

Sibanye-Stillwater CEO warns of crisis as platinum price plummets

By Felix Njini

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Sibanye-Stillwater, South Africa's biggest mining sector employer, may be forced to close some loss-making shafts, its CEO told Reuters, adding job cuts in platinum mining had become inevitable as prices of the precious metals fall.



Neal Froneman speaking at The Joburg Indaba. Source: x.com

"Significant restructuring" is very likely in the platinum sector of the world's top supplier of the metal as miners try to stay profitable, said Neal Froneman.

"We certainly can't run unprofitable shafts and I know that our cost structure is probably the lowest in the industry," he said. "So if we have loss-making shafts, which we have a few, they will have to be closed and I say this with all the sensitivities on potential job losses."

Sibanye and South African peers including Impala Platinum and Northam Platinum are among producers that operate some of the world's deepest platinum mines.

The companies had been making record profits when platinum sister metals rhodium hit almost \$30,000 an ounce in 2021 and palladium soared to more than \$3,400 an ounce after Russia's invasion of Ukraine last year.



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But the price of platinum touched its lowest level in a year on Wednesday before recovering to \$875.86 an ounce, while palladium hit its lowest since November 2018 at \$1,179.66 an ounce.

Closing some loss-making operations may be necessary to remain profitable and preserve the majority of jobs, said Froneman. Sibanye, which has platinum mines in South Africa and Montana, employs about 85,000 workers.

While prices for platinum metals, which are used in catalysts that curb toxic vehicle emissions, may recover, that's unlikely to save mines that were only profitable during record high prices, Froneman said.

"I think it's highly likely there will be some significant restructuring in platinum, across the entire industry," he said.

Platinum miners need to adjust to a "lower for longer" price environment and potential for a price rebound is shallow, RMB Morgan Stanley analysts said.

"We will do our best to get productivity up but inevitably the country should prepare for significant restructuring in the metals sector," Froneman said

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