South African Metals & Mining

Sun City 2024 conference: What did we learn?

Industry Overview

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South Africa
Metals & Mining

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Sun City 2024 conference: Metals & Mining feedback

We hosted our 25th South Africa conference this week. 37 companies in attendance, most represented by CEOs and CFOs. Platinum Group Metals (**PGMs**) remain under pressure on weak demand & destocking effects, while supply has remained intact as load curtailment has been "less bad" than expected. A potential Fed Pivot and rising geopolitical tensions means we see **gold** back above US$2000/oz. Relative to "alternative" stores of value, gold's 10,000 year "real asset" history feels comforting. In our view, strong commodity prices put South Africa in focus - mining is c. 8% of South Africa's GDP and employs >400,000 people. **Mining participants:** Sibanye Stillwater (SSW), AngloGold Ashanti (AU), Gold Fields (GFI), Harmony Gold (HAR) and Northam Platinum (NPH).

Company one liners

Gold Fields: Focus on cashflow per ounce. Taking a measured approach to M&A.
AngloGold Ashanti: Nevada = interesting new platform for growth in tier 1 jurisdiction.
Harmony: Management confident that recent strong performance *is* sustainable.
Sibanye Stillwater: More cost cutting to come before considering mine closures.
Northam Platinum: Bearish pricing. Weak prices could prevail for 12-24 months.

PGMs: Managing an industry in decline

Key end market for PGMs (Platinum Group Metals) = Internal Combustion Engine (ICE) vehicles. Consensus appears to be that PGM demand declines "from here" as Electric Vehicles (EVs) take market share, but mixed views on rate of decline. **Key topics:** (1) A lot of factors to be considered when considering production cuts (community, costs); more "repositioning" to be done first. (2) **Northam** expect weak prices to prevail for some time; perhaps 12-24 months. Most investors shared bearish sentiment; some do feel prices close to trough. (3) **Sibanye Stillwater** under pressure. Most investors concerned at rate of cash burn; not a pretty picture if PGM prices do not turn soonish.

Gold: Eyes on rates & geopolitics.

Bullish tone in most meetings. Investors recognise ongoing geopolitical uncertainty; gold still viewed as a relative safe haven. Key question is timing trade around rate cuts. Investors impressed by **Gold Fields'** new CEO, but cautious on successive Salares Norte project delays. Capital allocation "from here" a key topic in meetings: Is decarbonisation spend a good use of capital? Mixed views. GFI management clear: Won't do deals for sake of ounces; focus on cashflow per ounce = delivering value. **AngloGold Ashanti** has interesting new platform for growth in Nevada. Focus on re-shaping the portfolio. Brazil challenging. Pivot to US = lowering jurisdictional risk. Some investors unsupportive of hefty cost for US listing. Full asset potential review bearing fruit. **Harmony Gold** has delivered material reduction in all-in sustaining cost (AISC), shifting down the cost curve. Company confident that this is sustainable, largely driven by strong grades at Mponeng.

Refer to important disclosures on page 22 to 23.
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Sun City: Company one pagers

Sibanye Stillwater (SSW)

Summary

Sibanye-Stillwater (SSW) listed in February 2013 as Sibanye Gold with an asset base of three mature South African gold mines. The company today is (almost) unrecognisable having undergone a marked transformation through acquisitions, including Stillwater (US palladium-platinum mine) in 2017. It also bought up platinum group metal (PGM) assets in South Africa, including Rustenburg Platinum Mines and Lonmin. More recently, SSW has made acquisitions in lithium (Keliber, Rhyolite-Ridge), nickel processing (Sandouville) and zinc tailings retreatment (New Century) as it looks to build a geographically diverse green metals company.

Key issues

- Stillwater (US PGMs) is under pressure. How will Sibanye “reposition” this asset further? What are the key considerations regarding repositioning versus closing the mine given weak prevailing prices?

- What is SSW’s “ideal” portfolio mix between gold, PGMs and green metals? How much more M&A (quantity of production or value) would SSW need to execute on to get to the portfolio mix it wants? Can Sibanye afford M&A given balance sheet and rate of cash burn?

- What is SSW’s long-term view on PGMs? Do we need to “right size” the PGM industry?

- SSW has recently started construction of its Keliber Lithium Project in Finland – could SSW talk about the potential of this project and key metrics & milestones?

- How is SSW impacted by, and how does it manage the effect of, loadshedding / electricity shortages at its South African operations?

Northam Platinum (NPH)

Summary

Northam is a Platinum Group Metal (PGM) producer listed in South Africa. It has two "core" assets, Booysendal and Zondereinde, with its (smaller) Eland mine currently looking to grow output over the coming years. It is the smallest of the five "big" PGM miners (Amplats, Impala, Norilsk, Sibanye and Northam). Unlike some peers, it is focussed on PGMs and is not, at present, pursuing a pivot to "other" commodities. We think that this offers clean leverage to PGM prices.

Key issues

- Northam recently announced capex cuts in response to weak prices. How will this impact the company's future production profile and previously discussed volume growth?
- Zondereinde is a conventional mine = labour intensive. What can be done to reduce costs at this mine?
- Eland is looking to grow volumes over the coming years. Does the world need more mined PGMs? How should we think about growth at Northam?
- Would Northam participate in M&A or bolt-on acquisitions within the PGM industry? If so, which assets would interest Northam?
- Northam recently announced a formal dividend policy. How is Northam balancing returns versus spending on PGM projects?

AngloGold Ashanti (AU)

Summary

AngloGold Ashanti (AU) is a large global gold producer with operations and projects across the world. It also has a pipeline of advanced projects. A "legacy" South African gold miner, it is now listed on the New York Stock Exchange and no longer has any South African operations, having sold the last of these in 2020. Most of AngloGold's production comes from Continental Africa, but its key growth project is in Nevada, US.

Key issues

- Obuasi is a key asset for AngloGold, and the company is looking to grow volumes there over the coming years. How will this be achieved, and what are the key milestones that the market should be looking for to ensure that ramp-up is on track?

- The company has its main growth project in Nevada, US. This is a "new" jurisdiction for AngloGold. What is the path to unlocking value in Nevada? How big could this resource be, and what are some of the assets' key metrics (peak production, AISC)?

