

Acquisition of Santa Rita and Serrote

**Delivering on our Green Metals
Strategy**

Neal Froneman

Ladies and gentlemen, good afternoon and welcome to what is primarily an overview of the acquisition of Santa Rita and Serrote in Brazil, but it's also an opportunity to update you on our green metals strategy. There have been a number of announcements over the last few weeks, and I intend to cover those briefly. I also want to say good morning to our investors in North America. As all our presentations, please take note of the safe harbour statement. There are forward looking statements.

I also want to say I know that most of you will know me, but I do suspect that based on the announcement of this morning regarding Santa Rita and Serrote there may be some new interest in our company. I would not be surprised. So let me introduce myself. I'm Neal Froneman, the group Chief Executive Officer. I prefer to be known as the Chief Enabling Officer. For those of you who want to look at my bio, there is a brief bio at the bottom of the slide.

Just starting a little bit with strategy and linking the acquisition of Santa Rita and Serrote into our strategy, core to our strategy is embedding ESG excellence as the way we do business. That has evolved into a sustainability strategy which I'll cover in the next slide. And coming out of that sustainability strategy is really the strategic focus area of building an operating portfolio of green metals and related technologies which of course is what this presentation is all about.

As I said, moving on to the next slide, the sustainability themes that underpin our ESG commitments are embedding human rights and ethics, developing a climate change resilient business – I'll come back to that – entrenching long-term economic sustainability – and you can see all the sub-aspects to that – and of course being a data-driven and considered decision making business as well. What you can't measure you can't manage. But coming back to developing a climate change resilient business, there are two aspects to that. There is the road to carbon neutrality which is really embodied within plans on assets we already own. And then important to the climate change resilient business is building a portfolio of green metals, and that is in a considered way driving our external growth strategy. And of course all of the United Nations Sustainable Development Goals feature in underpinning our ESG commitments.

So just looking at our strategic growth track record and where Santa Rita and Serrote fit in, important to note that we established ourselves as an industry leading dividend payer through our gold business. Our gold business has still got long life. We took a conscious decision after two years of planning to enter the PGM space and we made a number of acquisitions in South Africa. But more importantly, we started the externalisation of Sibanye and changed the name to Sibanye-Stillwater when we acquired the Stillwater assets in 2017. That was a transformative transaction and I would suggest very similar in many respects to the acquisition of Santa Rita that was announced this morning. And I will tell you why a bit later.

The acquisition of Stillwater gave us the best geographical diversity of any PGM company. It also gave us very substantial access to the circular economy through the PGM recycling business. And once we had completed this we had a very good understanding of the underlying demands for the global car pool and how that would include battery electric vehicles. And we started a two year planning exercise in terms of getting to understand the

electric power train. And we acquired SFA Oxford in 2019 to help us do that, and that was the start of our fourth sigmoid curve into green metals.

So two years later we've confirmed our understanding of the chemistries that are important for battery metals, and we've listed it under the sigmoid curve: Lithium, nickel, cobalt, manganese. Graphite is not a metal but important. Of course recycling is going to feature even more predominantly and we are very happy to grow our exposure in the recycling of battery metals somewhere in the future. We have considerable amounts of uranium associated with our gold business and we'll be bringing that to account. Of course the PGMs will transition into the hydrogen economy. And I want to make it very clear at this stage that we remain very confident about the future demand for PGMs. I will cover it in the next slide.

Of course copper is an important element. And then of course we have also grown our exposure to the circular economy through tailings retreatment. But post understanding the right battery metal chemistries and what battery metals make that up, we have recently made some very quick moves to acquire Keliber, the Rhyolite Ridge joint venture, and then of course the announcements this morning of Santa Rita, which is nickel and cobalt, and Serrote, which is copper. And we'll be going through that in more detail. So that is how we see our strategic track record and the evolution into green metals.

There is no doubt there is strong demand for both battery metals and PGMs. Again I'm going to say it a few times. Please do not read our entry into battery metals as having lost confidence in PGMs. In fact these two graphics below actually show you out until 2030 we see very little change in PGM demand. We do see very significant penetration rates by battery electric vehicles. We see fuel cell electric vehicles becoming more of the demand post 2030. But I also want to say that we believe most assumptions on battery electric vehicle penetration rates are overstated, and that will become evident when you look at the deficits in the metals that are required to achieve that. So we remain very confident in our very substantial PGM business, but we're building a value proposition in getting exposure to the battery metals as well.

If you look at nickel specifically you can see the growth in nickel demand is predominantly through growing battery demand. You can see that in the two pie charts. We expect it to reach about 20% of nickel demand. And of course there is a nickel sulphate premium which has averaged about \$2,000 per ton, and we think that will increase. If you look at copper it's absolutely essential to meeting global decarbonisation goals through electrification. That's not new. That's well known. I think when you look at a surplus or a deficit graph, when you see large deficits for a period of time – as you see in the graph on the left-hand side – clearly that is not sustainable. And either you have to provide more supply, which I think is going to be quite challenging, or there is going to be constraints in what can be achieved and there will be reactions to price. I think that's probably more likely the scenario, but it's not the scenario that we've included in our valuations to acquire these assets.

In fact the same picture is clear for lithium as an adoption of battery electric vehicles and this being a primary metal for batteries. Clearly these deficits tell you that something has got to change. You cannot have such large deficits. Again our view is that this will have an impact on the rate of penetration of battery electric vehicles into the global car pool, which of course will be to the benefit of PGMs as well. But they will both play a role, and hence our need to have exposure to all these metals.

So as I said, the primary reason for today's presentation was to share with you the acquisition of Santa Rita and Serrote in Brazil. Santa Rita is a nickel cobalt project and Serrote is a copper project. We will cover them both separately in the following slides. So let's just consider the key terms in terms of the transaction. It's a \$1 billion upfront payment for the acquisition of both assets. And I want to make it very clear that we're not taking on in addition to that \$1 billion the debt. At closing it's subject to the normal customary adjustments for net debt and working capital. It's all included in that \$1 billion.

That \$1 billion really is based on the reserves of the Santa Rita open pit and the Serrote existing open pit operation. The 5% is an option fee, essentially an option fee for the potential underground extension of the Santa Rita nickel deposit. There is actually very few conditions precedent to this transaction. South African Reserve Bank approval is required, which we think we will get. We are confident in that. There are no anti-trust approvals expected in Brazil or elsewhere. And then funding is fully internal from available resources. Closing of this transaction is expected in Q4 2021.

If we look at the rationale – and I'm sure that my introduction has already covered some of the rationale – if we look at the asset quality clearly this is part of us doing a risk management related to the acquisition. Santa Rita is a top ten nickel sulphide asset, first quartile cost production, a seven year life of mine with potentially 27 years of underground extensions. That has still got to go through proper engineering work. And as I say the 5% royalty is related to that underground extension. Serrote is similar in terms of it's also in the lower quartile of cost producers. It's got a 13 year life of mine. Both these assets have potential for mine life extensions. And I don't intend to go through all the issues in terms of strategic fit.

