



**Commodities  
Overview**

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# Commodity Strategies - The Golden Era

- **Maturing Cycle?**
- **Commodity Super Cycle?**
- **Where are we in the Cycle?**
- **Does it matter now?**
- **Exploit macro trends**





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# Maturing or Super Cycle?

## A Case for a Maturing Cycle

- **Now in 6<sup>th</sup> Year of Metals Cycle**
- **Longest Bull Run Since WWII**
- **But, Remember the Tech Wreck**





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# Maturing or Super Cycle?

## A Case For Super-Cycle

- **Rise of China & India**
- **In China alone, 300 million will enter middle class over the next decade. India projections more compelling.**
- **The influence of Asia has no precedents – China's world economic influence is rapidly changing**



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# A Parallel Universe

## (the cycle repeats)

### 1950 - 1960's

Growth in Europe, USA,  
Japan

Few geopolitical restrictions  
(Congo, Chile, USA, etc)

No Social License Issues

No NGO's

No environmental restrictions

Nationalization of assets

Few Legal Challenges

### 2002 – 2011?

Growth in Asia, Russia, Latin  
America

Growing geopolitical risk  
(Bolivia, Mongolia, Venezuela etc.)

Many Social License Issues

Numerous NGO's

Many Environmental Issues

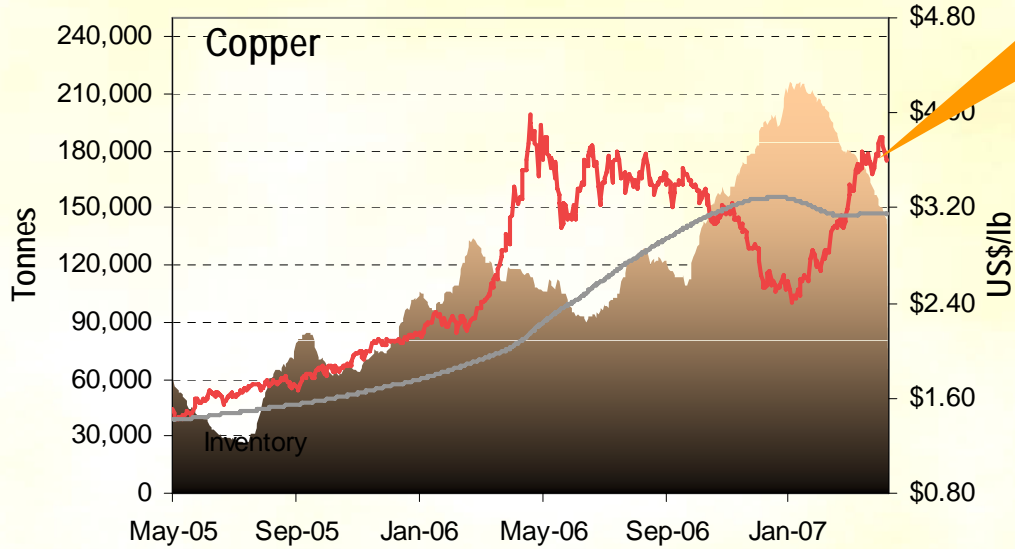
Nationalization risks increasing

Many Legal Challenges



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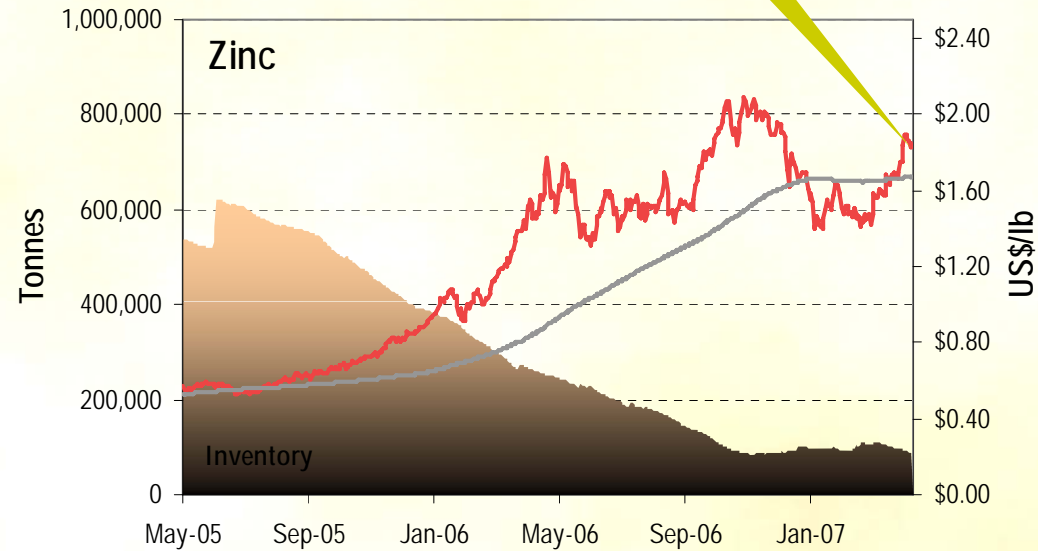
# HAYWOOD



