

Southern Palladium hoping to ride PGM boom

ASSETS previously claimed by Nkwe Platinum could make a return to the ASX in the next few weeks if Southern Palladium is successfully raises up to A\$19 million at 50c to complete a dual listing in Australia and South Africa.



The company counts its directors as large shareholders, as well as respected resource investors Regal Funds Management, Sprott Asset Management and Lowell Resources Fund.

The precious metal hopeful wants at least \$17 million to help secure a 70% interest in a privately-run South African company Miracle Upon Miracle Investments that owns a share of the 18.8 million ounce Bengwenyama platinum group metals project, located in the heart of the Eastern Limb of South Africa's Bushveld Complex.

The company will its secure interest for scrip from MUM's shareholders, which includes the Bengwenyama-ye-Maswazi community that also directly owns 30% of the project. Half of the MUM consideration shares come with a clawback right allowing Southern Palladium to buy them back for a total \$50 if a 4Moz JORC resource has not been defined, and a mining right is not accepted, within four years.

Southern Palladium wants to drill the resource out to allow a maiden reserve and complete a prefeasibility study.

South Africa dominates the world's platinum, palladium, rhodium, iridium, and ruthenium production with 4Moz of platinum, 2.5Moz palladium and 600,000oz rhodium per annum, but production is under pressure as there have been few expansion projects commissioned over the last five years due to the poor market conditions over the previous decade.

Around 40% of South African production is also from deeper, older mines that could become unviable if platinum group metals prices fall, however Southern Palladium is bullish on the future for PGMs, with a forecast deficit as early as next year.

Its properties contain segments the Merensky and UG2 reefs that extend over a 10km strike and are defined from surface to some 1.1km depth.

The reefs are mined in adjacent areas, so the company is confident they are likely to be as commercial.

They come with an exploration target of between 134-201Mt at 3.5-5.2 grams per tonne 3PGE plus gold.

Time to development of an underground mine is expected to be relatively short.

The project could be familiar to Australian investors, as it was explored by the ill-fated Nkwe Platinum as part of the Tubatse project, although Nkwe's drilling data is reported to be incomplete.

Anglo Platinum historically explored the area, but when the tribes regained possession of their land, they had preliminary discussions with Anglo, however the government awarded the prospecting rights in 2006 to Genorah Resources, which brought in Nkwe in 2007.

The Bengwenyama-ya-Maswazi community has successfully argued its rights in the courts several times over almost a decade, arguing the companies were granted prospecting rights without proper consultation.

Their ownership was finally registered in 2017.

Bengwenyama-ya-Maswazi has been working with consultants Minxcon since 2006, and that firm's principals - Johan Odendaal, Daan van Heerden and Uwe Engelmann - are all involved with Southern Palladium.

Odendaal, a mineral economist, will step in as managing director, van Heerden as a non-executive director, while Engelmann will run the exploration program via Minxcon.

The board also comprises chair Terence Goodlace and NEDs Geoff Hiller, Mike Stirzaker, and Rob Thomson, who founded Southern Palladium.

Goodlace has a history at Gold Fields and Impala Platinum, Hiller is MD at Pacific Nickel Mines, Thomson was most recently MD at South Africa-focussed Theta Gold Mines, and also serves at Pacific, and Stirzaker has been involved with RFC Group and Pacific Road Capital.

Assuming it lists, Southern Palladium plans some 38,000m of diamond drilling and studies, with a focus on the UG2 reef, in areas where it is less than 500 m below surface, to support mining studies.

A second phase of drilling will aim to target the exploration target.

Phase one will focus on depths of an average 290m, while the second phase will average 930m, with some holes down to 2km.

The company is hosting an investor site visit to Bengwenyama today ahead of 121 Cape Town next week.