



From the desk of

KEVIN ROBERTSON



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US PGM OPERATIONS TO RESTRUCTURE

A 60-day notice will be sent later today to affected employees

Dear Team,

I write this message with a heavy heart. Today at our corporate results call, after many months of debates, discussions, reviewing and revising plans to address the challenges a depressed palladium market has created, our CEO Neal Froneman announced that we intend to restructure our Montana operations.

We produce about 78% palladium and 22% platinum from our Montana mining operations, with sufficient volumes between our production and the other American recyclers' production to meet America's palladium demand. Two years ago, palladium was trading at \$2,305 per ounce. In late summer 2023, it was down to \$1,280 per ounce. In the last three months, palladium has traded consistently below \$1,000 per ounce. We believe Russian dumping is a cause of this sharp price dislocation. Russia produces over 40% of the global palladium supply, and rising imports of palladium have inundated the U.S. market over the last several years. Imported palladium prices have fallen by nearly 40% this year alone.

Our production costs in the second half of 2023 were \$1,992 per ounce. We have all been working very hard for the last year to reduce our costs in line with last November's restructuring. All of you have done a great job meeting that plan. In the results just presented in our market release, we increased production by 8% in the first half of 2024 as compared to the second half of 2023 and have also decreased our costs from the above-mentioned \$1,992 per ounce down to \$1,343 per ounce. Unfortunately, those costs are much higher than the \$977 sales price for each ounce produced in the first half of 2024, resulting in significant cash losses. We have not had profitable operations since the third quarter of 2022. In 2023, our Montana operations lost over \$265 million. We have lost an additional \$87 million in the first half of 2024, for a total of over \$350 million in losses since the beginning of 2023.

In addition to the savings from last November's restructure, we were optimistic that the critical minerals production tax credit authorized in Section 45X of the Inflation Reduction Act would offer us much-needed relief both from the depressed palladium market and from our increased costs, which were due in part to higher inflation impacting everything from procurement of goods to contracted services. Unfortunately, the draft Section 45X rule was written to exclude mining and recycling costs from the tax credit. We've undertaken significant efforts to lobby for a change to the rule to include those costs.

We are one of just a few U.S. critical minerals producers. We are proud to pay prevailing wages and follow robust environmental and other regulations. That is why our communities thrive adjacent to our operations. But, this responsible and sustainable mining and metals processing is much, much more expensive than that of our competitors in Russia and other areas. To compete with those low-cost operations, we need to solidify government and other stakeholder support in the long-term. In the short-term, we have no choice but to reduce our losses as we continue to lobby for additional forms of financial support.

To reduce costs to a level that will support long-term viability of our reserves, we must address the especially high cost of our Stillwater West operations. The only way to do this is to place those operations on care and maintenance for now. We will then use the Stillwater East and East Boulder operations to improve efficiencies that could get Stillwater West back to production as prices permit. We also plan to reduce operations at East Boulder from six ramps to four ramps, which will reduce costs and ensure sustainable production. Consequently, we will reduce the Metallurgical Complex operations based on this lower mine production while continuing to run our recycling business.

With the pause of operations at Stillwater West, we plan to consolidate our mining leadership teams, with one central team responsible for both mines. Matt O'Reilly will head up this team. Each workgroup will undergo a process to determine how it will be configured to support this single mine operational structure.



INNOVATION



COMMITMENT



ACCOUNTABILITY



RESPECT



ENABLING



SAFETY

Our vision is to manage our smaller operations centrally, with more employees having responsibilities at both mines. This morning, we plan to meet with the United Steelworkers leadership to discuss our path forward with the hope of working together to ensure the long-term sustainability of our operations and our employment opportunities.

With that in mind, later today we will provide notice of a layoff under the federal Worker Adjustment and Retraining Notification (WARN) Act, which requires employers to provide a 60-day notice of layoffs of 50 or more people at a worksite where the layoff will include at least one-third of that site's workforce. We plan to give this notice for all of our sites, with central and Metallurgical Complex employees included in the Columbus location. Salaried employees whose positions will be eliminated, combined with another position, or who are in a role where the number of positions is being reduced will receive this notice via email by the end of today. Those salaried employees who are not sent this notice will retain their positions. Hourly employees will receive notice through the union, and bumping rights under our labor contracts will apply.

Each site and department is completing its restructure plan, and we will finalize those up until November 12, when the layoffs will first happen. Affected employees may be eligible for severance and will be eligible for benefits through November 30, if currently enrolled in benefits and if employed until the layoff. Affected employees currently enrolled in benefits will be eligible to enroll in COBRA for continuation of medical, dental, vision, and Employee Assistance Program (EAP) benefits.

We estimate that this restructure will reduce our total number of employees at our Montana operations from approximately 1,680 on July 31 to just under 1,000 after the layoffs. We know this will be a very difficult time for everyone and want to ensure employees receive the support they need. Lyra, our EAP provider, is available to all employees and their immediate family members. Lyra is accessible by calling 877-932-2101 or by visiting www.sibanyestillwater.lyrahealth.com, using the code SSMC. We are planning to invite other employers with available jobs to our area between now and early November to help place as many laid-off employees as possible into other jobs.

We know this time will be incredibly stressful for all of you and your families, and we ask for a very vigilant focus on safety. Working safely during this time is our first priority. This is also a critical time for completing work that will recalibrate our operations and bring Stillwater West back sooner if done right. The more that we can do to get our operations in the best shape possible, the greater the chance that we can return Stillwater West to operation sooner.

Our platinum and palladium mines are the highest grade in the world by at least three times. We are the example of responsible domestic critical minerals production because of the good work you have done throughout the history of these operations. We are committed to the vitality of our local communities. The decision to pause operations at Stillwater West and to curtail production at East Boulder was one we put considerable thought, time, and effort into and delayed as long as we could. But to continue to operate at these losses would jeopardize our ability to operate at all. We are therefore now undertaking this significant restructuring that we believe will ultimately result in a sustainable business.

We are optimistic we will get the government support we need to continue being the example of responsible mining and metals recycling in the United States. We also believe the palladium market will recover with the right adjustments. We are very concerned about all of you, your families and loved ones, and our communities. We want to be writing a positive update to our employees in the future, and we are going to work hard over the next year to get our business to a place where we can do that.

We will be updating you frequently as we navigate this difficult time.

KEVIN ROBERTSON
EXECUTIVE VICE PRESIDENT
US PGM Operations

