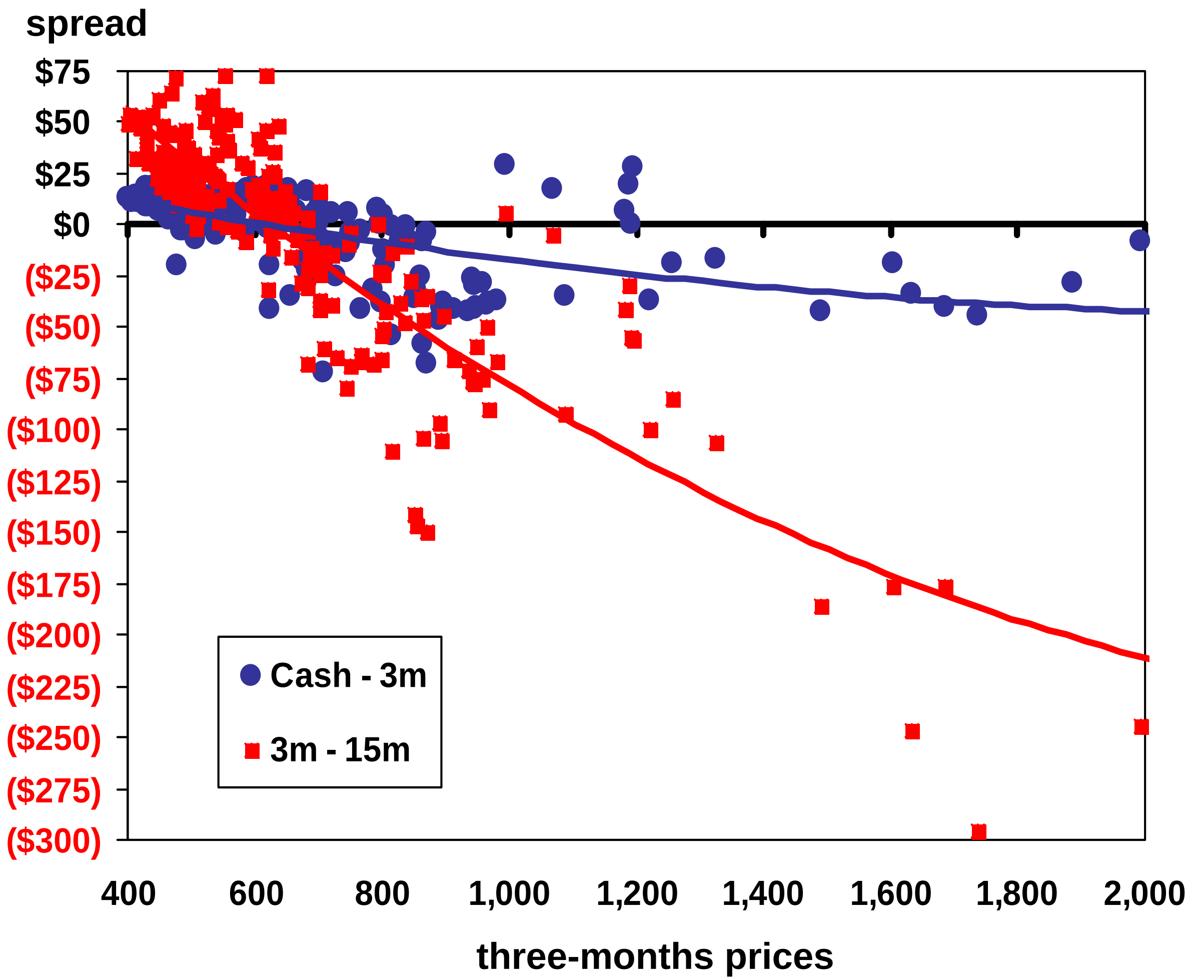
Lead Spreads vs 3 Months

high prices, backwardations; low prices, contangos

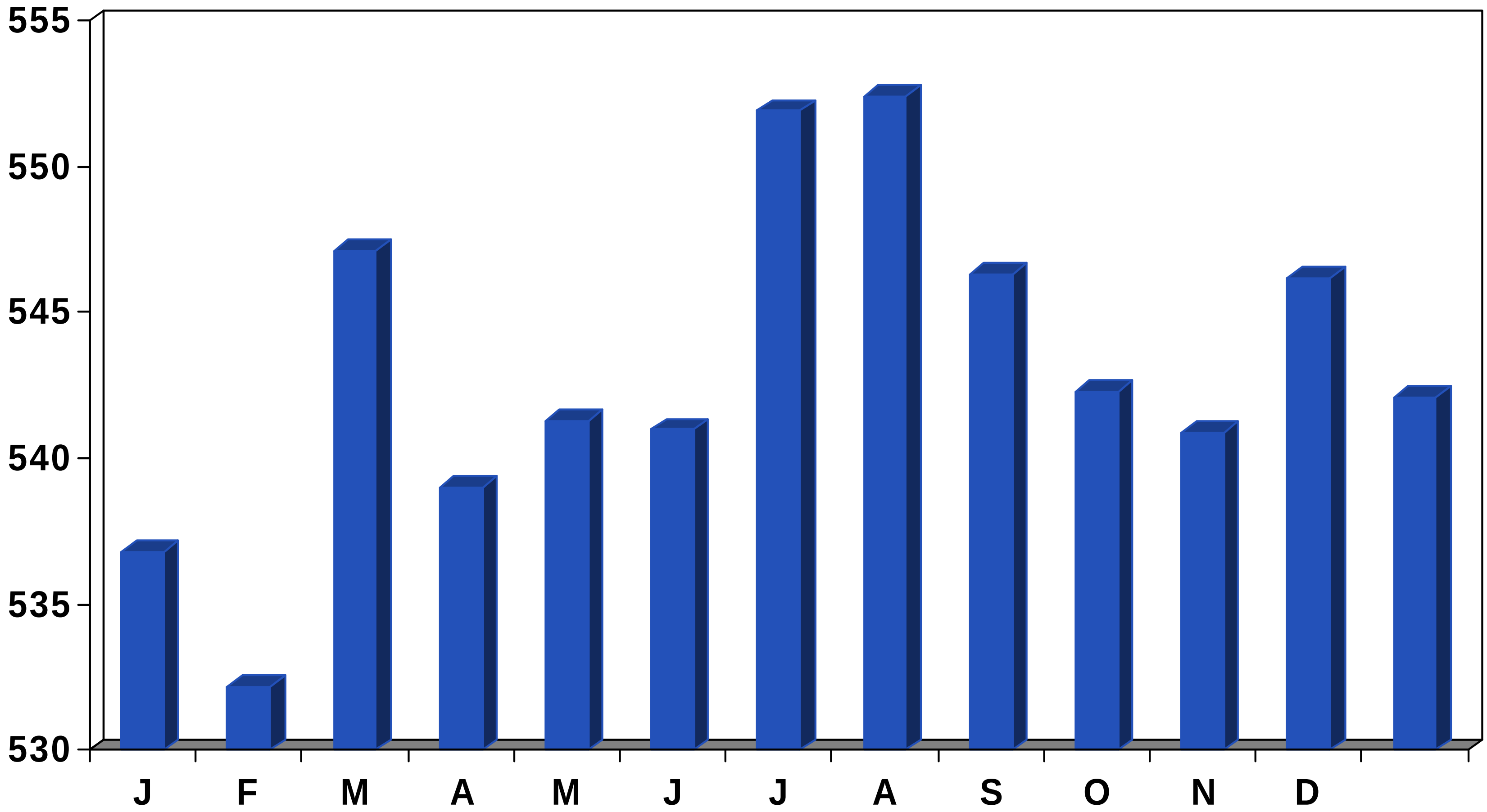
Current:
$2,665

c-3m: $5c
3-15m: $7b

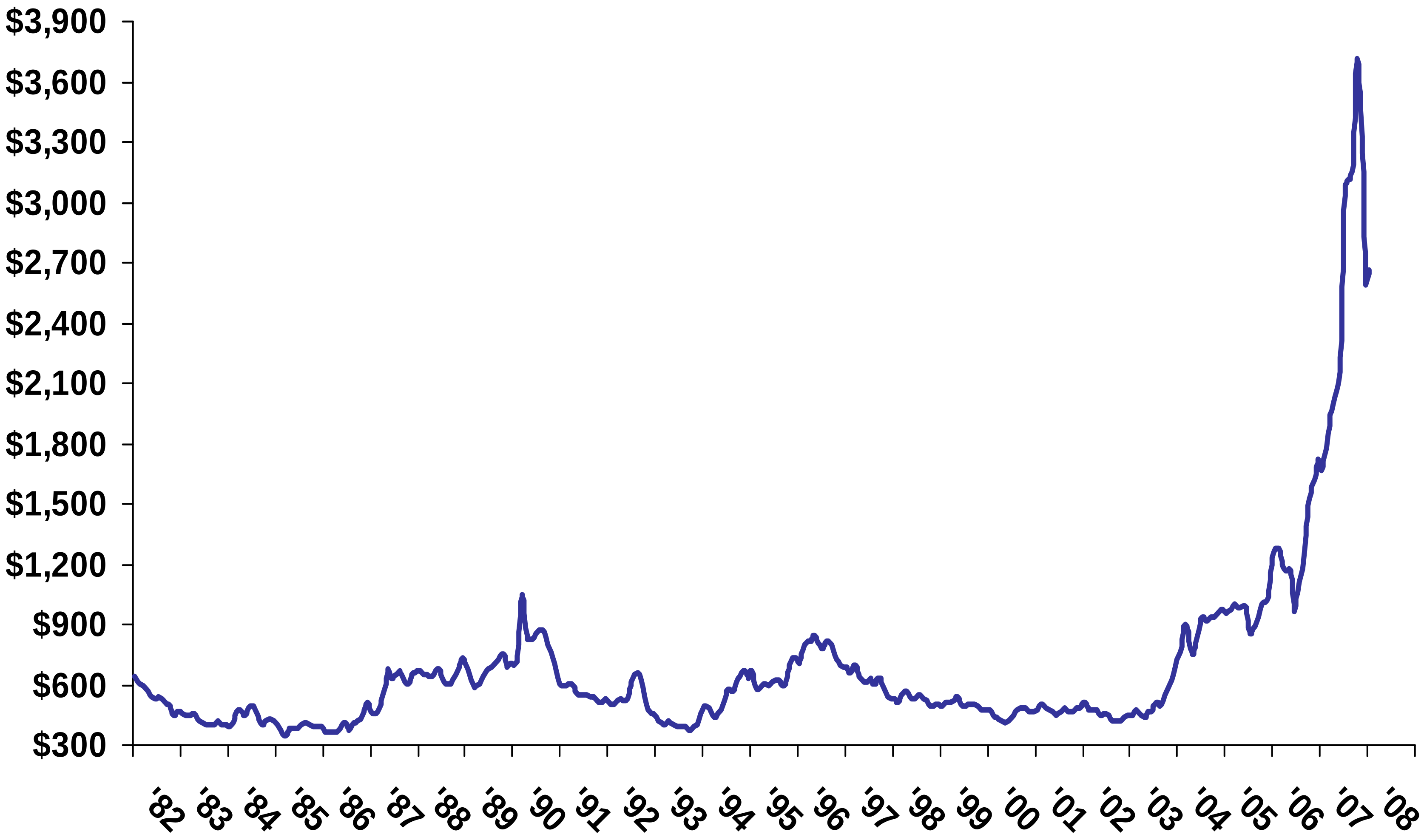
Equilibrium:
~ $650



Lead Price Seasonals



Lead, Long Term Prices

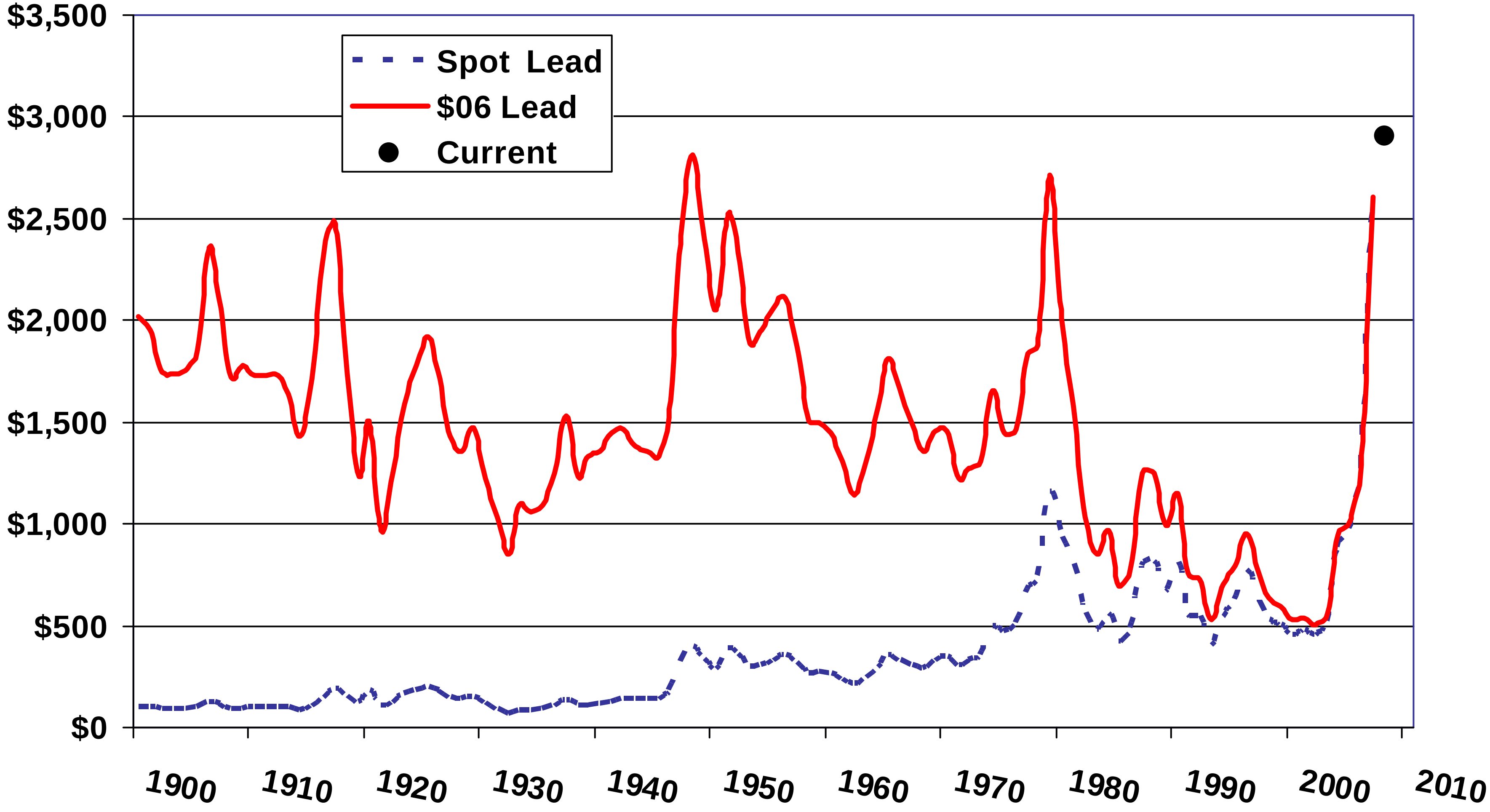


Lead Outlook

- Lead consumption slow with economy, rebound in late 2008 expected
- Significant primary capacity builds in 2007 and 2008
- Chinese exports high in 2006, to grow in 2007 and 2008 despite strong internal demand
- Inventories critically low, balance market in 2007, moderate surplus in 2008; but stocks remain low
- Prices overbought, market in relative balance, but inventories low. Prices expected to weaken, then stabilize in 2008

