



**Southern Palladium Limited**

Incorporated in the Commonwealth of Australia

Australian Company Number 646 391 899

ASX share code: SPD

JSE share code: SDL

ISIN AU0000220808

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**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023**

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Shareholders of Southern Palladium Limited (**ASX:SPD/JSE:SDL**)(**Southern Palladium** or **the Company**) are advised that Southern Palladium has today published its Interim Financial Report for the period ended 31 December 2023.

**HIGHLIGHTS:**

- Revenue increased by 819% to A\$435,475 (31 December 2022: A\$47,391)
- Operating loss from operations for the period decreased to A\$3,152,766 (31 December 2022: loss of A\$3,786,692)
- Basic loss per share decreased to A\$0.035, down 33% (31 December 2022: loss of A\$0.052)
- Headline loss per share decreased to A\$0.035, down 33% (31 December 2022: loss of A\$0.052)

**COMMENTARY:**

The main business activity of the Company is the advancement of its Bengwenyama Platinum Group Metal (“PGM”) project, located in South Africa. Southern Palladium (“SPD”) is well-funded to complete its Pre-Feasibility Study (“PFS”) at Bengwenyama, which already contains an Indicated and Inferred Mineral Resource Estimate of 26.22Moz (6PGE+Au). (Refer to ASX/JSE announcements of 7 December 2023 and 1 February 2024).

SPD has a 70% equity interest in Miracle Upon Miracle Investments (Pty) Ltd (“MUM”), a South African private company with a 100% interest in the Bengwenyama project situated within two farm boundaries – Eerstegeluk and Nooitverwacht.

**Scoping Study Results**

In late January 2024, the company received the results of the technical Scoping Study, yielding a satisfactory outcome. The study concentrated exclusively on the UG2 reef, which boasts a resource of 15.72 million ounces, with 6.52 million ounces classified as an Indicated Resource.

Notable financial metrics include a Net Present Value (NPV8) of US\$700 million, an Internal Rate of Return (IRR) of 21%, and a Free Cash Flow (Post-tax, real terms) amounting to approximately US\$135 million at a steady state, projected over a 30-year mine life. The total tonnage mined is estimated to be around 52 million tonnes (~10.9 moz 7E), resulting in an average annual production rate of 330 Koz PGM (6E). Initial direct

capital expenditure for mine development is anticipated at US\$408 million, and the project is forecasted to achieve payback within four and a half years from the start of planned production.

### Bengwenyama Key Project Results

<p><b>2 Mtpa UG2 Reef</b></p> <p><b>PGM Concentrate (LOM avg)</b> 50 Kt p.a. @ 2.5% mass pull</p> <p><b>Annual production (LOM avg)</b> <b>330 Koz p.a. 6E</b> 130 Koz p.a. Pt 125 Koz p.a. Pd 27 Koz p.a. Rh 4 Koz p.a. Au + Ru, Ir, Ni, Cu</p> <p><b>Chrome Conc.</b> 140 Kt p.a.</p>	<p><b>Peak Funding Requirement</b> USD403 million (incl. ~15% contingency)</p> <p><b>EBITDA (LOM avg)</b> USD200 million pa</p> <p><b>Free cashflow (post-tax)</b> USD135 million p.a.</p> <p><b>Costs (LOM avg)</b> Cash Costs - USD717/ 6E oz AISC - USD836/ 6E oz</p>	<p><b>NPV<sub>8%</sub> (post-tax)</b> USD700 million *</p> <p><b>IRR (post-tax)</b> 21%</p> <p><b>Payback period</b> 4.5 years (from start of plant production)</p> <p><b>EBITDA margin</b> 43%</p>
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Note: \* Indicative NPV ignores residual value beyond modelled life or any exploration upside and hence is not considered

The valuation provided does not account for the remaining resource in the Merensky reef (MR) and UG2, as well as the Exploration Target areas. It is important to note that nearly 90% of the revenues are generated from platinum, palladium, rhodium, and a chrome by-product.

### Community Engagement

Southern Palladium is actively engaged with the community, placing a strong emphasis on promoting inclusivity and project awareness. Ethical inclusion is prioritised, ensuring fair representation through collaboration with the Bengwenyama Royal Family, Traditional Council, and other community representatives. Weekly virtual exploration meetings are conducted with two community representatives, along with the environmental and exploration management consulting firm contracted for the project. Additionally, monthly meetings involve extended representation from the broader Royal Family, Traditional Council, and community representatives. Quarterly feedback meetings are held to give feedback to the broader community.

### SHORT-FORM ANNOUNCEMENT:

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement.

Copies of the Interim Financial Report are available on the Company's website, [www.southernpalladium.com](http://www.southernpalladium.com) and on the JSE cloudlink at:

<https://senspdf.jse.co.za/documents/2024/jse/isse/sdle/interim24.pdf>.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and investors and shareholders are encouraged to review the full announcement, which is available as detailed herein. Copies of the full announcement may also be requested from the Company via email at [andrew.cooke@southernpalladium.com](mailto:andrew.cooke@southernpalladium.com) or from the Sponsor at [Sponsorteam@merchantec.com](mailto:Sponsorteam@merchantec.com), at no charge.

Southern Palladium has a primary listing on the Official List of the Australian Securities Exchange (ASX) and a secondary listing on the Main Board of the Johannesburg Stock Exchange (JSE).

The interim financial statements were reviewed by BDO Audit (WA) Proprietary Limited ("BDO"), who expressed an unmodified review conclusion thereon. Shareholders are advised that BDO's full report is available with the full announcement at the following link:

<https://www.southernpalladium.com/site/investor-centre/asx-announcements> or from the Company Secretary who is contactable at [andrew.cooke@southernpalladium.com](mailto:andrew.cooke@southernpalladium.com).

For and on behalf of the Board



Roger Baxter  
**Independent Non-Executive Chairman**

**For further information, please contact:**

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14 March 2024

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**DISCLAIMER**

This release includes statements about Southern Palladium that are, or may be deemed to be "forward-looking statements". All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Southern Palladium. To the extent that certain statements contained in this release may constitute "forward-looking statements" or statements about "future matters", the information reflects Southern Palladium's intent, belief or expectations as at the date of this release. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Southern Palladium's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this release in light of those disclosures and not place reliance on such statements. Any forward-looking statements, opinions and estimates in this release are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither Southern Palladium, nor its related bodies corporate or affiliates nor the respective directors, officers, partners, employees and agents give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied in any of the forward-looking statements in this release will actually occur. In addition, please note that past performance should not be relied upon as (and is not) an indication or guarantee of future performance.

Except as required by law or regulation, Southern Palladium undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

[Media & investor relations inquiries: Sam Jacobs, Six Degrees Investor Relations: +61 423 755 909](#)



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**Southern Palladium Limited**  
**A.B.N 59 646 391 899**  
**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

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This Interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023.

'Southern Palladium Limited is a public company limited by shares, incorporated in Australia with a primary listing on the Australian Securities Exchange (ASX) and a secondary listing on the Johannesburg Stock Exchange (JSE).'

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**DIRECTORS' REPORT**

**DIRECTORS' REPORT**

Your directors present their report, together with the consolidated financial statements, of Southern Palladium Limited (referred to hereafter as the Company) at the end of, or during, the half-year ended 31 December 2023 ("Period").