- AngloGold recently acquired a stake in G2 Goldfields. What is the strategy behind this? Would AngloGold look to acquire a majority stake at some point in the future?

- M&A is a key theme in the gold industry. Would AngloGold play a part in "big" M&A or bolt-on acquisitions? If so, what type of company or asset(s) would interest AngloGold?

- The company recently moved its primary listing onto the NYSE. Does the company still feel this was the best use of available cash? What could this do for AngloGold's trading multiple, access to capital and cost of capital?

Gold Fields (GFI)

Gold Fields was formed in London during Queen Victoria's Golden Jubilee, following which an office was set up in Johannesburg, South Africa. In 1998, a new company, Goldco was formed from the assets of Gold Fields and those of Gencor. The merged entity was then re-named Gold Fields Limited. In 2011, Gold Fields bought out minority stakes in its Damang and Tarkwa mines for US$667 million, as well as in its Cerro Corona mine for US$379 million. The company boasts several high-quality assets, mostly in Australia.

Key issues

- In justifying Gold Fields' bid for Yamana (2022), then management had outlined pressure on GFI's longer-term production profile. Given this bid was ultimately unsuccessful, does GFI feel well positioned to play a role in M&A? If so, what sort of asset(s) would interest GFI?
- GFI recently appointed its new CEO, Mr Mike Fraser. What does Mr Fraser see his mandate as? What changes would he like to make?
- How will GFI approach operational stability, and how confident is the company of gradually growing volumes at South Deep?
- Australia has been a tricky jurisdiction for miners recently on tax changes (coal royalties) and tightness in the labour market. Given GFI produces most of its gold in Australia, how does the company (now) view Australia? Would GFI continue allocating capital to Australian mining assets / projects?
- What is GFI's capital allocation framework between project capex, balance sheet and dividends? As major capex at Salares Norte comes to an end and production increases, could we see a higher proportion allocated to shareholder returns?

Harmony Gold (HAR)

Summary

Harmony (HAR) has several underground operations in South Africa, one open-pit mine and assorted surface treatment operations. In Papua New Guinea (PNG), HAR owns 100% of Hidden Valley, an open-pit operation and 50% of the greenfield Wafi-Golpu copper-gold project. Harmony also acquired the Eva copper project in Australia in 2022. The company has delivered solid operating performance recently, delivering a material reduction in its all-in sustaining costs, bucking the trend versus global peers.

Key issues

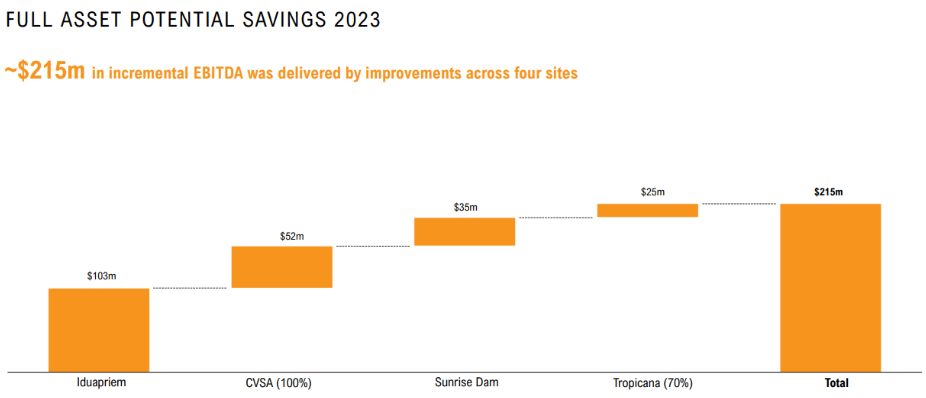
- What is Harmony's "ideal" portfolio mix between gold and copper? How much more M&A does Harmony need to execute on to get the portfolio mix it wants, and what is the value proposition for a gold company pivoting into copper?
- What is Harmony's capital allocation policy, and how does the company think about balancing M&A, dividends and growth capex?
- The company is looking to develop the Eva copper project in Australia. What are the key milestones "from here", and could labour challenges in Australia impact the anticipated timeline?
- What is Harmony's hedging policy? What are current hedge positions and are hedges currently being added to/rolled?
- Is recent performance sustainable? What gives Harmony confidence that recent solid operational performance will continue?

5 key charts

Key chart #1: AngloGold Ashanti asset review

Based on our recent conversations, some investors were cautious on the materiality of Full Asset Potential Review programme at AngloGold. We think this chart shows AU is delivering a tangible uplift to earnings.

Exhibit 1: Full Asset Potential Review
US$215mn in incremental EBITDA delivered in 2023



Source: Company presentation

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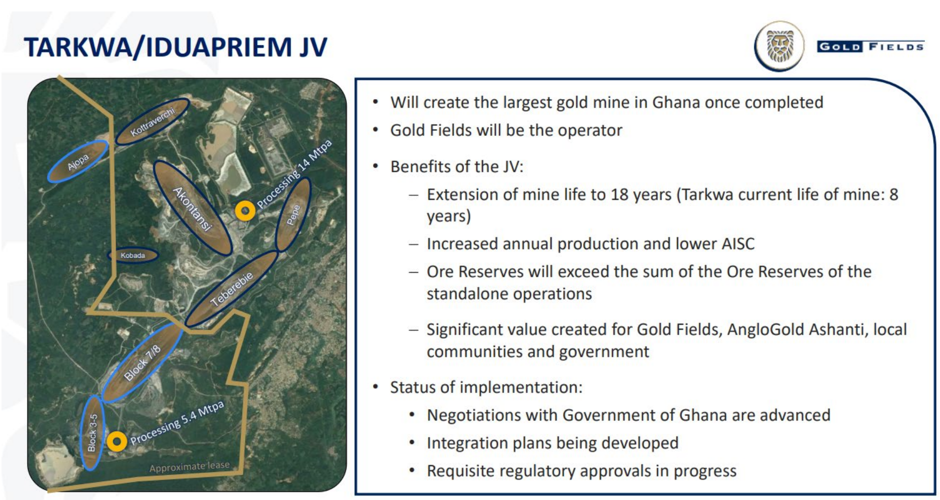
Key chart #2: Gold Fields Ghana JV

Gold Fields and AngloGold are pursuing a JV with their Tarkwa (GFI) and Iduapriem (AU) assets in Ghana. We think that this JV makes sense, extending mine life and increasing annual production = value unlock. Discussions with Ghanian government are still ongoing.