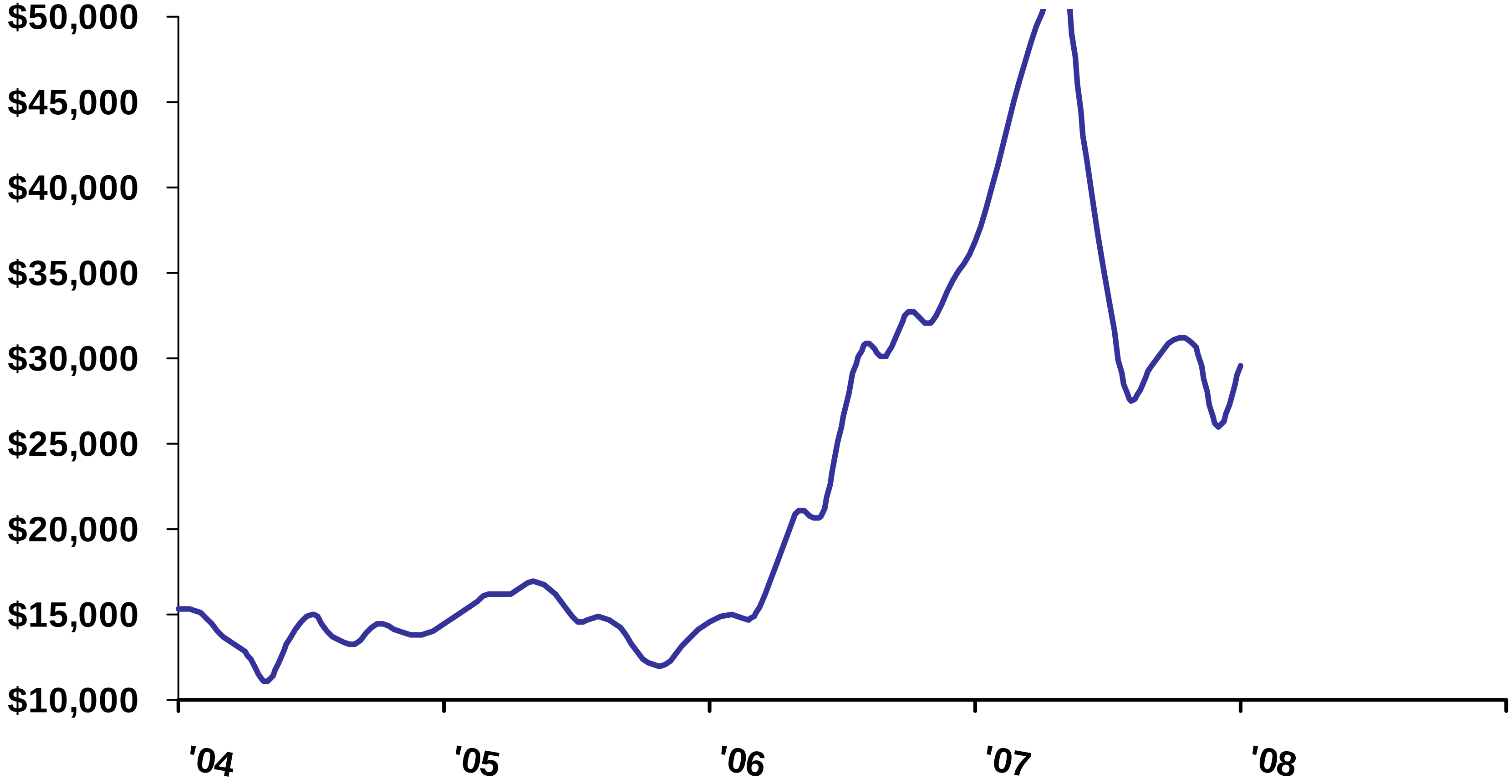
Lead Prices, Spot & Deflated

Annual Averages, CPI/GNP Deflated



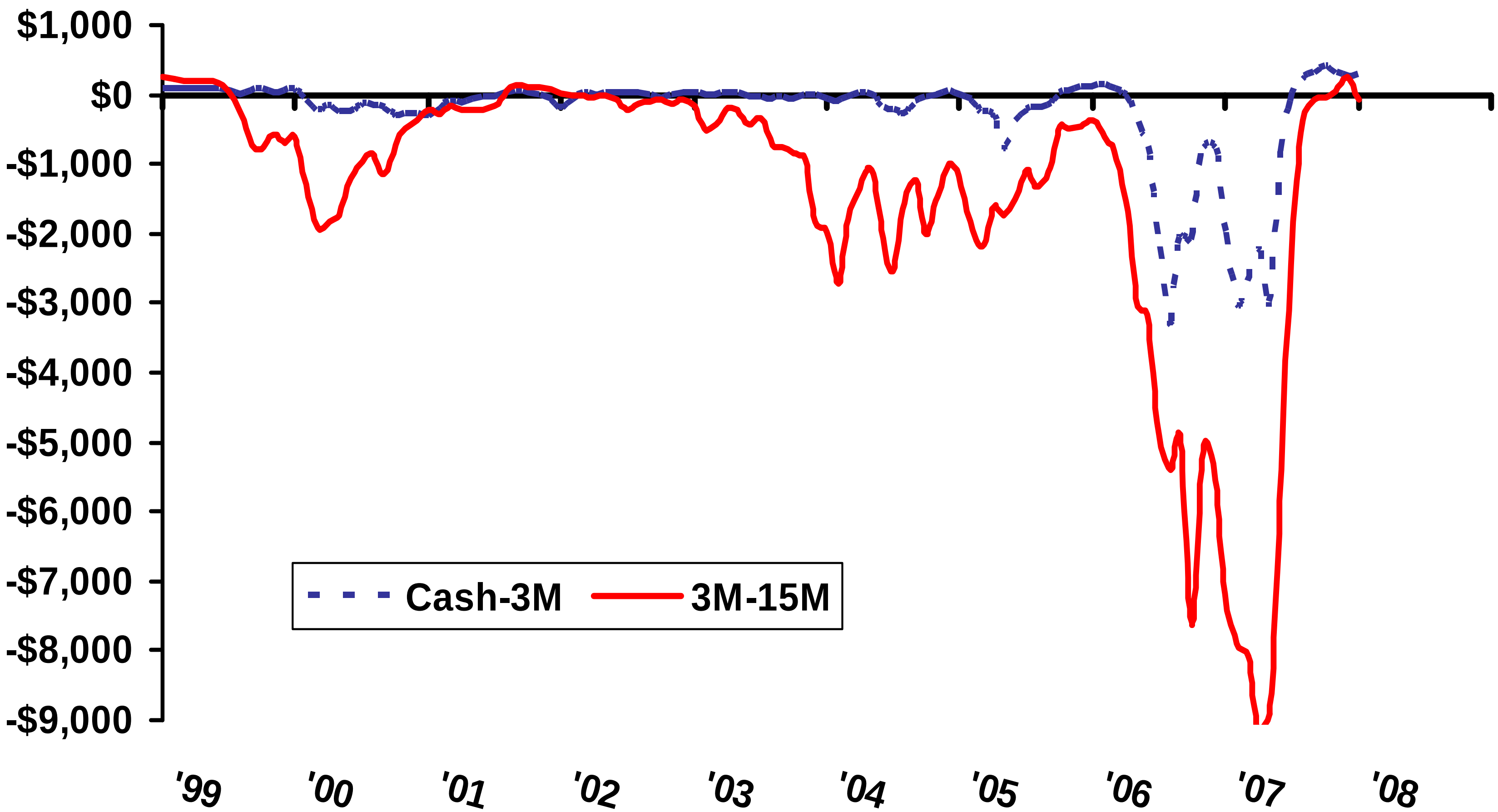
Nickel Market Review

Nickel Prices



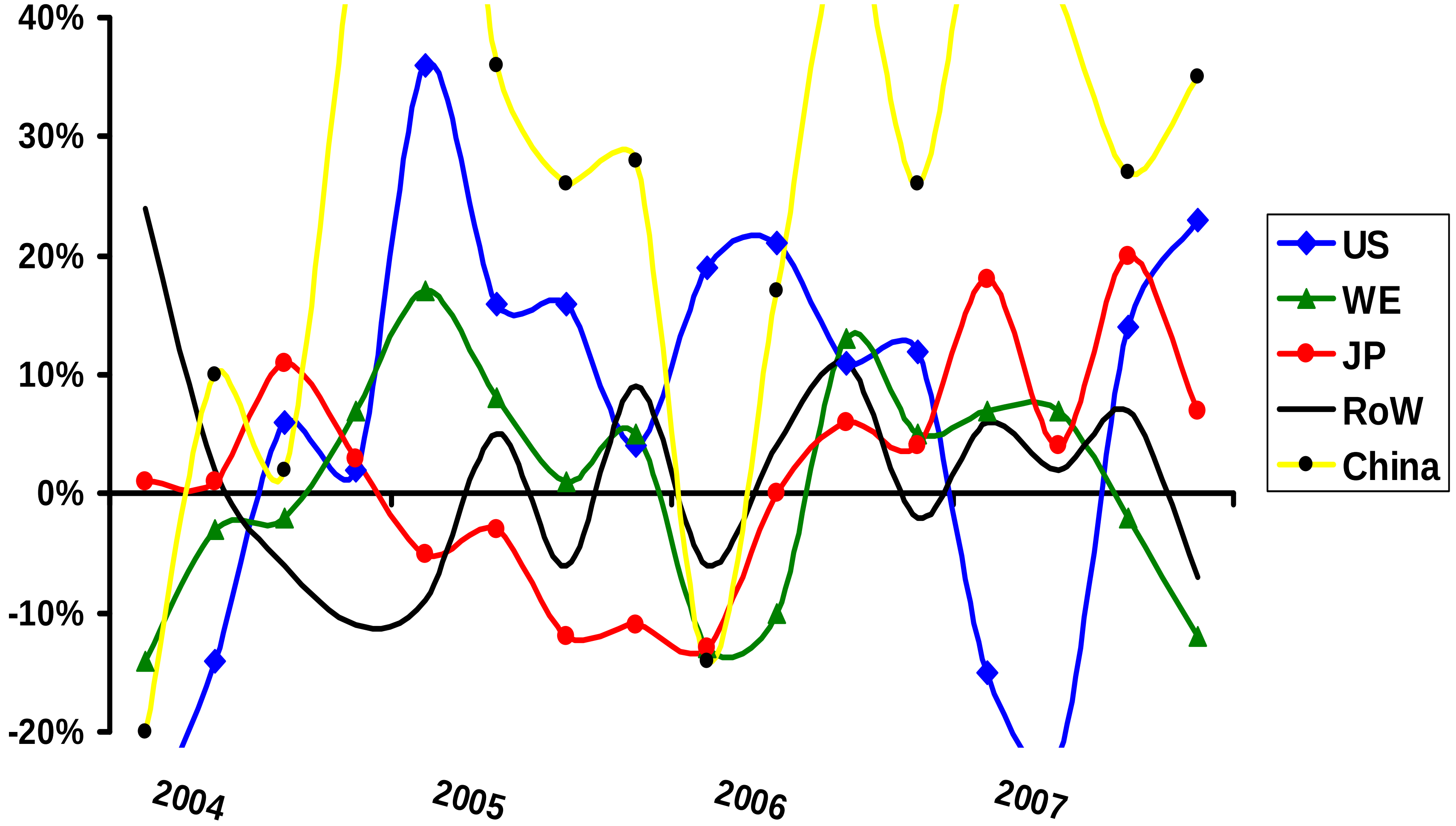
Nickel Spreads

spreads tighten over last few years, then collapse



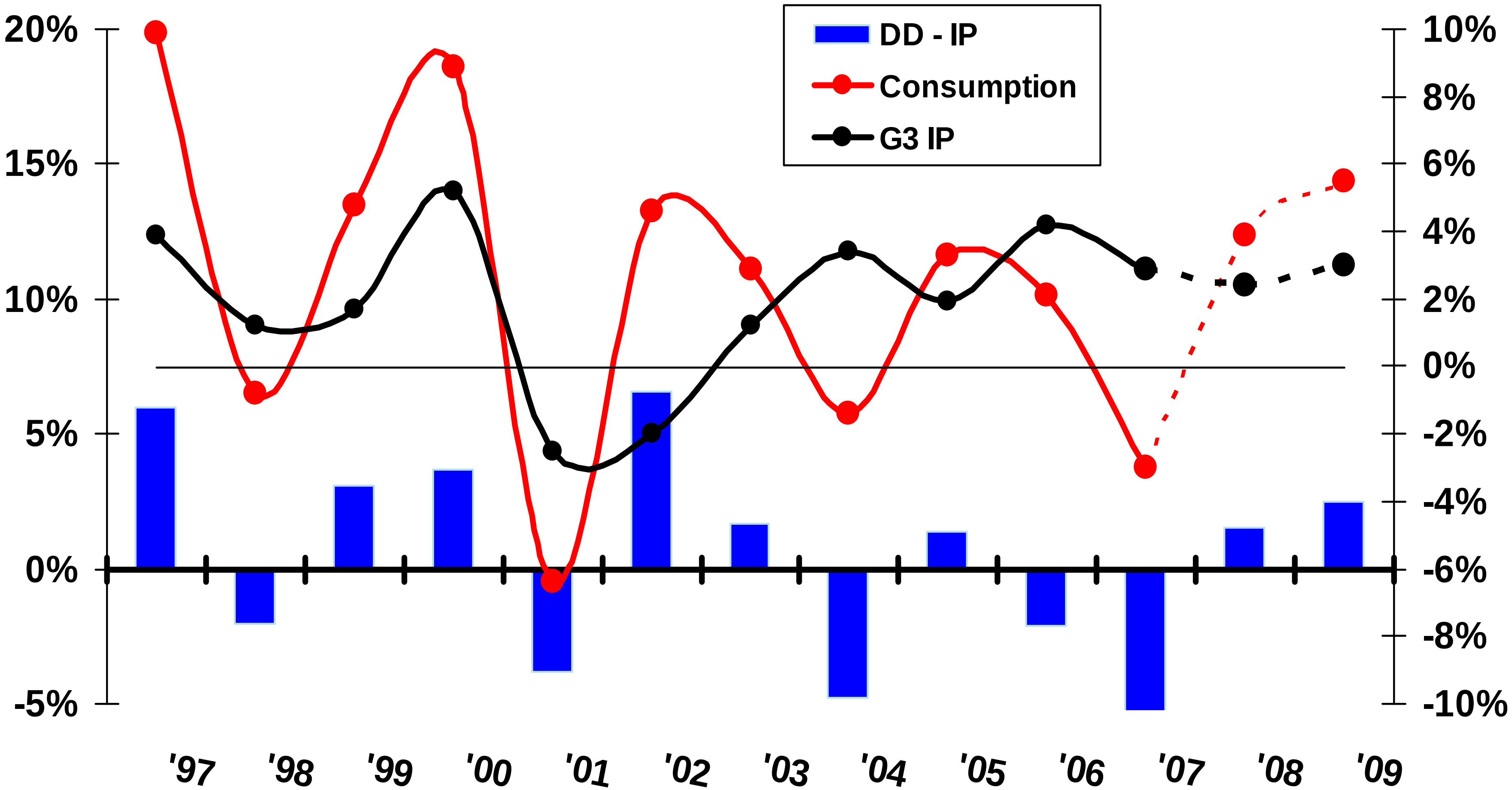
MF Global

Consumption Growth: firming except Europe and RoW



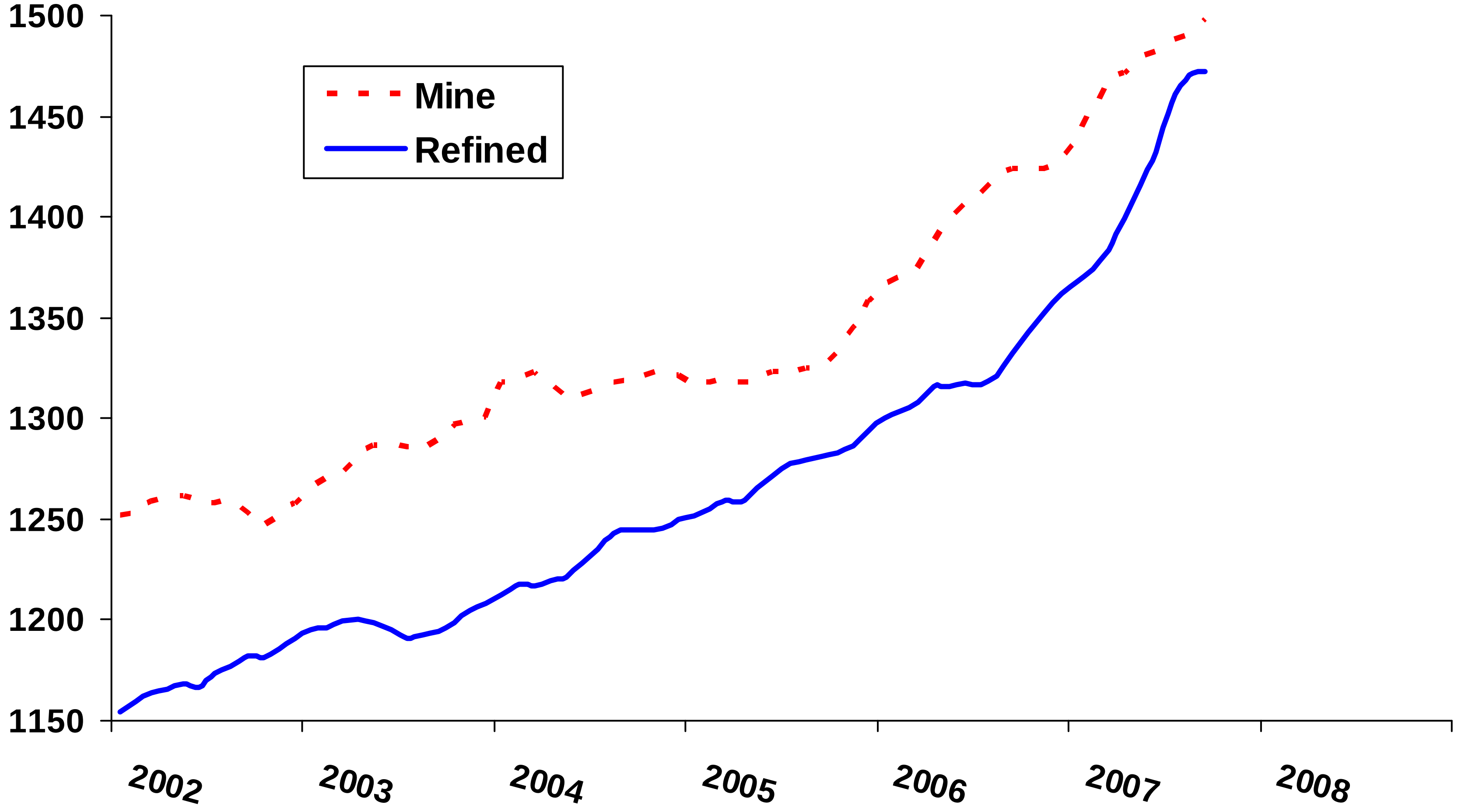
Nickel Consumption vs. IP Growth

nickel consumption softens but to be supported by economic recovery



