



19 May 2022

Southern Palladium completes oversubscribed \$19m IPO capital raise

Key highlights:

- The funding round attracted strong support from institutional and sophisticated investors both offshore and within Australia.
- Southern Palladium will commence as a dual listed company on the ASX under the code SPD and on the JSE under the code SDL.
- SPD will hold a 70% interest in the South African-based Bengwenyama Platinum Group Metal (PGM) project with a high Palladium-Rhodium content.
- Located on the Eastern Limb of the Bushveld Complex, which contains more than 70% of the world's known PGM resources.
- A single local Community, the Bengwenyama-ya-Maswazi, is a major partner with a 30% direct and a further indirect ownership through its 12.3% share in SPD.
- The Community is supportive of the project and has an extensive working relationship exceeding 15 years with the SPD management team
- Previous exploration has delivered a JORC 2012-compliant Inferred Mineral Resource of 18.8Moz (3PGE + Gold), situated within the UG2 and Merensky Reefs.
- The total resource potential of the site has been assessed by independent consulting group, CSA Global, at between 33.9Moz and 52.4Moz.
- Funds raised will support the commencement of resource-definition drill programmes, pre-feasibility study and the lodgement of a Mining Right Application. The Company is targeting delivery of a 2Moz Ore Reserve.
- Highly regarded board and management team including non-executive chairman Terence Goodlace, a former CEO of PGM major Implats. Goodlace also currently sits as a Non-Executive Director of global gold major Gold Fields, and is Non-Executive Chairman of Kumba Iron Ore Ltd, one of the world's largest iron ore producers.

Southern Palladium (ASX:SPD), a South Africa-based minerals explorer focused on platinum group metals (PGM), has completed an Initial Public Offering (IPO) in advance of listing on the Australian Securities Exchange (ASX)

The Company will issue 38 million shares priced at \$0.50 per share to raise \$19m (before costs), in a heavily oversubscribed IPO funding round sole managed by Bridge Street Capital Partners.

The amount represents a market capitalisation at the IPO price of \$45m, with an Enterprise Value (EV) of \$26m.

Backers in the pre-IPO round included leading Australian investment fund Regal, as well as global funds management group Sprott Holdings and Lowell Capital.

Southern Palladium will be dual-listed on the ASX and the Johannesburg Stock Exchange (JSE), with its primary listing on the ASX.

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Southern Palladium is focused on advancing exploration within two PGM mineralised reefs. The most attractive of these is the UG2 Reef which demonstrates a relatively high grade (7.7g/t - 3PGE + Gold) with a basket price dominated by palladium and rhodium. The Merensky Reef is also present.

The funds raised will support the Company's advanced technical exploration strategy, including geophysical mapping and a two-phase diamond drill programme.

The Company will also carry out various studies and allocate resources to environmental/community engagement programmes, initially leading to a scoping study. This will be followed up with a pre-feasibility study.

Southern Palladium is led by a strong board and management team, including experienced Terence Goodlace (non-executive chairman) and Johan Odendaal (managing director).

Along with his former roles as CEO of Metorex and Implats, Goodlace serves currently as a non-executive director of Gold Fields, a Top 10 global gold producer by market capitalisation. In June 2021 he was also appointed Chairman of Kumba Iron Ore Ltd, one of the world's largest iron ore producers.

Commenting on the IPO, Southern Palladium Non-Executive Chairman, Terence Goodlace, said:

"Along with its proximity to the world's largest PGM mineral systems, the contiguous and near surface Bengwenyama project has the potential for future mine and processing development with favourable economics. Globally, the PGM sector will continue to play a central role in supplying the green metals used to substantially reduce harmful emissions from internal combustion engines. I look forward to working with the SPD executive team to advance the exploration phase and studies over the next 12-24 months."

Southern Palladium Managing Director, Johan Odendaal, added:

"The characteristics of both UG2 and Merensky Reefs are likely to be typical of other Tier 1 PGM orebodies in the area. In addition, we are excited by the fact that both reefs are near-surface which provides us with a distinct operational advantage compared to regional peers. We look forward to executing on the next stage of our drilling programme, along with the completion of scoping studies and a pre-feasibility study to further unlock the value of what this project offers."