**DIRECTORS**

The names of the directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Roger Baxter (Non-Executive Chairman, appointed 1 January 2024)  
Mr Johan Odendaal (Managing Director)  
Mr Mike Stirzaker (Non-Executive Director, served as Non-Executive Chair from 5 May to 31 December 2023)  
Mr Robert Thomson (Non-Executive Director)  
Mr Geoffrey Hiller (Non-Executive Director)  
Mr Daan van Heerden (Non-Executive Director)

**REVIEW OF RESULTS AND OPERATIONS**

The main business activity of the Company is the advancement of its Bengwenyama Platinum Group Metal ("PGM") project, located in South Africa. Southern Palladium ("SPD") is well-funded to complete its Pre-Feasibility Study ("PFS") at Bengwenyama, which already contains an Indicated and Inferred Mineral Resource Estimate of 26.22Moz (6PGE+Au). The Company is led by an experienced on the ground management team including some of South Africa's most high-profile and respected mining industry executives.

*Figure 1: Bengwenyama Project*



SPD has a 70% equity interest in Miracle Upon Miracle Investments (Pty) Ltd ("MUM"), a South African private company with a 100% interest in the Bengwenyama project situated within two farm boundaries – Eerstegeluk and Nooitverwacht.

On the 29th of September 2023, MUM applied for a Mining Right and on 17 October 2023, the Department of Mineral and Energy ("DMRE"), issued the acceptance letter. This occurred well ahead of the expiry of the prospecting right on 12 February 2024. The acceptance letter marked the start of the next phase of project development – scoping study report for conducting the environmental impact assessment and expert studies before the ultimate granting of the Mining Right.



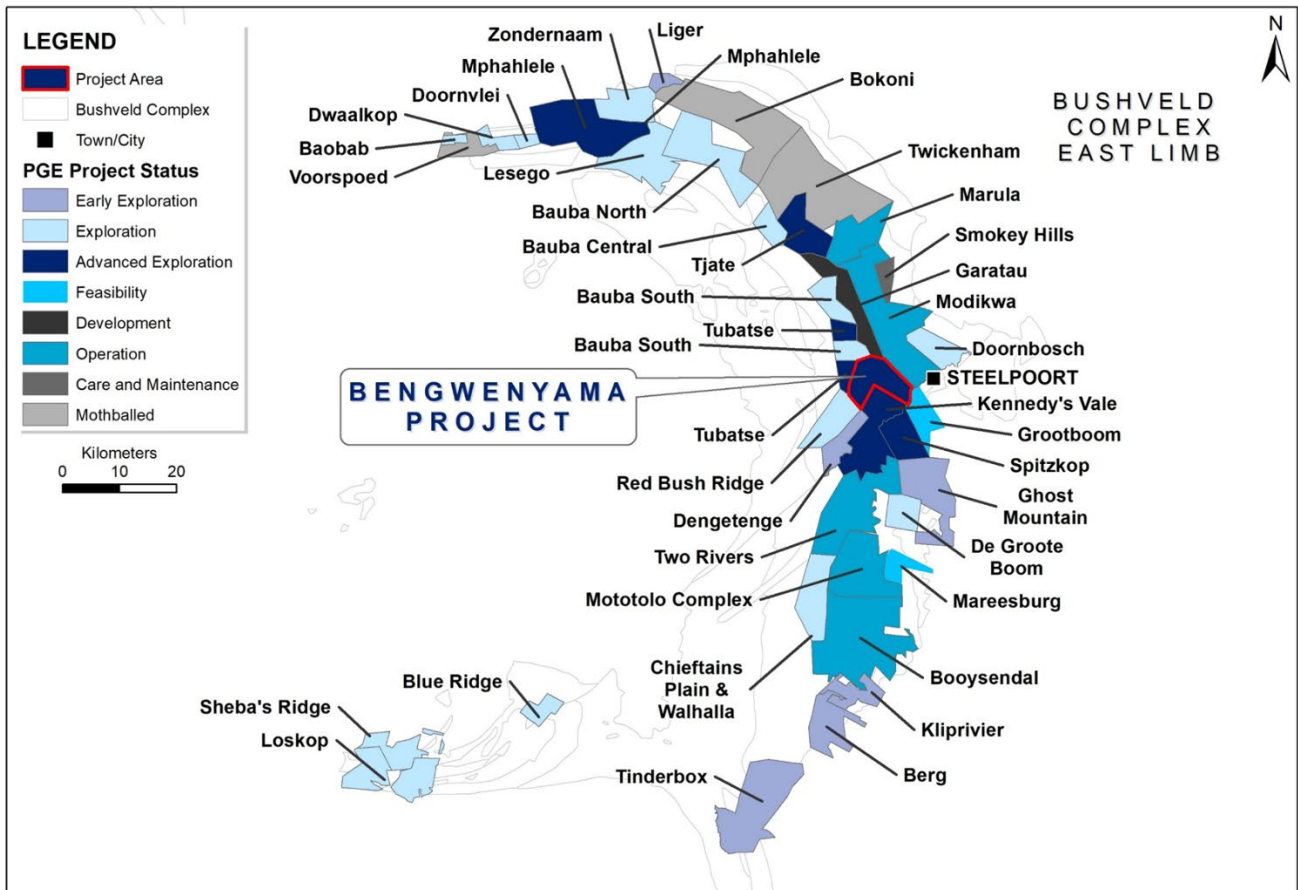
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**Bengwenyama PGM Project**

The Bengwenyama project is a large shallow advanced exploration and pre-development PGM opportunity situated on the Eastern Limb of the Bushveld Complex which holds approximately 72% of the world's PGM resources.

Two economic reefs – the Merensky and UG2 reefs – occur on the Properties, which extend from surface to a depth of 1,100m over 10km downdip. Both these reefs are primary economic deposits exploited by other platinum mining companies for PGMs and base metals in the region. The reefs can be extracted from underground mining with a relatively short lead time to production, and with ore processed by means of conventional proven methods used extensively throughout the Bushveld Complex. The Properties are near existing mining activities and assets, as well as other essential infrastructure.

*Figure 2: Bengwenyama Project Location on the Eastern Limb of the Bushveld Complex*



The planned conversion of the shallow eastern section of the Eerstegeluk UG2 Reef (which is the target reef for now), into an Indicated Mineral Resource has led to a second Mineral Resource update for the UG2 Reef (refer to ASX Announcement on December 7, 2023). The UG2 Indicated Mineral Resource for the Bengwenyama project has doubled to 5.40 Moz (4E) or 6.52 Moz (7E) at a grade of 8.08 g/t and 9.75 g/t respectively. The total UG2 Mineral Resource ounces (Indicated and Inferred) now stand at 12.99 Moz (4E) and 15.72 Moz(7E).

The combined Indicated Mineral Resource for the Bengwenyama project (Merensky reef and UG2), on a 7E basis, is now 8.43 Moz ounces with a combined Inferred Mineral Resource of 17.80 Moz. The total Mineral Resource (Indicated and Inferred) for both Reefs is now 26.22 Moz (Table 1).