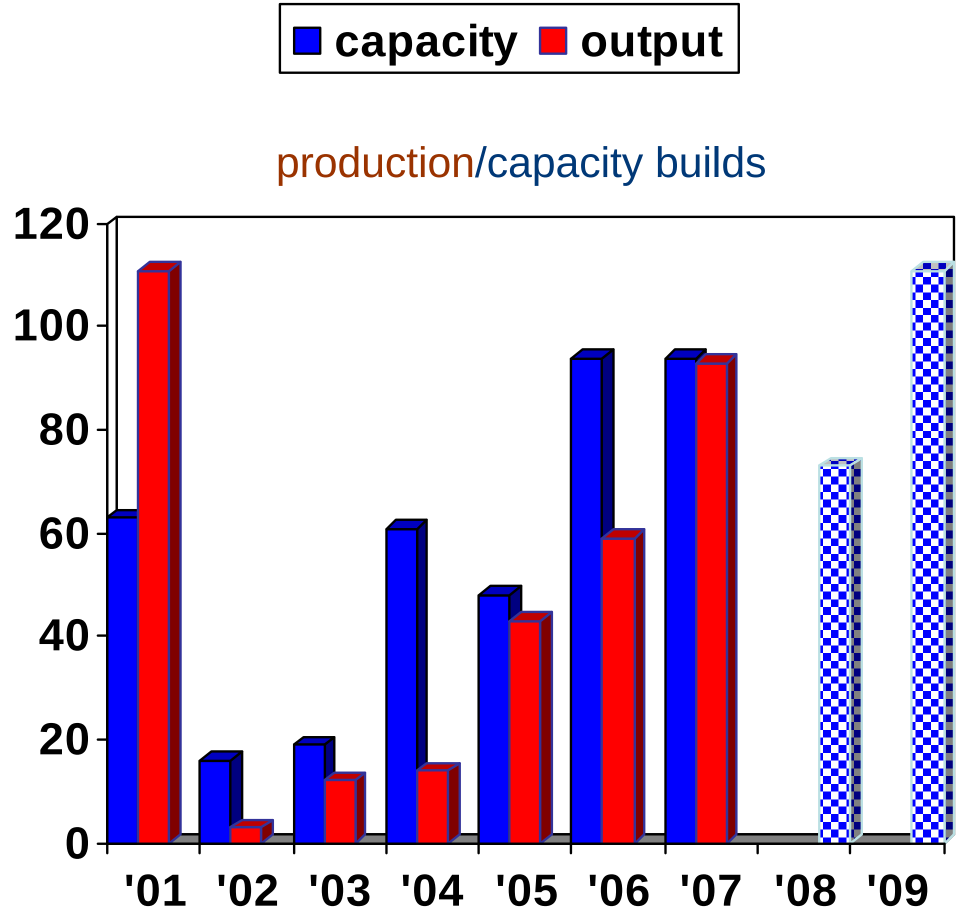
Primary and Refined Output

primary production builds in ’06/’07



New/Expanded Nickel Capacity, kt

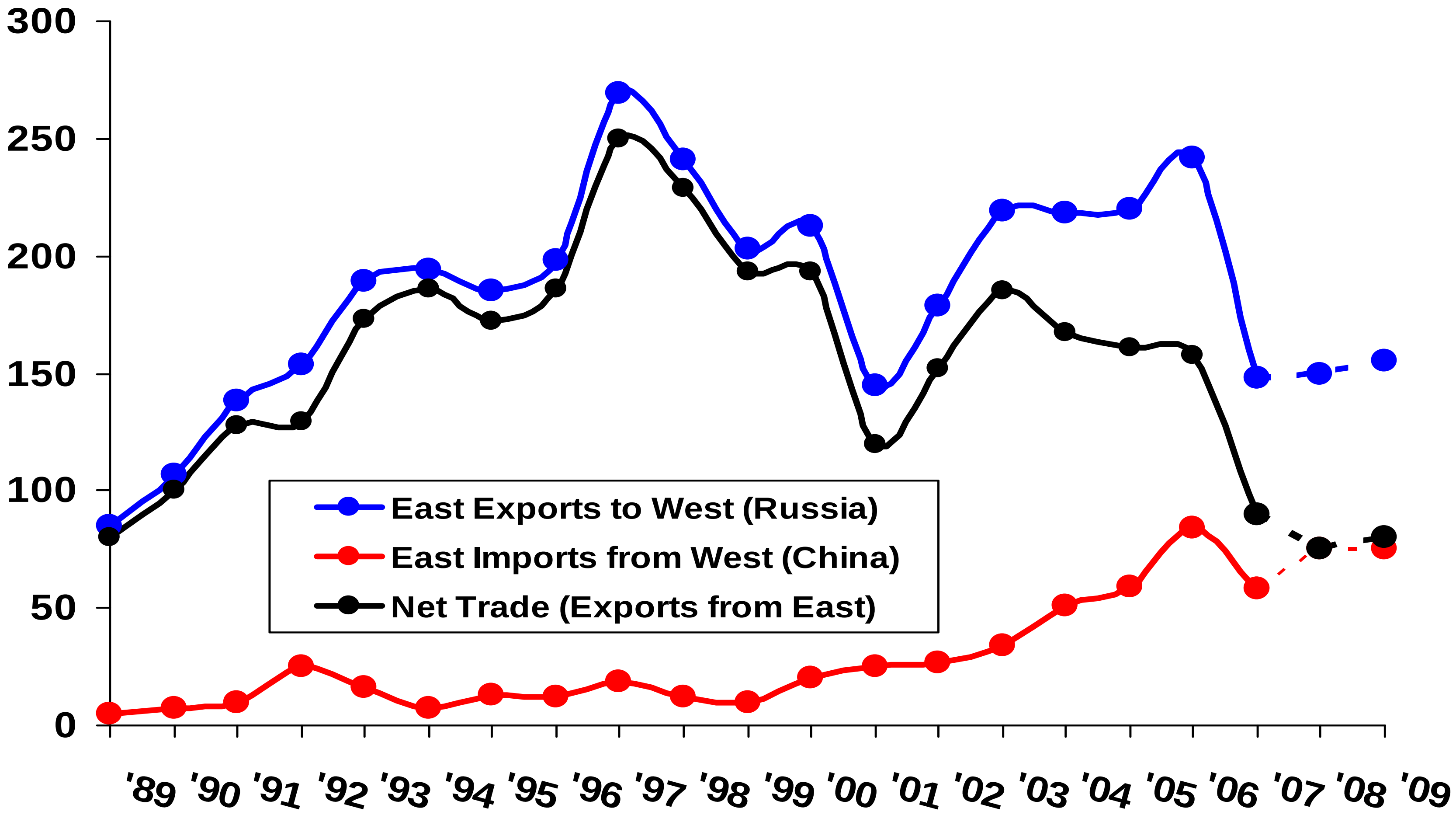
- **Australian Projects** (Honeymoon Well, Mt Keith, Murrin, Leinster)
- **Inco's Indonesian Project** (Soroako)
- **Billton's Columbian Project** (Doniambo)
- **Canada Projects** (Sheritt, Sudbury, Manitoba, Raglan)
- **New Caledonia Projects** (Eramet-SLN)



MF Global

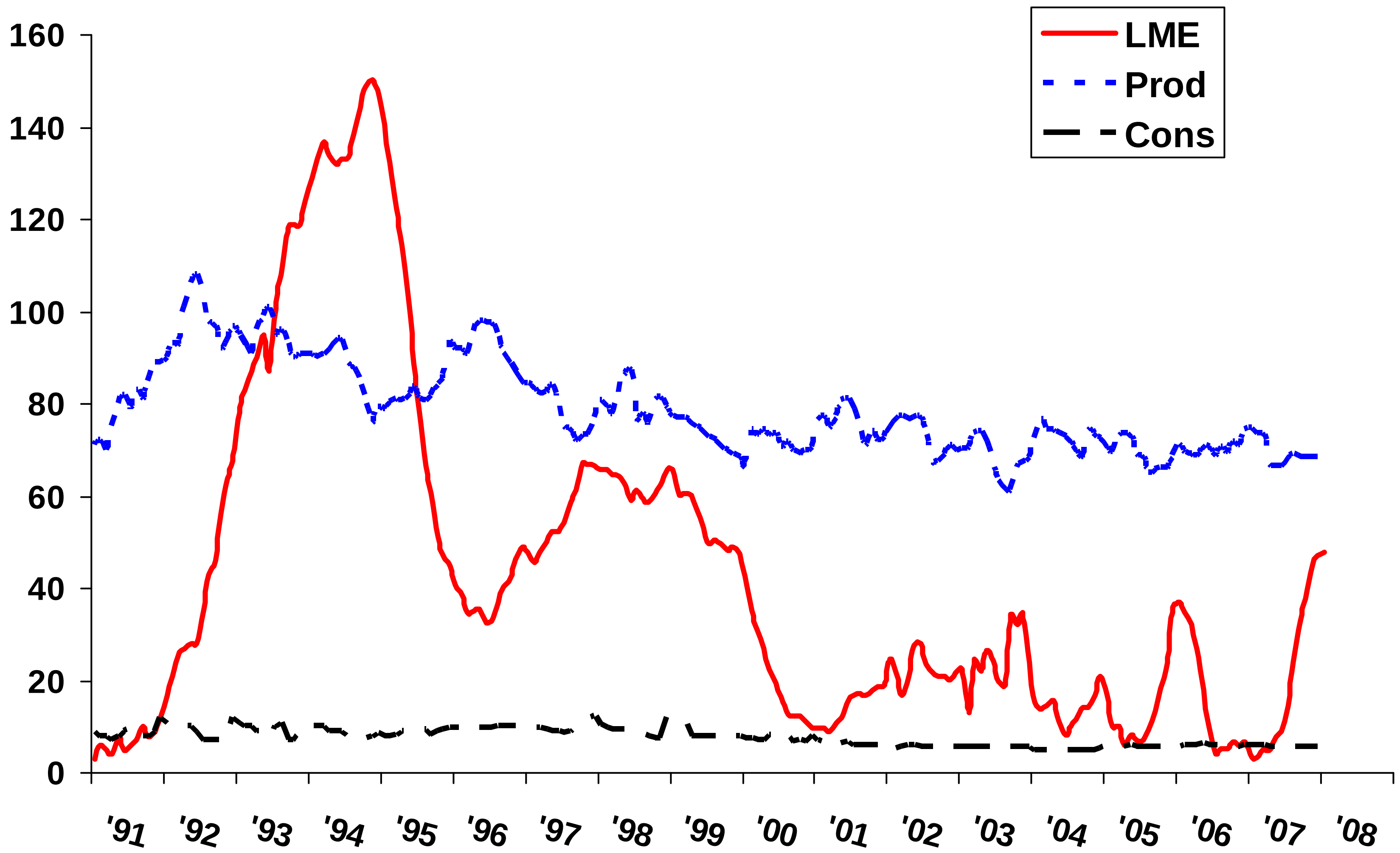
East to West Trade Still High, but Improving

