

Southern Palladium Ltd (SPD) – Initial Public Offering SPD/Bengwenyama Site Visit

Bridge Street's Kurt Worden joined SPD's Managing Director (designate) Johan Odendaal and NED Mike Stirzaker on a site visit to the Bengwenyama project. The purpose of the visit was to understand the geographic setting of the project, the existing infrastructure and the relationship with the Bengwenyama community.

Access

Access is straightforward with bitumen all the way from Johannesburg to site.



View across the farms. Amplats/ARM Modikwa property to the left, Tubatse ferrochrome smelter (Samarco) in the distance.

Drilling

Geologists estimate that average drilling advance will be around 20m/day so perhaps 2 weeks per hole with a mother and two daughter holes at each collar site. Drilling should start shortly after listing, eventually ramping up with 5 rigs. A drilling contractor has been secured. A detailed drill programme is currently being prepared. There has been no change to the proposal presented in the Prospectus. As a reminder, the Bengwenyama project already has an inferred resource of 18.8Moz (4E) with an exploration target of a further 15 to 34Moz.



Old drill collar at the Bengwenyama project

Community

The visitors met with members of the Bengwenyama Royal family including the Deputy Chairman of the Traditional Council. The feedback was positive and the community is pleased to see progress.



Group of Bengwenyamans with Johan Odendaal at the back of the group

On the initiative of the community, SPD has been arranging training for the local community in the local site office. These include an electrical workshop and education on mining and processing. Interestingly the Bengwenyaman gentleman in the red shirt below has just graduated from his geology degree in Johannesburg.



Mining & Processing 101.

Local Settlements and Housing

This varies from established towns to sparse houses across the two farms. The more intensely settled areas have been ringfenced as 'no drill' zones, and SPD also will have an agreement with the Bengwenyamans not to add any further houses in designated moratorium areas. All this has been factored into the design of the drilling programme. There is a mix of housing styles, with some very comfortable houses evident. All houses have power and water.

Community Engagement on Exploration

The SPD exploration manager summarised the community liaison / education meetings they have had, which included setting up a mock drill pad. A 50m exclusion zone around houses will be employed, with no sumps, a very small footprint, and all that will be left will be a collar. Compensation plans are in place, to cover those affected (house owners, nearby houses, and access).



Uwe Engelmann, Exploration Manager, explaining the drilling footprint

Water

For exploration purposes SPD are looking at tapping into the water pipeline that passes immediately east of the project and / or drawing water from the Steelpoort River. For the mining operation, water will be sourced from the nearby de Hoop dam which may be linked into the existing pipeline system.



De Hoop Dam

Power

There are many powerlines near to and actually crossing the project area. There are large KVA lines for the nearby smelters and mines and others for domestic use.

Other Infrastructure

There are significant mining services available within a small radius of the project:

- Metchem have a large laboratory facility north of the project (7 km away).
- Glencore has a training facility near its Lion Smelter (11km away).
- Mine Rescue Services Facility lies between the project and Modikwa (7km away).
- The nearby towns of Steelpoort (9km) and Burgersfort (23km) have key services.

Concentrate Transport

Trucks used for concentrate transport, mainly for the nearby chrome mines, are common on the roads. Small rail box cars are also used for transport (presumably for the PGM concentrates destined for the more distant smelters).

Smelters

Mining and smelting are major industries in the region. The Samarcor Tubatse chrome smelter, the Lion chrome

smelter (Glencore) and the Columbus stainless mill at Middleburg were seen during the trip. Time didn't permit a visit to the nearby PGM mines.



Glencore's Lion Smelter

Kennedy's Vale

The trip passed the 30-year-old infrastructure of Eastern Platinum's Kennedy's Vale project (TSX: ELR).



Kennedy's Vale headframe.

As we reported in one of our educational reports (SPD "Peer group comparative analysis", April 2022), ELR owns some 74.5% of the Kennedy's Vale project and resources within adjacent farms. Together with a modest resource at a potentially open-pittable deposit, Mareesburg (87%), equity ounces held by ELR total around 56Moz (4E).

The Kennedy's Vale deposit is located to the south of a major fault (the Steelpoort Fault) which offsets the PGM-bearing reefs to depths of over 900m. The outcropping/subcropping PGM reefs of the Bengwenyama project lie north of the Steelpoort Fault.

The history of Kennedy's Vale is one significant disappointment with the sinking of twin shafts to depths of 900-1000m by a previous owner in the 1990's. Poor project economics resulted in the abandonment of the project.

As stated in the SPD prospectus, exploration at Bengwenyama is targeting resources at a depth of 500m or less, which can be accessed by declines, rather than the more expensive (capex and opex) shaft options required for the deeper mines. This is a very important differentiator for SPD's project.

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Disclosures

Dr Chris Baker, an authorised representative of BSCP, certifies that the advice in this report reflects his honest view of the company. He has 29 years investment experience in wholesale capital markets. He worked as a mining analyst for brokers BZW and UBS for 11 years and has a further 16 years' experience as a mining analyst and portfolio manager with Colonial First State and Caledonia Investments. He now provides independent financial advice on a part time basis. He may own securities in companies he recommends but will declare this when providing advice. He currently owns shares in SPD. He is remunerated by BSCP but is not paid a specific fee for providing this report. BSCP are Corporate Advisors to SPD and may receive fees from SPD for services provided. BSCP, its directors and consultants may own shares and options in SPD and may, from time to time, buy and sell the securities of SPD.

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