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Table 1: Combined UG2 and MR Mineral Resource Estimate as at 1 December 2023

Reef	Resource Category	Tonnes	Thickness	Pt	Pd	Rh	Au	Ir	Os	Ru	4E	7E	Cu	Ni	Moz	Moz
		Mt	(m)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(%)	(%)	(4E)	(7E)
Merensky	Indicated	21.59	2.05	1.59	0.65	0.10	0.12	0.03	0.03	0.21	2.48	2.75	0.038	0.125	1.72	1.91
Merensky	Inferred	77.90	1.97	2.01	0.81	0.13	0.15	0.04	0.04	0.25	3.10	3.43	0.035	0.119	7.77	8.60
<b>Total</b>		<b>99.49</b>	<b>1.99</b>	<b>1.92</b>	<b>0.78</b>	<b>0.12</b>	<b>0.14</b>	<b>0.04</b>	<b>0.04</b>	<b>0.24</b>	<b>2.97</b>	<b>3.28</b>	<b>0.035</b>	<b>0.120</b>	<b>9.49</b>	<b>10.50</b>
UG2	Indicated	20.80	0.73	3.60	3.61	0.75	0.12	0.25	0.17	1.24	8.08	9.75	0.033	0.162	5.40	6.52
UG2	Inferred	29.99	0.74	3.63	3.37	0.77	0.10	0.26	0.17	1.25	7.87	9.54	0.038	0.165	7.58	9.20
<b>Total</b>		<b>50.79</b>	<b>0.73</b>	<b>3.62</b>	<b>3.47</b>	<b>0.76</b>	<b>0.11</b>	<b>0.26</b>	<b>0.17</b>	<b>1.25</b>	<b>7.95</b>	<b>9.63</b>	<b>0.036</b>	<b>0.164</b>	<b>12.99</b>	<b>15.72</b>
<b>Total</b>		<b>150.28</b>	<b>1.57</b>	<b>2.49</b>	<b>1.69</b>	<b>0.34</b>	<b>0.13</b>	<b>0.11</b>	<b>0.08</b>	<b>0.58</b>	<b>4.65</b>	<b>5.43</b>	<b>0.04</b>	<b>0.13</b>	<b>22.48</b>	<b>26.22</b>

**Note:** All elements have been estimated individually and their combined grade will vary slightly from the estimated composite 4E and 7E modelled grades.

The UG2 Exploration Target as at 1 December 2023 is summarised in Table 2. The UG2 Exploration Target is based on the kriged estimation model beyond the inferred perimeter with a 20% range applied to the grade and tonnage.

*The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

Table 2: UG2 Exploration Target as at 1 December 2023

Category	Reef	Minimum tonnes (Mt)	Maximum tonnes (Mt)	Minimum grade (3PGE+Au g/t)	Maximum grade (3PGE+Au g/t)
Exploration Target	UG2	38	58	6.4	9.6



Platinum Group Minerals (PGMs) within the Bushveld Complex exhibit varying ratios (referred to as the Prill Split), with platinum (Pt), palladium (Pd), and rhodium (Rh) constituting the predominant components. Additionally, other PGMs such as ruthenium (Ru), iridium (Ir), and osmium (Os) are also present, although in smaller quantities. These ratios exhibit variations from one section of the complex to another. Notably, the UG2 reef at the Bengwenyama project represents an even distribution of Platinum and Palladium, accompanied by a notable concentration of Rhodium. Conversely, the Merensky Reef is characterized by a high platinum content.



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Figure 3: Platinum Group Metal + Gold Prill Split

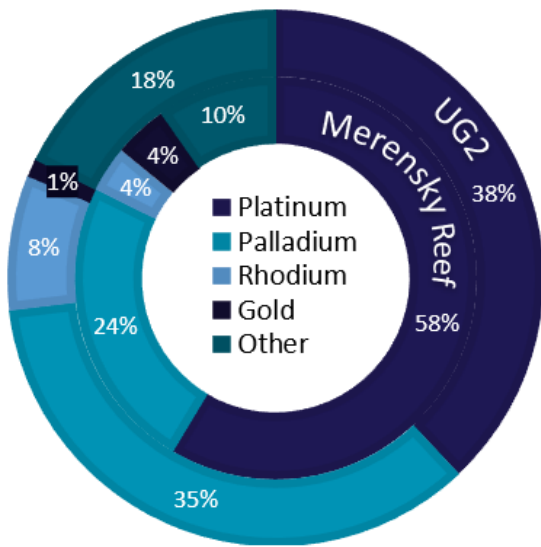
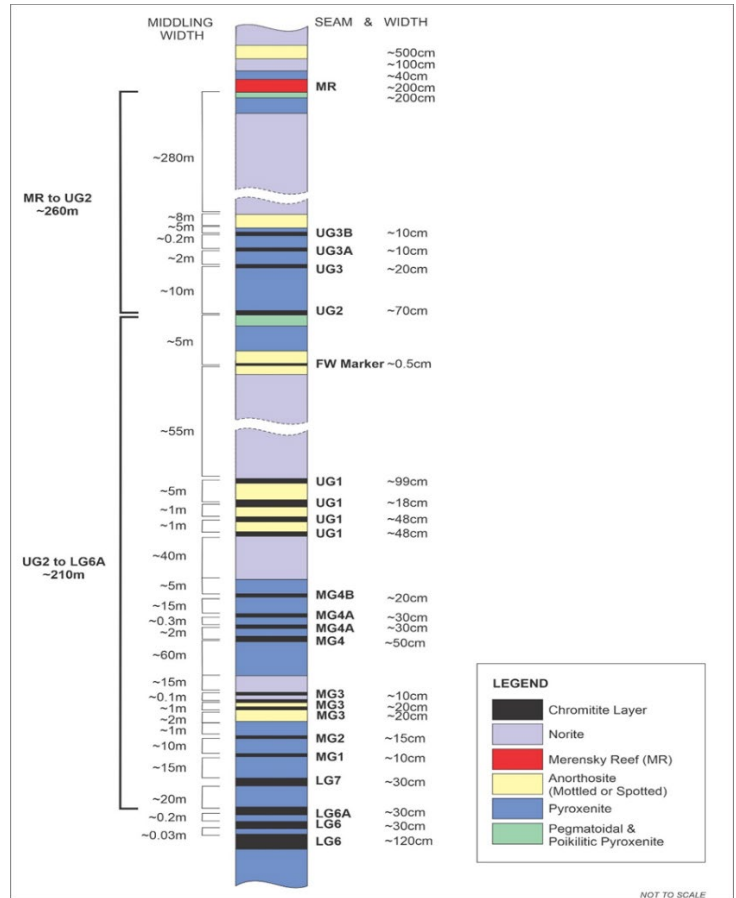


Figure 4: Project Stratigraphic Column (E056 and E057)

