



29 June 2022

Resource Infill Drilling Programme at Bengwenyama

Key highlights:

- **Drilling contract awarded to Geomech Africa (Pty) Ltd**
- **Phase 1, 63-hole (24,464m) diamond drill programme at the Bengwenyama Project to commence mid-July 2022**
- **Phase 1 infill drilling programme focused on the shallowest portion of the 18.8 million ounce Inferred Mineral Resource estimated within the UG2 and Merensky reefs¹**
- **Drill targets sited using a geological model recently confirmed by a heliborne magnetic survey**
- **Results from the Phase 1 programme to be used in Scoping / Pre-Feasibility Studies, which are expected to form the basis of a submission for a Mining Right Application**
- **Follow-up Phase 2, 12-hole (13,582m) drill programme designed to increase the Inferred resource estimate within the broader Exploration Target, and to increase the confidence level of the resource estimate within the Project area**
- **Drilling results will be progressively announced**

Southern Palladium (ASX:SPD, 'Southern Palladium' or 'the Company') is pleased to confirm a drilling contract has been awarded to Geomech Africa (Pty) Ltd ('Geomech'), for exploration at the Company's Bengwenyama PGM project.

Preparations are underway at the Bengwenyama site for the commencement of a Phase 1, 63-hole (24,464m) diamond drill programme to commence mid-July 2022.

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

Two Phase Infill Drilling Programme Details

The drilling programme at Bengwenyama has been divided into two phases, both of which are designed on a detailed assessment of previously drilled holes and identified target structures. The recent heliborne magnetic survey confirmed the geological model used to design the two-phase drill programme.

The Phase 1 programme will comprise infill drilling at the shallowest area of the 18.8 million ounce Inferred Mineral Resource (JORC 2012) estimated within the Upper Group 2 chromitite (UG2) and Merensky Reefs deposit and some of the Exploration Target area.

¹ 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 primary focus of Phase 1 drilling is the UG2 horizon at depths of less than 500m (see shaded area in **Figure 1**). The maximum planned drillhole depth is 550m, with an average depth of 288m. The drilling is based on an initial 350m grid spacing.

The drilling will commence on a wider grid spacing and work toward a closer spaced grid. This will allow for changes in the drill programme as it progresses.

However, major changes to the programme are not expected following the results of a recent heliborne magnetic survey at the site, which confirmed the geological model and was announced on 15 June 2022.

The Phase 1 programme is designed to support the preparation of a Scoping / Pre-Feasibility Studies at Bengwenyama, which are expected to form the basis of a submission for a Mining Right Application (refer ASX Webinar Presentation June 15, 2022).

Phase 2 will comprise widely spaced drilling within the broader Exploration Target area, to potentially support upgrading this material to Inferred Mineral Resources (**Figure 1**).

The wider spaced Phase 2 drilling will improve the confidence in the entire Project area and potentially allow for more accurate life-of-mine planning in the longer term.

Phase 2 has the capacity to increase the overall value of the Project, with the total area possibly being upgraded to Inferred.

The maximum drillhole depth is estimated to be 2,040m (due to topography), with an average drilling depth of 932m.