**Spot**  
**\$3.59**

**Spot**  
**1.83**

**Haywood Long Term: \$1.50**

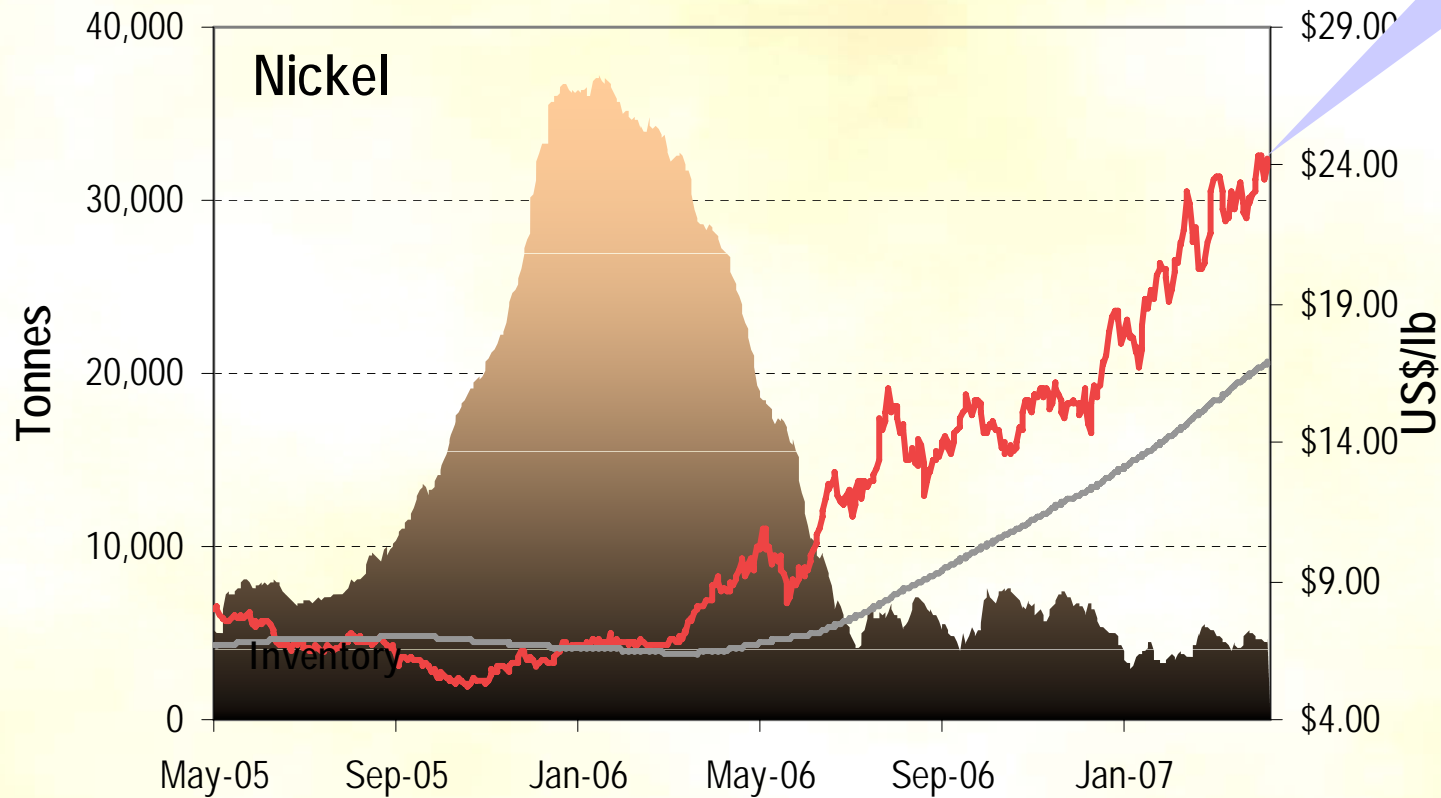


**Haywood Long Term: \$0.75**



**HAYWOOD**





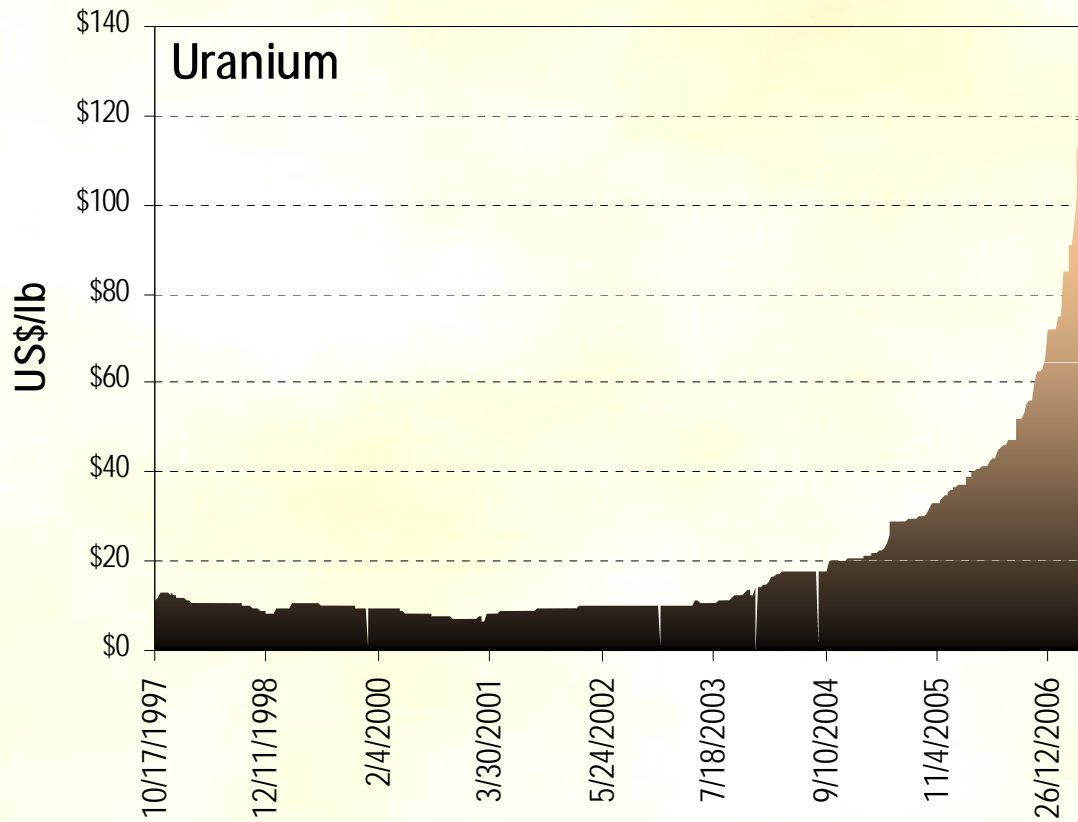
**Spot**  
**\$24.13**



**HAYWOOD**



# Metals Market – U<sub>3</sub>O<sub>8</sub>