I think in terms of ESG what's very important to us is the strong relationships with local communities in both cases. And it won't surprise you that a single management team has achieved that, and that management team will be joining us as the ongoing management team for our Latin American growth aspirations. Important to note 85% of energy is hydro power based at Santa Rita, first quartile carbon emissions. And in fact at Serrote we also have first quartile carbon emissions.

I want to just stop on the management team for a brief moment and say that in our investor days we very consciously and specifically exposed you to the deep depth of leadership that we have within our company. And people are considered the most important part of our business, and I will conclude with this as well. To us it was very important that we identify assets of this size with a quality management team. And certainly we have done that. We have had very good interactions – and by good interactions we have assessed a management team that has a good culture, is very competent and certainly provides us with the confidence to back this management team to grow our position within Brazil.

So I'm very pleased to say that this management team has agreed to join us. I know one of the questions we're going to get is what assurances do you have that they will stay. The only assurance that I know of when you talk people of this quality and this calibre is that they have to enjoy their jobs. And of course remuneration is a fundamental underpin, but it's just a hygiene issue. We will ensure there is lots of enjoyment. They will be proud to be part of our company going forward. And that's the assurance that we will provide and have.

Just looking at value creation, I can assure you that in modelling the value of these assets – and we all know what Appian paid for them. Capital was spent on them. To me that's irrelevant. What's relevant is the value of these assets in our hands. And I can assure you on conservative commodity price assumptions they more than meet our hurdle rate. That's for the areas of the business where we have a lot of confidence. That's in the open pit reserve plan. It does not include the option value ascribed to the underground extensions. That's upside.

In fact, I will go as far, as I said in the beginning, to say that Santa Rita is very much like Stillwater was when we acquired Stillwater. They both had reputational issues. Through our competence in understanding mining assets, through the good work of the Brazilian management team which you're going to meet shortly, these assets have been turned around. There is no debt that we have to deal with as in the past. And we saw that at Stillwater. We saw the upside being the upside in the palladium price. We saw the upside in terms of Blitz. And here we see the upside in terms of both nickel prices and of course the underground extension. So we're very comfortable with what we're paying.

It's an attractive entry point in the commodity cycle. We may think that copper and nickel prices are relatively high. As I've shown you, we are working towards very substantial deficits and I suspect it will be difficult to bring on supply to offset those deficits, so we expect a positive price reaction. Both assets will contribute very substantially to free cash flow at current commodity pricing, so they are value accretive from day one. just in terms of upside potential – I've alluded to this already – Santa Rita has an underground extension, which once we've done the engineering and it stacks up will extend the mine life by 27 years. There is on site resource potential and of course there are regional exploration opportunities both at Santa Rita and at Serrote. At Serrote we have the potential to debottleneck the system or the plant. And as you would have seen, this is in the early stages of ramp up, so again lots of potential upside.

Again just to reinforce the fact that these were acquired at an attractive entry point from a value point of view, we've looked at multiples. Enterprise value based on 2022 EBITDA multiples as an example, you can see the acquisition multiple is well below nickel peers. It's below the copper peers as well. If you look at P/NAV multiples again the acquisition multiple is well below some recent acquisitions and peer comparisons. So we are absolutely elated with the fact that we've been able to acquire these assets that exceed our hurdle rate in terms of our own measurements but when we stack them up against market peers we are also very happy with our acquisition.

As I said, I was going to introduce you to the in country management team. Paulo Castellari is the leader of that team. Paulo is well known in mining circles. And more importantly, his team has been related to some really high quality companies and developments across the world. And I'm going to at this stage hand over to Paulo to present the Santa Rita assets and the Serrote assets, of which this management team manages both, and you can judge for yourself. So with that, Paulo, please take this forward. Thank you.

Paulo Castellari

Thank you very much, Neal, and good afternoon everyone. A great pleasure to be here. I am Paulo Castellari and I have for the last two and a half years been working in building the platform that Neal just introduced to you. I will now in just a few minutes provide you a little more colour on the platform itself and the two assets that we are currently managing. As Neal said, we have built over the past couple of years a very strong team with

relevant local and international experience that have been doing a fantastic job in these assets. Let me then start by taking you through the cost structure of these two assets starting with Santa Rita.

As you can see on the slide, Santa Rita sits very well on the first quartile of the cost curve, just under \$2 per pound C1 cost, \$1.97. This position combined with the strong fundamentals of nickel sulphide, as you are well aware of, will take this to a very good position in terms of strong cash generation. This is really based on very strong pillars for the long run based on the revised mineral resource plan that we have done both for the open pit and for the expected extension to the underground based on very robust classification focussing on nickel sulphide and also based on an optimised mine plan where we have adapted the mining method using a more selective mining method, therefore achieving lower strip ratios using smaller locally sourced equipment that actually underpins the good, strong positioning in terms of costs for the long run for Santa Rita.

Moving to Serrote, as you can see in the slide the cash costs for Serrote are at \$1.11 C1, so we sit on the first half of the second quartile of the cash cost curve. Here too a very robust cost position that added to strong fundamentals for copper will enable strong cash generation going forward and strong cash margins. At Serrote we have a near surface conventional open pit mine, strip ratios of 1.7x, a very privileged location. Our product is [unclear]. We are producing a high grade copper concentrate that offers attractive downstream costs, as well as we leverage from a privileged location in Brazil in the north part of Brazil with easy access to a number of ports, also helping logistics costs. So, all these things are underpinning the strong cost position going forward.

If we move forward and provide you with a little bit more detail on Santa Rita, this is our nickel sulphide mine located in the state of Bahia in the north-east part of Brazil. This is a mine that has one of the largest nickel sulphide resources in the world. We have the right product in a favourable location managed by a very experienced team with a strong growth potential. It is the right product because it puts us in a very strong positioning to the future. We all know the relevance of nickel sulphide in terms of contributing to the battery value chain.

We are in a favourable location, a mining friendly jurisdiction with easy logistics, with very strong support from local stakeholders. We have a very strong management team. We have managed to keep essential staff from the old days that this asset was managed, so this helped us a lot in the restart and the ramp-up of the restart. More than 75% of our people are employed locally. And finally, we have a very strong potential in terms of growth. We have an open pit life of mine of seven years and the extension into another 27 years for the underground, as well as a number of options in the surrounding areas. We will cover that later on.

At Santa Rita we restarted operations in October 2019. We have managed to deliver a safe, responsible ramp-up with very strong leading and lagging indicators. We will share this with you later on. Operations right now present good stability. We have delivered in the first half of 2021 five shipments and nine shipments to date at just over 6,000 tonnes of nickel in concentrate for the first half with \$2.53 per pound C1 cost. We have at the moment 2,500 people at site. As you can see on the slide, there is more information there, some key metrics on life of mine, on production, on strip ratios and costs for Santa Rita.

So providing yet more detail on Santa Rita and detailing the key drivers for the restart of the operations, we have been through a detailed technical and operational plan taking into account the entire value chain for mining

starting with the strategic review of the mineral endowment. Almost 130,000 metres have been drilled since 2018, by the way, equivalent to more than a third of all the drilling ever done in this asset. We have revised the mine plan, adopting a more selective mining method, adopting smaller locally sourced equipment, equipment that is easy to purchase, easy to manage, easy to replace, and therefore achieving lower strip ratios and obviously lower costs.

