

Sibanye-Stillwater launches takeover bid for Australia zinc miner

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Precious metals producer Sibanye-Stillwater, the biggest shareholder in Australian zinc miner New Century Resources, said it had launched an unsolicited takeover offer after losing confidence in the target's board.



A mine shaft at the Sibanye gold mine in Westonaria, west of Johannesburg. Source: Reuters/Siphiwe Sibeko

The A\$1.10 a share cash off-market offer values all of New Century at A\$144.1m (\$99.54m), a premium of almost 43% to the stock's last closing price of A\$0.77. The stock was last trading more than 42% higher at A\$1.095.

Sibanye-Stillwater, which already owns 19.9% of New Century, said it planned to acquire another 10.92% of the target on market at or below the A\$1.10 per share offer price.



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Expansion into recycling and waste management

The company has been expanding into recycling and waste management and said in a statement that it had bought a stake in New Century because of its tailings business.

New Century has been producing zinc from the tailings, or waste, of what was once the country's largest zinc mine, Century, in Australia's Queensland state.

But in recent times, New Century's focus had moved elsewhere and it was losing value and direction, Sibanye-Stillwater said, raising concerns that an equity raising could be needed to fund growth projects.

New Century last month issued a pre-feasibility study on its Mt Lyell copper project, which would cost an estimated A\$279m to develop.

Decline in shares and concerns over the board of directors

Shares of New Century have declined significantly since hitting a peak of A\$24.69 in October 2017 and were down 8.9% this year as of the last close before the takeover offer was announced.

Sibanye-Stillwater said it had expressed its concerns over the company's direction to the board before making the takeover bid and had not supported the proposed re-election of two directors in November.

New Century's board recommended that its shareholders "Take No Action" regarding the offer. The board will consider the offer and provide a recommendation in due course, the target said in a statement.

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