Exhibit 2: Tarkwa/Iduapriem JV
The JV, if completed, should extend the mine life and deliver increased annual production



Source: Company presentation

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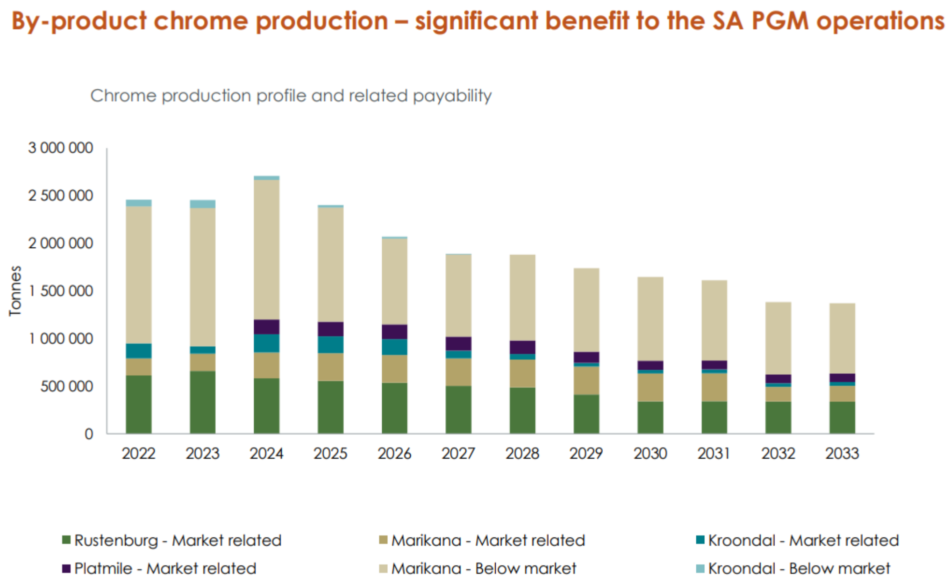
Key chart #3: Sibanye chrome production

Chrome = an important by-product in Sibanye's PGM operations. The company spoke about this extensively at Sun City, with strong chrome prices helping to (partly) offset struggling PGM prices.

Exhibit 3: Chrome production
Sibanye will produce c. 2.5Mt chrome near-term



Source: Company presentation

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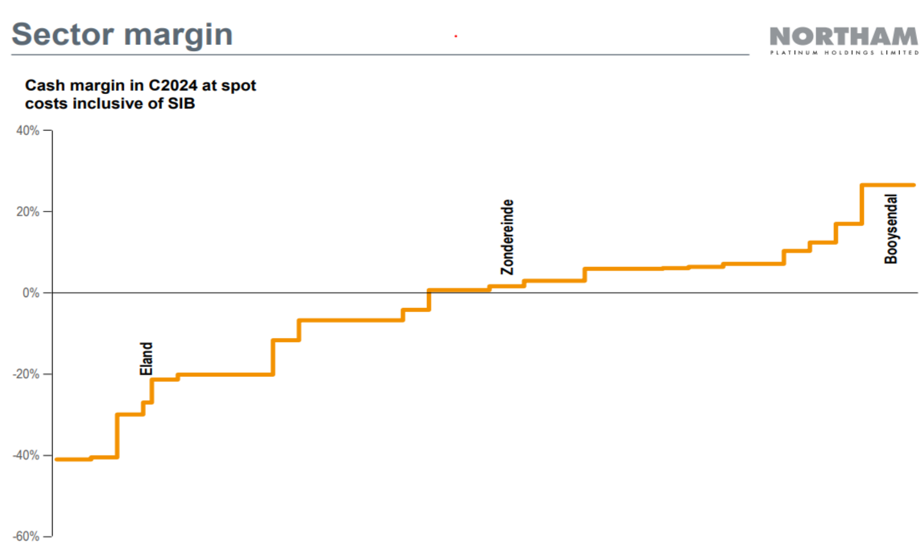
Key chart #4: Northam's cost curve

Northam think that several assets, including Eland, are under pressure (cash margin negative) on spot PGM prices. The company thinks weak prices could prevail for some time yet.

Exhibit 4: Sector margin
Northam think a significant proportion of assets are under pressure across the PGM industry



Source: Company presentation

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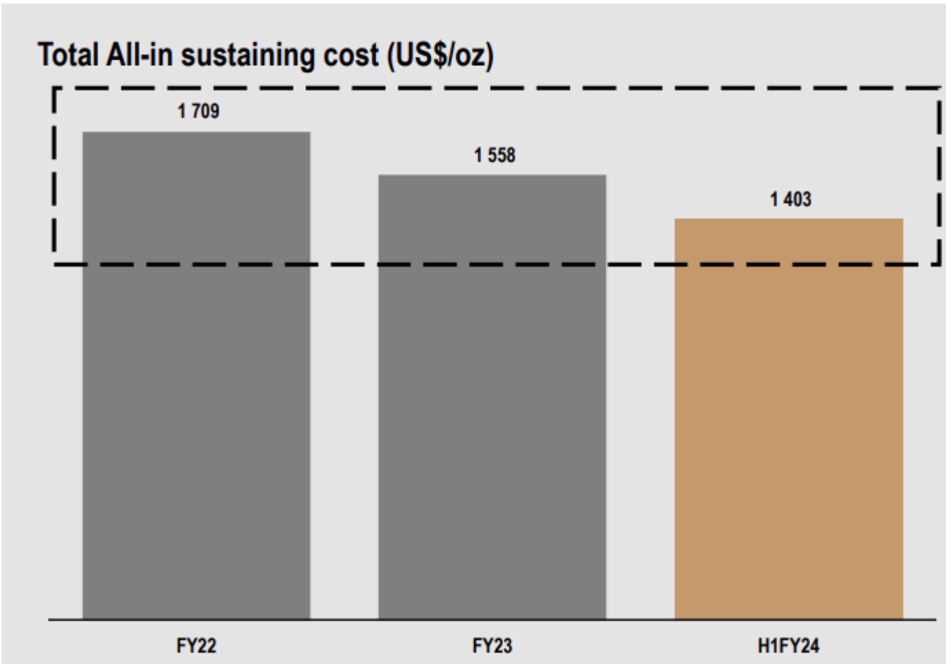
Key chart# 5: Harmony AISC reduction

Harmony has delivered a significant reduction in its all-in sustaining cost (AISC). This has mostly been driven by (1) strong grades and (2) weak rand. HAR = rand-denominated cost base, so recent weakness in domestic currency has been a tailwind.