We have improved and continue to improve processing performance based on better core classification as I mentioned due to the drilling, rolling out an operating model, leveraging lean manufacturing practises, and of course continuing to work on the journey to stability of operations. We have been selecting top class suppliers, so the mine contractor and all other key suppliers, long term relationships that we have from the network that we've been managing for the last many years. And we have reshaped the sales portfolio to have a more balanced arrangement in terms of tenure, location as well as volumes, and of course working with growth as we will see on this next slide.

This slide shows you the structured approach that we have taken in terms of building a strong business plan, learning from past experiences, leveraging from the team, leveraging from the excellent facilities that we have. I think you are aware that more than \$1 billion has been invested in the facilities for Santa Rita from the original owner. So we started with the current operations ensuring that we make the optimal use of the current facilities. We have a plant that is world class with a capacity of 6.5 million tonnes per annum. And we have been rolling out since early 2019 our business improvement framework not only to support the ramp up but also to build on the journey to stability.

Then in the middle block in the slide that you see, working on the extension of production from the underground, we have finalised in the first quarter of this year a PDA that shows tremendous potential for the underground, a lot of potential by using sub-level caving for an additional 27 years life of mine for this asset with improved grades and probably improved volumes as well going forward. And finally, on the third part of the slide, leveraging from the regional potential that Santa Rita presents. We sit in a very prospective area. We have more than 30 titles in the surroundings of the main plant and the mine, and we have been doing lots of work on them, and some of them show to be very attractive. A very good example that is nice to share with you – and I'm sure in the future we will share more – is Palestina which is a target that is very close to the mine. It could well be another Santa Rita. And material from Palestina could be used in many different ways to support this path for growth that I've just been through.

So if we move to talk a little bit about Serrote, Serrote is a scalable copper operation in the state of Alagoas in the north-east region of Brazil. We started the construction of Serrote in early 2019 with a planned investment of \$243 million and a start-up planned for the second half of this year. This project was delivered safely. We clocked a 0.57 LTI. We delivered this project before schedule. We started operations on 31st March 2021 and we delivered this project below budget with \$195 million. This is a very interesting deposit. It's a scalable copper operation that has been very well drilled. Therefore it is very well understood. We have managed to keep a very strong team for Serrote. A number of our team members have been with the project for more than ten years. So there is very good understanding of the deposit and its potential.

We have defined an initial reserve with 13 years and there is a lot of potential to grow that further on. We have similar to what we described with Santa Rita – and we'll cover that in a minute – put together a very structured, robust growth plan leveraging from the mineral endowment that I just described and also leveraging from our regional plans as we can see here in this slide. So firstly I mentioned about the safe delivery of the project. We are now in ramp up. We have been operating well on the ramp up very safely and responsibly. We have been leveraging a great deal from the experience that our team holds in starting up mining projects here in Brazil and abroad.

And then a similar approach to Santa Rita. Three main items. We have a number of opportunities to optimise the original mine plan, looking at plant optimisation and leveraging the business improvement framework that we have in place already. Then extending the life of the mine because there is significant resource potential beyond the current pit design, what we described for the 13 years, as well as the treatment of oxide material. This deposit has oxide material, so we are looking at the possibility of building a new plant to treat the oxide material in the future, which would be an avenue for growth as well. And then finally, the regional growth pipeline. We have ten titles in the surroundings of the existing treatment facilities and some of them are very good. One example to share with you is Rogério. Again it is very close to site. We will be working forward with Rogério, investing in exploration and understanding more the paths for growth.

So in conclusion, over the past two or three years we have built an attractive platform here in Brazil looking at relevant assets in terms of industry, in terms of size, in terms of growth potential, and of course in terms of profitability and cash generation into the future. We have managed to attract a team that share strong business principles and values on care and respect, on accountability, on delivery, on looking at all stakeholders inside and outside the gate, and most importantly on ESG. And this is what we treat in this slide, looking at safety both at Santa Rita and Serrote, delivering robust safety standards – at Santa Rita an LTI far below 0.24 year to date, more than 2,100 safety engagements, which is one key lead indicator for us – at Serrote 0.58 year to date LTI and more than 1,000 safety engagements, keeping in mind that there are fewer man-hours worked at Serrote and thus the number is slightly different in terms of conversion for the safety engagements.

In terms of environment we have very strong, well-managed and endorsed by world class consultants, downstream tailings facilities working well and following the strictest standards there are. And finally on governance, with a comprehensive framework on governance in general terms, on the appropriate controls, processes, and of course on inclusion. So this is what I wanted to share with you. I would like now to hand back to Neal so that he can take you through the rest of today's conversation. Thank you very much for your time.

Neal Froneman

Thank you, Paulo. I'm sure that the audience would agree with me that this has really been a smart acquisition by us as Sibanye-Stillwater, and I'm sure the audience would also agree that well done to you and your team for what you've achieved with these assets. We are very happy new owners of Santa Rita and Serrote. I do want to very briefly go through some updates on previously announced acquisitions and partnerships. Let's start with Rhyolite Ridge which is a lithium joint venture that we have done together with loneer in Nevada.

I'm really going to focus on the right-hand side of this slide. Ioneer is the owner of the Rhyolite Ridge project. The joint venture will be a 50/50 joint venture between ourselves. Ioneer will be the operator. We will obviously provide very substantial operating support as well and input into the JV. For \$490 million that is what the cost to us is. That's direct funding into the JV. We have also made a \$70 million investment in Ioneer which has resulted in us owning 7.1% of Ioneer as well. Ioneer will contribute the Rhyolite Ridge south basin which will form 100% of the JV, and then subject to a \$50 million option fee from ourselves they would then contribute the Rhyolite Ridge north basin.

Again this is quite a remarkable project. If you look at the investment highlights, this particular project is world class in a really high quality jurisdiction in Nevada. It has got potential significant market presence. It will be one of the first major lithium suppliers in the United States. It is well positioned to benefit from the increased focus on regional supply chains, which is part of our focus of looking really at Europe and North America. It has got a 26 year mine life with very substantial expansion potential. So this is really a tier one asset. It will have a first quartile cost position after the boric acid credit. At current assumed pricing it's got a net present value of \$1.3 billion after tax at a discount rate of 8%. I think the focus is clear that it's going to produce 22,000 tonnes of lithium hydroxide from years four to 26, and important as a by-product is the 174,000 tonnes per annum of boric acid production which is right from start-up. So again a great acquisition or investment.

What has been important to us along this journey is the quality of partners to us that we have come across and established. These external relationships are very important when you have partnerships around JVs and so on. And we have been suitably impressed with the Ioneer team, and we've asked the Executive Chairman of Ioneer, James Calaway, just to say a few words. Thank you, James.

James Calaway

Well, thank you so much, Neal, for that wonderful discussion of our joint venture. As a Chairman of Ioneer I just want you to know how much it means to me, the relationships that you and I have already developed, the trust that we both feel towards one another. And I must say that not only do I feel that way, but in the work that we've been doing over the last weeks the team on our side have just been delighted to work with Sibanye-Stillwater's excellent people. In the end a joint venture has to work when two teams come together with common values, common objectives and determination. And we feel very confident that that is exactly the kind of joint venture we have between our two companies.

