

Southern Palladium Limited

A.B.N 59 646 391 899

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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This Interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021.

Southern Palladium Limited
ABN 59 646 391 899

DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors present their report, together with the financial statements, of Southern Palladium Limited (referred to hereafter as the Company) at the end of, or during, the half-year ended 31 December 2021 ("Period").

DIRECTORS

The names of the directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Terence Goodlace (Non-Executive Chairman)
Mr Geoffrey Hiller (Non-Executive Director)
Mr Johan Odendaal (Non-Executive Director)
Mr Mike Stirzaker (Non-Executive Director)
Mr Robert Thomson (Non-Executive Director)
Mr Daan van Heerden (Non-Executive Director)

REVIEW OF RESULTS AND OPERATIONS

During the Period the main business activity of the Company consisted of activities related to the acquisition of a platinum group metal ("PGM") project in South Africa and preparing the Company for a listing on the ASX and simultaneous compliance listing on the JSE (Johannesburg Stock Exchange). The regulatory approvals required to complete the acquisition of a 70% equity interest in Miracle Upon Miracle Investments (Pty) Ltd ("MUM"), a South African private company with a 100% interest in the Bengwenyama PGM Project, were obtained during the period, allowing the Company to proceed to completion of the MUM acquisition immediately prior to the Company's IPO, which is anticipated to occur in April 2022.

FINANCIAL PERFORMANCE

During the Period the net loss of the Company was \$373,684 which reflects costs associated with the preparation for the IPO.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period. The directors do not recommend the payment of a dividend in respect of the period ended 31 December 2021.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial period.

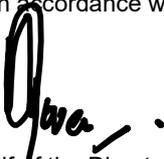
AFTER BALANCE DATE EVENTS

No other matters or circumstances have arisen since 31 December 2021 which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration can be found on the next page.

Signed in accordance with a resolution of the directors.



On behalf of the Directors

Terence Goodlace

Non-Executive Chairman

South Africa, 21 January 2022

Southern Palladium Limited
ABN 59 646 391 899

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SOUTHERN PALLADIUM LIMITED

As lead auditor for the review of Southern Palladium Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Glyn O'Brien'. The signature is written in a cursive style with a long, sweeping tail on the final letter.

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 21 January 2022

Southern Palladium Limited
ABN 59 646 391 899

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Note | 31 December 2021 \$ | 4 to 31 December 2020 \$ |
|---|------|---------------------------|--------------------------------|
| Expenses | | | |
| Administration expenses | | (373,684) | - |
| Loss before income tax | | (373,684) | - |
| Income tax expense | | - | - |
| Net loss for the period | | (373,684) | - |
| Other comprehensive income | | | |
| Other comprehensive income for the period | | - | - |
| Total comprehensive loss for the period | | (373,684) | - |
| Loss for the period is attributable to owners of the Company | | (373,684) | - |
| Total comprehensive loss attributable to owners of the Company | | (373,684) | - |
| | | per share | per share |
| Basic and diluted (loss) per share | | (0.060) | - |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Southern Palladium Limited
ABN 59 646 391 899

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Note | 31 December 2021 \$ | 30 June 2021 \$ |
|----------------------------------|------|---------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 1,114,417 | 1,362,307 |
| Trade and other receivables | 3 | 25,265 | 29,553 |
| TOTAL CURRENT ASSETS | | 1,139,683 | 1,391,860 |
| TOTAL ASSETS | | 1,139,683 | 1,391,860 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 4 | 208,746 | 87,239 |
| TOTAL CURRENT LIABILITIES | | 208,746 | 87,239 |
| TOTAL LIABILITIES | | 208,746 | 87,239 |
| NET ASSETS | | 930,937 | 1,304,621 |
| EQUITY | | | |
| Contributed equity | 6 | 1,562,957 | 1,562,957 |
| Accumulated losses | | (632,020) | (258,336) |
| TOTAL EQUITY | | 930,937 | 1,304,621 |

The above statement of financial position should be read in conjunction with the accompanying notes.