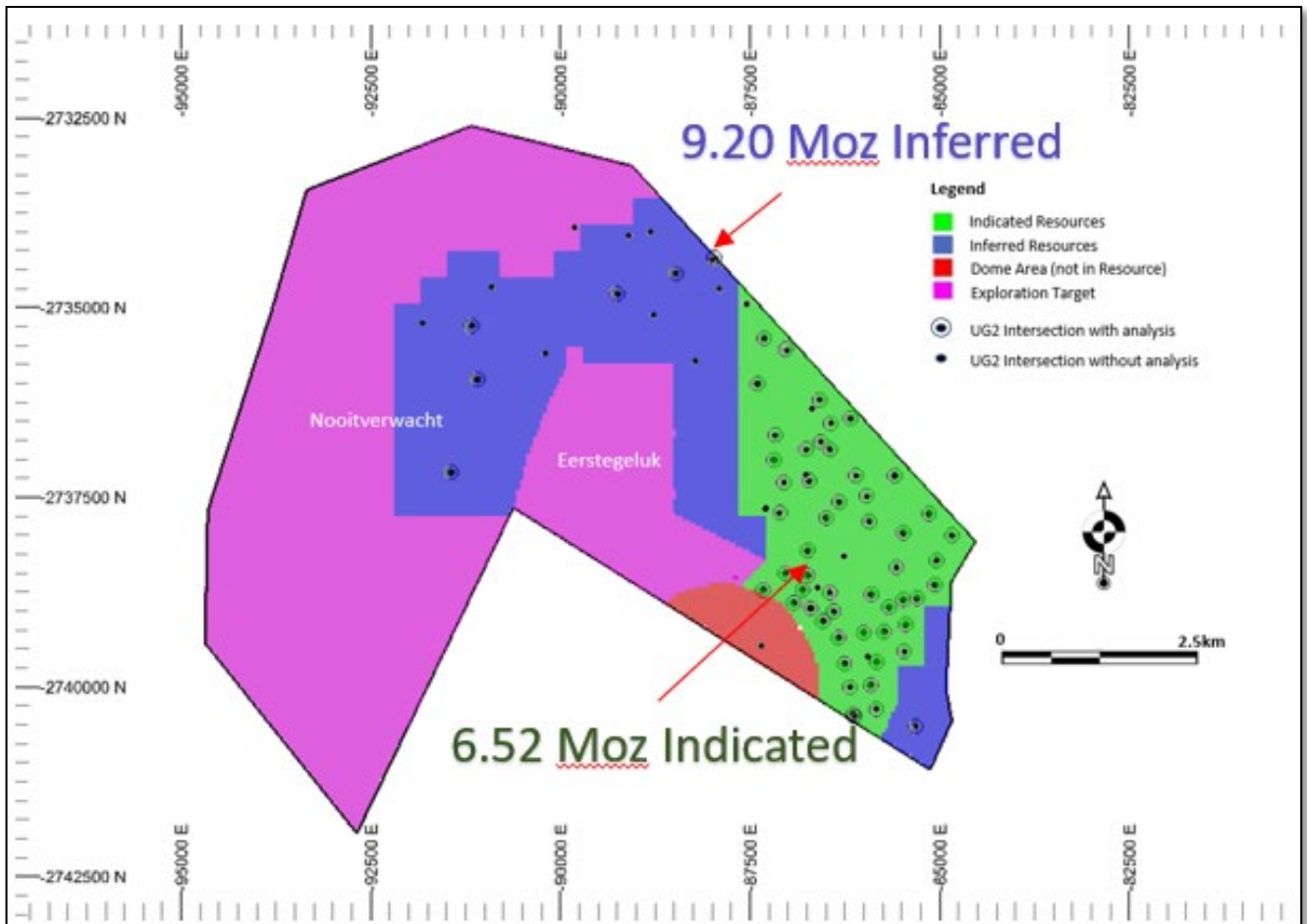


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**Drill programme**

To date 23,347m have been completed, which is comprised of 67 completed drillholes and 29 deflections. The initial target area in the shallow portion of Eerstegeluk has now successfully been converted to Indicated Mineral Resources. The drilling during the last few months has been to the North Horst Block to get a better understanding of that area for the forthcoming PFS.

*Figure 5: Completed Drillholes and Resource Categories*



**Scoping Study Results**

In late January 2024, the company received the results of the technical Scoping Study, yielding a satisfactory outcome. The study concentrated exclusively on the UG2 reef, which boasts a resource of 15.72 million ounces, with 6.52 million ounces classified as an Indicated Resource (refer to Figure 5).

Notable financial metrics include a Net Present Value (NPV8) of US\$700 million, an Internal Rate of Return (IRR) of 21%, and a Free Cash Flow (Post-tax, real terms) amounting to approximately US\$135 million at a steady state, projected over a 30-year mine life. The total tonnage mined is estimated to be around 52 million tonnes (~10.9 moz 7E), resulting in an average annual

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production rate of 330 Koz PGM (6E). Initial direct capital expenditure for mine development is anticipated at US\$408 million, and the project is forecasted to achieve payback within four and a half years from the start of planned production.

Figure 6: Bengwenyama Key Project Results

<p><b>2 Mtpa UG2 Reef</b></p> <p><b>PGM Concentrate (LOM avg)</b> 50 Kt p.a. @ 2.5% mass pull</p> <p><b>Annual production (LOM avg)</b> <b>330 Koz p.a. 6E</b> 130 Koz p.a. Pt 125 Koz p.a. Pd 27 Koz p.a. Rh 4 Koz p.a. Au + Ru, Ir, Ni, Cu</p> <p><b>Chrome Conc.</b> 140 Kt p.a.</p>	<p><b>Peak Funding Requirement</b> USD403 million (incl. ~15% contingency)</p> <p><b>EBITDA (LOM avg)</b> USD200 million pa</p> <p><b>Free cashflow (post-tax)</b> USD135 million p.a.</p> <p><b>Costs (LOM avg)</b> Cash Costs - USD717/ 6E oz AISC - USD836/ 6E oz</p>	<p><b>NPV<sub>8%</sub> (post-tax)</b> USD700 million *</p> <p><b>IRR (post-tax)</b> 21%</p> <p><b>Payback period</b> 4.5 years (from start of plant production)</p> <p><b>EBITDA margin</b> 43%</p>
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Note: \* Indicative NPV ignores residual value beyond modelled life or any exploration upside and hence is not considered

The valuation provided does not account for the remaining resource in the Merensky reef (MR) and UG2, as well as the Exploration Target areas. It is important to note that nearly 90% of the revenues are generated from platinum, palladium, rhodium, and a chrome by-product (refer to Figure 7).

Figure 7: Potential Revenue Split

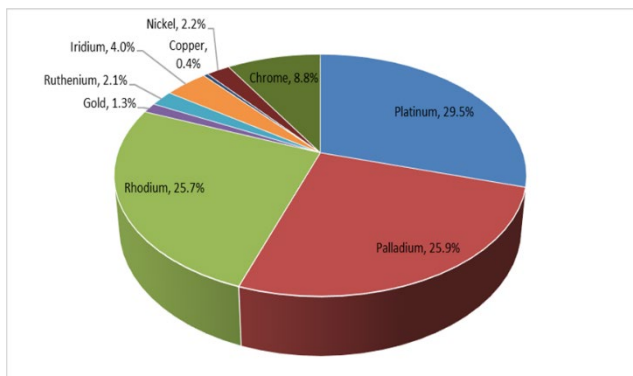
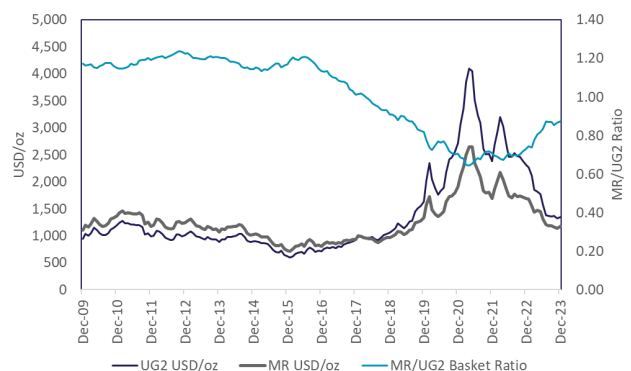


Figure 8: UG2 and Merensky 6E Price Basket



Recent geotechnical studies and metallurgical assays have affirmed the appropriateness of well-established mining methods and processing techniques situated in the Steelpoort area for the orebody. This initial metallurgical test work has shown that recoveries of between 80 and 85% with concentrate grades of 130 to 250g/t (4E) can be obtained. The Steelpoort location offers several advantages, including access to energy from the national grid, the potential for alternative green energy sources, a well-developed transportation infrastructure, and access to a skilled workforce from established mining communities.