Our project is a unique project. It's a specific mineralogy that has not been seen anywhere else on earth. It is a remarkable material. We call it [unclear] at Rhyolite Ridge. And this material allows us not only to produce a tremendous amount of quality lithium chemicals, but at the same time through the same basic processes generate a huge amount of boric acid which is a less known material but very important in its own right. The combination of those two coming out of the same process then means that we have the lowest cost production of lithium on earth. As somebody who spent eight years as Chairman of Orocobre developing with the team Olaroz, I always thought that was going to be pretty much at the bottom of the cost curve. But with the kind of execution that we're going to have at Rhyolite Ridge as a team, we're going to have not only a world class asset in terms of size. It's going to be at the lowest cost on the total cost curve, which is very important to me and I know to you.

And then finally, I think we should not underestimate the importance of it being right in the middle of the United States. The United States is blessed with so many things, but in terms of lithium production so far it's a peanut. We have 15 miles from our asset the only production in the United States. It's 4,000 or 5,000 tonnes per year, so woefully inadequate. Our project is by far the most advanced. It's ready essentially to start construction as soon as soon as we receive the final federal permit. And it will quadruple America's production in phase one. I can tell you with absolute confidence that the growing interest in our material is quite pronounced. So many companies, many OEMs around the world are starting to plan and are going to be building large supply chains in the United States to support the electrification of transportation. And they're going to need our material very much.

So we're very optimistic about the future. I think we're just extremely delighted, Neal, to be a part of a team with you. We've got a lot of challenges that we face, like anyone who is building a brand-new large facility. But I think holding our hands together, being a part of a circle of commitment, living with the values that we've articulated and you articulate even better in your tree, together we can make this a success for both loneer and for Sibanye-Stillwater. So, thank you so much for including me.

Neal Froneman

Thank you for those kind words, James, and we look forward to working with yourself and the loneer team. Moving on to Sandouville, which is a hydro-metallurgical nickel refinery located in the Port of Le Havre in France. Again it is strategic from its positioning in Europe. The transaction structure here was a PUT option to acquire 100% of Sandouville from Eramet. That was announced on 30th July. We've been in an employee consultation process and I do believe that will end in a positive way. The closing is subject to the transfer of permits, and that is expected to occur in early 2022. It's an effective cash cost acquisition price of approximately €65 million.

And this facility has got a design capacity to produce about 12,000 tonnes of nickel metal, approximately 4,000 tonnes of nickel salts and approximately 600 tonnes of cobalt chloride. So it's a very substantial facility, strategic, and now of course when you couple that with the acquisition of Santa Rita we now have the feed to go through this refinery. In fact, some of Santa Rita's feed already goes through this refinery.

It will also be a position to grow our European recycling business. We already have looked at plans to do that. I also think it's important for you to understand that Eramet initiated a project prior to us acquiring this, and that was to position this plant as a multi-purpose asset platform for high value-add projects. It is still in the ramp up phase as of now and it will take a further few years to achieve that. We have some additional ideas, and we are looking forward to investing in France and growing our profile in this particular area.

I'd like to also just recap on Keliber. It was one of the first lithium projects or steps into the green metals that we announced right at the beginning of the year. It is also a lithium hydroxide project. We currently have a 30% stake in Keliber. We have the right to increase that to a controlling position with further investment, and that is intended to take place after a definitive feasibility study. Again relationships and people are so important. In Finland I'm very pleased to say that our partner is the Finnish mining group, the group through which the Finnish government holds its mining shareholdings. We had to jump through very significant ESG tests, and I'm pleased

that we were able to do that and we have established a very good working relationship with our shareholders and with the Keliber team.

We expect first production in 2024 with an annual run rate of about 15,000 tonnes. I think very importantly, as I've alluded to, regional supply chains are of interest to us. We do see de-globalisation of supply chains. Europe is a focus area. North America is a focus area. And the Finnish government has stated that they see Finland becoming the battery hub or one of the battery hubs of Europe. And this would be the first fully integrated lithium producer in Europe, and we look forward to playing our role in that area. As I've said, we have built up wonderful relationships. And I'm going to ask Mika Seitovirta, the Chairman of Keliber, to please say a few words.

Mika Seitovirta

Greetings from Finland to all of you. My name is Mika Seitovirta. I'm the Chairman of Keliber board. I joined Keliber in 2019 in November. And actually I got excited about the project because very encouraging development in resources and reserves, very good financials already at that time, also a good team. And it seemed to be that the permitting is going very well with the local authorities. When I talked to local communities I could hear a very supporting voice from everywhere. On top of that, it piloted this process and we got immediately almost to battery specs lithium hydroxide. So we know it works.

As part of 2021 activities perhaps the most important was that we started our bridge to financing efforts. We wanted to update our definitive feasibility study before the project financing and the construction phase. We met a number of investors. During this process it became clear to us that actually what we wanted to have if we could choose is a strategic partner, obviously a partner who would help us in funding the project but who could also contribute to the process, meaning an industrial, strong partner having expertise not only in mining but also understanding battery metals and the market.

Now we have been working together with Sibanye-Stillwater in the board for almost ten months and we have known each other for more or less one year. A couple of observations from my side. First of all, I think Sibanye-Stillwater is a very humble company. Despite of their success and their excellent track record from the last years, it is a very customer oriented, face on the ground organisation which we respect a lot at Keliber. Secondly, it is a very transparent company. You get what you see and they walk the talk. So we have been working in the board as well like a team with the same agenda. And also the board is a team with the leadership team that we have, again having the same agenda and objectives.

Maybe a third observation from my side is that Sibanye-Stillwater is a very ambitious company to us. And so are we. We have a feeling that Sibanye-Stillwater is continuously raising the bar, and that serves us well. Just to give you an example, the company wants to be truly transformational when it comes to sustainability. That's in our agenda as well. ESG and sustainability thinking, we're going to be world class. We are going to be the first integrated European lithium hydroxide provider ramping up in 2024. And at the same time we want to be a sustainability showcase that we can build together with Sibanye-Stillwater. It helps us because we can control the process from the mineral right to the end product, lithium hydroxide, leading quality-wise and cost-wise. So I really look forward to this journey together and thank you all for this opportunity to give you my understanding

of Sibanye-Stillwater as a partner. You are really doing a great job. Looking forward to talking to you next time again. Thank you. Bye for now.

Neal Froneman

Thank you, Mika. Again we are very proud to be partners and shareholders with you in Finland, and we look forward to growing our presence there as well. Let me briefly conclude. I want to say the key take-aways for today are the following. We've made substantial progress on building a climate change resilient business actually in a very short space of time. again I want to highlight that we did two years of pre-work, years where you would have seen no output, and now you can see the strategy unfolding in 2021. We believe – and we don't do things just for strategic reasons – that our green metal strategy will deliver significant future value. We are very disciplined in making investment decisions. What you also don't see is how many projects or acquisitions we look at and we turn down. There are many more than what we actually buy.