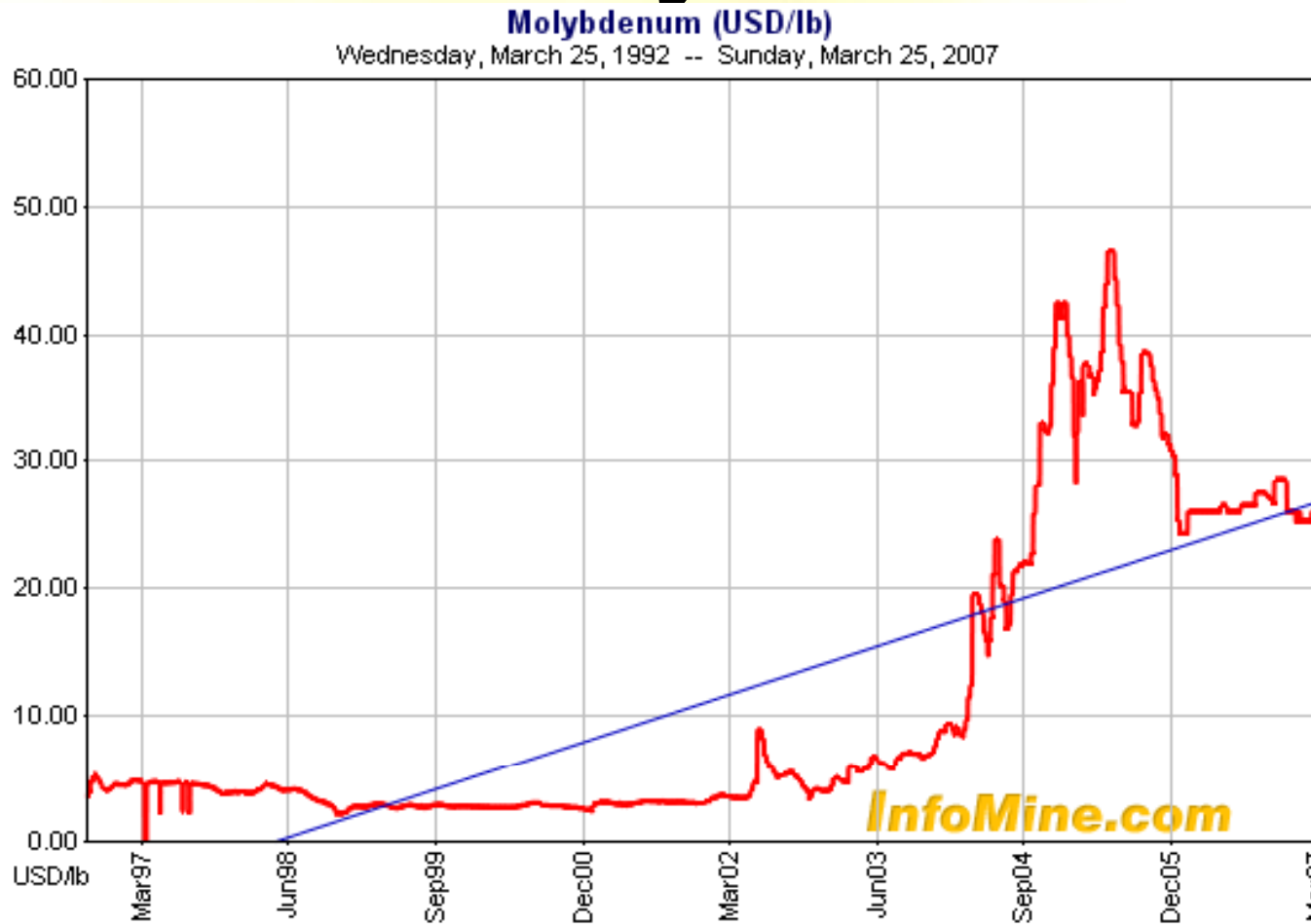
**Spot Market: US\$120/lb**  
**Uranium 1 sees spot @\$150 moving to peak @\$250**