Exhibit 5: Harmony AISC
Harmony has materially reduced its AISC at group level



Source: Company presentation

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Company feedback

Sibanye Stillwater

Q: US operations. East Boulder. How do we think about this? A: Massive implications to shutting mines. Remote area. Only workplace for town up there. Impacts on local community heavily. One of biggest employers in region. Think opportunity in engaging with authorities, strategic asset, can't just let it fail. Are levers can pull. Longer-term, a year or two out. US$1300-1400 at the moment. Trying to get down to US$1000.

Q: Timeframe? A: 2024 need to establish more flexibility for ore body. Probably from 2025, need to start seeing costs coming down significantly. It's a wider stakeholder consideration than would have been done 20 years ago. Can't run operations loss making into the sunset. Definitely positive signs on supply and demand. Supply – Russia 15% down in 2024. Been through s189; closed and restructured. Fourth shaft on watching brief; not looking positive to keep open. Peers signalled voluntary separations, talking about cutting back on capex too. On demand, seeing light vehicle sales moving up. Seeing reversal of positions in terms of EVs. EVs = when, not if. Hence our pivot into battery metals.

Q: H2 economy? A: Iridium essential for PEM electrolysers. Find use for it, then balances weakness elsewhere in basket.

Q: Confident ruthenium takes off? A: Not enough iridium, would move to new technology. With ruthenium making new use.

Q: Keliber. Capex? Rhyolite Ridge? A: Integration of Reldan (newly-acquired recycling business) key focus near-term. Rand weakness helps costs in SA. Gold - higher. Really only US where it's a challenge. Moving forward with Keliber. Ideal to get it ramped up as soon as possible. Sat in second quartile, still making money at these prices. If prices persist, big lever we can pull (deferring capex). Give until mid-year results to make call. Rhyolite - maybe alternatives to get foot in that asset, rather than spending the full US$500m. Partners we could bring in potentially.

Q: What do you need to see to go ahead on Rhyolite Ridge? A: Looking at FS. Great asset. Optionality. Still not solved for protected species of grass. Being responsible.

Q: First production at Lithium projects? A: First production 2026 (Keliber). Rhyolite Ridge - 2.5-3 years.

Q: Sandouville? A: It's an issue. Structural shift in nickel market. We're going to look at nickel sulphate route. Now looking to go to pre-cathode material. Can repurpose plant. On the watch list. On alternative process. Chlorine process - produces a salt which is easier to deal with.

Q: Do French authorities engage much on Sandouville? A: Not really. Would care if job losses, but do not see plant as strategic per se. Get positive feedback from French government typically. Need better sense on what value of that is.

Q: US government? How hard to get stuff done? A: Not easy. Dealing with politicians there. Depends on if it suits agenda or not. Seeing how can protect or sanction. In national interest. Been done in other industries. IRA - thought we would get tax break. Now looks like refiners get benefit not producers, but it's the miners who need it. If not turning by 2024, tricky.

Q: Lithium. Projects not profitable at this level? A: We see 60% BEV penetration at risk. Not at incentive price to develop projects. Short term lithium prices under pressure. So are projects. Opportunities. Will continue to look. M&A taking more of a back seat. More 2-3 people looking rather than actively looking for opportunities. M&A not always cash and debt funded. Also may get opportunities to use equity or deferred consideration.

Q: Reserves and resources. Uranium. What's happening? A: Still looking at how we unlock value. It's there. Looked on 2014/15 for tailings projects, uranium price was $20/lb. Regional idea on the table. Harmony also has uranium at Mponeng. We have capacity but was on care and maintenance. Interest from Japanese and Chinese for offtake. Option to IPO separately.

Q: Uranium, should it be high demand? Pricing? A: Got dump that has 50-60Mlbs. Not high grade. Need big volume plant to extract it. Requires capital. Not sure on cost. 2014 was about 9bn. Big part of that was tailings dam. High grade gold low grade uranium.

Q: When are next labour negotiations? A: Gold May/June. Optimistic on labour. Negotiating with same unions twice on PGM side. Optimistic on a good outcome. Slightly in SSW favour with inflation.

Q: Gold. Production in SA declining. Going to try offset? A: Don't want more exposure to deep level. Legacy will run to an orderly closure. Project - Burnstone. Not actively looking. Like gold on pricing. Would like to grow business outside of SA. Know where resources would be in SA, but too deep.

Q: Which regions would you look at to buy gold mines? A: Rest of Africa not off the cards. Want to improve footprint. Focus stable mining jurisdiction, open pit, shallow operations. 2020 - wanted something. Mix of assets. Could bundle our assets with other African assets was idea and have leveraged African gold play with separate listing.

Q: M&A? A: Overpaying in this environment in gold space if doing M&A.

Q: US recycling project? A: US recycling. Not making same returns it did historically. Benefit is it is almost fully incremental costs. Plant and infrastructure already there. Don't think there will be an immediate recovery in volumes. Has to work itself out of the system post-autos destocking. Don't have feedstock on cars scrapped following supply chain disruptions. Announced Reldan acquisition - they have big footprint in e-waste. Established in Mexico and India. Cheap technology there. Draw back in recycling in Europe is that there are existing bigger players.

Q: Chrome. Can you ramp volumes? A: Yes. Area nice to be the "new" guy. If look at market development. Ruthenium electrolysers. Doing stuff differently. Looked at basket. By-products important. Doing 2.5Mt now. Going to grow it. Doing studies. Goes out Richard's Bay and Durban.