We are very consciously increasing our revenue diversification outside of South Africa. That is by design. We are improving our geographic risk diversity, and we look forward to continue doing that. We have secured meaningful positions in high quality and strategic assets. Again I want to come back to the people part. We've given you an external view of the relationships we have with people outside of our organisation, but suffice to say great people, a good strategy and quality assets will make a great company. Thank you for that, and we would now be very happy to take any questions you may have.

James Wellsted

Thanks, Neal, and thanks to everybody for participating today. I think I'll direct most of the questions to you, Neal. And then I think you can then direct them on to the appropriate people. The first one is the timing of acquiring the PGM assets has been highly rewarding. However, is now really the optimal time to buy these green metal assets, taking into account the supply chain issues which are pushing up green metal prices temporarily? I'm not sure if that's a question or a statement, but perhaps you can respond, Neal.

Neal Froneman

Certainly. Thanks James. Look, I remember similar concerns when even in a low PGM cycle we made the acquisitions that we did. And we were very confident with the assessment we had done on supply and demand. I have to say exactly the same now. There is no doubt that demand is going to exceed supply in all these metals. There will be further upside in commodity prices. But I also want to make the point that we have said that our entry into PGMs was very beneficial because there was really very little competition at the time. We recognise there is significantly more competition for green metals or battery metal assets at this point in time.

But every acquisition has got an underpin of value associated with it. It has to exceed our hurdle rate. So perhaps the value creation may not be as much as we created in PGMs, but it will be very significant value creation in terms of our company. So you can certainly sit on the side-lines and perhaps there is an oversupply of metals. I don't think that's our view. And these are not impulse decisions. We've been working on assessing this strategy

and implementing it for the last two years. So no, I think that it's a prudent entry. Yes, it would have been nice if we could have made it a few years back, but it is what it is today. But there's still a lot of upside. Thanks, James.

James Wellsted

Thanks Neal. There are quite a few questions asking for more detail on forward looking metrics, capex, costs etc. Just so I don't offend anybody, just upfront we need a bit more time before we can present that kind of detail to the market. Obviously we need to conclude the transaction first, and then we need to get on to site to do a more detailed review of the plans and the profile. So if you don't mind, we won't get into that detail. But related to that there are questions about the sustaining capex outlook and particularly at Santa Rita where on the one slide we showed quite a significant increase in costs, all-in sustaining cost relative to C1 costs. And it's much bigger than the quantum difference on the Serrote mine. Perhaps you could explain why all-in sustaining costs are so much higher at Santa Rita than C1 costs.

Neal Froneman

I think that Paulo is probably best placed to do that, James. Why don't we ask Paulo to answer that question please?

Paulo Castellari

Hello James. Do you guys hear me?

James Wellsted

Yes we do.

Paulo Castellari

So to address the point on the sustaining capex for Santa Rita compared to Serrote, I think we have just completed the construction of Serrote and like for like this is a company that is now fully capitalised in terms of investment. So it is bound to be a lower stay in business capex like for like. So that's element number one. Then the second item perhaps to share as well is that there have been deferrals of investment at Santa Rita of course just to optimise cash flows and these sorts of things that could be allocated for next year or even further optimised. I think these are the two key drivers that one could see in terms of having a little bit more stay in business capex for Santa Rita when compared to Serrote.

James Wellsted

Thanks Paulo. And perhaps this question is probably for you as well. Where would Santa Rita move on the cost curve if the mine commenced underground production? I think we've indicated that on the slide, but the question that came up was why the underground C1 costs are lower than the open cast C1 costs on that slide. Perhaps you can explain why that is the case.

Paulo Castellari

Sure. I think first and foremost we are in preliminary economic assessment still so there is a lot of work to be done. And personally I'm very happy that we have a very strong team from Sibanye-Stillwater to work with us and optimise further the work that we've been doing. We are very optimistic about the potential because the deposit is indeed fantastic, but there is still a lot of work to be done. But conceptually grades on the underground are higher and will by definition drive lower costs. And also the current plan, which again is important to mention could be further optimised, we do it in stages and we are at the moment assuming anything between two, perhaps even three years of development. So, capex is going to be much lower at this lower base, therefore not impacting us much. But by far the key driver for lower costs for the underground would be higher grades, because from the tests we've done it looks like we're going to be using the same plant and the same facilities, probably not very much investment on the processing side – again with the big caveat that we have to do further work on the underground.

James Wellsted

Thank you Paulo. Another question also in line with that is how long after achieving commercial production would we expect Serrote to take before it begins generating positive free cash flow? Maybe you can answer that on Santa Rita as well, because I've had a few similar questions to that.

Paulo Castellari

Sure. Santa Rita is cash positive. As you see, the cost positioning and the price at any assumption that people use based on the consensus will be generating cash at the moment. For Serrote we expect to generate cash before debt towards the first half of next year. So as from the first half of next year we would be generating cash before debt. And if you assume the debt servicing it would take us towards the end of next year. There are numerous options to deal with the project financing at Serrote, particularly now that we're joining Sibanye-Stillwater who has of course a number of possibilities to deal with that.

James Wellsted

Thanks Paulo. This one I think is for you, Neal. When would we need to approve Santa Rita's underground development to ensure that the operation produces at a stable 16,000 tonnes per annum? Actually it might be for Paulo, but I'll pass it on to you, Neal, first.

Neal Froneman

Thanks James. I would say in the next three or four years is probably the right time. I just want to reinforce what Paulo said. I think we must understand that we're only at preliminary economic assessment on the underground operation, which is why we could only ascribe an option value to it and why we came up with the royalty structure. So that's important. So these numbers are very preliminary that you are hearing today. The other thing I want to reinforce, James, is what you said. Although we've done a very detailed due diligence which underpins

the \$1 billion purchase price, we normally like to go through one planning cycle with new teams before we provide public guidance, which is what you were alluding to, James. In other words, it's not that we don't know what's happening on site. We know exactly what is happening on site. But we would like to be part of the planning process and we will then provide proper formal guidance.

James Wellsted

Thanks Neal. A question on tailings deposition for both sites. Are they compliant with the latest standards? If not, could we please comment on timelines and capital required to comply?

Neal Froneman

Paulo is probably best placed to do that. But from our point of view these are downstream structured facilities, so the right structures. We have very high standards which we will probably roll out. Plus we've also considered dry stacking in our assessments as well. So that has been very carefully considered. Paulo, you are probably best placed to comment on your view of the standards of your tailings facilities.

Paulo Castellari

Sure, Neal. Thanks. Just to culminate what you just said, both tailings facilities for Santa Rita and for Serrote are downstream structures. They are fully compliant with the revised Brazilian legislation as well as with the Canadian Dam Association Guidelines. So, both of them are compliant at the moment. We have not only a dedicated team managing the day to day activities, the management of the tailings facilities, but also the plans for the future [unclear] and all that, as well as a resident consultant from a first class consulting firm dedicated just to that. So those are the key elements. But as you said, Neal, there is always the option for dry stacking which again based on the cash generation that these assets can provide is more than feasible.

James Wellsted

Thank you. The next question is from Martin Creamer for you, Neal. Please reiterate Sibanye-Stillwater's own plans to decarbonise itself and to go green. And Mining Weekly's specific question is: Do your new partners share your approach?

