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SOUTHERN PALLADIUM

ANNUAL REPORT

2025



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CHAIRMAN AND CEO REPORT

Dear Shareholders,

The 2025 financial year has been a pivotal year for Southern Palladium as we advance the Bengwenyama Platinum Group Metals (PGM) Project from a successful prefeasibility phase towards definitive feasibility and, ultimately, development readiness. Our focus this year has been on de-risking the project technically, advancing environmental and permitting milestones, and maintaining strong relationships with our host community and stakeholders.

A major highlight of the year was the completion of the Optimised Prefeasibility Study (OPFS) in July 2025, which confirmed Bengwenyama as one of the most attractive undeveloped PGM projects globally. The OPFS demonstrated a two staged operation with robust economics, efficient mine design, optimised metallurgical recoveries, and favourable capital and operating cost outcomes.

Building on these strong results, Southern Palladium has now transitioned into the Definitive Feasibility Study (DFS) phase. This next stage of work will focus on detailed engineering, geotechnical design, and optimisation of mine scheduling and processing options. During 2025, we also initiated early-stage permitting activities and maintained close engagement with relevant regulatory authorities to ensure a clear path to development.

We achieved several major permitting milestones during the year, notably the granting of the Environmental Authorisation (EA) for the Bengwenyama Project — a critical step in securing our mining right. The Company also submitted its Rehabilitation Guarantees, reflecting our commitment to responsible environmental stewardship and compliance with South Africa's environmental and mining legislation.

These achievements represent the culmination of thorough baseline studies, transparent stakeholder consultation, and alignment with environmental standards. They provide a solid platform for advancing the DFS and the eventual granting of the Mining Right.

Our partnership with the Bengwenyama community remains central to our vision for the project. Throughout the year, we continued to strengthen our collaboration with local leadership, reinforcing a transparent and inclusive approach to project development. Key initiatives included community information sessions and local employment programs.

We are deeply conscious that our success depends on maintaining the trust and participation of our host community. The social licence to operate we have built together with Bengwenyama is one of the project's most valuable assets, and we remain committed to ensuring that project benefits are shared equitably and sustainably.

During the year, Southern Palladium maintained a disciplined approach to capital management. We continued to evaluate interim financing options to fund the DFS and early project development activities. The Company's capital allocation strategy remains focused on preserving shareholder value while ensuring the timely progression of key milestones.

We are confident that Bengwenyama's strong technical and economic fundamentals, combined with its Tier-1 location adjacent to existing operating mines, will continue to attract the attention of strategic partners and investors.

The global PGM market continues to be driven by evolving demand dynamics and constrained primary supply. The underlying fundamentals remain robust, particularly for those metals most closely aligned with decarbonisation and clean technology applications.

CHAIRMAN AND CEO REPORT

Platinum continues to benefit from its expanding role in the green economy. In parallel, palladium remains essential in automotive catalytic converters, where it supports tightening emission standards across key markets. Although substitution trends between platinum and palladium continue, the overall demand outlook for the combined suite remains strong.

Of increasing strategic importance are rhodium and ruthenium, two metals in which the Bengwenyama orebody is notably endowed. Rhodium plays a critical role in achieving ultra-low emissions in gasoline and hybrid vehicles due to its unmatched ability to reduce nitrogen oxides (NOx). Even as the global automotive fleet gradually transitions toward electrification, demand for rhodium is expected to remain resilient over the medium term as internal combustion and hybrid vehicles continue to dominate new car sales in key emerging markets. Ruthenium is gaining prominence in high-technology and industrial applications.

Supply constraints across the global PGM sector remain evident, with limited new project pipelines and several deep mature operations facing rising costs. Against this backdrop, the Bengwenyama Project's location in the heart of South Africa's Bushveld Complex, combined with its balanced exposure to platinum, palladium, rhodium, iridium, ruthenium, gold and chrome; positions Southern Palladium to benefit from both near-term supply tightness and long-term demand linked to the clean energy transition.

Looking ahead to 2026, our priorities are clear: complete the DFS/BFS, secure necessary regulatory approvals, advance financing discussions, achieve FID in Q2/Q3, build our owners team's capacity and capability through strategic recruitment, progress our offtake arrangements, and position Bengwenyama as a leading new-generation PGM project ready for development.

On behalf of the Board, we thank our management team for their dedication and professionalism throughout this important year. We also express our gratitude to our consultants and the Bengwenyama community for their continued collaboration and support.

Finally, we thank our shareholders for their ongoing confidence in the Company's vision. The progress made in 2025 lays a strong foundation for the next stage of growth as Southern Palladium moves closer to becoming a future producer in the world's premier PGM province.



Roger Baxter
Executive Chairman



Johan Odendaal
Managing Director/CEO

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Introduction

Southern Palladium continues to recognise the importance of social, environmental and governance aspects in our business. This sentiment is reflected in our core values and is incorporated into our development and planning.