With an all-in-sustaining-cost of \$970 per ounce, the Bengwenyama project positions itself at the lower end of the cost curve. This cost advantage is primarily attributed to the higher grades of the UG2 reef, standing at close to nine grams per tonne, which can be efficiently delivered to the plant due to ideal mining conditions for UG2 reef mining. The project is anticipated to provide employment for approximately 4000 people.

### Community Engagement

Southern Palladium is actively engaged with the community, placing a strong emphasis on promoting inclusivity and project awareness. Ethical inclusion is prioritised, ensuring fair representation through collaboration with the Bengwenyama Royal Family, Traditional Council, and other community representatives. Weekly virtual exploration meetings are conducted with two Community representatives, along with the environmental and exploration management consulting firm contracted for the project. Additionally, monthly meetings involve extended representation from the broader Royal Family, Traditional Council, and community representatives. Quarterly feedback meetings are held to give feedback to the broader community.



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In a collaborative effort with MUM, Southern Palladium organized a visit for Grade 12 Maths and Science learners from the local Kgahlanong Secondary school to the drilling project at the Khomanani site office. Accompanied by a teacher and the school governing body, the learners were exposed to a presentation on career opportunities in mining.

During the visit, the group toured the core yard, gaining insights into the processes of core cutting. They also had the opportunity to witness the rig drilling process on-site.



SPD hosted soccer tournament at the local Ga Mapodile Stadium.



To further communicate the Company's activities to community members, Southern Palladium launched a new Facebook page: (<https://www.facebook.com/SouthernPalladium>).

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This platform serves as a means to share updates, news, and relevant information with the community in a more accessible and real-time manner.

Additionally, our first Newsletter was published and printed in July 2023 for distribution within the Community and surrounding Areas. The Newspaper was well received and will be published on a Bi-annual basis. An electronic copy of the December 2023 issue is available on the Southern Palladium website: <https://www.southernpalladium.com/site/news-insights/media>

### **Health And Safety**

Southern Palladium is committed to upholding high standards of employee and workplace health and safety. Exploration activities at Bengwenyama are conducted in compliance with all regulations including the South African Mine Health and Safety Act (29 of 1996). A comprehensive safety file, emergency response plan, policies and codes of practice are implemented, incorporating key guidelines published by the Chamber of Mines. Legal appointments are made in terms of policies and Mine Health and Safety regulations.

Health and safety inductions are held for all new persons arriving on site at the Bengwenyama project. Daily safety meetings are held, and a working incident reporting and management system is established. The use of PPE is enforced, and provision is made for such equipment to all persons.

### **Risks Overview**

Key material business risks that the Company faces that could influence the Company's future prospects, and how these are managed, are outlined below.

#### Exploration and development

The future value of the Company will depend on its ability to develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Company. There is no assurance that commercial quantities of PGMs and/or PGE (4E) will be discovered at the Project or any future tenements, nor is there any assurance that the exploration or development programs of the Company will yield any positive results. The future exploration and development activities of the Company can be affected by a range of factors including geological conditions, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and other factors beyond the control of the Company.

#### Resource and reserve estimates risk

The estimated quantities of reserves and resources are based upon interpretations of geological, geophysical and engineering models and assessment of the technical feasibility and commercial viability of production. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new information becomes available through field research, additional drilling or technical analysis. As reserves and resources estimates change, development and production plans may be altered in a way that may adversely affect the PGM mine's operations and financial results. The Company prepares its reserves and resources estimates in accordance with the JORC 2012 standard and guidelines.

#### Tenure and title risk

The Group's operations in South Africa require approvals from various South African government regulatory authorities which may not be forthcoming, either at all or in a timely manner, or which may not be able to be obtained on terms acceptable to the Company. Mining and exploration tenements/licences are subject to periodic renewal. There is no guarantee that current or future exploration permit applications or existing permit renewals will be approved, renewed or renewed in full, and that they will be granted without undue delay, or that the Company (or the holder) can economically comply with any conditions imposed on any granted exploration permits. A failure to obtain any approval would mean that the Group may be restricted, either in part or absolutely, from exploration, development and mining activities. Tenure management processes and standard operating procedures are utilised to minimise the risk of losing tenure. The Company regularly engages with the principal regulator, Department of Mineral Resources and Energy, regarding its tenement compliance management.



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Sovereign risk

The Company has considered the sovereign risk as it applies to South Africa. To mitigate this risk, the Company has established a strong partnership with local community members and maintains a working rapport with key local and government representatives.

Commodity prices and exchange rates

The Company's Bengwenyama project is an advanced stage exploration project focussed on PGM mineralisation. Platinum, palladium and rhodium prices can fluctuate significantly due to factors beyond the control of the Company. A significant decrease in commodity prices is likely to adversely affect sentiment towards the Company and market support towards the Company's development of the project.

The Company has exchange rate risks as IPO funds were raised in Australian dollars and exploration expenditure is largely expended in South African Rand or US dollars. It is likely that future development funds will be partly provided from external debt providers in US dollars. It is anticipated that future project revenues will largely be denominated in US dollars which is expected to provide a natural hedge in respect of debt servicing requirements.

**Tenements**

The Group acquired the tenements set out in the table below on 27 May 2022. The Project comprises the full extent of the farms Nooitverwacht 324 KT and Eerstegeluk 327 KT, both of which are in the Limpopo Province of South Africa. The Project is located 250 km east-northeast of Pretoria. The Exploration tenement is 100% held through MUM.

On September 29, 2023, Southern Palladium officially submitted its application for a Mining Right (refer ASX Announcement 2 October 2023 - Bengwenyama Project Mining Right Application Submitted). On 17 October 2023, the company received an acceptance letter from the Department of Mineral Resource and Energy (DMRE). Subsequently, on October 17, 2023, the company received an acceptance letter from the Department of Mineral Resource and Energy (DMRE). This marked the commencement of the Environmental Impact Assessment and expert studies, which are currently underway.

<b>Farm name</b>	<b>Extent (ha)</b>	<b>Prospecting Right number</b>	<b>Prospecting Right expiry date</b>
Nooitverwacht 324 KT	2,971.01		
Eerstegeluk 327 KT	2,308.73	LP30/5/1/1002PPR	12-Feb-24*
<b>Total</b>	<b>5,279.74</b>		

Note: \* Mining Right was submitted on the 29 September 2023.