AngloGold Ashanti

Q: Index inclusion in US? A: Hinges on when get domestic filer status in the US. Key criteria for the ones want to be part of. Anticipated to be 1 January 2025. Will file a 10K under IFRS for year of 2024. Then a 10K under US GAAP from 1 January 2025. Will only be considered for indices interested in once file 10K for year 2024 performance. Three indices qualify for – domestic filer status, primary listing, US-based shareholder requirement. Looking to get into Russell 2000, CRSP, transfer from MSCI Emerging Market (EM) to either MSCI UK or US indices. In terms of inflows would certainly come from CRSP and Russell 2000. Qualifying criteria for those and rebalancing. CRSP June 2025. Russell March 2025. On balance, assuming market cap remains flat between now and then, would ideally see net inflow 1-2% across all. Once out of MSCI EM, net basis, outflow as move from 7% in EM to 2-3% in US. Going to voluntarily file full quarterly financials.

Q: 2023 results? A: Will file in next few weeks. Full earnings release within next two weeks. Have impairment to book. Question still outstanding is in what period of misstatement relates to 2022 and what relates to 2023. Dealing with outgoing and incoming auditors.

Q: Q4 report. Controls and procedures. "Material weakness in controls". Help us to understand that? A: With incoming auditor. Fresh approach to reviewing controls. Weakness in IT controls. Welcome findings. Had to do full substantive testing. Only change in numbers will be posting of deferred tax impairment. No change in IT systems. Transition from auditors, will see control weakness.

Q: Geita. Ore volumes improving. Contribution to EBITDA didn't show up. Why? Cost structure? A: We look at spreadsheets and assess plans. Moved from open pit 6g/t to underground and small open pit with average grades to 1.8g/t over last couple of years. To continue to deliver volumes that they have, have to work a lot harder. Real productivity story for Geita. 25km from plant to underground (one of them), additional productivity gains needed to keep flat output. Should recognise fundamental shift in characteristics of the ore body. Cost trajectory – since 2020 period, cost base increased significantly. As an organisation – focus on cost optimisation. Specifically at Geita, underpinned by hyperinflationary pressures.

Q: Inflation. Functional currency USD? Impact from Argentina on results? A: Functional currencies are typically local currencies. Cash held in Argentina has got an interest rate in excess of 200% right now. World where hyperinflation, weak economy, boosted by interest receivable held in country. Not sustainable into long-term future. Strict criteria around export cash / paying vendors that are not local. Have to manage how pay local vendors. Want to be able to pay suppliers in country. Would like to take money out, applied for as much as we can get. In the last two years. Feel that risk is managed; not funding operation. Taking care of itself. Would like to get money out of there.

Q: Expectations with changes going on in Argentina. Would expectation be that exchange rate normalises and money comes out? A: Observe what everyone else can see. Green shoots of positive momentum. Waiting and monitoring.

Q: Balance sheet. Nevada growth story. How much leverage going to add to balance sheet as you deliver this project? A: Invest in North Bullfrog in 2025. Expanded Silicon and Merlin in pre-feasibility (PFS). Approach will be to fund development in growth capital ourselves. Depends what comes out of this. Plan is to fund out of cashflows; if not possible, would fund out of debt.

Q: Net debt/EBITDA comfortable with? A: Comfortable with 1x. Management prefer 0.5x, but keep 1x in mind. Just below that now at 0.89x. Comfortable around that area.

Q: North Bullfrog? Costs involved? A: Will spend US$45mn in 2024 on capital. Around US$170mn in 2025. Key thing is permitting needs to be issued; anticipate this

2025. After that, understanding is relatively low cost, relatively straight forward capital investment. First production 1H26. Important to recognise strategically it is inroad to Nevada and other Silicon/Merlin. Invested a lot of time with stakeholders in the region, serious contenders for the long-term. Want to establish work force and work culture.

Q: How much is Nevada investment longer-term? A: Don't want to guess at this point. Looking at all options open pit/underground, permutations of that. PFS will run for 18 months. Expectation is that lowest capital outcome for the best volumes and grade.

Q: Would you entertain talks on mergers and acquisitions? A: Have to keep looking and monitoring. Consolidation is a key theme in gold. Do not see anything transformational for AngloGold Ashanti at present. Some criteria for a bolt-on or what would be interested in. Lower aggregate cash cost base and can't increase risk profile that have. Business Development (BD) team – growing and replenishing reserves; potentially by acquisitions. Not done a lot of buying assets historically; we were looking at district play. G2 – jurisdiction we like. 11% stake. Longer-term play. District play. As a BD team, stay close to market, recently at BMO. Monitor closely what is going on in terms of consolidation. UK incorporated and US listing gives more flexibility to use shares as currency. Back of a stronger rating, would also use currency. Driven by clear criteria in terms of internal hurdle rates. Review what Newmont has put up for sale, not interested based on what we know of those assets. Split own portfolio tier 1 / 2 / other – around how split capital and assets that no longer fit in the portfolio. Put CdS mine on care and maintenance. Will take decision on MSG (Serra Grande) this year. Brazil has been challenging for a number of years, to take decision to put onto care and maintenance is not a decision taken lightly. Re-shape of overhead. Won't sell assets to owner that won't take care of legacy; makes it unattractive for a buyer. Will continue to do work to remediate tailings. Given mandate to LatAm region that maintains a cash neutral position for 2024. Hedged 340koz gold for Brazil; not a change to strategy. Dislike hedging; insurance policy that you pay a premium for. But needed certainty in the region to not worry about volatility in a pricing environment. US$2000/oz floor, US$2148/oz cap. Today out of the money on that hedge. For full year.

Q: Tarkwa JV. Do you think license gets approved this year? A: Government of Ghana. Discussions do not have a strict timeline. Engaging with Gold Fields and officials. Ghana has election this year, throws some uncertainty. Sooner rather than later. Won't do it if it doesn't add value. Both parties very invested, but will only take decision if regulator and government want a win-win for all three.

Q: 1H vs 2H. Big improvement in production and costs. How should we think about seasonality going forward? A: Mining in general – Q1 seasonal. AngloGold Ashanti (AGA) had a bad 1H last year. Characterised by issues in Brazil. Need to stop operations. Close the plant. Close to concentrate sales. Tank fail in Siguiri last year. Q1 always has an element of weather. This year, haven't experienced weather issues for Q1. Hard to say, linked to weather historically but haven't experienced it this year. Starting to see in companies like Barrick and Newmont talk about stronger operating 2H. Issue in Siguiri April last year is back up at full capacity. Continue to have community challenges there; lost volume in 2023 as a consequence of that. CdS gone – take that out. On the main, can expect Q4 to continue into Q1.