Southern Palladium Limited
ABN 59 646 391 899

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | Contributed Equity \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-----------------------------|-----------------------------|--------------------|
| Balance at 4 December 2020 (date of incorporation) | - | - | - |
| Shares issued during the period | 7,500 | - | 7,500 |
| Balance at 31 December 2020 | 7,500 | - | 7,500 |
| | | | |
| Balance at 1 July 2021 | 1,562,957 | (258,336) | 1,304,621 |
| Loss for the period | - | (373,684) | (373,685) |
| Balance at 31 December 2021 | 1,562,957 | (632,020) | 930,937 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Southern Palladium Limited
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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | 31 December 2021 \$ | 31 December 2020 \$ |
|--|------------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| GST refunds | 14,011 | - |
| Payments to suppliers and employees | (261,901) | - |
| Net cash (used in) operating activities | <u>(247,890)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from shares issue | - | 7,500 |
| Share issue transaction costs | - | - |
| Net cash provided by financing activities | <u>-</u> | <u>7,500</u> |
| NET (DECREASE)/INCREASE IN CASH HELD | (247,890) | 7,500 |
| CASH AT THE BEGINNING OF THE FINANCIAL PERIOD | <u>1,362,307</u> | <u>-</u> |
| CASH AT THE END OF THE FINANCIAL PERIOD | <u>1,114,417</u> | <u>7,500</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes.

Southern Palladium Limited
ABN 59 646 391 899

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report is for Southern Palladium Limited in respect of the interim half-year reporting period ended 31 December 2021 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021.

The accounting policies adopted are consistent with those used in the previous financial year.

New or amended Accounting Standards and Interpretations adopted

In the half-year ended 31 December 2021, the Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from incorporation. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

Going Concern

The Company's financial statements have been prepared on a going concern basis. There does not currently appear to be either any significant impact upon the financial position of the company or any significant uncertainties with respect to events or conditions which may impact the financial position of the Company at the reporting date and subsequent to year end.

| | 31 December 2021 | 4 to 31 December 2020 |
|--|-----------------------------|----------------------------------|
| 2 EXPENSES | | |
| | \$ | |
| The loss before income tax includes the following expenses: | | |
| Legal fees | 101,733 | - |
| Employee benefits | 134,750 | - |
| | 236,483 | - |
| | | |
| | 31 December 2021 | 30 June 2021 |
| | \$ | \$ |
| 3 CURRENT ASSETS | | |
| Trade and other receivables | | |
| Trade receivables | 6,456 | 10,744 |
| Prepayment | 18,809 | 18,809 |
| | 25,265 | 29,553 |

Southern Palladium Limited
ABN 59 646 391 899

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | 31 December 2021 | 30 June 2021 |
|---------------------------------|-----------------------------|-------------------------|
| 4 CURRENT LIABILITIES | | |
| Trade and other payables | | |
| Trade creditors | 6,037 | 19,135 |
| Other creditors | 202,709 | 68,104 |
| | 208,746 | 87,239 |

5 CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2021 (June 2021: nil).

6 CONTRIBUTED EQUITY

| | \$ | \$ |
|--|-----------|-----------|
| 6,250,000 fully paid ordinary shares (30 June 2021: 6,250,000) | 1,562,957 | 1,562,957 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value.

| Movement in ordinary share capital | | Number of shares | Issue price \$ | Share capital \$ |
|---|--|-----------------------------|---------------------------|-----------------------------|
| 4 December 2020 to 30 June 2021 | | | | |
| 4 December 2020 | Opening balance | - | | - |
| 4 December 2020 | Initial allotment | 750,000 | 0.01 | 7,500 |
| 4 April 2021 | Share placement | 5,500,000 | 0.30 | 1,650,000 |
| | Transaction costs relating to share issues | | | (94,543) |
| 30 June 2021 | Balance at end of year | <u>6,250,000</u> | | <u>1,562,957</u> |
| 1 July 2021 to 31 December 2021 | | | | |
| 1 July 2021 | Opening balance | 6,250,000 | | 1,562,957 |
| | No movement during the period | - | | - |
| 31 December 2021 | Balance at end of period | <u>6,250,000</u> | | <u>1,562,957</u> |

7 EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since 31 December 2021 which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The acquisition of MUM is in progress, with completion being subject to the IPO occurring and raising new funds, and the purchase consideration being the issue of new shares in the Company.

8 RELATED PARTY TRANSACTIONS

There were no changes to related parties during the period.

Reimbursement of MUM's expenses during the period amounted to \$59,779 (30 June 2021: \$13,800).

Southern Palladium Limited
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DIRECTORS' DECLARATION

In the directors' opinion:

- 1) The financial statements and notes, as set out on pages 4 to 9, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards AASB134: Interim Financial Reporting, the Corporations Regulations 2001; and
 - b) give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- 2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



On behalf of the Directors

Terence Goodlace

Non-Executive Chairman

South Africa, 21 January 2022

Southern Palladium Limited
ABN 59 646 391 899

AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Southern Palladium Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Southern Palladium Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

BDO (WA) Directors' & Employees' Trust ABN 39 635 367 807 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO (WA) Directors' & Employees' Trust and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', written over a faint, light-colored signature line.

Glyn O'Brien

Director

Perth, 21 January 2022