**Competent Person Statement**

**1. Uwe Engelmann**

*The scientific and technical information contained in this report has been reviewed, prepared, and approved by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 40058/08, FGSSA). 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.*

**2. Daan van Heerden**

*The scientific and technical information contained in this report has been reviewed, prepared, and approved by Mr Daan van Heerden (B Eng (Min.), MCom (Bus.Admin.), MMC, Pr.Eng. No. 20050318, AMMSA, FSAIMM). Mr van Heerden is a director of Minxcon (Pty) Ltd and a Registered Professional Engineer with the Engineering Council of South Africa, a Member of the Association of Mine Managers South African Council, as well as a Fellow Member of the South African Institute of Mining and Metallurgy. Mr. van Heerden has sufficient experience relevant to the styles of mineralisation and activities being undertaken to qualify as a Competent Person, as such term is defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Heerden has a beneficial interest in Southern Palladium through a shareholding in Nicolas Daniel Resources Proprietary Limited.*

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**FINANCIAL PERFORMANCE**

During the period the consolidated net loss of the Group was \$3,152,766 (2022: loss of \$3,786,692).

**DIVIDENDS**

No dividends have been paid or declared since the start of the financial period. The directors do not recommend the payment of a dividend in respect of the period ended 31 December 2023.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the financial period.

**AFTER BALANCE DATE EVENTS**

Mr Roger Baxter was appointed Non-Executive Chairman of the Board, effective 1 January 2024. Mr Baxter was the Chief Executive Officer of the Minerals Council South Africa for over 8 years from May 2015. In that role he played a key part in guiding the South African mining sector to achieve an improved safety record with a significant focus on the implementation of mine site solutions based on the adoption of leading global safety practices. His appointment has strengthened the Board and his skills complement those of the existing Directors. Roger was awarded the “2020 Mining Thought Leader of the Year” by the Mining Review Africa journal and has also been listed in MiningMX’s “100 most influential people in Africa’s mining” sector.

The Company released the Bengwenyama Project Scoping Study in an announcement to the ASX and the JSE dated 1 February 2024. Details of the Scoping Study results are set out above.

The prospecting right held by MUM expired on 12 February 2024 following which Southern Palladium has advanced the environmental scoping study report, the environmental impact assessment and expert studies in anticipation of the granting of the Mining Right which MUM applied for on 29 September 2023. The Department of Mineral Resource and Energy (DMRE) issued an acceptance letter in relation to MUM’s application for the Mining Right on 17 October 2023 and Southern Palladium is working with the DMRE to finalise the grant of the Mining Right. The prefeasibility study (PFS) is currently in the process of being finalised. Simultaneously, an independent review of PFS work is underway.

No other matters or circumstances have arisen since 31 December 2023 which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**AUDITOR’S INDEPENDENCE DECLARATION**

A copy of the auditor’s independence declaration as required under section 307C of the *Corporation Act 2001* is set out immediately after this directors’ report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Roger Baxter  
Non-Executive Chairman  
Perth, 14 March 2024



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Australia

## DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SOUTHERN PALLADIUM LIMITED

As lead auditor of Southern Palladium Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Southern Palladium Limited and the entities it controlled during the period.

**Glyn O'Brien**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth

14 March 2024

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023 \$	31 December 2022 \$
Interest income		435,475	47,391
<b>Expenses</b>			
Administration expenses	3	(388,803)	(337,329)
Employee benefits expenses		(157,377)	(185,717)
Share-based payment expenses		(93,967)	(149,106)
Share of loss of associate accounting using equity method		(195,360)	(267,771)
Impairment expenses	6a	(2,752,734)	(2,894,160)
<b>Loss before income tax</b>		<b>(3,152,766)</b>	<b>(3,786,692)</b>
Income tax expense		-	-
<b>Net loss for the period</b>		<b>(3,152,766)</b>	<b>(3,786,692)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to loss:</b>			
Exchange differences on translation of foreign operations		(358,829)	(915,102)
<b>Total comprehensive loss for the period</b>		<b>(3,511,595)</b>	<b>(4,701,794)</b>
Loss for the period is attributable to owners of the Company		(3,511,595)	(4,701,794)
<b>Total comprehensive loss attributable to owners of the Company</b>		<b>(3,511,595)</b>	<b>(4,701,794)</b>
<b>Basic and diluted (loss) per share</b>			
	4	per share (0.035)	per share (0.052)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	31 December 2023 \$	30 June 2023 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,343,090	11,547,700
Trade and other receivables		4,268	3,495
Prepayment		68,826	15,169
<b>TOTAL CURRENT ASSETS</b>		<b>8,416,184</b>	<b>11,566,364</b>
<b>NON-CURRENT ASSETS</b>			
Investment accounted for using the equity method	5	19,438,192	19,718,653
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,438,192</b>	<b>19,718,653</b>
<b>TOTAL ASSETS</b>		<b>27,854,376</b>	<b>31,285,017</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		86,278	99,291
<b>TOTAL CURRENT LIABILITIES</b>		<b>86,278</b>	<b>99,291</b>
<b>TOTAL LIABILITIES</b>		<b>86,278</b>	<b>99,291</b>
<b>NET ASSETS</b>		<b>27,768,098</b>	<b>31,185,726</b>
<b>EQUITY</b>			
Contributed equity	7	41,079,861	41,079,861
Reserves	8	(226,410)	38,452
Accumulated losses		(13,085,353)	(9,932,587)
<b>TOTAL EQUITY</b>		<b>27,768,098</b>	<b>31,185,726</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



**Southern Palladium Limited**  
**ABN 59 646 391 899**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2022</b>	<b>41,079,861</b>	<b>1,955,535</b>	<b>(2,756,439)</b>	<b>40,278,957</b>
Loss for the period	-	-	(3,786,692)	(3,786,692)
Exchange differences on translation of foreign operations	-	(915,102)	-	(915,102)
Total comprehensive loss for the period	-	(915,102)	(3,786,692)	(4,701,794)
Share-based payments	-	149,106	-	149,106
<b>Balance at 31 December 2022</b>	<b>41,079,861</b>	<b>1,189,539</b>	<b>(6,543,131)</b>	<b>35,726,269</b>
<b>Balance at 1 July 2023</b>	<b>41,079,861</b>	<b>38,452</b>	<b>(9,932,587)</b>	<b>31,185,726</b>
Loss for the period	-	-	(3,152,766)	(3,152,766)
Exchange differences on translation of foreign operations	-	(358,829)	-	(358,829)
Total comprehensive loss for the period	-	(358,829)	(3,152,766)	(3,511,595)
Share-based payments	-	93,967	-	93,967
<b>Balance at 31 December 2023</b>	<b>41,079,861</b>	<b>(226,410)</b>	<b>(13,085,353)</b>	<b>27,768,098</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
GST refunds	30,400	118,799
Interest received	153,826	-
Payments to suppliers and employees	(644,023)	(892,134)
Net cash (used in) operating activities	(459,797)	(773,335)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan to MUM	(2,744,813)	(2,890,464)
Net cash used in investing activities	(2,744,813)	(2,890,464)
<b>NET (DECREASE) IN CASH HELD</b>	<b>(3,204,610)</b>	<b>(3,663,799)</b>
<b>CASH AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>11,547,700</b>	<b>17,865,053</b>
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<b>8,343,090</b>	<b>14,201,254</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report is for Southern Palladium Limited in respect of the interim half-year reporting period ended 31 December 2023 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023. The accounting policies adopted are consistent with those used in the previous financial year.