Chinese imports firm, Russian sales ease



Reported Nickel Stocks

LME stocks increase, producer/consumer low

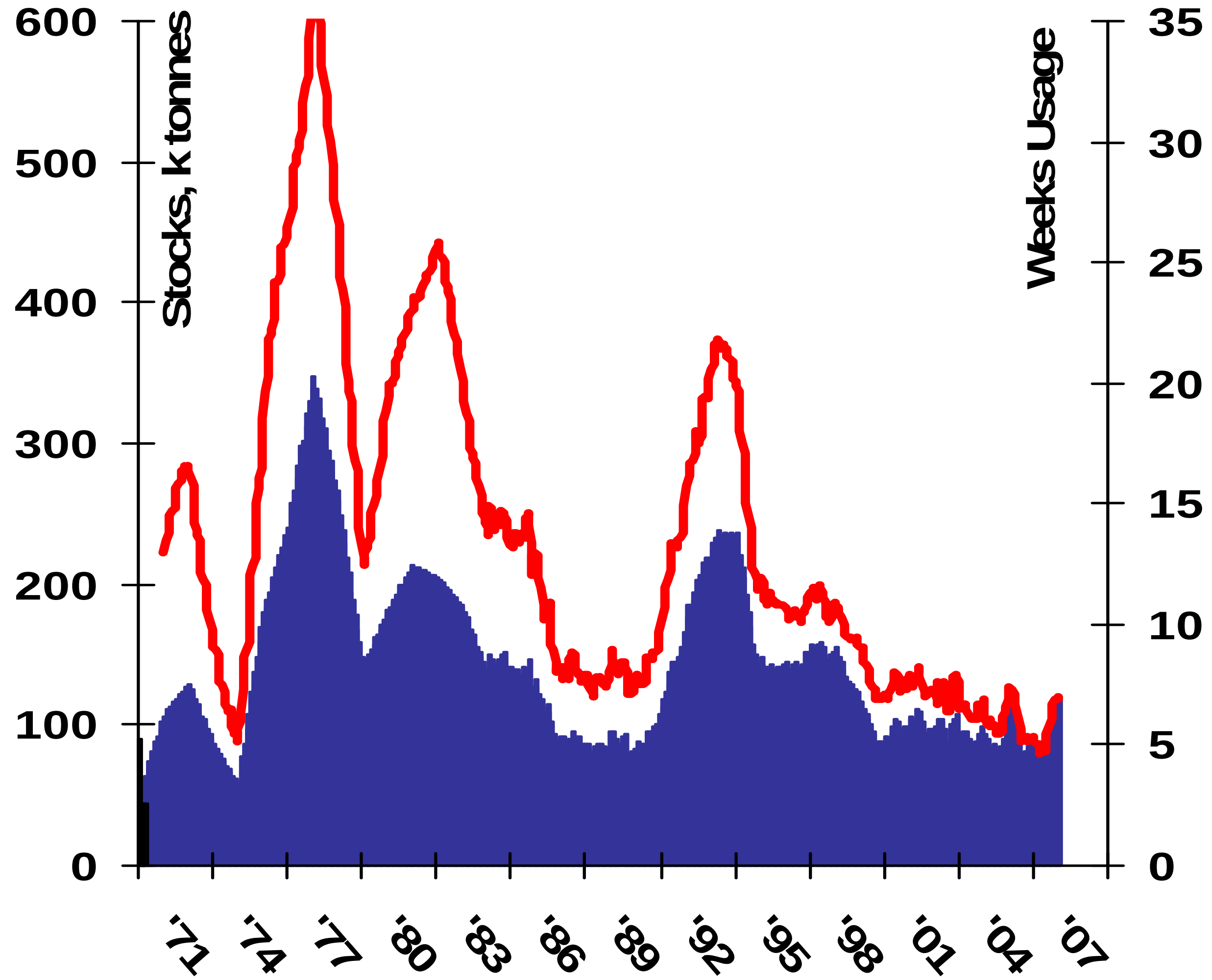


MF Global

Nickel Stocks and Weeks Usage

weeks usage critically low

- global stocks critically low
- stock - shipments at 7 weeks use



Nickel Supply-Demand Balance

consumption to firm, mine prod up in ’08/’09
EW trade tightens with China up, market in slight surplus

	2005	2006	2007	2008	2009
Consumption	*1,096*	*1,118*	*1,085*	*1,127*	*1,188*
	3.3%	*2.1%*	*-3.0%*	*3.9%*	*5.5%*
Mine Production	*935*	*995*	*1,088*	*1,127*	*1,194*
E to W Trade	*161*	*158*	*90*	*75*	*80*
Total Supply	*1,039*	*1,050*	*1,026*	*1,074*	*1,134*
Reported Stock Chng	***13***	***-25***	***32***	***14***	***24***
Reported Stocks	***141***	***116***	***148***	***162***	***187***
Weeks Consumption	***6.7***	***5.4***	***7.1***	***7.5***	***8.2***

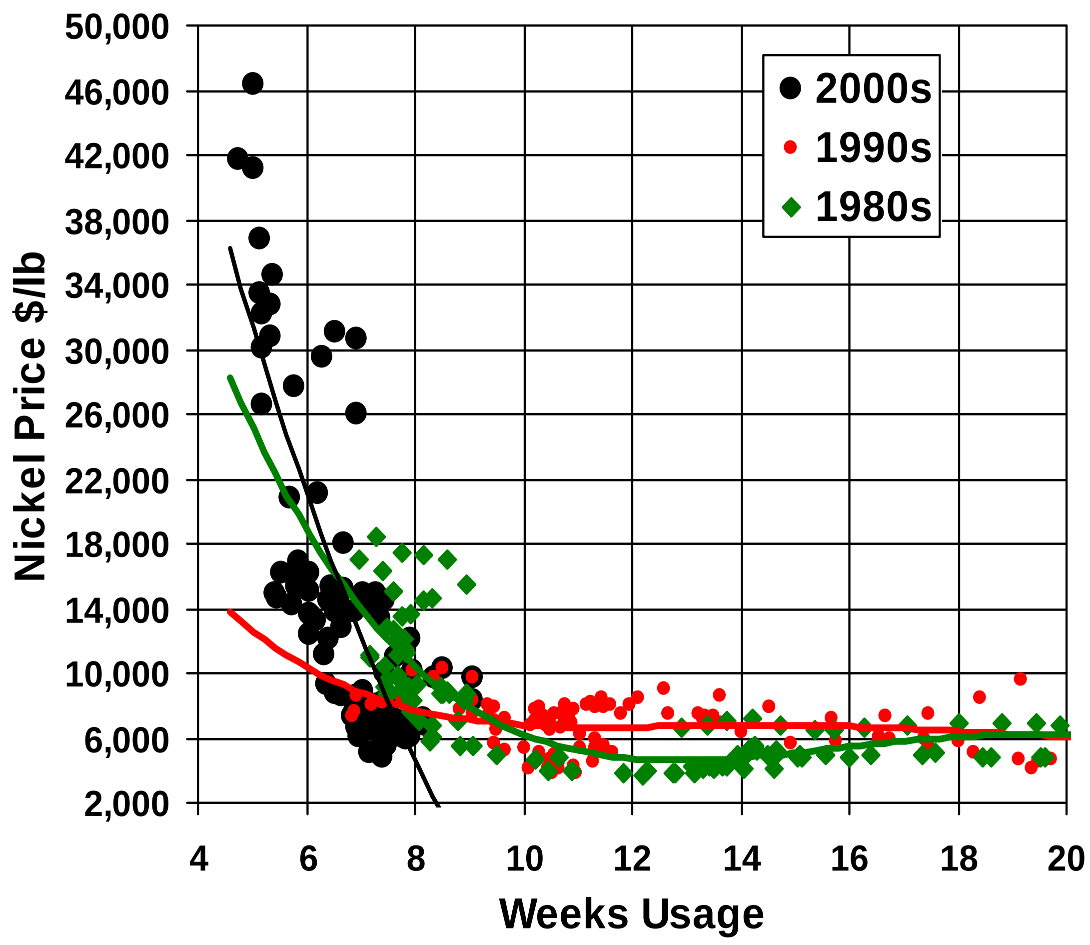
MF Global

Nickel Price vs Stocks/Consumption Ratio

Current Stocks below Equilibrium

- Current Ratio
  - 7 wks use
- **Prices:**
  - **$29,500**
- Equil: 9/10 wks
- Forecasts:

~7.5 to 8 wks



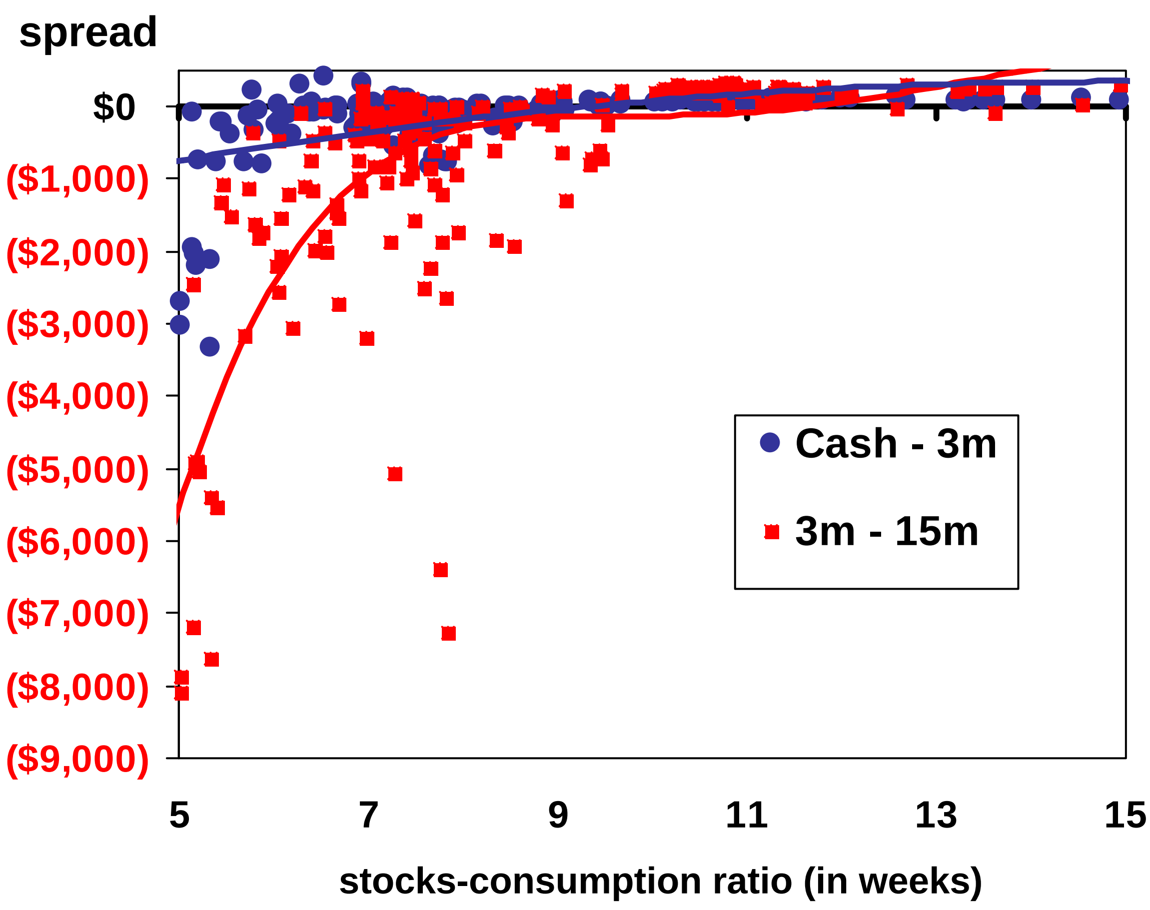
Nickel Stocks Ratio vs Spread

low ratio, backwardations; high ratio, contangos

Current: 7 weeks
c-3m: $310 c
3-15m: $75 b

Equilibrium: 8 wks

Forecast wks use:
price:
…backwardations to contango



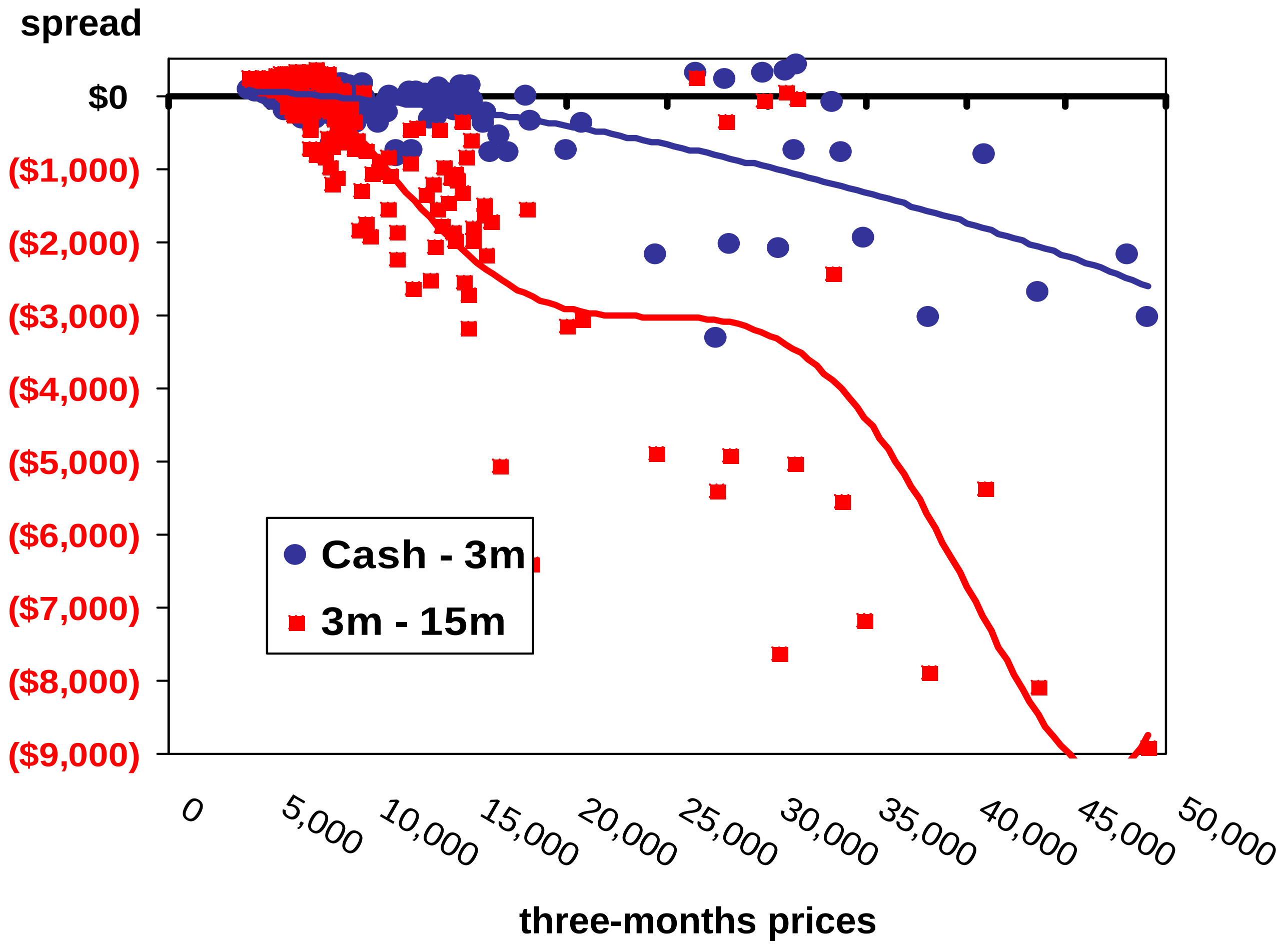
Nickel Spreads vs. 3 Months

high prices, backwardations; low prices, contangos

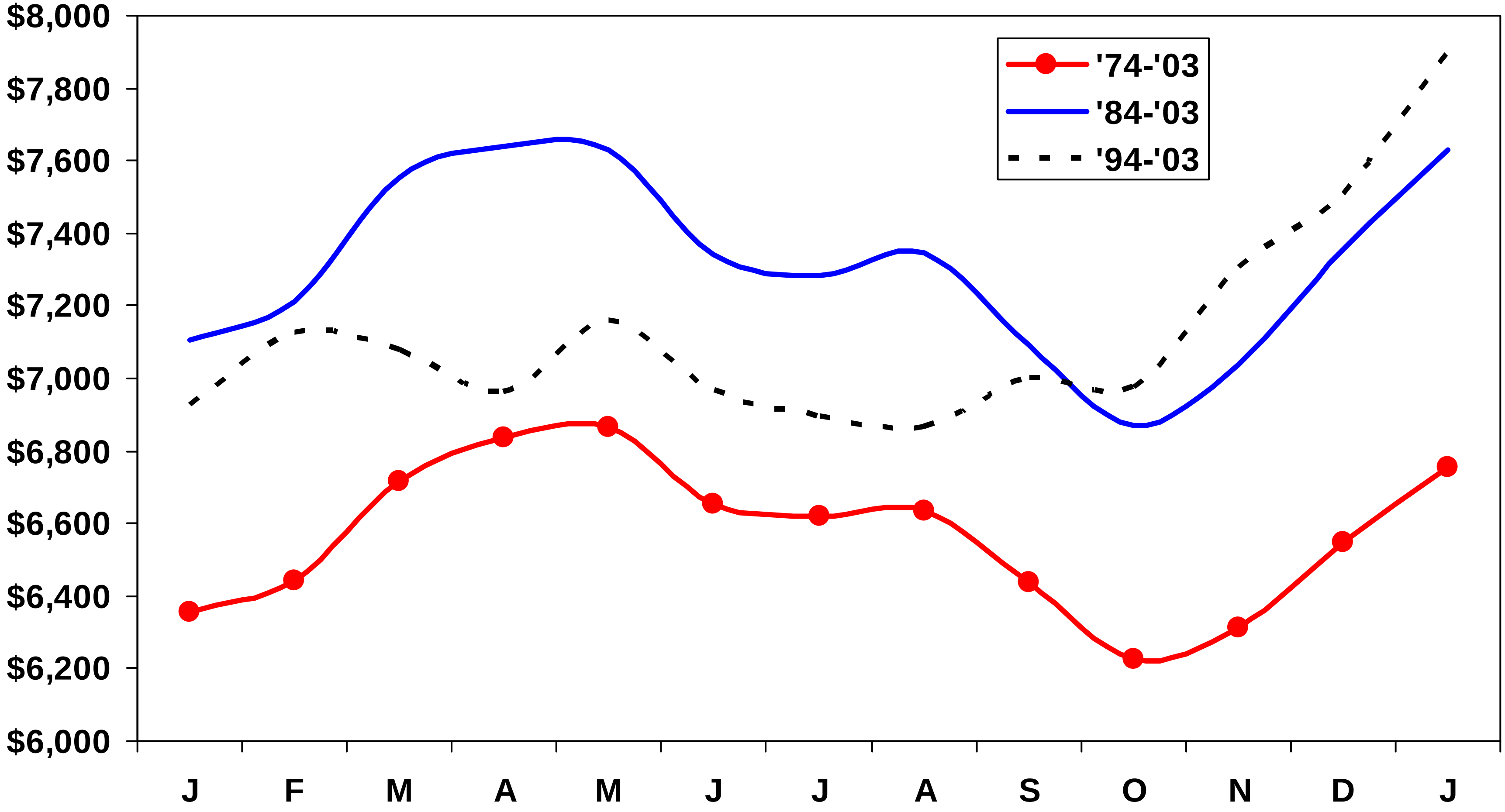
Current:
$29,500

c-3m: $310 c
3-15m: $75 b

Equilibrium: ~
$8,000

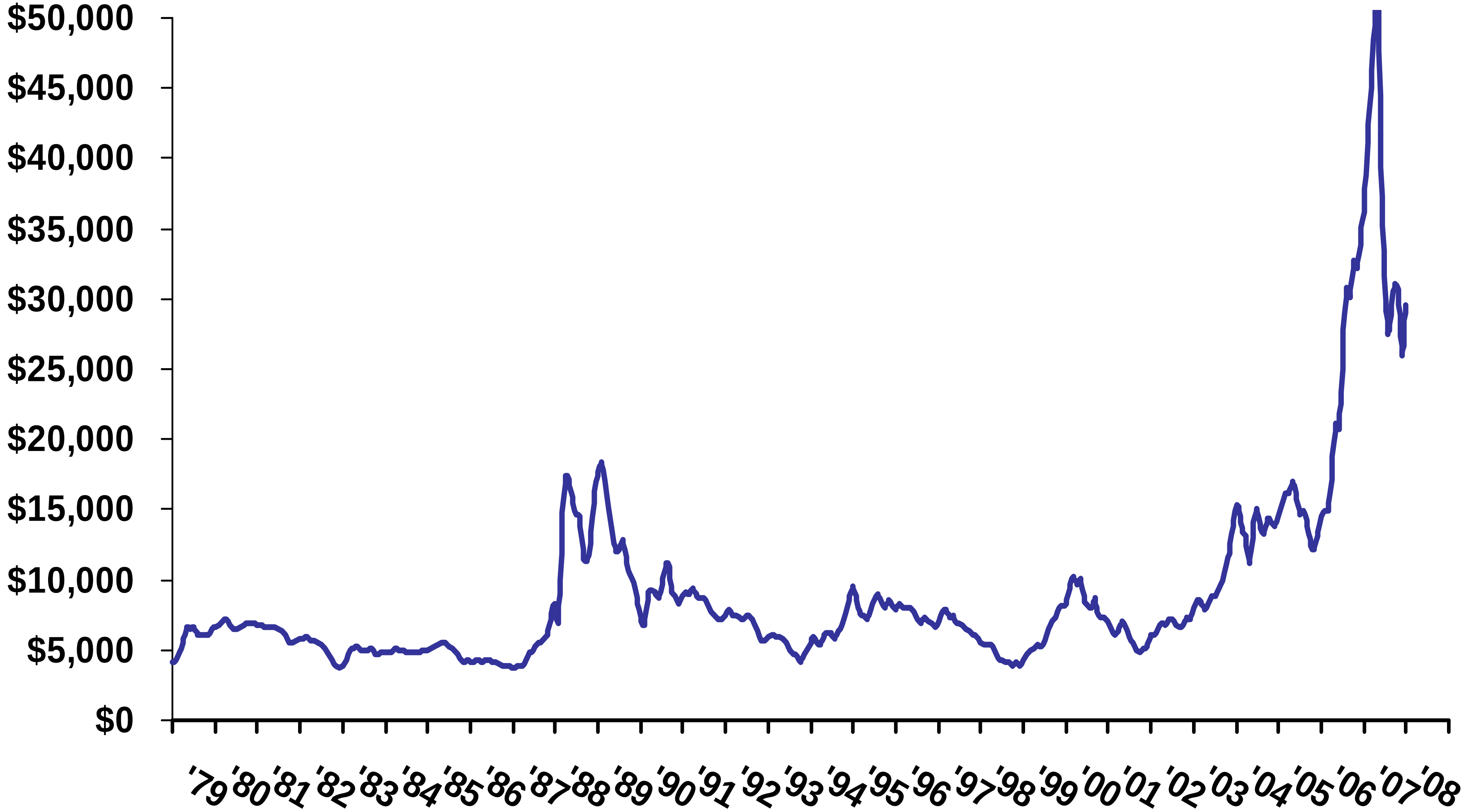


Nickel Price Seasonals



Nickel Prices, Longer Term Outlook

economic recovery offset by production builds

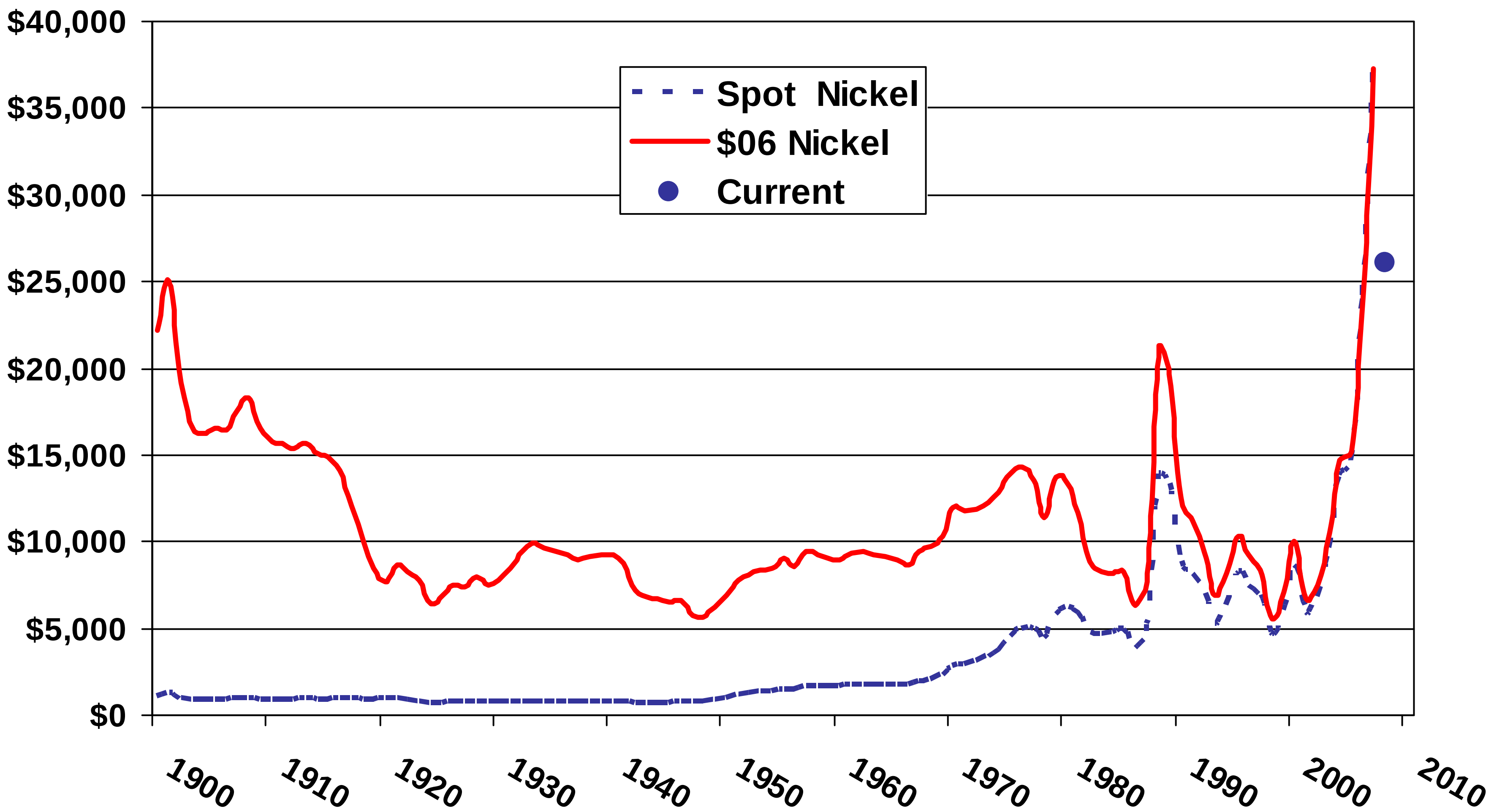


Nickel Outlook

- Nickel consumption to firm with economy expanding
- Significant primary capacity builds in 08 & 09
- China consumption firm, imports expanding
- Inventories critically low, but surplus in ’08/09
- Prices expected to remain steady firm in 2008 with inventories low but ease from 2007 levels

