

Sibanye Stillwater CEO says market conditions not ideal for gold M&A

By [Nelson Banya](#)

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South African gold miner Sibanye Stillwater is focused on operational stability and containing costs as market conditions are not conducive for gold mergers and acquisitions, chief executive Neal Froneman said on Thursday, 11 August.



Source: Reuters/Siphwe Sibeko

Sibanye's South African rival Gold Fields said in May it would acquire Canada's Yamana Resources in an all-share deal that valued the Toronto-listed miner at \$6.7bn in May. Gold Fields shares fell 20% on the day of the announcement on concerns about dilution and a significant premium on Yamana's valuation.

Asked if Sibanye would consider acquiring more gold assets, Froneman, who has urged gold miners to consolidate, said "the market is just not conducive at this stage to doing value-accretive transactions".

"It's not a buyer's market, which is why we've been quiet. There's still too much froth," Froneman said during an investor call.

Gold remains a key mineral in Sibanye's basket of commodities, he added. "We're moving into a recession and that sort of indicates that there's going to be opportunities."



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US PGM mines production forecast

On Thursday, Sibanye cut the production forecast for its US platinum group metals (PGM) mines after floods in Montana forced a seven-week suspension of operations at its Stillwater mine, cutting an estimated 60,000 ounces from 2022 production.

Sibanye now expects its US PGM mines to produce 445,000-460,000 ounces of platinum and palladium this year, down from 550,000-580,000 ounces expected previously.

Sibanye said it was reviewing its US operations in the face of rising inflation, supply chain constraints, impact of the war in Ukraine, and changing market conditions for palladium, the dominant mineral in its American mines.

Sibanye said it would step up mine development and focus on training and retaining staff to reduce its reliance on expensive contract labor that has driven costs up recently.

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