



29 July 2022

ASX:SPD, JSE:SDL

ACN: 646 399 891

Corporate Directory

Chairman

Terence Goodlace

Managing Director

Johan Odendaal

Non-Executive Directors

Mike Stirzaker

Rob Thomson

Daan van Heerden

Geoff Hiller

Company Secretary

Andrew J. Cooke

Top 5 Shareholders

Nicholas Daniel Resources Pty Ltd

Nurinox Investments Pty Ltd

Citicorp Nominees Pty Ltd

Legacy Platinum Corporation

UBS Nominees Pty Ltd

Company Overview

Dual-listed platinum group metal (PGM) company developing the advanced Bengwenyama PGM project, particularly rich in palladium/rhodium, located in South Africa's prolific Bushveld Complex.

Contact:

E: info@southernpalladium.com

W: www.southernpalladium.com

Quarterly Activities Report for 30 June 2022

JUNE QUARTER HIGHLIGHTS

Operational:

- Completion of Total Magnetic Field (TMF) spectrometry survey at Bengwenyama, confirming the existing structural model of the site based on historical field data
- Drilling contract awarded to a leading South African drill services company Geomech (Africa) Pty Ltd, following an extensive tender process
- Planning completed for Phase 1 which comprises a 63-hole (~24,500m) diamond drilling programme at Bengwenyama and is scheduled to commence in August 2022
- Results from Phase 1 drilling programme is to be used in the Scoping and Pre-Feasibility Studies, which are expected to form the basis of a Mining Right Application

Corporate:

- Successfully admitted to the Official List of the ASX and Main Board of the JSE, commencing quotation on 8 June 2022
- Raised \$19m through the issue of 38m shares priced at \$0.50 per share, pursuant to Initial Public Offering (IPO) Prospectus dated 22 April 2022
- Oversubscribed IPO round attracted strong demand from institutional investors including Regal, Sprott Holdings and Lowell Capital
- IPO solely managed by Bridge Street Capital Partners

Southern Palladium (ASX: SPD, “Southern Palladium” or the “Company”) is pleased to announce its quarterly activities summary for the three months ended June 30, 2022.

The Company’s primary focus is the advancement of its exploration programme at the Bengwenyama PGM (platinum group metals) project, in which it holds a direct 70% stake.

Following its successful ASX listing, Southern Palladium is well-funded to accelerate a multi-phase exploration programme at Bengwenyama, which already contains an Inferred Mineral Resource Estimate of 18.8Moz (3PGE+Au). The Company is led by an experienced on-ground management team including some of South Africa’s experienced mining industry executives.

Bengwenyama PGM Project

The Bengwenyama project is a large shallow advance exploration and predevelopment Platinum Group Metal (“PGM”) opportunity situated on the Eastern Limb of the Bushveld Complex in South Africa.

Detailed planning and community engagement initiatives continue to progress well, ahead of the two-phase drilling programmes at the Bengwenyama PGM project. Key project elements underway include property access, employment initiatives, tender processes and exploration related construction projects, in accordance with benchmarks agreed with the Bengwenyama community and in accordance with management’s long-term development strategy.

Pre-drilling activities

The Company announced the successful completion of a high-definition, helicopter-borne Total Magnetic Field (TMF) gradient and gamma-ray spectrometry survey at Bengwenyama.

The TMF data confirmed the previous structural models for two ore horizons -- the UG2 chromitite and Merensky Reef -- which forms the framework of the 18.8Moz Inferred Mineral Resource.