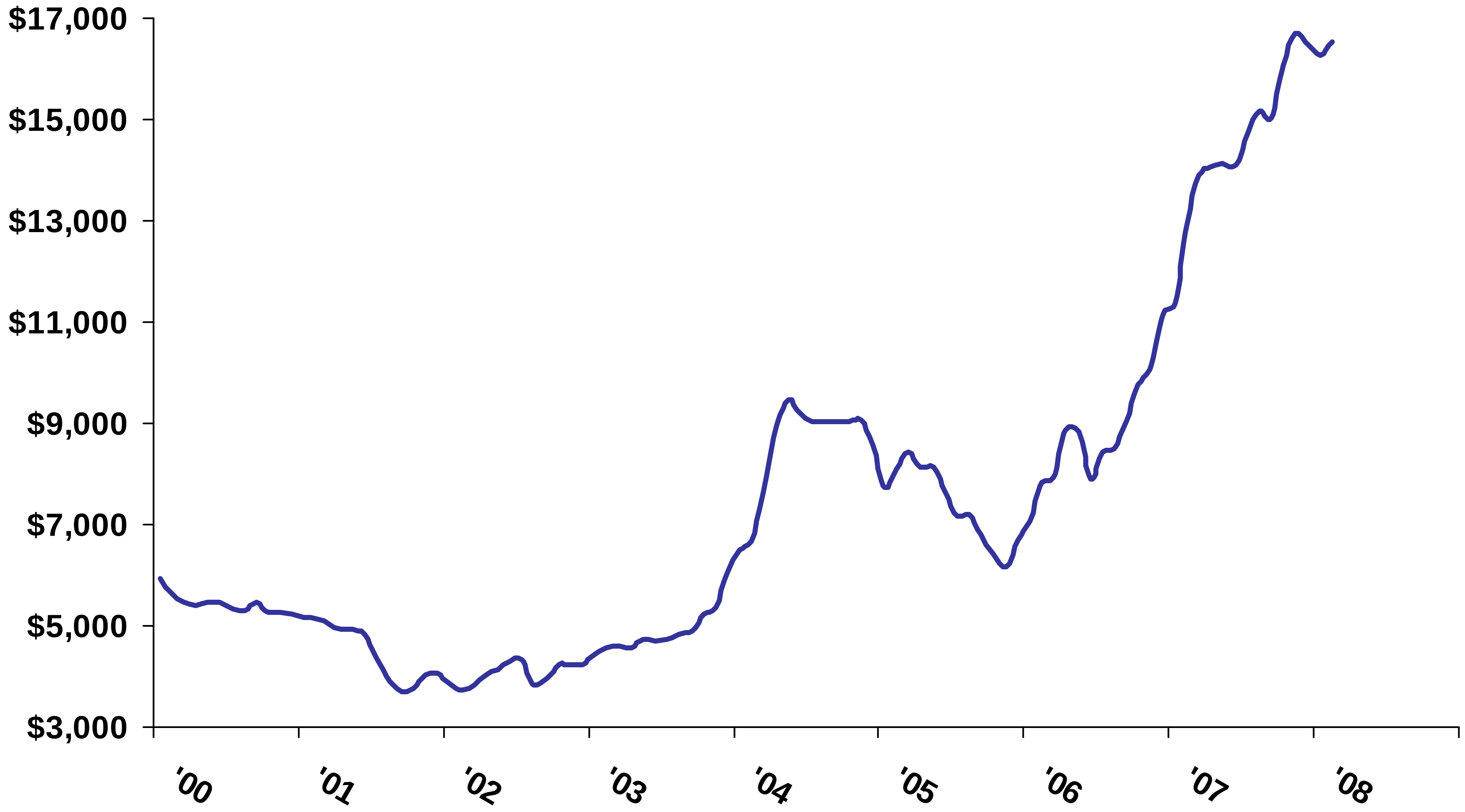
Nickel Prices, Spot & Deflated

Annual Averages, CPI/GNP Deflated



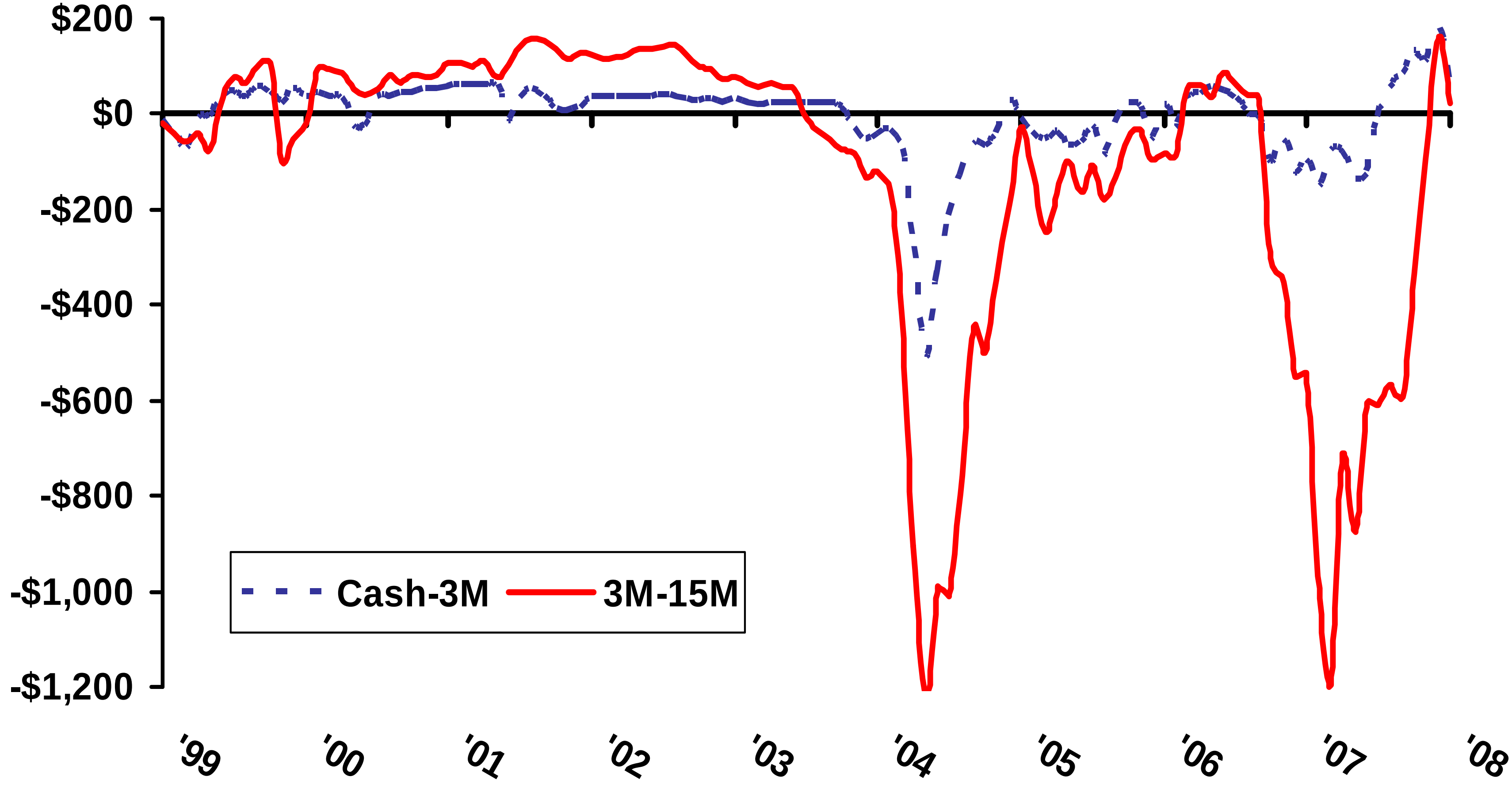
Tin Market Review

Tin Price Review



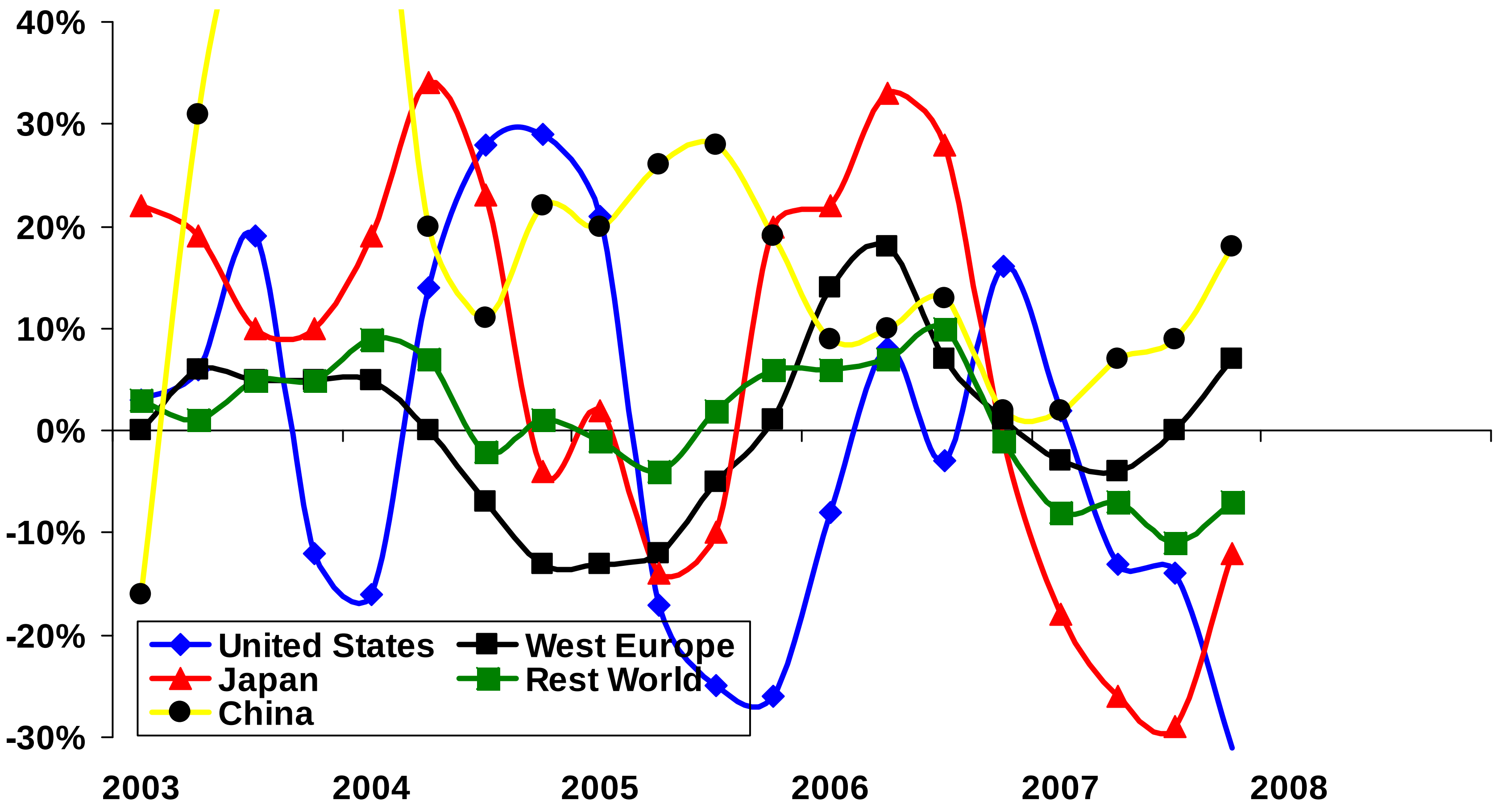
Tin Spreads

spreads tighten over last few years, ease recently



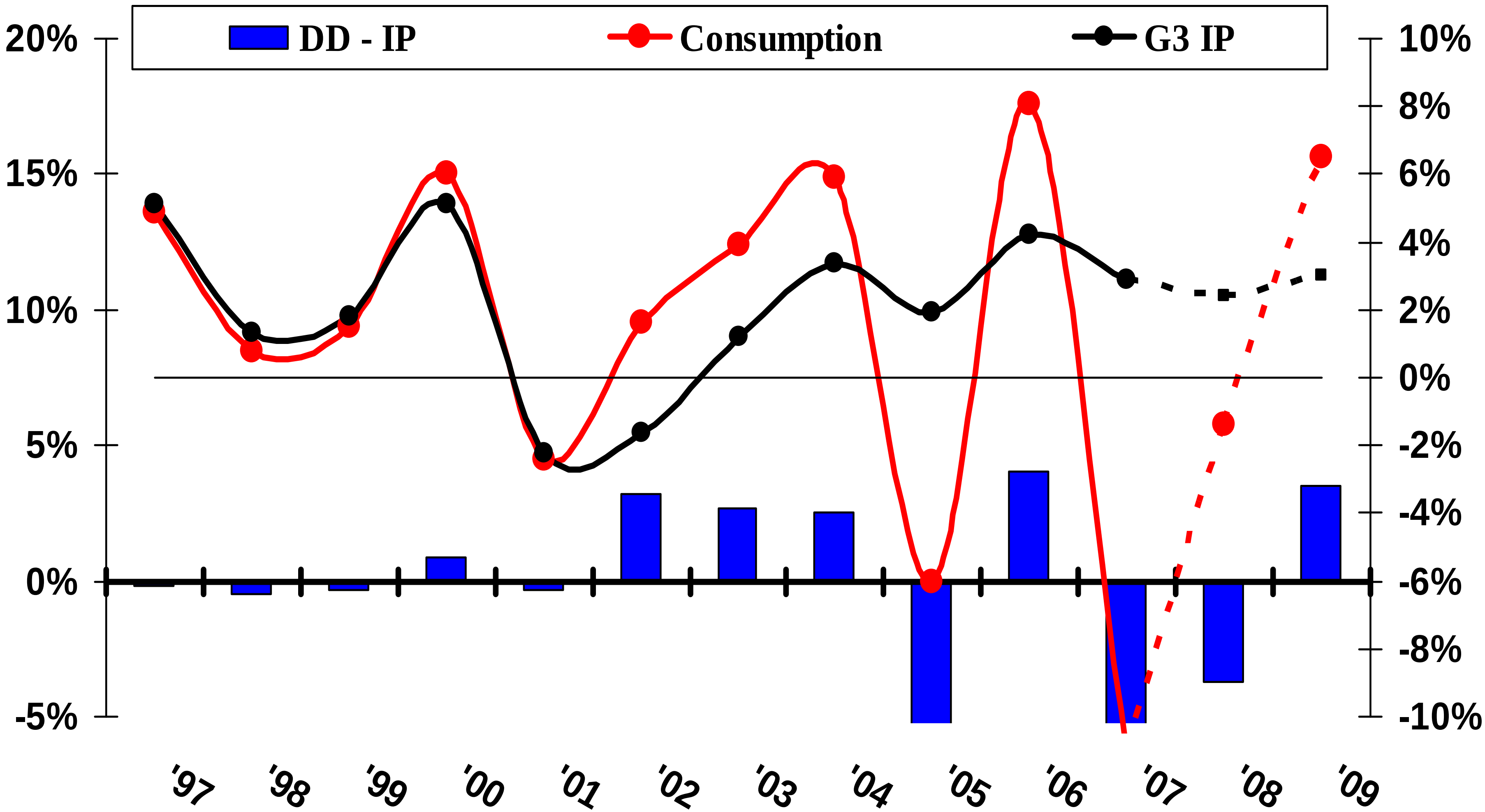
Refined Consumption of Tin

consumption growth slows, except China & RoW



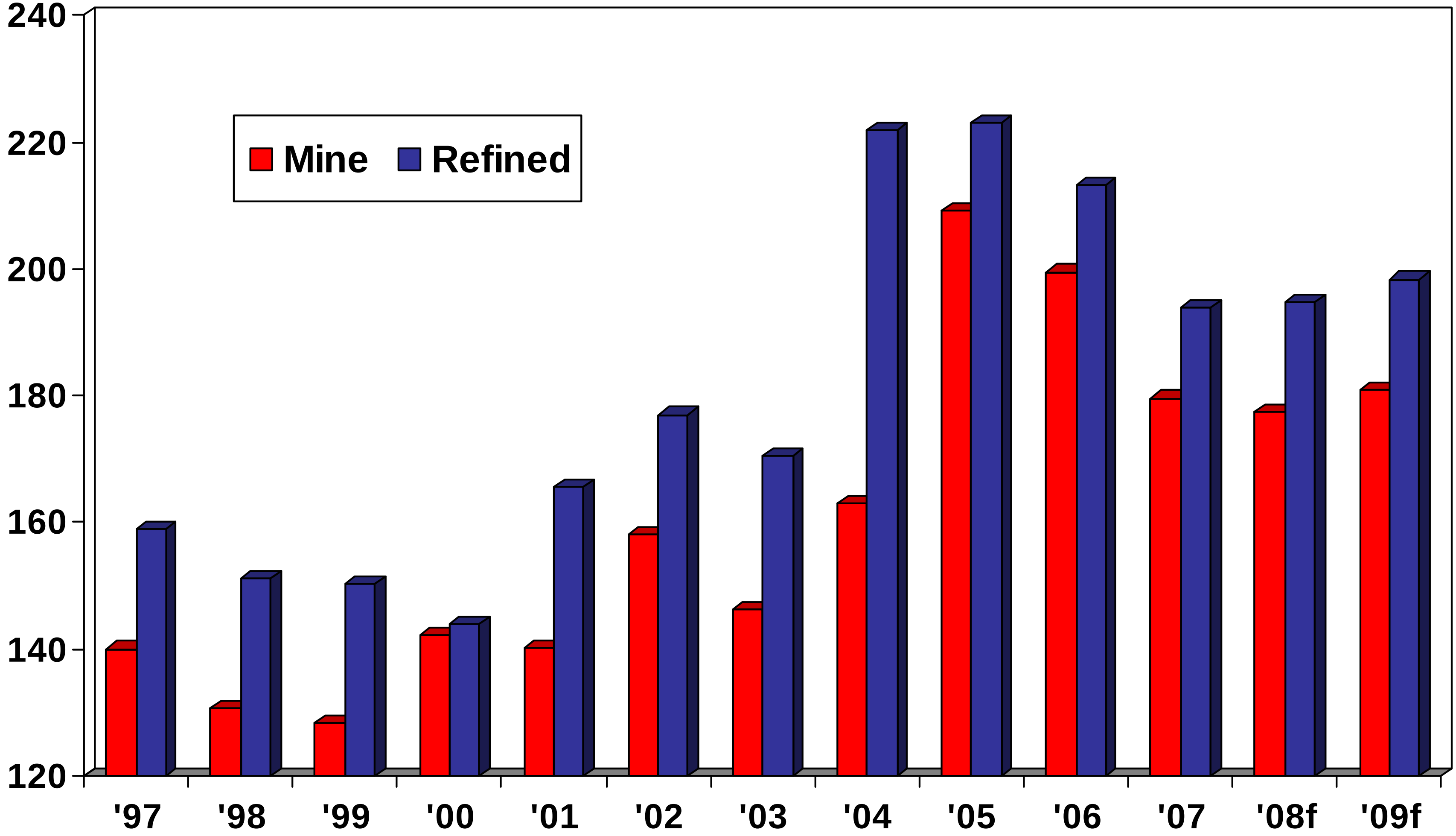
Tin Consumption vs. IP Growth

tin consumption correction in ’07, rebound in ’08 and ‘09



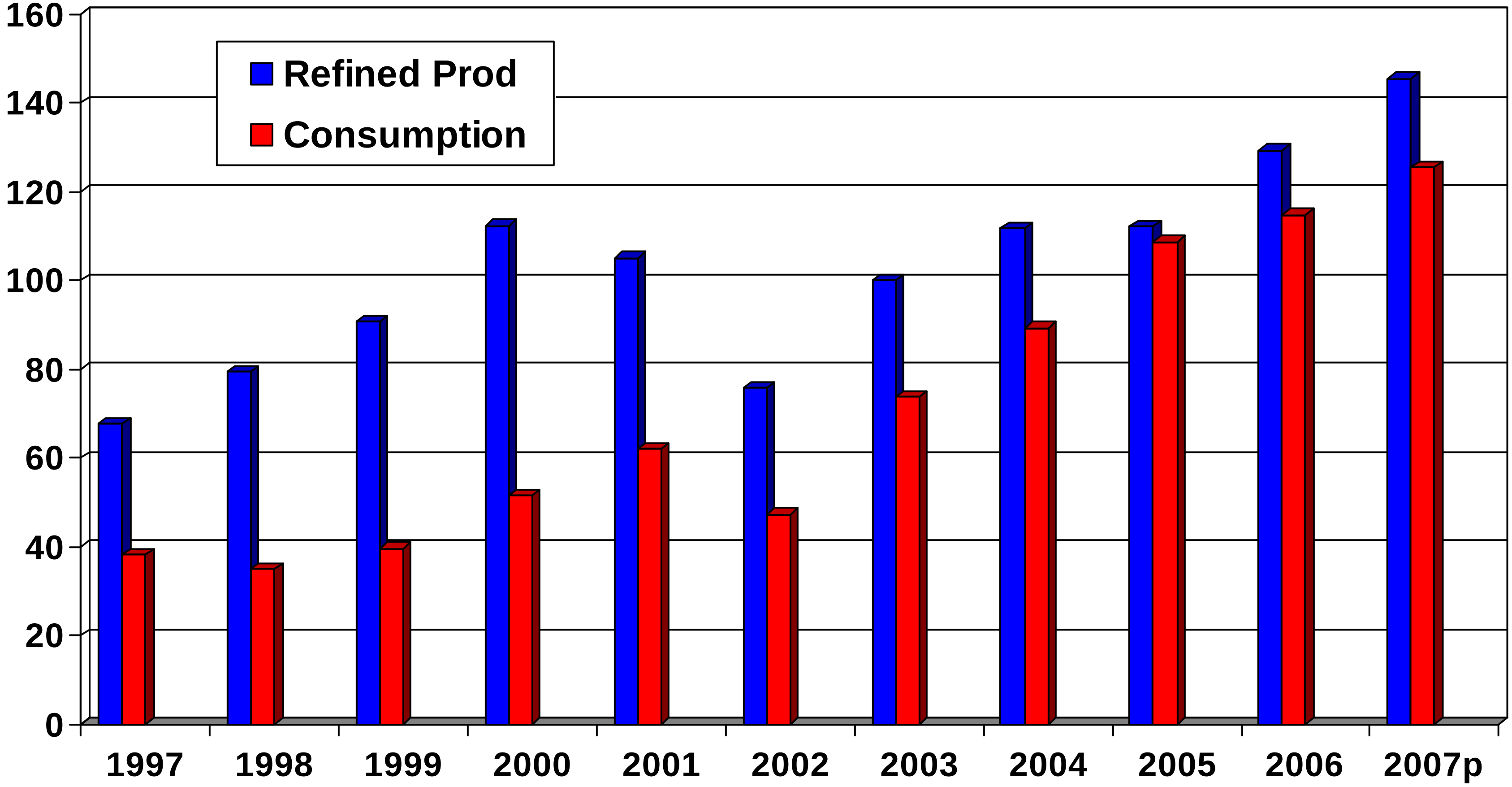
Mine and Refined Production

production stabilizes

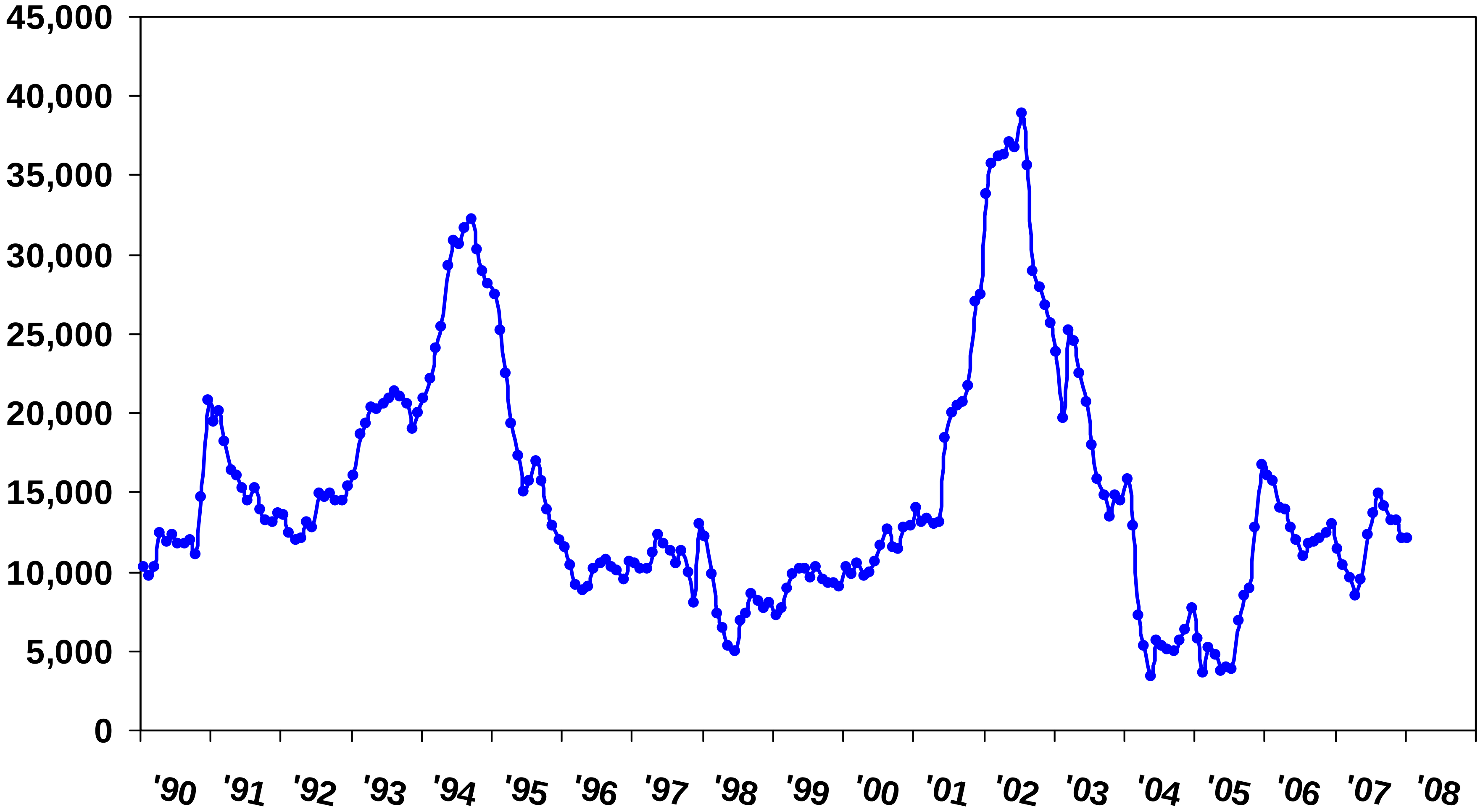


Chinese Production, Consumption

