



Southern Palladium Limited
Incorporated in the Commonwealth of Australia
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ISIN AU0000220808
("Southern Palladium" or "the Company")

Drilling Operations Update - Bengwenyama PGM Project

Key highlights:

- **Detailed planning and community engagement initiatives continue to progress well, ahead of the two phase drill programme at the Bengwenyama PGM project;**
- **The appointed drilling contractor, GeoMech Africa (Pty) Ltd, will mobilise up to three drill rigs once pre-drilling preparations have been finalised;**
- **It is contemplated that the drilling programme will now commence in August 2022;**
- **A Term Sheet for a Framework and Cooperation Agreement has been agreed and signed with the host community;**
- **Key project elements underway include property access, employment initiatives, tender processes and exploration related construction projects in accordance with benchmarks agreed with the Bengwenyama community and in accordance with management's long-term development strategy.**

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

The drilling programme is being undertaken in close proximity to the Bengwenyama community and the process of finalising mutually acceptable plans is vital to the long term success of the project. A Framework and Cooperation Agreement Term Sheet has now been signed by Southern Palladium subsidiary Miracle Upon Miracle Investments ("MUM") and the Bengwenyama Community. The Term Sheet addresses essential principles relating to how MUM and the Community will work together and cooperate to help ensure the broader success of the project. Key items tabled in the Term Sheet include the scope and nature of MUM's proposed prospecting and mining activities on locally owned farms, in conjunction with the Community's right to live, farm and raise livestock on the farms. The Term Sheet also facilitates the establishment of a cooperation committee, the recruitment and employment processes to be followed during MUM's prospecting activities and the procurement and sub-contracting processes to be followed during MUM's proposed prospecting activities

Water supply for the drilling has been secured and the water draw-point has been installed and is ready for use. In addition, rehabilitation and upgrading of a building that will serve as the exploration site office has commenced as has the infrastructure for a back-up generator.

The drilling contractor, GeoMech (Pty) Ltd, is about to mobilise the first three rigs for the commencement of the Phase 1 which comprises a 63-hole drill programme. The exploration drilling is planned to start in August 2022.

Commenting on Southern Palladium's operations update, Managing Director Johan Odendaal, said:

"This announcement serves to highlight the extent of on-ground planning and recent community engagement activities undertaken by the Southern Palladium management team. Upon its commencement, the 2-phase drill programme at Bengwenyama will mark one of the largest drilling operations undertaken in South Africa's mining sector in recent years.

In turn, it requires a planning process that adheres to the requirements of multiple stakeholders including the drilling company, Community representatives, and contractor procurement processes – all of which have been carried out to ensure a successful long term community based drilling programme.

Although this has served to lengthen the initial timeline regarding the commencement of the exploration programme, the management team is pleased with the progression of these planning initiatives, which align with the board's long-term strategic vision to facilitate a streamlined exploration project underpinned by the highest level of community engagement and corporate governance standards."

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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