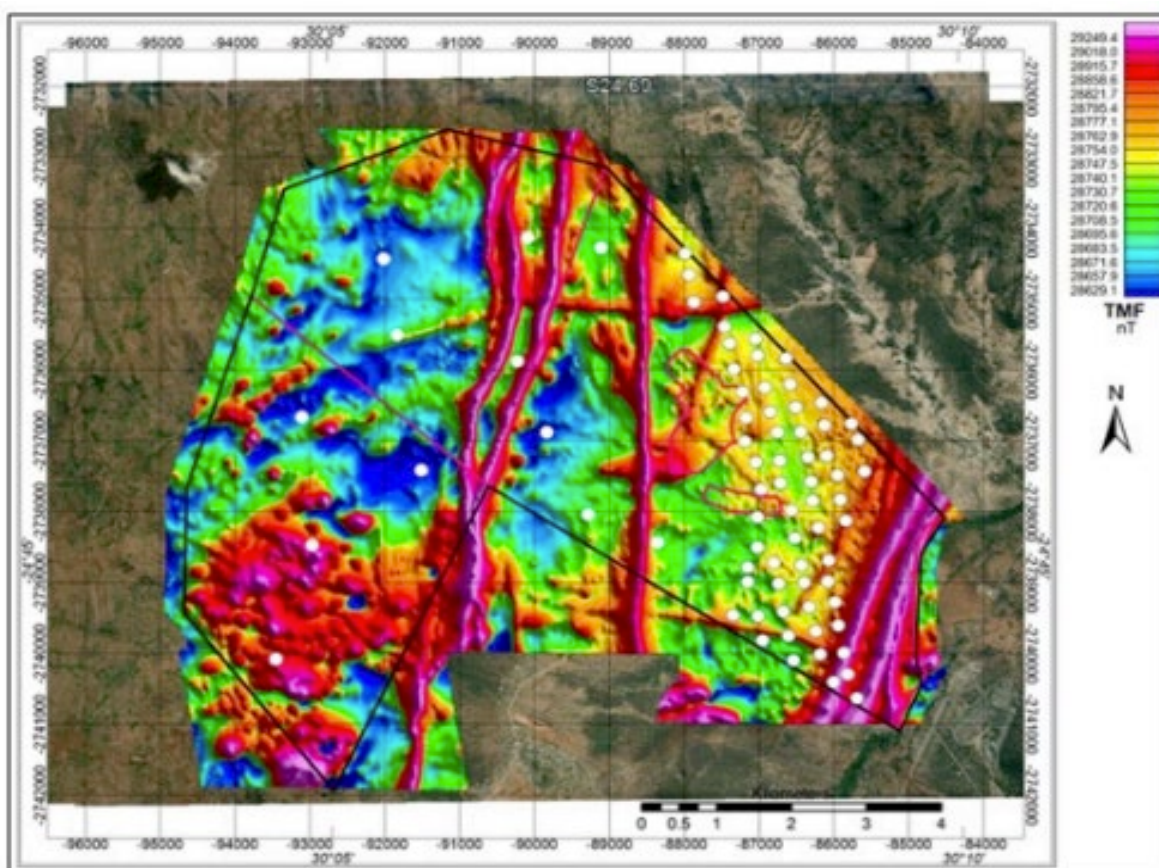


Figure 1: Imaging shows presence of magnetic bodies over the entire ore area

The imaging data also confirmed an absence of anomalous (Loss of Reef) features in the target area for the Company's pending phase 1 drill programme.

In that context, the results helped underpin confidence in the existing geological structure of the reef upon which the Phase 1 drilling programme has been planned.

September Quarter Planned Activities

Phase 1 drilling programme

Key activities in the September quarter will be highlighted by the commencement of the Phase 1 drilling programme, which will comprise a 63-hole (~24,500m) diamond drill programme scheduled to commence in August 2022. The programme will target the shallowest PGM ore zones less than 500 m below surface which are within the project area of interest .

Preparations at the site are underway after the Company awarded a drill contract to Geomech Africa (Pty) Ltd, following a successful tender process.



Contractor GeoMech has set out its laydown area to commence drilling within the newly-constructed security fence

Geological services will be provided by Minxcon (Pty) Ltd ('Minxcon'), an established mining and exploration consultancy based in South Africa. Minxcon will manage the drilling programme for the Company

The primary focus of Phase 1 drilling is the UG2 horizon at depths of less than 500m (see shaded area in **Figure 2** over-page). The drilling will commence on a wider grid spacing and thereafter work toward a closer spaced grid.

This will allow for changes in the drilling programme should the need arise. However, major changes to the programme are not expected following the results of the heliborne magnetic survey.

The Phase 1 programme is designed to support the preparation of a Scoping and Pre-Feasibility Studies at Bengwenyama, which are expected to form the basis of a submission for a Mining Right Application.

Consulting company Minxcon will commence with a Concept Study to increase the understanding on the UG2 and also test the Merensky Reef viability under the currently improved PGM price environment.