**New or amended Accounting Standards and Interpretations adopted**

In the half-year ended 31 December 2023, the Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Company:  
*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Company has adopted the revised Conceptual Framework from incorporation. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

**Going Concern**

The Company's financial statements have been prepared on a going concern basis. There does not currently appear to be either any significant impact upon the financial position of the company or any significant uncertainties with respect to events or conditions which may impact the financial position of the Company at the reporting date and subsequent to year end.

**2 SEGMENT INFORMATION**

The economic entity operates in one segment "Project Operations" within mineral exploration and development in South Africa. The Group has one reportable segment, as described below, for which the Board of Directors (the chief operating decision maker) reviews internal management reports on a regular basis. No segment assets were impaired during the period.

*South Africa*

The development of the Group's interest in the joint venture Bengwenyama project in Limpopo Province of South Africa.

**Reportable segment assets**

The key segment assets as reported to the Board are as follows:

	<b>31 December 2023</b>	<b>30 June 2023</b>
<b><i>Investment in Associate</i></b>	<b>\$</b>	<b>\$</b>
Bengwenyama project	19,718,653	22,663,372
Exchange differences on translation of foreign operations	(85,101)	(2,222,693)
Share losses of joint ventures	(195,360)	(722,026)
	<b>19,438,192</b>	<b>19,718,653</b>

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**2 SEGMENT INFORMATION (CONTINUED)**

**Reportable segment profit/(loss)**

<b>31 December 2023</b>	<b>Bengwenyama Project \$</b>	<b>Unallocated Amount \$</b>	<b>Consolidated \$</b>
<b>Interest income</b>	-	435,475	435,475
<b>Expenses</b>			
Corporate expenses	-	(388,803)	(388,803)
Share based payments	-	(93,967)	(93,967)
Employee benefits expense	-	(157,377)	(157,377)
Share of losses of joint ventures accounted for using equity method	(195,360)	-	(195,360)
Impairment expense	(2,752,734)	-	(2,752,734)
Loss before income tax expense	(2,948,094)	(204,672)	(3,152,766)
Income tax expense	-	-	-
Net loss for the year	(2,948,094)	(204,672)	(3,152,766)
Other comprehensive loss	-	(358,829)	(358,829)
Total comprehensive loss for the year	(2,948,094)	(563,501)	(3,511,595)
<b>31 December 2022</b>	<b>Bengwenyama Project \$</b>	<b>Unallocated Amount \$</b>	<b>Consolidated \$</b>
<b>Interest income</b>	-	47,391	47,391
Corporate expenses	-	(337,329)	(337,329)
Share based payments	-	(149,106)	(149,106)
Employee benefits expense	-	(185,717)	(185,717)
Share of losses of joint ventures accounted for using equity method	(267,771)	-	(267,771)
Impairment expense	(2,894,160)	-	(2,894,160)
Loss before income tax expense	(3,161,931)	(624,761)	(3,786,692)
Income tax expense	-	-	-
Net loss for the year	(3,161,931)	(624,761)	(3,786,692)
Other comprehensive loss	-	(915,102)	(915,102)
Total comprehensive loss for the year	(3,161,931)	(1,539,863)	(4,701,794)

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

<b>3 ADMINISTRATION EXPENSES</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Legal fees	-	2,918
Professional fees	125,607	76,452
Corporate expenses	148,871	168,846
Public relation expenses	45,984	31,500
Others	68,341	57,613
	<u>388,803</u>	<u>337,329</u>

**4 LOSS PER SHARE**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares	89,750,000	89,750,000
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Loss attributable to ordinary shareholders</b>		
Loss attributable to ordinary shareholders for the basic earnings	<b>a</b> <b>3,152,766</b>	<b>3,786,692</b>
Loss attributable to ordinary shareholders adjusted for effect of dilution	<b>3,152,766</b>	<b>3,786,692</b>
Basic/diluted (loss) per share	<b>b</b> <b>(0.035)</b>	<b>(0.052)</b>
Headline/diluted (loss) per share	<b>c</b> <b>(0.035)</b>	<b>(0.052)</b>

- a) Diluted earnings attributable to ordinary shareholders are equal to earnings attributable to ordinary shareholders.  
b) Diluted loss per share has not been disclosed as the impact from options is anti-dilutive.  
c) Headline earnings is a Johannesburg Stock Exchange defined performance measure and is reconciled from earnings attributable to ordinary shareholders as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Loss attributable to ordinary shareholders</b>		
Loss attributable to ordinary shareholders for the headline earnings	(3,511,595)	(4,701,794)
<i>Adjusted for:</i>		
Exchange differences on translation of foreign operations	358,829	915,102
Subtotal of adjustments	<u>358,829</u>	<u>915,102</u>
Headline losses	<b>(3,152,766)</b>	<b>(3,786,692)</b>
Diluted headline losses	<b>(3,152,766)</b>	<b>(3,786,692)</b>



**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**5 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**

The Group has acquired 70% interest in Miracle Upon Miracle Investments Pty Ltd (MUM) on 27 May 2022. The fair value of the assets acquired \$22,750,000 is based on the fair value of 45,500,000 shares (Consideration Shares) being issued as consideration for the acquisition of MUM. The shares have been valued based on the IPO price of \$0.50 per share as the acquisition was conditional on the Listing.

50% of the Consideration Shares may be clawed back by the Company for a nominal sum (\$50) and then cancelled in the event that certain project milestones are not achieved within four years from the date of the IPO. For the purpose of the valuation of the total consideration, the Company consider it is likely that the performance conditions will be met, therefore the maximum value of the consideration has been recorded.

Whilst the company owns 70% of the voting rights, the terms of the arrangement requires unanimous consent over decisions relating to relevant activities of MUM. The Company has determined that the relevant activities for its joint arrangement relate to the operating and capital decisions of the arrangement, such as the approval of the expenditure programme for each year. The joint arrangement is structured through a separate vehicle, namely MUM. This structure and the terms of the contractual arrangement indicate that the Company has rights to the net assets of the arrangement. Therefore, the investment in MUM has been accounted using the equity method as a joint venture.

The Group's interest in MUM is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in MUM:

	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
Investment in Miracle Upon Miracle Investments Pty Ltd	<b>19,438,192</b>	<b>19,718,653</b>

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

		Ownership interest	
		<b>31 December 2023</b>	<b>30 June 2023</b>
<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	%	%
Miracle Upon Miracle Investments Proprietary Limited	South Africa	70	70

**Southern Palladium Limited**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**5 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

***Summarised financial information***

The table below provides summarised financial information of Miracle Upon Miracle Investments Proprietary Limited. The information disclosed reflects the amounts presented in the financial statements of MUM and not Southern Palladium's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for any differences in accounting policy.

<i>Summarised statement of financial position</i>	<b>Miracle Upon Miracle Investments Proprietary Limited</b>	
	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
Cash and cash equivalents	566,482	611,414
Other current assets	223,902	225,284
Non-current assets	6,305,561	4,142,624
Total assets	7,095,945	4,979,322
Other current liabilities	119,359	434,811
Non-current financial liabilities (excluding trade and other payables and provisions)	8,246,097	5,559,511
Total Liabilities	8,365,456	5,994,322
Net assets	(1,269,511)	(1,015,000)
Group's share in %	70%	70%
Group's share in \$	(888,658)	(710,500)
Fair value uplift	20,326,850	20,429,153
Carrying amount	19,438,192	19,718,653

The fair value uplift is attributable to the Company's contribution towards exploration in excess of their share of the net assets of MUM.