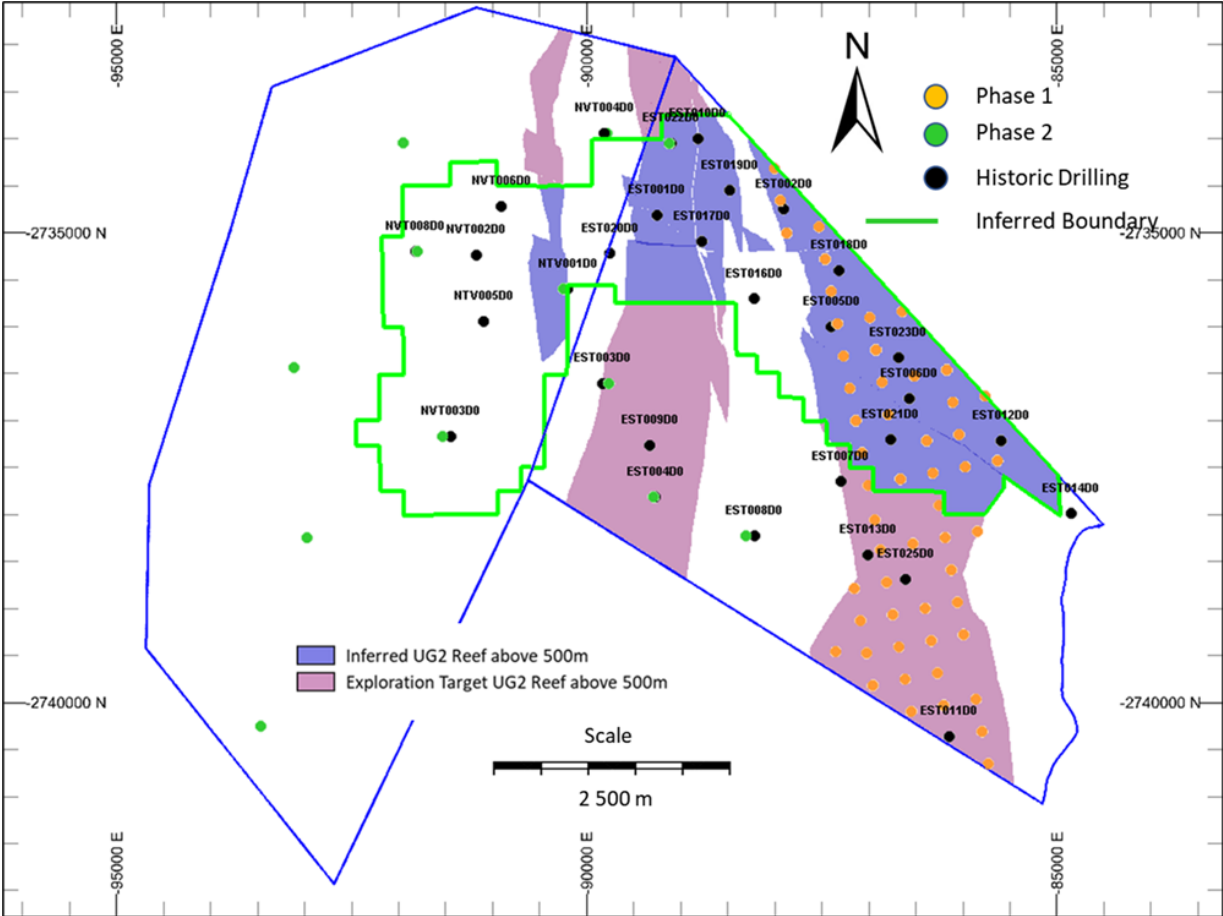


Figure 1: Two Phase Drilling Programme Outlay

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Drilling timeline:

Table 1 details the number of drillholes and total drilling meters (including deflections) that are planned for the two drilling phases.

It is estimated that phase 1 will be completed in eight to nine months, and phase 2 in four to five months.

Phase	Drillholes	Total drilling (m)
Phase 1	63	24,464
Phase 2	12	13,582
Total	75	38,046

Table 1. Phase 1 and Phase 2 drilling details

Results from the Phase 1 drill programme will be released progressively over the next eight to nine months, subject to assay turnaround times.

About Geomech

Geomech is a subsidiary of leading South African mining services conglomerate GeoGroup, with more than 80 drill rigs in operation and a workforce of over 200 staff.

JORC 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.

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

About Southern Palladium:

Southern Palladium Limited (ASX:SPD, JSE:SDL) is a dual-listed platinum group metal (PGM) company developing the advanced Bengwenyama PGM project, particularly rich in palladium/rhodium, in South Africa. The project is located on the Eastern Limb of the Bushveld Complex, which contains more than 70% of the world's known Platinum Group Metal (PGM) Resources. With its 70% stake in the project, the Company's focus will be on the delivery of a Pre-Feasibility study and Mining Right application through a geophysical survey that has recently been completed, a two-phase diamond drill programme due to commence early next month as well as various technical studies to be completed.

A major development opportunity in the global PGM market, previous exploration at Bengwenyama has already delivered a JORC 2012-compliant Inferred Mineral Resource of 18.8Moz within two ore horizons – the UG2 chromitite and Merensky Reef. In addition, an assessment by mining industry consultants CSA Global assessed the total resource potential of Bengwenyama at between 33.9Moz and 52.4Moz. The Company is led by an experienced on-ground management team including some of South Africa's most high-profile mining industry executives.

For further information, please contact:

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