consumption grows faster than production



LME Stocks, LME stocks rise, *then steady*



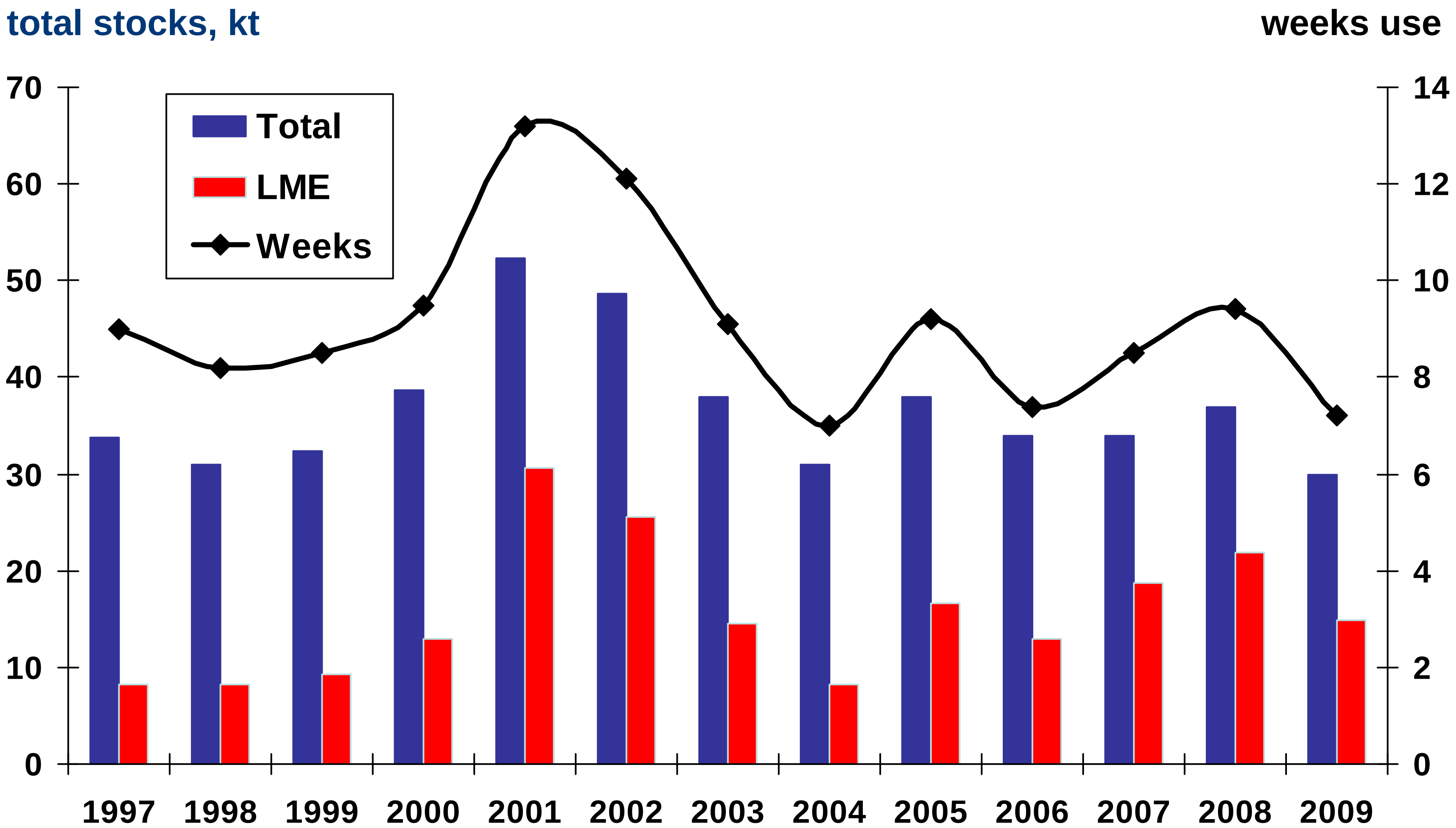
Tin Supply-Demand Outlook

consumption slows/recovers, EW trade up, prod slips ’07, steady in ’08 & ‘09

	2003	2004	2005	2006	2007p	2008	2009
Consumption	**218**	**231**	**217**	**235**	**209**	**206**	**219**
	4%	*6%*	*-6%*	*8%*	*-11%*	*-1%*	*6%*
Mine	146	163	209	200	180	177	181
Refined	170	222	223	213	194	195	198
East to West Trade	21	18	-5	6	12	7	7
Government Sales	10	9	8	9	10	9	9
Total Supply	**202**	**249**	**225**	**228**	**215**	**211**	**214**
Reported Balance	**-11**	**-7**	**8**	**-5**	**6**	**3**	**-7**
Total Stocks	38	31	38	34	34	37	30
Weeks Usage	*9.1*	*7.0*	*9.2*	*7.4*	*8.5*	*9.4*	*7.2*

