

5 September 2022

Bengwenyama PGM Drilling Programme Intersects UG2 Reef

Key highlights:

- **UG2 reef intersection confirmed as part of the Phase 1a drilling programme**
- **The UG2 intersection width of 87cm is in line with expectations**
- **Project geological stratigraphy will develop with the new drilling information**
- **Three drill rigs now in operation**

Southern Palladium (ASX:SPD, 'Southern Palladium' or 'the Company') provides the following update on its recently commenced Phase 1 drilling programme at the Bengwenyama PGM project located on the Eastern Limb of the world class Bushveld Complex, South Africa

The Company confirms that drillhole E062 has intersected the first UG2 reef at 31.2m below surface as part of the drilling programme. The mother-hole was completed on 1 September 2022 with an end-of-hole depth of 119.8m and matches stratigraphic models.

Marking, logging and scanning of the drillhole is in progress. A Down-hole acoustic televiewer survey will be completed next and this will be followed by drilling two short non directional deflections on the UG2 reef. Assaying of the reef will commence once all deflections, logging and core scanning is complete. Samples will be sent to ALS Chemex South Africa (PTY) Ltd, located in Johannesburg, which is part of the ALS group. The South African laboratory is ISO 17025 accredited by SANAS (South African National Accreditation System).

The massive UG2 chromitite reef intersection (NQ core size) in drillhole E062 has a downhole length (not true width) of 87cm (figure 1), with a pegmatoidal pyroxenite as footwall underlain by a poikilitic pyroxenite. These characteristics also assist in the identification of the UG2 reef. The intersected UG2 width is in line with expectations, and consistent with the average reef width of 71 cm estimated in the JORC-2012 compliant Inferred UG2 Mineral Resource. These reef widths lend themselves to the conventional mining methods utilised in South Africa for narrow tabular orebodies.



Figure 1: UG2 Intersection (yellow box) in Drillhole E062

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Figure 2 shows the UG1 reef, which was used as a marker to confirm the position of the UG2 reef. The UG1 layer appears to have three chromitite seams in the anorthosite host, from depths of approximately 90.30m to 99.30m (yellow brackets):



Figure 2: UG1 Marker Reef

Three drill rigs have now been mobilised and are conducting drilling operations as indicated in figure 3 below.

Figure 3 shows the location of the three drillholes currently being drilled (green stars).

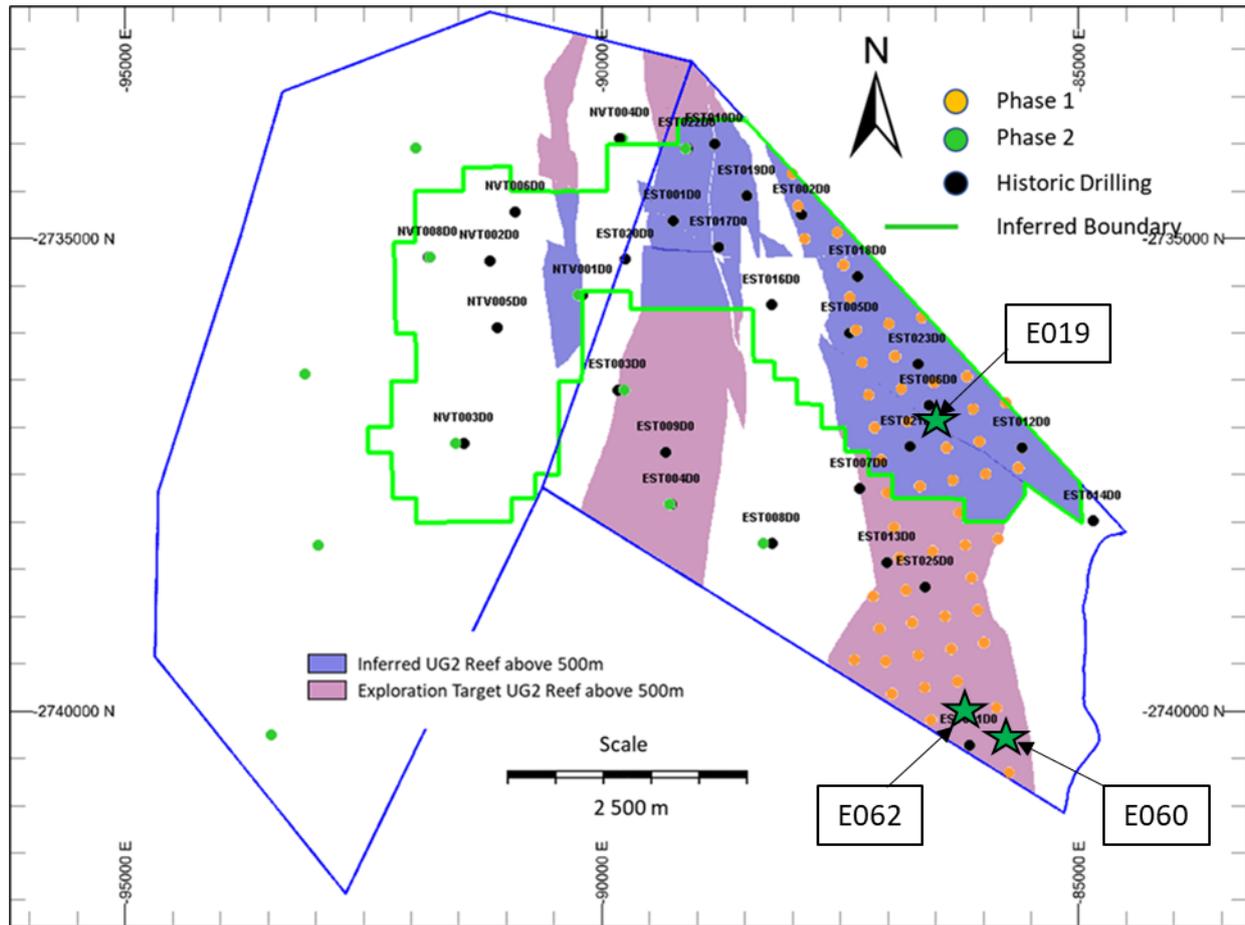


Figure 3: Drilling Locations

Upgrades of the community centre for the driller’s laydown area, the geological office and the core yard are continuing, and are making good progress. Figure 4A is a photograph showing a section of the core logging area, and Figure 4B is a photo of the construction development for the drillers camp.



Figure 4A/B: Core Logging Area and Drillers Camp

Plans are progressing for the pending mobilisation of the two additional drill rigs on-site as part of phase 1a.

Commenting on the UG2 intersection, Managing Director Johan Odendaal, said:

“Confirmation of the UG2 Reef intersection is an important early barometer for the Company as it advances the Phase 1a drill programme. The initial results provide further evidence that the position of the UG2 Reef is in line with the geological model developed from historical information, and which forms the basis of the JORC-2012 compliant Inferred UG2 Mineral Resource. Pleasingly, the broader project infrastructure is also progressing well as the Company continues to execute on its near-term operational targets. The management team looks forward to providing additional updates once assaying gets underway, following the completion of the down-hole acoustic televiewer survey.”

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. A geophysical survey has been completed and a two-phase diamond drill programme commenced in August 2022.

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 Reef and the Merensky Reef.

In addition to the Inferred Resource, an assessment by mining industry consultants CSA Global assessed the total Exploration Target potential of Bengwenyama at between 134–201Mt at a grade of 3.5–5.2 g/t (3 PGE + Au). The Company is led by an experienced on-ground management team including some of South Africa’s most high-profile mining industry executives.

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.

Competent Person Statement

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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