<i>Summarised statement of profit or loss and other comprehensive income</i>	<b>1 July to 31 December 2023</b>	<b>1 July to 31 December 2022</b>
	\$	
Revenue	3,933	1,890
Expenses	(283,019)	(385,849)
Loss before income tax	(279,086)	(383,959)
Total comprehensive loss	(279,086)	(385,849)
	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	
<i>Reconciliation of the consolidated entity's carrying amount</i>		
Opening balance	19,718,653	22,663,372
Exchange differences on translation of foreign operations	(85,101)	(2,222,693)
Southern Palladium Limited's share of loss after income tax	(195,360)	(722,026)
Closing carrying amount	19,438,192	19,718,653

***Commitments***

MUM did not have any financial commitments as at 31 December 2023.

***Contingent liabilities***

MUM did not have any contingent liabilities as at 31 December 2023.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**6 UNSECURED LOAN**

	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
Loan facility to MUM*	7,781,653	5,308,085
Accrued interest	484,492	205,326
Impairment of receivables	a (8,266,145)	(5,513,411)
	-	-

\*Cumulative loan balance of USD 5,315,873 at period end.

On or about 20 May 2021, MUM and the Company entered into a loan facility and services agreement, which was subsequently amended and restated on or about 22 March 2022 (Loan Agreement) the purpose of which is to record the terms and conditions pursuant to which the Company will provide, or provide the means through which, MUM can access from the Company the financial and technical support and/or expertise that MUM requires. The Company grants a Prospecting Facility for an amount equal to the total of \$19 million set out in the Prospecting Work Programme budget to be used by MUM for the sole purpose of carrying out the "Prospecting Operations".

Interest on the cumulative loan amount owing by MUM to the Company is accrued at the US Bank Prime Loan Rate for US\$ (At 31 December 2023 prime rate, being 8.50%), and amongst other things, interest on the outstanding balance will not be compounded.

The payment terms of the outstanding loan amount shall be repaid in full by MUM to the Company by no later than five years from the date that MUM commences "Commercial Mining Operations" in respect of the Prospecting Facility and the Company shall not be entitled to demand repayment for the outstanding loan amount before this date. MUM shall be entitled to settle any outstanding loan amount at any time prior to the designated repayment date, although MUM may not re-borrow any part of the facility which has been repaid to the Company.

During the period in which there is an outstanding loan amount, MUM is bound by a number of undertakings relating to, amongst other things, maintaining its corporate existence and recording and notifying the Company of any event of default. A number of events provided in the Loan Agreement constitute an event of default, including but not limited to, using the advanced amounts for a purpose other than the purpose as set out in the Loan Agreement and breach or omission by MUM to carry out its obligations or undertakings as contemplated in the Loan Agreement. If any of these events continue to occur, the Company shall be entitled to:

- (i) claim immediate payment of the outstanding loan amount (by providing written notice to MUM);
- (ii) demand specific performance; and/or
- (iii) claim payment for losses, liabilities, damages, taxes etc. incurred by the Company under the Loan Agreement as a result of the event of default.

a) Impairment of receivables

The Unsecured Loan has been impaired to the value of \$8,266,145, being the total loan and accrued interest due from MUM. The Company is of the view that given the current stage of the exploration project and the uncertainty in relation to the timing of MUM commencing "Commercial Mining Operations" and generating positive cashflows from its project, at this stage it is uncertain that \$8,266,145 owed by MUM is capable of being repaid from MUM. The current period unsecured loan advance of \$2,752,734 to MUM has been fully impaired.

**7 CONTRIBUTED EQUITY**

	<b>31 December 2023</b>	<b>30 June 2023</b>
	\$	\$
89,750,000 fully paid ordinary shares (30 June 2023: 89,750,000)	41,079,861	41,079,861

Fully paid ordinary shares carry one vote per share and carry the right to dividends and have no par value.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**7 CONTRIBUTED EQUITY (CONTINUED)**

<b>Movement in ordinary share capital</b>		<b>Number of shares</b>	<b>Issue price</b>	<b>Share capital</b>
			<b>\$</b>	<b>\$</b>
<b>1 July 2022</b>				
1-Jul-22	Opening balance	89,750,000		41,079,861
	No movement during the period	-		-
30 June 2023	Balance at end of year	<u>89,750,000</u>		<u>41,079,861</u>
<b>1 July 2023</b>				
1-Jul-23	Opening balance	89,750,000		41,079,861
	No movement during the period	-		-
<b>31 December 2023</b>	<b>Balance at end of period</b>	<u>89,750,000</u>		<u>41,079,861</u>

**8 RESERVES**

	<b>31 December 2023</b>	<b>30 June 2023</b>
	<b>\$</b>	<b>\$</b>
Options reserves	2,133,380	2,114,413
FX reserves	(2,599,173)	(2,240,344)
Performance rights reserves	239,383	164,383
	<u>(226,410)</u>	<u>38,452</u>

**9 CONTINGENT LIABILITIES**

The Group had no contingent liabilities as at 31 December 2023 (June 2023: nil).

**10 COMMITMENTS**

The Group had no financial commitments as at 31 December 2023 (June 2023: nil).

**11 EVENTS SUBSEQUENT TO REPORTING DATE**

Mr Roger Baxter was appointed Non-Executive Chairman of the Board, effective 1 January 2024. Mr Baxter was the Chief Executive Officer of the Minerals Council South Africa for over 8 years from May 2015. In that role he played a key part in guiding the South African mining sector to achieve an improved safety record with a significant focus on the implementation of mine site solutions based on the adoption of leading global safety practices. His appointment has strengthened the Board and his skills complement those of the existing Directors. Roger was awarded the “2020 Mining Thought Leader of the Year” by the Mining Review Africa journal and has also been listed in MiningMX’s “100 most influential people in Africa’s mining” sector.

The Company released the Bengwenyama Project Scoping Study in an announcement to the ASX and the JSE dated 1 February 2024. Details of the Scoping Study results are set out above.

The prospecting right held by MUM expired on 12 February 2024 following which Southern Palladium has advanced the environmental scoping study report, the environmental impact assessment and expert studies in anticipation of the granting of the Mining Right which MUM applied for on 29 September 2023. The Department of Mineral Resource and Energy (DMRE) issued an acceptance letter in relation to MUM’s application for the Mining Right on 17 October 2023 and Southern Palladium is working with the DMRE to finalise the grant of the Mining Right. The prefeasibility study (PFS) is currently in the process of being finalised. Simultaneously, an independent review of PFS work is underway.

No other matters or circumstances have arisen since 31 December 2023 which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**Southern Palladium Limited**  
**ABN 59 646 391 899**

**DIRECTORS' DECLARATION**

In the directors' opinion:

- 1) The consolidated financial statements and notes, as set out on pages 13 to 24, are in accordance with the Corporations Act 2001 and:
  - a) comply with Australian Accounting Standards AASB134: Interim Financial Reporting, the Corporations Regulations 2001; and
  - b) give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- 2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporation Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'R. Baxter', with a horizontal line extending to the right.

Roger Baxter  
Non-Executive Chairman  
Perth, 14 March 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Southern Palladium Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Southern Palladium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.




### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

BDO  


**Glyn O'Brien**

**Director**

Perth, 14 March 2024