Neal Froneman

Thanks Martin. Absolutely, they share our approach. And in fact, these were key considerations in their carbon footprint. And you would see the detail in the slides. I think there was reference to our Santa Rita receiving most of its power from hydro power and being in the first quartile of low carbon emissions. That's probably the best way to describe it. Serrote is also in the first quartile of low carbon emissions. So most of the acquisitions we are focussed on, that is a key component. ESG is not just something you do back home. These types of ESG requirements are actually part of the value proposition when you buy new assets. In terms of what we are doing back home, the decarbonisation is a commitment to be carbon neutral by 2040. I think we've said that we will get there much quicker, but that's a firm commitment and it's based on renewable energy primarily in the South

African operations to deal with the Eskom emissions which are coal-fired power stations. And that's about 500 MW of installed wind and renewable energy. Martin, we'd be happy to give you more detail offline, but that is very broadly our approach to decarbonisation at other assets.

James Wellsted

Thanks Neal. Just another point there is that nickel sulphides have a much lower carbon footprint than other nickel mines or other ores like nickel laterites etc. So it is inherently a lower carbon product. Just three questions in one here. Neal, maybe you can choose which one you want to answer and pass the others on as you see fit. The first one is what is the impact of the offtake agreement at Santa Rita on price realisation against benchmark prices? The second one, is there an opportunity to process the nickel through the Sandouville site? Are there synergies? And then what logistics costs are factored into the cost guidance?

Neal Froneman

Again I think I would actually ask both Paulo and Laurent to comment on this. Obviously these things have been well considered, and in fact we believe some of the Santa Rita production actually already goes through Sandouville via Boliden. So that's already happening. Of course in the longer run we would want to see more go through there. Let me ask Paulo first and then Laurent to also add a bit to that question.

Paulo Castellari

Sure thing, Neal. Let me start with the point that you just made. There are actually very smart synergies to be got there, as you said. There is the opportunity to process Santa Rita material over there. That's for sure. There was a question on logistics costs. All logistics costs are incorporated in the C1 indication that we shared with you today for both assets. Bear in mind because of the location, because of the nature of the product and also our volumes, logistics costs are very attractive. And then finally on pricing, the pricing that we have been able to clock at Santa Rita and the contracts that we have in place for Serrote going forward are very well aligned with market. We have been able to balance further the sales book for Santa Rita, which is something that people have suffered in the past. So we have a very balanced view in terms of volumes and location. And perhaps my final comment before I hand over to Laurent to comment further is that we're very fortunate to be dealing with the right product. I mentioned in the beginning of our conversation that these are fantastic assets with the right products in very favourable locations. So that also helps us very much in making sure that we can get the best result. Laurent, perhaps if you can comment further.

Laurent Charbonnier

Sure. What is really important is that the management team is implementing a turnaround plan for this site, so they are ramping up their production. The target for them is to get near 16,000 tonnes based on the existing site. So when you are looking at the Santa Rita operations and the average production of 13,000 tonnes it's clear that there is connectivity between these two sites going via the Boliden smelter. What is very interesting is that since we've announced the Eramet Sandouville transaction – and this will accelerate following the announcement of the [unclear] transaction – we have seen a lot of interest from traders, from strategic partners for our battery

metals strategy which is going to help us to refine our plans for the transformation of the Eramet Sandouville site which will be announced during the course of 2022 following some detailed engineering work to refine the plant.

I think when you are looking at Eramet the key synergy which you have to bear in mind is around the 9 hectares of available land adjacent to the existing plant. So you're going to have two sites into one. And this will enable us next year to continue clarifying the synergies to be extracted out of this battery metal strategy. But when you are looking at the fact that we announced Eramet Sandouville first, now you can see because we are working on Appian in parallel why there was a natural fit between all these acquisitions. And finally, as Neal mentioned, if you look at the existing site of Eramet Sandouville there is room to be able to accelerate our growth in autocat recycling. And this should be quite interesting because this will transform relatively quickly the profitability of that site. So we are going to work on it very hard and will come back to investors in the middle of next year with all the detailed plans.

James Wellsted

Thanks for that. I think for now we will quickly see what questions there are on the phone lines. Are there any on the call?

Operator

Yes there are, sir. The first one comes from Adrian Hammond from SBG Securities. Adrian, your line is open. You can ask your question.

James Wellsted

Can we try the next caller?

Operator

Thank you. The next question comes from Patrick Mann of Bank of America.

Patrick Mann

Good afternoon. Thanks very much for the call. I just wanted to ask a little bit about where Santa Rita is at the moment. I think you said it was sitting at around \$2.50 a pound at the current C1 cost. I'm just wondering what the pathway is from here to the below \$2 per pound cost. Is that just continued ramp up of the open pit mining? And we're seeing quite a lot of inflationary pressure across the board that everybody is experiencing. Are you confident in that number or is it more of a relative position, and if you experience inflation from steel prices you will still keep your relative position? Thanks.

James Wellsted

I assume that's for Neal or Paulo.

Paulo Castellari

Thanks, Patrick, for your question. Look, I think you addressed yourself it is related to volumes. So we have still some work to be done to reach what we expect in terms of full stability, and I must add that we are very much excited to be able to count on the additional technical support from the team at Sibanye-Stillwater. So that's one part of the topic. The other part, indeed we are all concerned about inflationary pressure, particularly here in Brazil as a result of the weaker currency. But to date we have not experienced that in major items. We constantly monitor that, and the number that we are sharing with you is something that we are comfortable with. As always we just need to constantly monitor that and see if there are any ways to contain costs and all that. But all in all we believe in the number that we are indicating at this stage.

Patrick Mann

Thanks very much. Could I maybe just ask one more follow-up? If I look at the releases from Appian and yourselves I'm seeing a 2.75% NSR at nickel and then stepping up to 7.75% for underground. But then in another part of that same release it talks about only a 5% NSR, and I think your main presentation also speaks about it. So I just want to make 100% sure that I've got the royalty structure right, that it's 5% net smelter return royalty on underground nickel production from Santa Rita. I'm getting confused a little bit in reading the releases.

James Wellsted

Thanks Patrick. Maybe we can refer that to Neal or Laurent.

Neal Froneman

Patrick, if you look in the presentation under the transaction highlights there is a certain number of tonnes of nickel that have to be produced before that 5% smelter royalty NSR kicks in. And it has been designed to really be a royalty on the underground portion, not the open pit. Laurent, I don't know if you want to add any colour to that as well.

Laurent Charbonnier

Sure. I think that when you look at the royalties the reality is that when that site was actually developed you had some royalties in there for the local communities and for some state agencies. So you have one for the Bahia State Mineral Resources Company. You have one from the federal agency for mineral resources etc. So you have this level of royalties and it's absolutely normal to have some royalties to local stakeholders. The second one is that you have some royalties that were also embedded in these assets payable for exploration assets both in nickel and in copper. If you were to develop adjacent assets, there are some royalties that are there. And these royalties would be payable to Appian.