Q: Obuasi expectations this year? Step changes? A: Had difficult August and September last year. Strengthened in Q4. Comfortable with progress at Obuasi. Step change when KMS shaft is completed, Q4 this year. Provides for a significant amount of flexibility in processing, in extracting ore and bringing it to plant. Seen last year, even despite challenges, 18 months prior to that were most stable. Very focussed on safe and stable operations. Fourth quarter step up.

Q: Cost inflation versus peers. Your cost inflation seems less aggressive. Talk us through? A: Anticipated 6%. Was more like 8.5%. Way we think about inflation is clear – apply CPI for a country or region. Only strip out CPI and call it inflation. Everything else is within control. In 2021/22, external vendors baked in hyperinflation; saw 21-24% increases on some external contracts. Got more work to do. Tried to unwind that; didn't experience 24% increases and pass through to employees, so we want opportunity to reset that base. Second piece – inflation experienced in labour is structural (in AGA view). Inflation >5% in some regions, that will stick – internal and external labour; won't see that recede. Other piece – seeing explosives and fuel come down. Pressure on costs receding. Anticipated 6% in 2024. Don't see that as out of the ordinary. 8.5% for the year of 2023, offset by currency weakness in Australian dollar.

Q: Sales volumes. Any change in customer behaviour around wanting to secure more metal? A: No. Get paid in two days. Know which banks are buying. All linked to jurisdictional monetary policy. Saw in 2023, slightly less sales to UK than had been in 2022. Reported in disclosures. Do not have customer relationships.

Gold Fields

Q: Key feedback from recent roadshows? A: Conversations around capital allocation going forward. Strategic questions around Yamana, how do we think about portfolio over next decade or so. Questions around Ghana JV and progress on that. A few questions around decarbonisation.

Q: Salares another delay and capex increase. Sceptical on greenfields in general? A: Industry been poor at managing big capital projects. Some of the blame on us, need to manage contractors.

Q: How do you mitigate project issues and build in with contractors? A: Build set of standards around approach to project management. Started with capability on "your" side of equation. Front end loading versus what industry typically does. One thing that often surprises you. Last bit of engineering can come back to bite you. Have to find a way to get ahead of the curve on front end loading / engineering. Industry making mistakes – not seeing continuity of people. Turnover of people can hurt you. Have to get ahead of managing contractors. Have to make sure designed right upfront, tighten scope, don't go for lowest price necessarily on contractor but one that is closest aligned, and reduce people turnover on the project.

Q: Hedging. What have you got in place? A: Only one is have fuel hedges in Ghana. Have, in the past, hedged some risk. Gold hedges – none. Not about to reinvigorate. Think investors want leverage to the gold price.

Q: Given JV with AngloGold and given synergies in Australia, would you consider consolidating with AngloGold? A: Not looked at portfolio that closely. About improving quality of our portfolio. Never say never, but looking at two portfolios, not likely to be on the cards.

Q: Are there more opportunities like Ghana JV? A: Not immediately any that make sense. Would look at Windfall. Got JV with development company. May be an opportunity to increase exposure to project once de-risked. Been looking at opportunities near Cerro Corona. Talking to neighbouring operators, but nothing that jumps to mind. May see more risk sharing of big capital / big development projects across the industry in future.

Q: Any uranium exposure? A: No.

Q: Would Gold Fields look beyond gold, like copper, uranium? A: We are a gold miner. Space we want to occupy is a reliable gold producer. One that is a low-risk investment. Do that by not taking big risks or seeing huge variation in our business. Wouldn't go out and look for a copper asset. Similarly with uranium, if it comes with a gold asset, could work. But won't go and look for a uranium asset.

Q: Feedback from US investor base? A: Dialled back a bit on ESG. Most believe that Europe is the last bastion of where this will be. Not going to be that supportive in investments on decarbonisation most likely. St Ives microgrid – washes its face. Will help reduce costs. Against other uses of capital, some investors not as convinced.

Q: If 50% of shareholders were in EU. Other 50% in the US. Could be split (on decarbonisation spend). Where does that leave you? A: Made market commitment. Very hard to achieve. Way to think about it is in reduction in emissions intensity, through portfolio changes. Increasing focus is do what you can, but don't make poor decisions on capital allocation. Have people come to us saying "buy solar from us". Issue is their cost of capital often higher than Gold Fields'; dealing with smaller companies that are building grids. Solution to take off balance sheet could be to approach large infrastructure funders. Issue with PPAs (purchase agreements); more expensive. St Ives – PPA came in higher than current energy costs. Makes no sense. Some banks and institutions that have massive energy portfolio. Message clear – need to think hard before putting balance sheet to work on energy projects. About making sensible decisions, not just throwing money at decarbonisation.

Q: What are the key roadblocks on getting Ghana JV across the line? Thoughts on production cliff shown at time of Yamana acquisition? A: Thoughts on portfolio longer-term. On Ghana. Liven the conversation. Government of Ghana were keen to announce something. Quite strong on a couple of points which we do not want to agree to. First on free carry. Currently legislation. Currently have 10% at Tarkwa. 0% at Iduapriem. Get 10% across both of the assets. Been asking for higher free carry. Also been asking for a listing on Ghana stock exchange. Asked for GFI listing as AGA already listed there. Doesn't make sense for GFI. Meeting minister soon. If can't agree, will have to go to all stakeholders. Value is not going away – better for us to hold position on important issues rather than just conceding in the interest of getting it done. Will push this issue. Parliament closes in June. If it doesn't pass by then, will likely slip to next year.

Q: Portfolio? A: Proposition – have to look at volumes for next decade. 2-2.5Moz level for next decade. No immediate drop-off. Do have things coming in like Salares. Other things coming out too (e.g. Damang). 2.2-2.3Moz average over next 10 years to be precise. Not about the ounces producing, but about the quality of earnings and the margin too. As think about portfolio adjusting over next decade, how do we bring in extra optionality. Tarkwa – good quality ounces, long life asset. Windfall – guiding 150koz for 10 years attributable. Could increase exposure there. Even though it's ten years. Increasing exposure there. Additional ounces in larger land package. Want to find a few other opportunities. Don't need to go and do a big deal to bulk up assets for the next decade. Perhaps find another partnership that can add ounces. Have to continue to run to keep horizon in front of us; just the nature of gold mining. Want to do small deals on an incremental basis, don't overpay, improve quality of portfolio. Are opportunities to add assets of good quality.