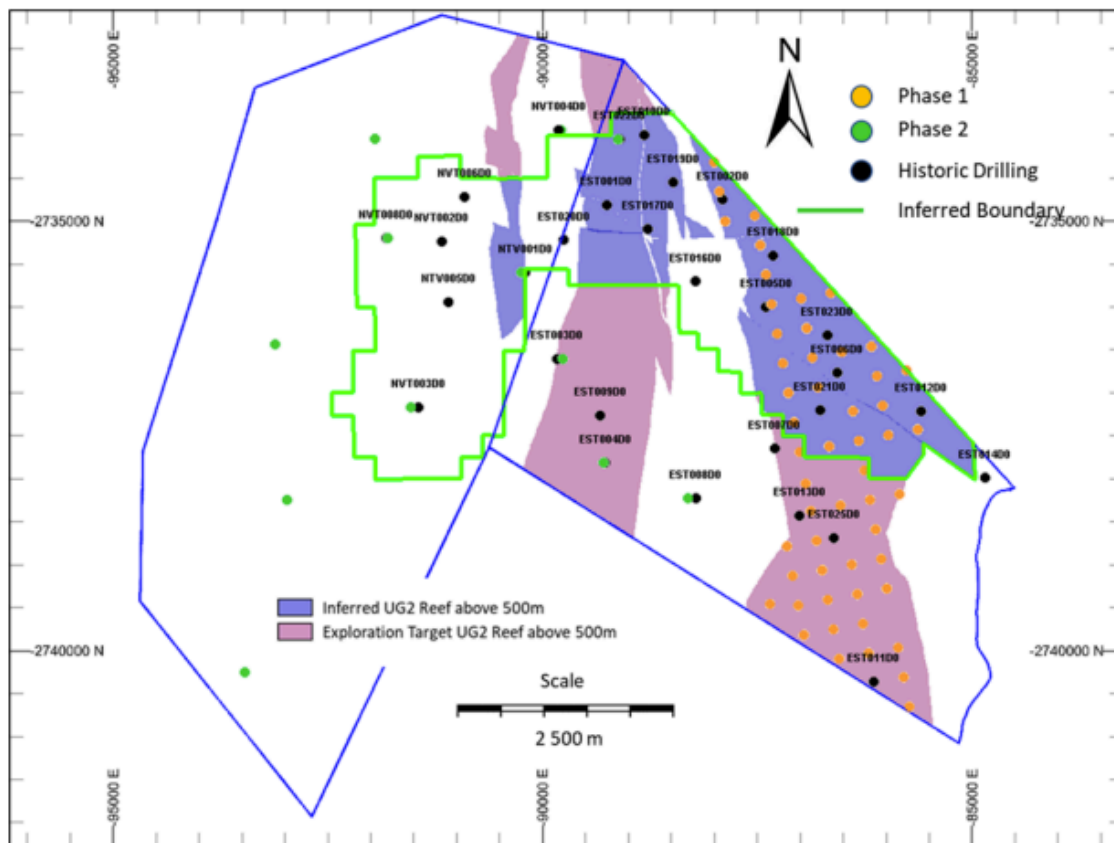


Figure 2: Two-phase drilling programme outlay

Corporate

- Southern Palladium has completed an initial public offer of shares and is now dual listed on the Australian (ASX, the primary listing) and Johannesburg Stock Exchanges (JSE).
- The Company successfully listed on the ASX on 8 June 2022 having closed a fully underwritten initial public offer (“IPO”), raising \$19 million (before costs) (38,000,000 shares at \$0.50). Please refer to the Company’s Prospectus announced to the ASX on 22 April 2022 for further details regarding the IPO.
- Prior to listing Southern Palladium acquired a 70% shareholding in the 100% tenement holder Miracle Upon Miracle Investments (Pty) Ltd.
- As at 30 June 2022, Southern Palladium held approximately \$17.9 million (31 March 2022: \$0.8 million) in cash.
- Full details regarding the Company’s cash movements during the quarter can be found in the attached Appendix 5B.
- The Company’s issued capital post IPO is as follows:

Ordinary Fully Paid Shares – Listed on the ASX and the JSE	43,078,327
Ordinary Fully Paid Shares – Restricted	46,671,673
Options Expiring 8 June 2026 Exercise Price \$0.875 - Restricted	3,700,000
Performance Rights – Restricted	1,200,000

- The IPO was heavily oversubscribed and attracted strong demand from institutional investors including Regal Funds Management Pty Ltd, Sprott Holdings and Lowell Capital.
- The IPO was solely managed by Bridge Street Capital Partner.

Expenditure Summary

A summary of the exploration and project evaluation expenditures for the quarter is provided as follows:

For the purpose of ASX Listing Rule 5.3.1, the Company confirms there were no exploration, evaluation and development activities undertaken during the quarter.

For the purpose of ASX Listing Rule 5.3.2, the Company confirms there were no mining production and development activities undertaken during the quarter.

For the purpose of ASX Listing Rule 5.3.5, payments to directors of Southern Palladium Limited during the quarter totalled approximately \$109,000. The payments were in respect of directors' salaries, fees and superannuation. Payment to Miracle Upon Miracle Investments (Pty) Limited, a related party of Southern Palladium Limited during the quarter totalled approximately \$34,000. The payments were in respect of expenses incurred for the Bengwenyama Project.