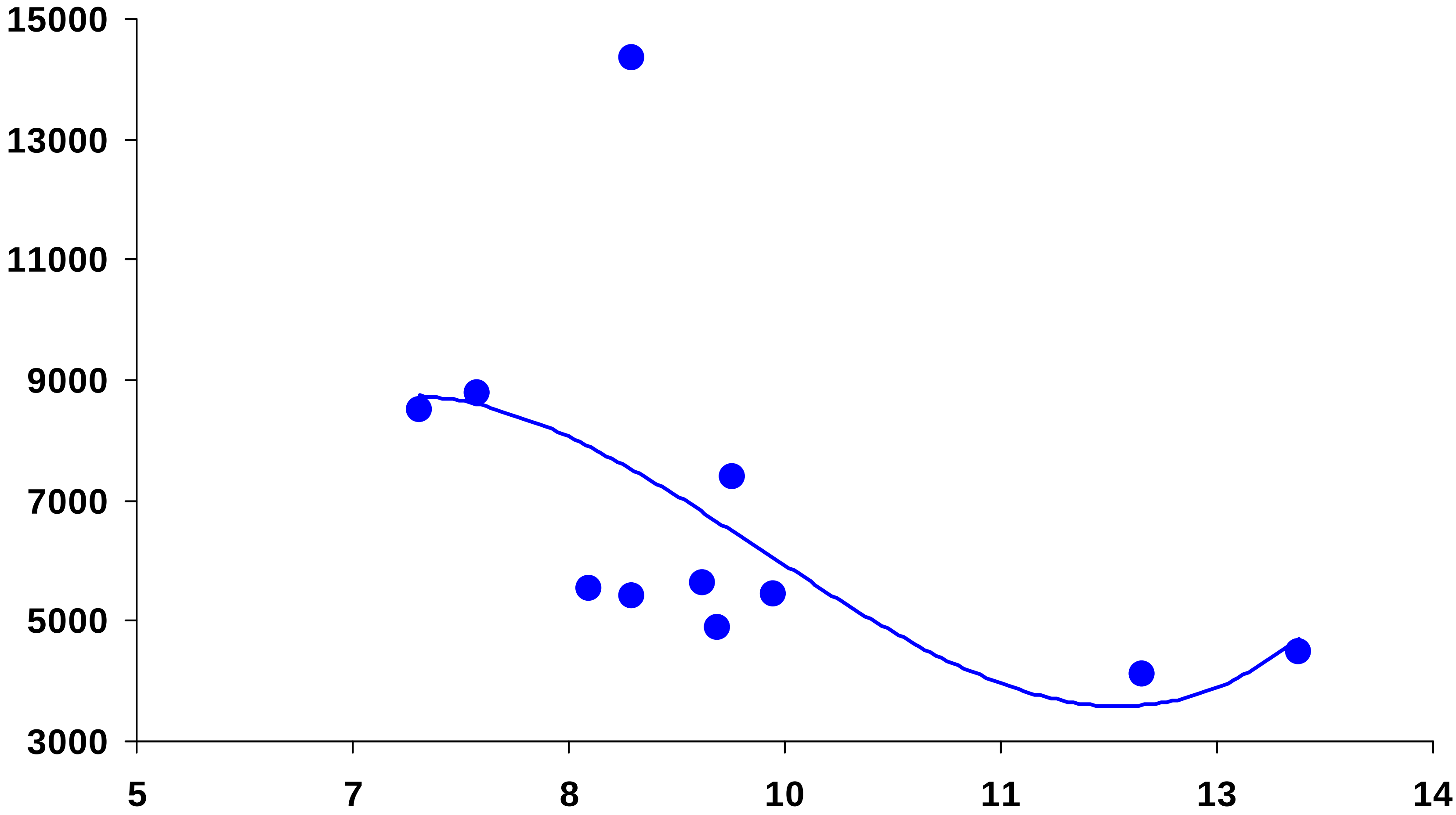
Total Stocks, Weeks Usage

stocks tight:'08 -'09

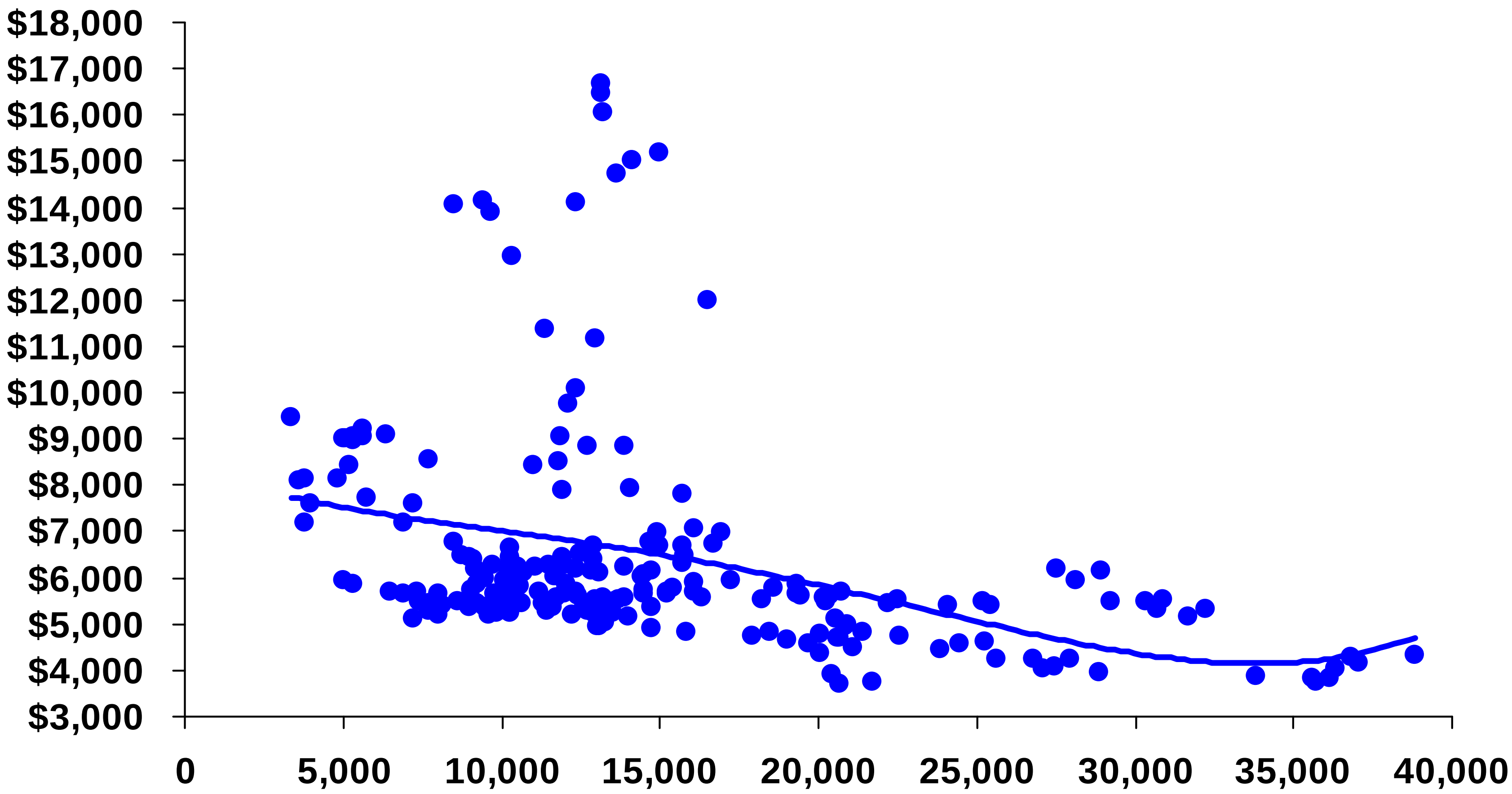


Weeks Usage vs. Price

stocks ratio outlook: 9 to 7 wks



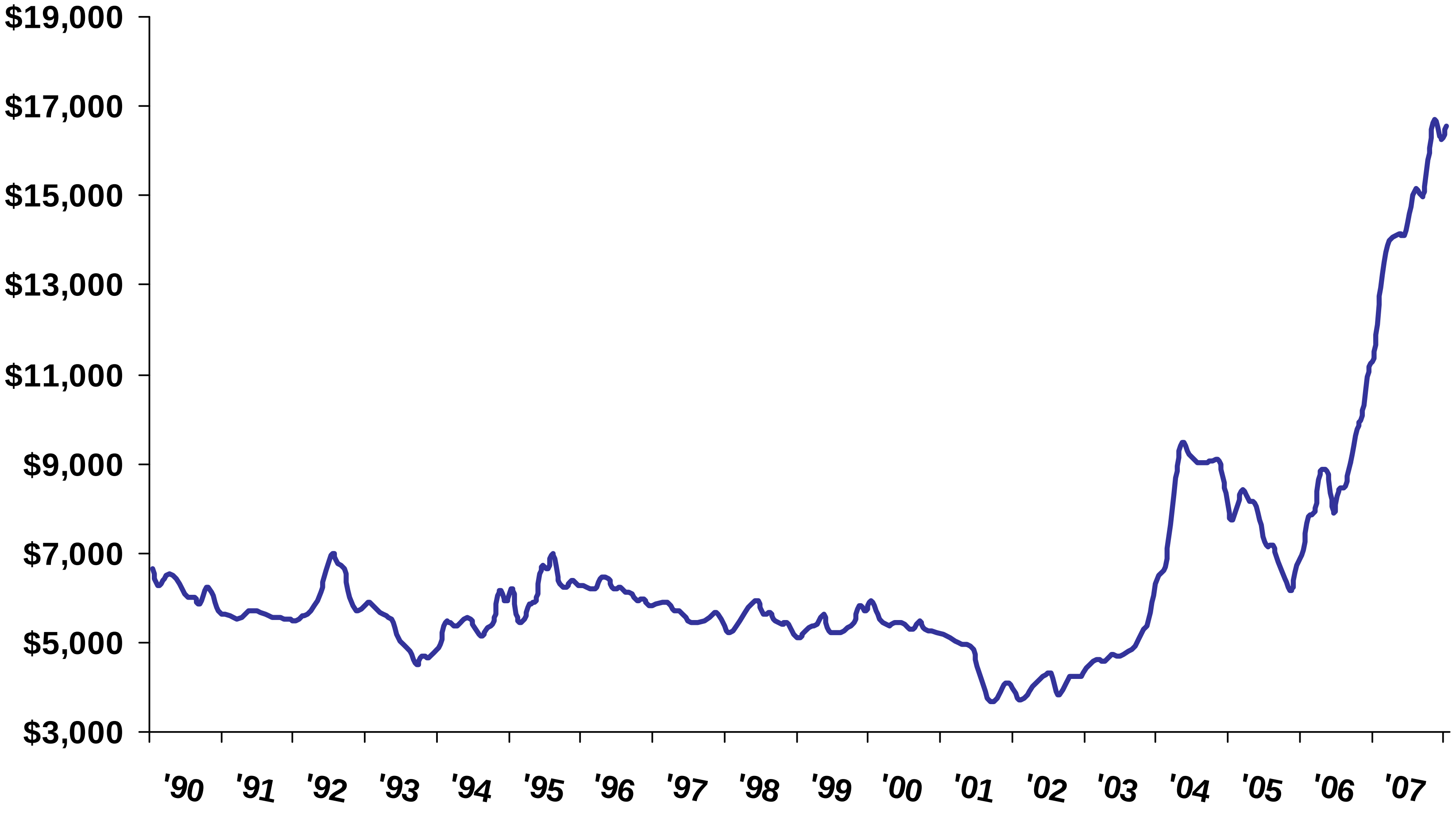
LME Stocks vs Price, current: $16,500; 12,000 tonnes



MF Global

Tin Price Outlook

low stocks support price



Tin Outlook

- Tin consumption to rebound in 2008, after 2007 correction
- Moderate primary capacity builds in 07 & 08, prod steady
- China consumption firm, offsetting production builds
- Inventories low, surplus then deficit markets in ’08 & ‘09
- Prices expected to remain firm in 2007 and 2008 with inventories low.

MF Global

Tin Prices, Spot & Deflated

Annual Averages, CPI/GNP Deflated