Q: First few months. Visiting operations. Been to all of them? View on the business? Any worries in portfolio? A: Been to all apart from Tarkwa. Cost an outcome of how you run the business. Cutting costs – wrong way to think about it. Costs are what you incur to deliver value on the portfolio. Diluting costs in portfolio. Four high quality assets. St Ives – invincible ore body. Tarkwa-Iduapriem JV – 18-year life, low cash cost, simple operation, good cornerstone in the portfolio. Third is South Deep – had its issues, but should make money out of that for a long time. Then got things like Gruyere, simple operations – struggled with the contractor. Then got assets like Granny Smith and Agnew – good assets, but costs increasing. Got great ore bodies, but getting deeper – efficiencies get lost as you go deeper and deeper. Survive long-term if they modernise and compete for additional capital. Costs have to offset – hard to see major reset of cost base, but could improve relative. Damang and Cerro Corona – coming to end of life, harvest for cash. Whole asset optimisation programme underway, not been done in an integrated way before. Talk about levers of opportunity to drive more value. Comes back to not just ounces produced – relative margin, cash flow per share. Do not want two marginal businesses.

Harmony Gold

Intro: Well on track to beat guidance. A lot of broader trends in sector helping us. Rand cost structure. All-in sustaining cost in dollar terms trended down. Basically bucked the trend versus on a global basis. Transformed the quality of the portfolio; coming through in results. Importantly, grades sustainable underground. A lot of work into the infrastructure is what will make this sustainable. Stuck to what can control.

Q: Extended Mponeng. Risk you dilute grade? A: No. Taken calculated approach on how approaching project. Model was previously not feasible. Huge declines going into a low-grade area. Accessed these already. Smaller declines in. Deepest mine in the world. Only going down 270m, not like we are adding another 1km. Seismic activity on mine runs into hundreds every day. Done exceptional amount of work on monitoring that. Deeper mine doesn't mean more dangerous – it's geotechnical stresses. Learnt through pillar extractions at Bambanani. Can do it safely, profitably – checking all the boxes to progress project. Infrastructure there is incredible. Have to keep these assets going. Now shifted capital into high-grade and surface business.

Q: Grades argument. Beyond own guidance. What drove it? A: Mponeng drove it. In there is Hidden Valley too. Overall, Hidden Valley was a big contributor. Mining at adjusted reserve grade. Seen uplift in Tshepong South. Accessed Southern area of the mine. See some good uplift.

Q: Talk about pivot to copper. Eva detail. Can you share insights? A: Busy with feasibility study. This calendar year, bigger mine. Original US$600mn capex, now looking at a bit more than that as it's going to be a bit bigger. Taking a bit longer – looking at energy mix (renewables/gas). Towards the end of this calendar year. Probably see a bigger mine with a longer life. Copper – originally 50kt; will now be more than this. Now looking at bigger plant. Very happy with acquisition.

Q: History of mining companies when it comes to moving out of jurisdiction. New country. New commodity. Peers struggling. Talk about contingencies. How do you know it's going to be on time and on budget? A: Open cast mine. 2-year build. Low strip ratio. Not complex at all. Operate deep level. Jurisdiction – Australia. Had a lot of support from Queensland government – need to replace jobs. Capex higher than operating in South Africa. Also in Australia, have to compete for skills. It's a simple mine though.

Q: Copper outlook? A: Deficit. See Supply squeeze from 2027/28 onwards.

Q: Other metals. Justification for moving into copper? Where to after Eva? A: Bought Wafi-Golpu, bought a gold mine that became copper-gold mine. Single commodity producer, exposed to one metal. Put a new growth strategy in place. Bolstered balance sheet which allowed us to acquire Eva copper. Brought forward copper story. Want to de-risk portfolio with lower risk assets. Nature of operation, shifts into green metals, take down cost curve.

Q: Eva takes away from being a pure gold play and a rand-leveraged stock. Talk us through logic of pivot? A: Copper assets demanding a premium now. Never going to shift away from gold totally – resource which we can convert which is cheaper than purchasing those ounces. Got asset at an attractive price. Excited about it. Do not think copper will detract from story. Wafi is a copper mine with a gold credit.

Q: Earnings from non-gold. Do you want it to be higher or lower? A: Reserves diversified. Future of Harmony going to be about 30% copper given what reserves look like. Resources predominantly gold – want to pull this across. Understand ore bodies, got good community relationships, can operate in environment. South Africa been good to us – we are biggest operator, largest assets. Keeping story simple.

Q: Wafi. What is story there? A: Papua New Guinea a difficult environment. Very deliberate in that everyone must have a say. Trying to negotiate through fiscal and nonfiscal terms. They are good operators. Minister has said Wafi-Golpu is the next priority. Discussions last year – court order against them against progressing the mine. Want to keep as much of Wafi as possible. Having Newmont as a partner is positive, a lot of South African miners sitting in their team. From a relationship perspective. Want to keep as much of the project as we can. Some studies looking at US$2bn free cash per year from the asset. High capex only comes in year 4 and 5 with tailings construction and the plant. 6.5 years if got the license today. Takes us to 2030, and only then does serious capex come in. Separate funding structure for that. All existing projects will be completed. Now have a portfolio of high-grade assets. Got a huge surface opportunity. Shrinking the marginal assets.

Q: When is trigger point for next acquisition decision? A: All about the margin. Not targeting a production rate per se. Not production at all cost, has to be based on margin. Sitting at later stage with higher margin assets.

Q: Wafi long-dated. 6.5 years. Do you have to do project? Could you turn it to equity instead? A: 7.5% discount rate Newmont put on Newcrest when acquiring. Valuation was US$1.5bn for 100%. Look at what it's worth as it is. World class nature of ore body. Uptick in valuation of that asset. We (HAR) do not think Eva or Wafi reflected in share price at the moment. Right now, as things stand, balance sheet in net cash position. R10bn in facilities available.

Q: Capital allocation framework. In your forecasting – what dollar gold price do you use? A: Guide in rand terms. At the moment, for planning, R830,000/kg to determine cut-off. In terms of cashflows, using R1.1mn/kg.