Pursuant to ASX Listing Rule 5.3.4, the Company provides its actual expenditure as per those items set out in the "Proposed use of funds raised" statement set out on page 19 of the Company's IPO Prospectus. The actual expenditure relates to the period from 8 June 2022 (being the date of the Company's admission to ASX's Official List) to 30 June 2022.

Use of Funds	Prospectus Maximum Subscription	Actual use from 8 June 2022 to quarter end	Variance
Phase 1 drilling	\$7,716,000	-	\$7,716,000
Phase 2 drilling	\$3,805,000	-	\$3,805,000
Other technical work on the Project	\$1,677,000	-	\$1,677,000
Corporate and other related costs	\$3,918,000	\$35,804	\$3,882,196
Costs of the Offer	\$1,737,000	\$1,406,949	\$330,051
Total funds raised	\$18,853,000	\$1,442,753	\$17,410,247

The variances are a result of the Company being admitted to the Official List on 8 June 2022, therefore actual expenditure for only 25 days is represented against the two year "use of funds" statement. The Company believes it is on schedule to achieve its objectives as stated in its IPO Prospectus.

June 2022 Quarter – ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the is Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details can be found in the following announcements lodged on the ASX:

8 June 2022	Lodgement of Prospectus
8 June 2022	Lodgement of Constitution
8 June 2022	Lodgement of 2021 Financial Statements
8 June 2022	Southern Palladium Successfully Lists on the ASX
15 June 2022	Positive Results from Geophysical Survey
15 June 2022	Webinar Presentation
29 June 2022	Resource Infill Drilling Programme at Bengwenyama

Tenements

The Company acquired the tenements set out in the table below during the quarter. The Project comprises the full extent of the farms Nooitverwacht 324 KT and Eerste Geluk 327 KT, both of which are in the Limpopo Province of South Africa. The Project is located 250 km east-northeast of Pretoria. The Exploration tenements is 100% held through Miracle Upon Miracle (Pty) Ltd the 70% subsidiary of SPD.

The Company did not enter into any farm-in or farm-out agreements during the quarter.

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter:

Farm name	Extent (ha)	Prospecting Right number	Prospecting Right expiry date	Interest at beginning of quarter	Interest at end of quarter
Nooitverwacht 324 KT	2,971.01	LP30/5/1/1002PPR	12-Feb-24	0%	70%
Eerste Geluk 327 KT	2,308.73				
Total	5,279.74				

No tenement has been disposed of during the quarter.

JORC Competent Persons Statement

The information in this report that relates to Mineral Resources at the Bengwenyama Project is based on details originally reported in the Independent Technical Assessment Report (ITAR) No. R246.2021 prepared by CSA Global dated 19 April 2022 contained in the Company's Prospectus and Pre-Listing Statement dated 22 April 2022. The information in the ITAR that relates to Technical Assessment of the Mineral Assets, Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Dr Brendan Clarke, a Partner and an employee of CSA Global. The information in the ITAR that relates to Mineral Resources is based on work undertaken by Anton Geldenhuys, a Principal Consultant and employee of CSA Global. The Prospectus containing the ITAR can be found on the Company's website at: <https://www.southernpalladium.com/site/investor-centre/prospectus>

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ITAR. The Company also confirms that all material assumptions and technical parameters underpinning the estimates in the ITAR continue to apply and have not materially changed. In addition the Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

The scientific and technical information contained in this announcement has been reviewed, prepared and approved by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA). Mr Engelmann is a director of Minxcon (Pty) Ltd and a member of the South African Council for Natural Scientific Professions, and has sufficient experience relevant to the styles of mineralisation and activities being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Engelmann has a beneficial interest in Southern Palladium through a shareholding in Nicolas Daniel Resources Proprietary Limited.

For further information, please contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Southern Palladium Limited

ABN

59 646 391 899

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development	(34)	(205)
(c) production		
(d) staff costs	(109)	(109)
(e) administration and corporate costs	(653)	(1,044)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(796)	(1,358)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(1)	(1)
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1)	(1)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	19,000	19,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,138)	(1,138)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	17,862	17,862
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	800	1,362
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(796)	(1,358)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	17,862	17,862

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	17,865	17,865

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	17,865	800
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,865	800

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	143
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(796)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(796)
8.4 Cash and cash equivalents at quarter end (item 4.6)	17,865
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	17,865
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	22
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by: **The Audit Committee**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.