

Sibanye to buy US platinum mining company

Sibanye Gold will acquire the American mining company, Stillwater, for approximately R30bn in aggregate. The consideration represents a premium of 23% to Stillwater's prior day closing share price, and 20% to its 20-day volume-weighted average closing share price.

Stillwater Mining Company, a leading palladium and platinum producer located in Montana and headquartered in Colorado, USA, is a tier one producer of platinum group metals (PGMs). Stillwater currently comprises two underground mines (the Stillwater Mine and the East Boulder Mine), the Blitz organic growth project and the Columbus metallurgical complex.



Source: Sibanye Gold

"The transaction represents a transformational opportunity for Sibanye to acquire high-quality, low-cost PGM assets at a favourable point in the cycle. It fits with our strategy of creating superior value for all of our stakeholders by enhancing the cash flow generation through value accretive growth, which underpins our strategy of paying sustainable, industry-leading dividends," says Neal Froneman, Sibanye CEO.

The deal expands Sibanye's PGM portfolio with high-grade reserves that currently support over 25 years of mine life, and also provide near term, organic, low-cost growth through the Blitz project. Furthermore, the extensive strike length of the mineralised orebody, suggests that there may be further upside potential.

Stillwater's Columbus metallurgical processing complex will provide Sibanye with a mine-to-market PGM business and the

sizeable recycling operation provides a steady margin and strategic market insight.

The transaction also positions Sibanye shareholders for a potential re-rating. Following a thorough due diligence on Stillwater, Sibanye management considers the transaction to be value accretive. In addition, it will position Sibanye's platinum division further down the global cost curve, with the potential of further cost reductions, thus enhancing the group's cash flow generation and improving its access to lower-cost global financing.

Mick McMullen, CEO of Stillwater says: "The board of directors of Stillwater has approved the transaction and recommends that stockholders of Stillwater vote in favour of it. The transaction allows our stockholders to realise immediate value and also positions our operations and employees as part of a preeminent global precious metals company. Sibanye has complementary values to Stillwater, and we are confident that Sibanye will continue to be a world-class steward of our operations and partner to our local communities in Montana."

The implementation of the transaction is subject to Stillwater and Sibanye shareholder approval as well as applicable regulatory approvals in the US and South Africa. Sibanye's two largest shareholders, Gold One International Ltd. and the PIC, which in aggregate represent 29% of Sibanye's issued share capital, have indicated their support for the transaction.

Sibanye will fund the transaction through a \$2,7bn bridge loan commitment. The transaction is expected to close in the second quarter of 2017. Post-closing, Sibanye will raise new debt and equity through a rights issue, with the objective of maintaining its dividend policy and preserving its long-term financial flexibility.

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