So the only thing that is new here is when you look at the purchase price you have \$1 billion cash up front. That's for the producing assets. And the only new thing is a 5% royalty. It's only for the nickel assets, only for Santa Rita.

It's only for the underground. If you think about it it's going to be payable in a few years' time as we develop the underground. That's why when you're looking at the overall returns for this transaction – because I think that your question is about returns – yes, we have a transaction that is accretive in terms of NAV, in terms of EPS from day one. I think perhaps, as Neal said, one of the most important things is that it is ESG accretive from day one, because it is a very important asset for our net zero strategy. If you think about decarbonisation of the overall footprint we will be very happy to pay this 5% royalty to Appian on the underground because when we build the underground this is going to add significant more value to the Appian assets because then you get 27 years of mining. The grades improve over time by the way on the underground. And that gets you a very strong pillar to underpin the battery metals strategy.

Patrick Mann

Okay. Thank you, Neal. Thank you, Laurent.

James Wellsted

Thanks, operator.

Operator

The next question comes from Leroy Mnguni of HSBC.

Leroy Mnguni

Hi. Good afternoon guys. Thanks for the call. I've got a few questions please. The first question is how much of the Santa Rita bottom quartile positioning is driven by the by-products and how sensitive would your costs be to changes in the price or assumed price for the by-products. And would you look to secure offtake agreements with OEMs for some of your other battery minerals? What is your strategy around that? Then the Santa Rita mine life seems quite short if you don't do the underground expansion. So my question around that is what is the payback of your investment on that mine? And then is there any way you could give us a split of your purchase consideration? How much of that would you split between the two mines, or give us a sense on your assumptions what the two mines' NPVs are so that we can calculate that split please.

James Wellsted

Leroy, you made the most of that opportunity. That's a whole lot of questions. Neal, I don't know if you got all of those, but perhaps you can direct them to the right people.

Neal Froneman

So Paulo, if you could answer on the by-products. I will just say that on the OEMs, Leroy, as you know our approach to the supply chain is quite different to most. We do like working with the end users. We've done it in the PGM sector. They provide you with much better intel and much better strategic views of the market. And

certainly it establishes a mutually beneficial strategic relationship. So let me say what we're not going to be. We're not going to be contract miners for fabricators. We have a very specific need to be involved in the supply chain. So yes, downstream – and it's not going to be immediately now – the OEMs will definitely be part of the offtake agreements. The life of mine is short, but let's just say I think the market knows that in mining projects IRRs north of 15% are required in regions like this to make them commercially acceptable to a board. So even with the short mine life we exceed our hurdle rates. I don't want to say exactly what it is, but the payback period even with the short mine life is ahead of the mine life. And the other one I've just forgotten was the split between something and something, if you can just clarify that one again.

Leroy Mnguni

It was just how we think about – you're obviously paying \$1 billion for both assets. Could you give us a sense of what the split in value is between the two please?

Neal Froneman

Listen, I can't disclose that. I think we'll have to find a way of giving you guidance, because part of our success in acquiring these assets was by bidding for both. And I think it would probably be against the non-disclosure agreement that we entered into. I just want to make one thing clear, because there has been a lot of press speculation about we were the winning bidder, and the assumption is we paid more than anyone else. I can tell you we knew who our competition was. We certainly did not pay more than others. We won this on having a risk-free proposal. So I think that's very important for everyone to understand. But I can't give you that split. I'd have to check with legal counsel and find another way of doing that. Leroy, we will get back to you on that. I don't think you would be far out thinking somewhere along the lines of a 60/40 split for the assets, 60% Santa Rita and 40%. But I can't give you more guidance than that because it was part of our competitive process. Perhaps, Paulo, you could just indicate the sensitivity to by-products.

Paulo Castellari

Thanks Neal. As context, our product at Santa Rita has quite a few by-products, copper-gold, PGMs and gold. We have a very smart commercial arrangement so we are paid for all of them. And in terms of planning and conceptually speaking we always use anything between 15% and 20% of the total costs being benefitted by the value from the by-products. Year to date however, for all the reasons we know – the higher copper prices, higher PGM prices – we got just over 20%. So, anything between 15% and 20% and year to date just over 20%.

Leroy Mnguni

Thank you very much. Those are all very helpful. Thanks James.

James Wellsted

Thanks Leroy.

Operator

Thank you. We've been re-joined by Adrian Hammond of SBG Securities. Sorry, we are still not getting audio from him.

James Wellsted

That's fine, operator. I've actually got questions from online, so I'll take over if that's okay.

Operator

Thank you.

James Wellsted

Thanks. The questions from Adrian are – in true tactful style – if the assets are as attractive as you say, why is Appian Capital exiting? Again that's a question that has come up a number of times. Santa Rita never produced a profit sustainably in its past. What is different now that we should have faith in your forecasts? Can you please provide expected EBITDA from Serrote next year at spot? What is the breakdown of annualised, sustaining and growth capex at the two mines please? I think we've covered those last two already. And then a question on environmental liabilities. Are they fully provided for? So the three are: If they're as attractive as we say, why is Appian selling? Santa Rita has not been profitable before. Why would it be different now? I think we covered that in the presentation, but maybe you can comment, Neal.

Neal Froneman

Certainly. Adrian, I think you've got to look at a private equity fund holding an asset. They're not long-term holders. I think they are driven by IRRs and timing. And this was a favourable time for them to exit. Appian Capital has got some really outstanding industry stalwarts in it that understand mining. But I don't think they are in this for the long haul. Certainly I think that's very different to a long-term holder like ourselves, and that's why they would exit. They see exactly what we see, but they make a return on their original investment. So that's why they would exit. They're not in the business, I don't believe, of long-term mining. I think in terms of the question around Santa Rita and its history I think we've tried to cover that in detail in the presentation. As you've heard it's a much more selective mining model. There are very different approaches in metal accounting and assaying. The strip ratios are very different. And the proof in the pudding is we've looked at the results. We can see exactly what it's doing and we're very confident in what it is forecast to do. I think all the other questions have been answered. Adrian, we can certainly provide you with detail offline if you did miss it earlier on. Thanks.

James Wellsted

Neal, just on the environmental liabilities it might be useful to explain or for Paulo to give a sense of how environmental liabilities are dealt with in Brazil.

Neal Froneman

Absolutely. I forgot to answer that. Paulo, please go ahead.

Paulo Castellari

Sure Neal. Thanks. Look, there is not much to be said. There are no liabilities on the environmental side. Everything for our district is standard, so there is really nothing to mention on there.

James Wellsted

Thanks Paulo. And we can provide more detail after the call as well, Adrian. There is a question here for you, Paulo. I think it's technical. What is the difference in price between G1 – I assume grade 1 – nickel and nickel sulphide? Does the latter sell for 85% of the former?

Paul Castellari

So I can comment and perhaps Laurent can help me further. Conceptually speaking the different products within the nickel basket will have different prices, historically [unclear] nickel at premium over the LME. Now there is a discount over the LME for all the reasons we know, carbon footprint and all these things. The nickel sulphide is of course an import to class one nickel and there are already premiums being applied to the right products, the right kind of concentrates for nickel sulphide for again the reasons we spoke today. And when it comes to class one I am not following very closely the nickel class one and the nickel that is traded LME is actually compared to nickel sulphide concentrate. But I think the key concept here is around understanding the differences of the two kinds of products, particularly coming from laterite and sulphide deposits as we said in our allocations [?].

