



20 May 2025

Environmental Authorisation received and Updates for the development of the Bengwenyama PGM Project

Highlights:

- Environmental Authorisation (EA) for the Bengwenyama Project has been issued by the Department of Mineral and Petroleum Resources (DMPR)
- EA approval is a major milestone leading to the award of the Project's Mining Right, marking a key step forward in the development of the Bengwenyama Platinum Group Metals (PGM) Project
- Revised PFS progressing well for the implementation of a phased project development approach at Bengwenyama with lower up-front capital costs

Southern Palladium (ASX:SPD and JSE:SDL), 'Southern Palladium' or 'the Company' is pleased to announce that the Department of Mineral and Petroleum Resources (DMPR) has granted Environmental Authorisation (EA) for a Mining Right (underground mining) and related infrastructural activities to SPD's 70% subsidiary, Miracle Upon Miracle Investments, for the development of the Bengwenyama platinum group metals project.

Managing Director Johan Odendaal, said: *"We continue to make meaningful progress toward the development of our flagship Tier 1 Bengwenyama Project, with the recent grant of the Environmental Authorisation (EA) marking a major milestone. The EA paves the way for the award of the Mining Right and reflects the strength of our permitting work, including a comprehensive environmental impact assessment and a compliant public participation process. This milestone demonstrates our commitment to responsible development and sets a clear path toward project execution."*

In parallel, we are refining the development pathway outlined in the original Pre-Feasibility Study. A revised Stage 1 plan—focused on a smaller-scale, lower-capex operation producing 80,000tpm via a single decline and truck haulage—is now well progressed, and is expected to significantly reduce up-front capital requirements for project development. Results of the study are currently being finalised with updated PFS-level outputs scheduled to be announced in June."

ENVIRONMENTAL AUTHORISATION

South Africa's DMPR has granted Environmental Authorisation (EA) for a Mining Right and related infrastructural activities. The EA has been issued with reference to the National Environmental Management Act, 1998 (Act No. 107 of 1998) ("NEMA").

In making its decision, the DMPR stated that it had made the following findings:

- the potential impacts of the proposed site had been thoroughly investigated by SPD and mitigation measures were clearly outlined by the Company;
- the public participation process complied with the regulations; and
- no objection had been received to date.

Pursuant to the EA terms, SPD will now notify all registered interested and affected parties, who will then have 20 days in which to lodge an objection. Objections, if any, will be heard by the Minister of Forestry, Fisheries & the Environment.

PROJECT UPDATE

As outlined in the March Quarterly Report, the Company's expert consultants have been advancing studies on potential enhancements to the Bengwenyama October 2024 Pre-Feasibility Study (PFS). The Company is currently evaluating a revised development strategy comprising a two-stage approach to unlock the value inherent in the asset with lower up-front capital costs:

- Stage 1 proposes mining 80,000 tonnes per month (tpm) from a single decline with truck haulage.
- Stage 2 would expand production to 200,000tpm, as proposed in the earlier PFS, and can be initiated at a later date (subject to funding) once Stage 1 is successfully operating.

SPD and its consultants are in the process of refining the revised plan, with the aim of delivering PFS-level results in June. Preliminary analysis suggests a material reduction in upfront capital expenditure, due to the smaller-scale plant and single-decline access. Importantly, this revised approach with lower up-front costs is expected to be financeable through traditional debt and equity channels. Stage 1 economics could be further improved using nearby infrastructure. This scenario is currently being assessed by the Company and would be contingent on reaching satisfactory commercial terms with a third party.

October 2024 Pre-Feasibility Study

The October 2024 PFS produced strong project economics, generating an NPV₈ of US\$1.06 billion, an internal rate of return of 28% and a payback of around 3.5 years on average production of ~400Kozpa PGMs (6E) and 350Ktpa chromite concentrate for a 29-year mine-life (LoM).

Independent analysis has shown that the Bengwenyama project will be a first quartile cash cost producer. The PFS calculations were reviewed by external expert consulting group SRK. Details are summarised in the table below:

Project Metrics	Results
Mill throughput at steady state	2.4Mtpa
Head grade (LoM)	6.1g/t 6E
Annual steady state production	400Kozpa (6E)
Steady state chrome production	350Ktpa
Pre-production funding requirement	US\$385 million
EBITDA (LoM average)	US\$300 million pa
Cash costs (LoM average)	US\$644/6E oz
AISC (LoM average)	US\$800/6E oz
Basket price	US\$1,557/6E oz
Exchange rate (ZAR/US\$)*	19.57
EBITDA margin	50%
Reserve base	6.29Moz (6E)
Mine life	29 years
NPV ₈ (post tax)	US\$1.06 billion
IRR (post tax)	28%
Payback period	3.5 years

*Long-term PGM price assumptions: Pt US\$1,200/oz Pd US\$1,100/oz Rh US\$6,190/oz

It is comforting to know that despite current depressed price levels the Basket price at current prices is only 6% less than the price used in the PFS.

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