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Phase 1a Drilling Commences at the Bengwenyama PGM Project

Key highlights:

- **Phase 1a drilling programme has commenced at the Bengwenyama project**
- **Three drill rigs are on site, with one operational and two set to commence within the week**
- **31 boreholes will be drilled as part of the wider spaced Phase 1a programme**
- **The initial wider spacing is aimed at confirming the 3D structural model**
- **Infill drilling (phase 1b) will follow to complete a total of 63 boreholes for Phase 1**
- **Phase 1 drilling is aimed at increasing the confidence in the orebody and covert a portion of the Inferred Resource and Exploration Target into Indicated Mineral Resources**

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

Three drill rigs have now been mobilised on-site at Bengwenyama, where the first drill rig has commenced drilling. Preparations are on track for the other two rigs to commence drilling within the week.

Phase 1 Drill Programme

The Phase 1a programme will comprise a wider spaced drilling grid (~750m grid), consisting of the initial 31 drillholes. The aim of the programme is to confirm and refine the existing 3D structural model for the shallower areas on the Eastern portion of the farm Eerstegeluk 327 KT.

This will be followed by the Phase 1b programme (32 drillholes), which will comprise infill drilling across a narrower drilling grid (~350m grid).

Infill drilling will improve the confidence in the grade distribution and is aimed at converting the targeted shallow portion of Eerstegeluk 327 KT to a JORC 2012-compliant Indicated Mineral Resource.

A successful resource upgrade will then form the basis of the forthcoming Mining Right application.

Drilling rigs

The drill rigs that have been deployed for the Phase 1 programme are equipped to drill the shallower areas where the depths are expected to range from approximately 60m to 550m, with an average depth of around 288m.

The drill rigs in operation are an Atlas Copco CS-1500, a Delta 520 and a YWE D90R. The three drill rigs are capable of drilling 800m, 180m and 100m respectively, and give Southern Palladium the requisite capabilities to complete Phase 1 drilling as planned.

All three rigs in operation are small track mounted drill rigs, designed for increased manoeuvrability in confined spaces.

The Atlas Copco is the first to start drilling and is drilling drillhole E019 which has an estimated end of hole depth of 320m.

Drillhole E060 and E062 will follow with expected depths of around 60m and 130m respectively.

Figure 1 shows the Atlas Copco drilling E019, **Figure 2** shows the YWE D90R at E60 and **Figure 3** shows the Delta 520 at E082:

Figure 1: Atlas Copco CS-1500 drilling drillhole E019

Figure 2: YWE D90R drill rig set up at drill site E060 ready to commence drilling in the next day or two

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Figure 3: Delta 520 at drill site E062 being prepared

Logistical arrangements are progressing well, with the primary network of equipment and workers now in place to support the Phase 1 drill programme. Further upgrades have been completed to the on-site building which will serve as the exploration site office and drilling laydown area, with the water supply, back up electrical supply, office Wifi and core logging and cutting facilities now in place (**Figure 4**).

Figure 4a/4b: Geological office and drillers lay down area

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Figure 5: Drill team and geological workers deploy the Atlas Copco CS-1500 drill at Bengwenyama

The geological team is on the property to start receiving the drill core, and the Company looks forward to updating the market with initial drill results as they are received.

To initiate the Phase 1b programme, two additional drill rigs will be added to the site once the first three rigs are up and running.

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

"The commencement of Phase 1 drilling marks a major milestone for the Bengwenyama project, and we are looking forward to receiving the first core trays at our core logging facility to prepare samples for assaying. With the fenced off section which houses the laydown area, project offices and core logging facilities now fully-upgraded and a communication network installed, key project operations have all been set up at one central location. Importantly, this will allow for the short-distance transport of core, and direct communications between the on-site operational staff and management team in Johannesburg and Sydney. With the introduction of a further two drilling rigs, we are confident of achieving our key project benchmarks within the original time frame."

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 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.

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