Resource exploration

Upon listing, Southern Palladium will be focused on its 70% stake in the Bengwenyama Palladium-Rhodium project, on the Eastern Limb of the world class Bushveld Complex.

Situated in central South Africa, the Bushveld Complex contains more than 70% of the world's known PGM (platinum group metals) resources.

As a measure of its exploration potential, Bengwenyama is one of the last undeveloped outcropping/sub-cropping extensions in the Eastern Limb.

The project currently has a JORC 2012-compliant Inferred Resource of 18.8Moz across **UG2** and **Merensky** Reefs.

- Mainly comprised of rhodium and palladium, the metal basket price for the **UG2** site is estimated at US\$3,331/oz, based on recent market prices.
- Unit sale prices for the **Merensky Reefs** basket (primarily comprised of platinum, palladium and rhodium) are estimated at US\$1,994/oz.
- **UG2** has a resource grade of 7.7g/t measured over 71cm, which is comparatively high for the Eastern Limb.

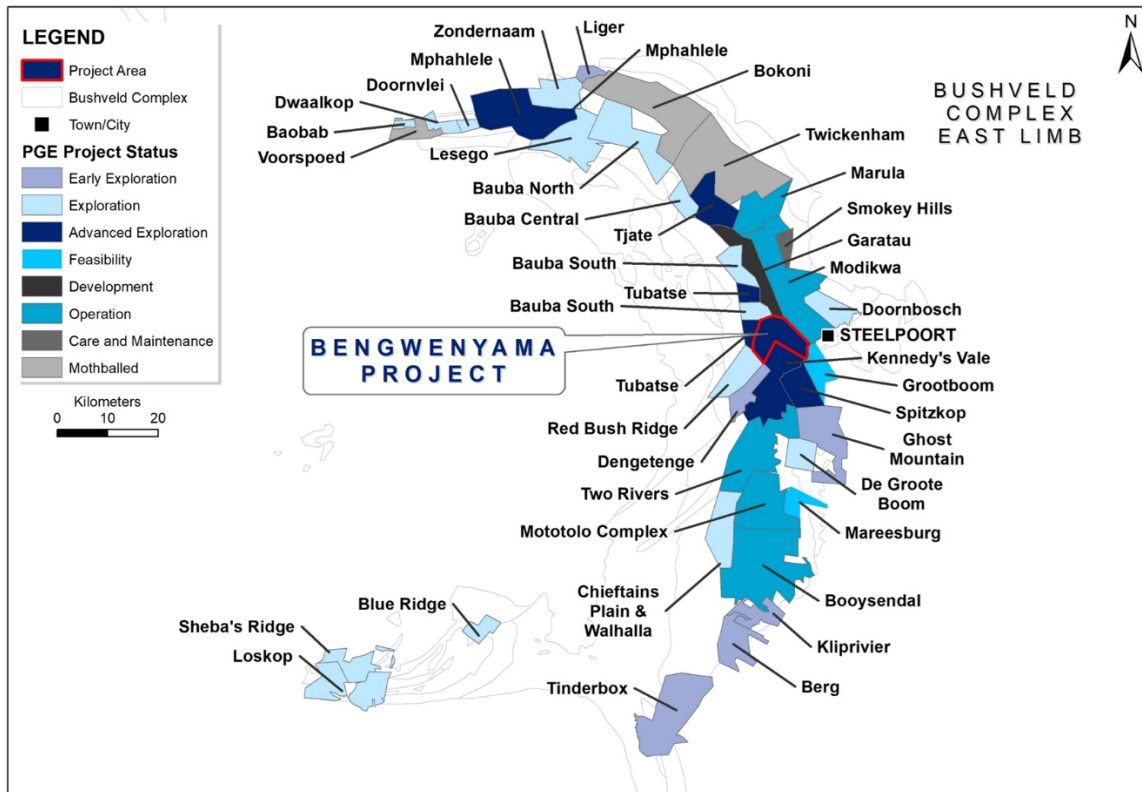


Figure 1: PGM mining and exploration projects, Eastern Limb, Bushveld Complex

Key differentiators of the Bengwenyama Palladium-Rhodium project:

- The total resource potential of the site has been assessed by an independent consulting group, CSA Global, which estimated the total resource potential of the site at between 33.9Moz and 52.4Moz. Within this sits an inferred resource in both the UG2 and Merensky Reefs of 18.8Moz.
- Both reefs outcrop (or subcrop) on the property. Should the forthcoming exploration programme identify the project as an economic proposition, this suggests future capital and operating costs should be relatively low compared with many of the deeper underground mines within the Bushveld Complex.
- The initial geological metrics at the site also compare favourably with global peers in the advanced exploration / pre-production phase of development.
- A single local Community is a major partner with a 30% direct and a further indirect ownership through its 12.3% share in SPD.
- The Community is supportive of the project and have an extensive working relationship exceeding 15 years with the SPD management team

Near-term operational targets:

- The drill programme aims to establish further resource definition (from Inferred to Indicated) and progressive conversion of the current 15-34 million ounce Moz exploration target.
- The Company aims to complete a Pre-Feasibility Study (PFS) and declare a maiden Ore Reserve of 2 million ounces.
- The Company aims to lodge a Mining Right Application within two years of IPO.

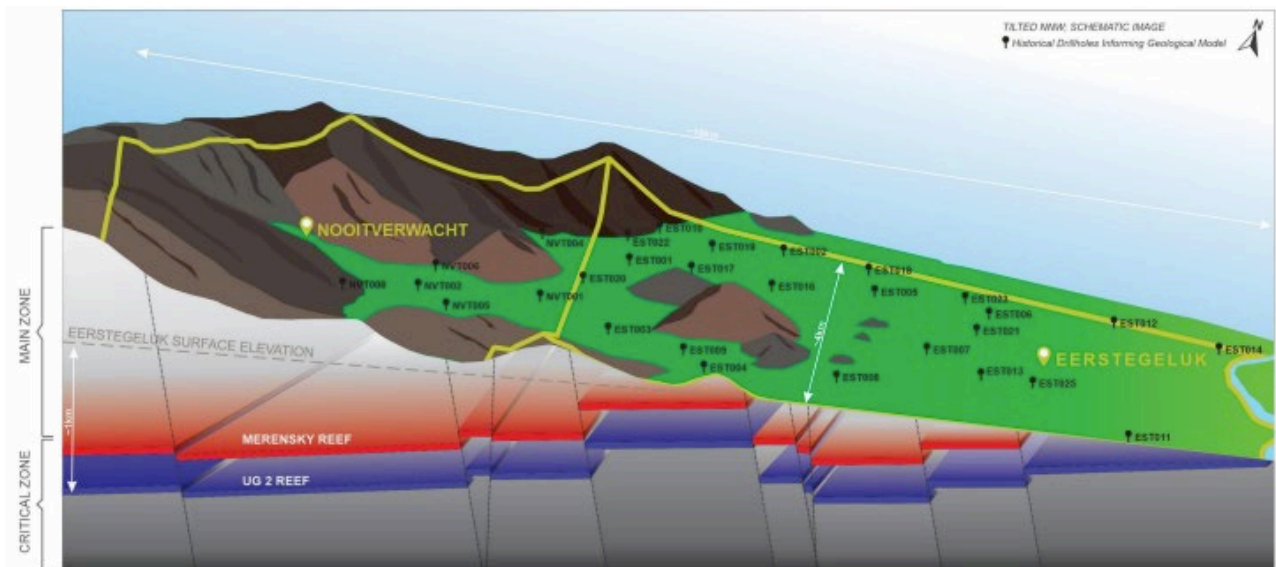


Figure 2: Schematic image which shows the shallow access to mineralisation, with consistent grades and simple geological structures allowing for shorter development times.

This announcement has been authorised for release by the Board of Southern Palladium.

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