Q: How do you think about investing through the cycle? A: Steady through the cycle. Do not get confused by the gold price. Invested at lower levels than spot before. Conservative on cut off grades.

Q: Would you look to buy Burnstone? A: No formal comment. Interesting asset.

Northam Platinum

Intro: Just reported six month results. Difficult from market point of view. Company in good shape. Market situation is serious. From peak, rand basket price received has halved. Inflation has been double digit for a couple of years in South African (SA) mining. Some of the assets under pressure across the industry are long-dated, high-quality assets; not just marginal producers in negative territory. Mining point of view – something has to give. Problem is structural, just trimming capex will not be enough. Company view: Possible in for a hard time for a bit longer than hoping.

Q: 12-24 month depressed pricing. Unfold this? A: Opinion gets formed from activity of market based on our customer base. One must remember – something must give. Price must relieve the situation for the miners. Beyond twelve month period – have to have significant structural change. At the point where it's so serious, things need to happen beyond the obvious (e.g. just cutting costs).

Q: Ongoing projects. Can you stop projects completely? A: Yes we can. Certainly an option. Not quite there yet. Start stopping capital that hurts delivery dates. Commentary circulating that it's okay this cycle because balance sheets are stronger. NPH disagree – commitments are not the same as previous cycle. Other thing to consider is rate of cash burn against balance sheet which is high across the industry. Only a few players to consider in PGMs – Norilsk, Amplats, Impala, Sibanye and Northam.

Q: Stillwater. Would that be enough to stabilise market? A: Palladium losing 3Moz in an 11Moz market. 1Moz gone to platinum in substitution. 2Moz gone to EVs (2025 picture). Give palladium credit, falls a bit, substitution slows; but other ounces are gone/not coming back. Norilsk are biggest player in palladium. Keep a line of communication open. Have to understand their motivations.

Q: Sanctions. Look at LME stocks. What is happening there? A: Nothing on palladium. Metal flows continue. Finds a route into China. Mine in Russia is a strong mine. Ability to produce is not under question. They are selling too. By-product for them; mine decisions are based on copper and nickel there generally. At this price, North American production under pressure.

Q: Norilsk. Slowed big expansion plans? A: Yes. Also burning cash. Severe for them as well. In 2022, did 2.9Moz palladium. Can produce in upper 2Moz mark. Made cash US$1.3bn. Revenue line – US$2bn from prior year. Last year, currency helped them too. More normalised now. Burn looks like c. US$2bn a year.

Q: Feedback from visit to Russia? Will government intervene? A: Do not see it as likely. Palladium illiquid. Banks prefer e.g. gold.

Q: Mines with nickel as by-product. How thinking about S. African mines? A: Nickel market looks tricky on Indonesia. Low-cost operations there. Seen commentary from diversified miners on this. If product is palladium and nickel, that's a substantial change in revenue driver.

Q: Seen any change in destocking in new year? A: Very quiet in January. China in new year celebrations. Bit of buying from the US OEMs. US starting to buy metal. Not to get excited – bit of a pick-up in rhodium. Buyers at US$4000/oz, sellers at US$5000/oz. Bit of buying, but not significant. Destocking cycle – driven by treasury and balance sheet considerations. Macro will turn at some point, generally positive for sentiment and hard commodities. Will see supply reduction over time. Destocking is painful now, but will be a benefit tomorrow. Easier to stop projects than stopping an operating mine.

Q: Economic depressed scenario in presentation. Talk us through? A: Prefer not to comment. But would point to this – some South African ore bodies well positioned in terms of products. All designed for UG2 feed. Require chrome input as opposed to "lumpy chrome" product. First thing to think about. Would likely prefer platinum versus palladium.

Q: At company level. Let's say situation deteriorates. What can you do operationally to respond? A: Capex cuts. Think R4bn in 2025 terms is the right number for us. R2.5bn is stay-in-business. Remainder is split between Eland and Zondereinde (three-shaft). Would protect Zondereinde in the first instance, if had to.

Q: Market balance? A: Pt in deficit c. 10%. Pd in surplus c. 10%. Rhodium neutral. Platinum sub-900 does not feel like the price.

Q: Hydrogen demand. When will you see this demand? A: Significant demand early 2030s. Issue is a hiatus in demand end of this decade. Not industrialised yet. Potential for hydrogen is excellent. Platinum, iridium and ruthenium will benefit from that demand. Convinced it will come – policy will be set. Not in R&D in those things, proven commercial concept. Needs to be industrialised. China also very busy on hydrogen. Chinese automotive industry – great ambition is to use new technologies (hydrogen). Now want to seriously start exporting to rest of world. Quality good. Price point good.

Q: 2035. ICE law in Europe. Think law will be moved? A: Think almost certainly. European elections looming. Think it will happen.

Q: Recycling. Gone quiet. View on how quickly that comes back? A: US down. At this point in time, not picking up. Same level. Don't think it will pick up at this price, but will come back eventually. No urgency for this to come back. Would keep an eye on when China starts recycling. Once recycling comes back to market, significant. 30-40% sometimes.

Q: Dividend payments. Visibility going forward? A: Instituted dividend policy based on headline earnings. Strategy of returning value to shareholders. Do look at solvency and liquidity. Affordable now. Will assess going forward.

Q: Debt. In net debt. Any big payments? A: Cash balance got R11.8bn cash on hand. Note programme – R14.1bn. Got maturities of R3.6bn in May. R4.2bn next year. Will honour the terms of those notes. Won't settle early. Believe that have sufficient facilities. No liquidity concerns at the moment. If market declines another 10%, will need to seriously look at capex and assess our situation. Most holders want NPH to roll those notes; not intention, but could do so if we needed.

Q: Global platinum supply dipping off in recent presentation. Why? A: Ore bodies. Platinum dominated by South Africa. No replacement to a sufficient degree. Want to make the point on this – bulk miner. PGMs not similar to gold. Way we access ore body is different. Gold – can high grade in difficult times etc. Very marginal in terms of life of mine. A lot of shafts at boundaries already.

Q: Smelter rebuild. Metal stuck there. What is going on there? A: What happens with refractory bricks, they absorb metal. In this furnace (number two furnace). Round furnace with dished ends. Tap hole is above the dish – big volumetric lock up in the dish. Cannot be accessed until done. Will knock it down, think it will be May. Expect a one off decent release.

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