Haywood U<sub>3</sub>O<sub>8</sub> Long Term: \$45.00



# A Molybdenum Primer – May/07



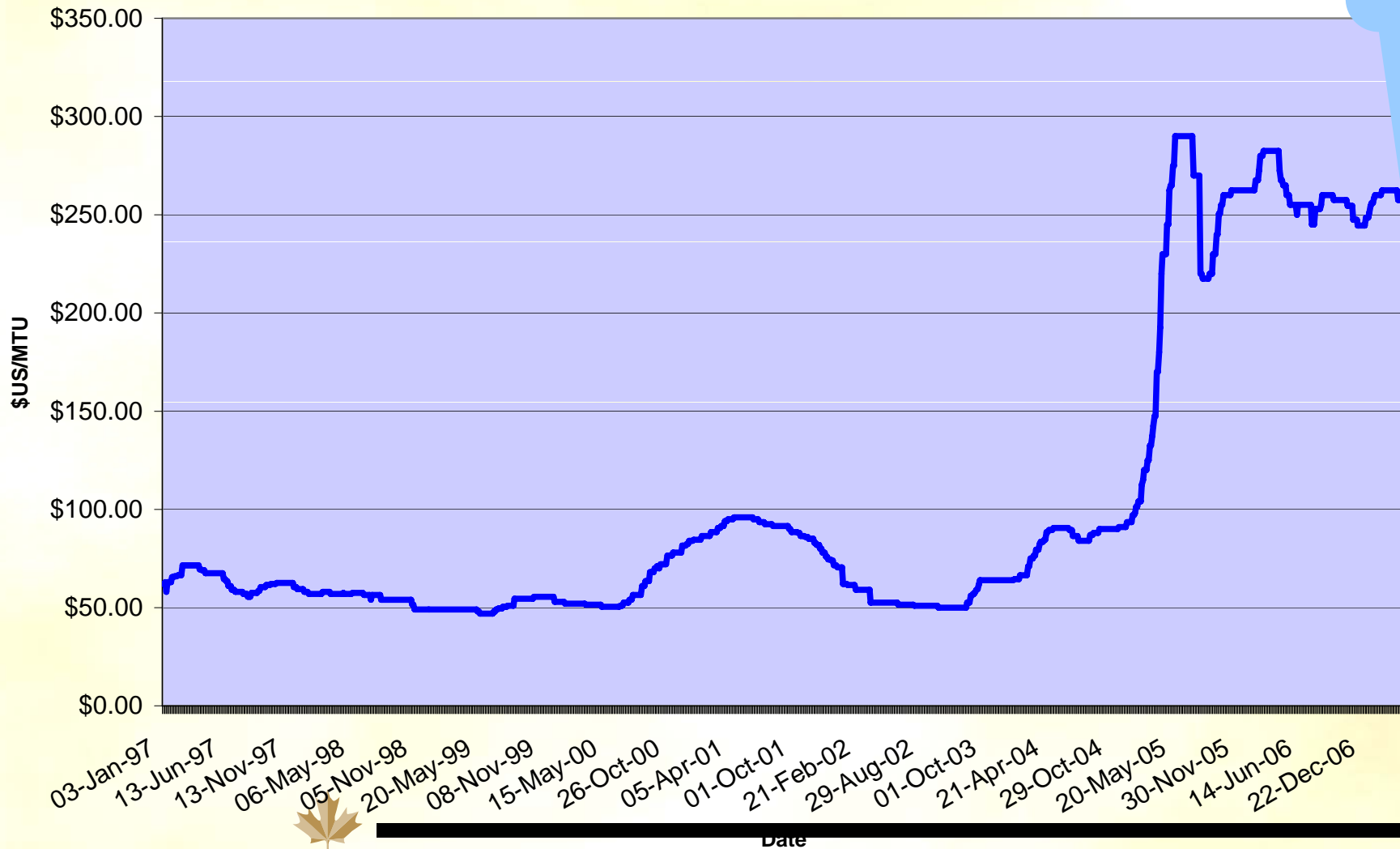
Spot  
\$29.75

Haywood Long Term \$12.50

HAYWOOD



### Tungsten APT European Free Market \$US/mtu



Spot  
\$260



Haywood Long Term \$190

# HAYWOOD

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# URANIUM (AND OTHER) COMMODITY ISSUES

- Production Shortfalls (Ranger, McLean, Other)
- Production delays (Cigar Lake, Other)
- Grade vs. Tonnes
- Metallurgy
- Demand Growth Forecast
- Permitting Issues (Most regions)
- Australian Issues
- Reduced Inventory (Producers)
- Increased Inventory (Hedge Funds)
- Small Incremental Primary Growth from Key Producers (2006 decline)
- Utility Companies
- China



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# World Uranium Balance

- Total world production  $\approx$  108 million pounds  $U_3O_8$
- Current world consumption  $\approx$  180 million pounds  $U_3O_8$
- Top six countries produced more than 80%
- Canada and Australia produced more than 50% of world total
- Nuclear Power will be a crucial component of base load in developing and developed nations



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# Mo Markets -Capital Goods

(Ships, Aerospace, Heavy Industry)

- Construction Steels (0.1 – 1.2% Mo)
- Oil Exploration and Development
- Increased demand for production: drilling and pipes
- Remote sources: deeper drilling, longer pipes
- Ocean Exploration/development: production platforms, shipping, pipes
- High-sulfur fuels, including heavy oils and tar sands: corrosion
- Stainless Steels (1-7% Mo)
- Industrial Processing: Chemical, Power Generation, Petrochemical, Desalinization, Pulp & Paper, Food Processing, Pharma
- Architectural stainless steel



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# Drivers for Metals Growth

- Strong demand from global industrialization
- Lack of exploration expenditure and discovery over past 20 years = lack of development stage projects
- Ability to develop projects has many challenges
- Lack of capital investment in mining projects
- Per capita use of metals is increasing
- Substitution with other metal products limited
- “China” factor
- Limited greenfield supply next 5 years



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**Thank You**

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