James Wellsted

Thank you. There are a couple of questions on this topic as well, Neal, I think for you. This one says after announcing four deals this year is Sibanye still planning any more acquisitions in battery metals, or is this now time to consolidate? The other questions refer to the next six months to 12 months. Can we expect more? So all in the same kind of vein.

Neal Froneman

I think there is more to come. I can't obviously lay it out in detail. We continue to look at opportunities. We are very disciplined in what we do. I do think there may be something smaller in the pipeline in the nearer term, but I would also say that we will regroup, integrate these transactions. Of course there is a much bigger team in Sibanye-Stillwater that if there was anything significant still to come in the shorter term we have plenty of capacity to integrate. So I would say we will probably regroup and reassess, integrate and then look forward. But certainly we're not going to be stopping any work on our green metals strategy.

James Wellsted

Thanks Neal. Maybe a similar kind of topic that a couple of people have asked about is how much more do we need to do to build the battery metals business to match expectations or to reach our desired contribution from green metals? It's probably worth also mentioning that the flurry of deals is not an overnight outcome. We've actually been working on this for more than two years and finally putting the steps in place. But maybe you can talk about where we want to be and when you think we'll get there.

Neal Froneman

Certainly. And we've publicly said that for our portfolio of gold, PGMs and green metals we would like to see them roughly a third each of earnings. These acquisitions and Santa Rita and Serrote will clearly add EBITDA to the bottom line and are significant steps. If you look out probably two or three years something like Rhyolite Ridge, Keliber and of course our earnings out of recycling, which I put into the green metals box as well, we are not far from having a third of our current EBITDA coming out of the assets that we've acquired. Obviously gold is a lot less at the moment, but that's not a priority focus.

You can see exactly why at the beginning of the year we will not be prioritising gold. And you can see exactly what the result of that has been. But in the three year timeframe, which is what we've used, I think you will see a third of our earnings coming out of the green metals acquisitions and projects that we've recently announced. Of course I think there is more to be done, as long as it can be done value accretive. But probably also very important – and I did put it in a key takeaway – one of the valuation issues we suffer is the very high level of earnings that come out of a risky environment in South Africa. And that is changing now very fast. We are becoming much more internationalised, and that should bode well for a market that receives us different as well.

James Wellsted

Thanks Neal. A technical question maybe for Paulo about – now I seem to have lost it. Sorry. Let me ask another question in the meantime. Which of the green metals has the highest priority in our strategy? Neal, do we prioritise any metal?

Neal Froneman

Listen, I think it's lithium. Lithium if you want to say it has the highest priority because it has got the most upside, then certainly that would be the highest priority. Nickel is a very close second. Cobalt is more difficult, but cobalt is also reasonably risky in terms of its future demand. There are question marks around cobalt in the longer term. So I would say lithium is really our highest priority at this point.

James Wellsted

Thanks Neal. I found that question. I think it's for Paulo probably. At Serrote is it possible that you may explore heap leaching and SX/EW and sell copper cathode rather than concentrate?

Paulo Castellari

Thank you. When it comes to Serrote again it's very early days. But there are very good indications to support the case for treating the oxide material through an SX/EW plant. So that is something we are looking into and there are studies. And oxide material is being mined as we speak and put aside. We haven't done any work on the heap leaching side, so we would need to investigate further whether the ore would allow that. So I wouldn't be able to tell you that right now. But the work that we're doing right now is really focussed on possible expansion of production from treating the oxide materials through an SX/EW process.

James Wellsted

Thanks Paulo. I've got a couple of questions which are similar in nature regarding financing of the transactions. I think it's about how we're going to finance these transactions and potentially future transactions. What is our desired or acceptable leverage target, and do we expect future bond issuance to fund the acquisition? Maybe Charl or Neil.

Neal Froneman

Listen, we want to maintain an investment grade, so we will not be over-leveraged. I also think that we will be opportunistic when it comes to the refinancing of our bonds or accessing the debt capital markets. Essentially for the acquisition of Santa Rita and Serrote we're really using our own internal capacity, so that's not a primary driver to do anything. That's how we think about it. I think we also should recognise that we will cut our cloth to suit. Our capital allocation framework is very clear. It is sustaining our current business. We are happy to invest in maintaining sustainability of our assets. We are committed to paying dividends according to our dividend policy and also being opportunistic about share buybacks when appropriate. Thanks James.

James Wellsted

Thanks Neal. This question is not specific to this transaction. It is more about the Rhyolite Ridge transaction. What is the status of federal permitting? We've seen some challenges for peers. Details around construction, plans to reach battery grade, whether on site or shipped, would be helpful. It is from Christopher di Salvatore. I'm not sure whether Neal or Laurent want to give an opinion on that, but we can certainly also contact Christopher after the call and discuss some of the detail.

Neal Froneman

Certainly, and perhaps that would be appropriate. Suffice to say that both ourselves and Ioneer recognise the environmental sensitivity in that area. That was very apparent in the DD. But there are very good plans and initiatives in place to address the concerns. And they are very good concerns that people in that area have and the environmentalists in particular. I think because of our very high commitment to the environment, our commitment to considering and creating value for all stakeholders, once we've had a chance to engage with affected and interested parties I think we will resolve their concerns in a very amicable way. So I remain confident that we will of course do the right thing and there will be an appropriate outcome. I think it's very

important for the US to establish its own supply chains of these very strategic metals. But for the balance of that question let us come back to you.

James Wellsted

Thanks Neal. Last question – and then I think we will call it a day – is regarding international acquisitions. Have we got a strategy for investing in Africa?

Neal Froneman

Again I think we suffer currently a bit of a discount in our share price from the point of view that a lot of our revenue comes out of a risky or perceived risky jurisdiction. We make the point that it is a difficult area to operate, but we have been very successful in operating in that environment. I don't think we will improve the perceptions related to risk if we build up a portfolio of assets in Africa rather than in other destinations where there is perceived lower risk. So we're not anti-Africa at all, but I think our focus is on regions, Europe and North America, and being part of the supply chain into those regions. And once we've got a substantial base in those areas we will certainly look at perhaps doing more in Africa.

James Wellsted

Thanks Neal. We've got a couple more questions but most of them I think we've covered previously. I think on that note I'd like to thank everybody for participating today, and I'll hand over to Neal for some concluding remarks.

Neal Froneman

Thanks James. Again, everybody, thank you for your time. I believe what you are seeing is clear action in terms of a strategy which we have very transparently shared. Mika from Keliber, the Chairman of Keliber, said something that resonated with me today. And that is we are very transparent in what we do. We don't fly kites. We share strategies and then we implement them. And I think you've seen strategy in implementation over the last few weeks. So thank you for your time. I believe we are creating lots of value. We are certainly addressing climate change as a producer both internally and we're going to provide products that address climate change in a very constructive way. Again thank you for your time, and I look forward to talking to you again in the not too distant future.

END OF TRANSCRIPT