Community, Stakeholder Engagement and Social Responsibility

The Bengwenyama Project is held by Miracle Upon Miracle Investments (Pty) Ltd (MUM; a 70% subsidiary of Southern Palladium). The lawful residents of the farms Eerstegeluk and Nooitverwacht that comprise the Bengwenyama Project Area are the Bengwenyama-ya-Maswazi Traditional Community (or Community), represented in their official capacity by a structured Royal Family and Traditional Council. The Community holds an effective economic interest in the Company of 35.3% via a 30% direct holding and a further indirect holding of 5.3% through its 7.55% shareholding in SPD.

Southern Palladium works closely with the communities within its zone of influence, actively promoting inclusivity and Project awareness. Ethical inclusion extends to fair representation of local stakeholders inclusive of the Royal Family, Traditional Council and other Community representatives. Periodical progress meetings are held virtually with the two Community representatives, together with the environmental and exploration management consulting firm contracted to the Project. Quarterly meetings are held on site with extended representation from the local stakeholders. Southern Palladium remains sensitive to the needs of the community and proactively incorporates feedback into decision making. As the Project activities expand, opportunities for improved structures and channels are currently being identified and developed.

Southern Palladium has adopted preferentially procurement of skills, services and other resources from the community. This has been implemented for the exploration activities, where a team of residents have been trained and employed as technical personnel. To date, positions for project site manager, geologist, core-yard assistants, gardener and general cleaner have been filled by resident members of the community. Key service providers have been sourced from the community through an official tender process inclusive of security, diesel provision and, sanitation. The exploration office camp has been set up at a the Khomanani Centre on the Eerstegeluk farm site through a rental agreement between MUM and the Traditional Council that has enabled infrastructure upgrading and power reconnection of Bengwenyama community assets.

One-on-one consultations are held with land occupants affected by drilling operations prior to the movement of a drill rig into an identified area as the Project activities expand. Through structured Surface Rights Usage and Access Agreements, impacted persons may be liable for monetary compensation by the Company. Compensation is paid once a drillhole has been completed.

A social and labour plan (SLP) for 2025 has been developed for the Bengwenyama Project in compliance with the requirements of the Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPRDA), the 2004 Mineral and Petroleum Resources Development Regulations, as amended (Government Notice Regulation (GN R 527 of 2004) and the 2018 Mining Charter III, so as to promote social and economic development through targeted initiatives and projects. promote social and economic development through targeted initiatives and projects.

It should be noted that the current SLP has been reviewed by the Republic of South African (RSA Competent Authority, Department of Mineral and Petroleum Resources (DMPR). Local Economic Development (LED) allows and encourages local communities, government and the private sector to work together to achieve sustainable economic growth and development. Southern Palladium through MUM will implement sustainable community development initiatives, and these include community creches (investment in quality early childhood education), waste management and maintenance campaigns. Currently, MUM has adopted a community creche, Somqhuba pre-school within Soupiana

village in order to assist with improving their classrooms (upgrade works) and ensure that the community centre has dignified structures and an environment that is conducive for early childhood development.

We currently have established open public channels that are actively marketed by community leaders to disclose activities relevant to Project activities and social investments. These include a dedicated Facebook page (https://www.facebook.com/SouthernPalladium). Southern Palladium actively identifies and where possible, participates in community events. This includes sponsoring and attending local school sports events and educational outings to the Company Project Area.

Environmental Responsibility and Stewardship

Southern Palladium entrenches principles of environmental stewardship throughout its business. Mine development and production planning acutely consider aspects of the social and biophysical environment. Southern Palladium is in possession of all the environmental authorisations (EA) and environmental management programmes (EMPr) for exploration, extraction and development phases so as to mitigate negative impacts, and ensure periodical compliance monitoring to promote environmental stewardship. To date the EMPr for exploration activities at prospecting phase has been implemented.

Currently Southern Palladium, through MUM are in the process of acquiring other environmental permits required to commence with mining activities for the Bengwenyama Project lifecycle. These include a waste management licence in terms of the National Environmental Management: Waste Act, No.59 of 2008 and a water use licence in terms of Section 21 of the National Water Act, No. 36 of 1998.

A financial guarantee of ZAR90million is in place to cover the costs of rehabilitation and mine closure. Environmental specialists registered with the South African Council for Natural Scientific Professions and Environmental Assessment Practitioners Association of South Africa are appointed for the Bengwenyama Project to ensure ongoing due diligence to allow for early risk identification and remediation. There is reasonable basis to believe that all governmental requirements for the Bengwenyama Project will be obtained and any factors or risks that may affect access, title or right or the ability to perform work on the property are negligible.

Southern Palladium actively implements and promotes conservation and reduction of reliance on natural resources and efficient waste and water management are core to the company, aiming to be a responsible steward of the Earth's resources. Site planning and optimisation aim to achieve closed water systems, reduced waste generation, responsible waste disposal and pollution control. Bulk raw water for the Bengwenyama Project has been purchased from the licenced Badirammogo Water User Association (formerly known as the Lebalelo Water User Association) for drilling activities during the prospecting right phase, drawn from an established nearby pipeline connection point and not from an adjacent river system. The diamond drilling programme has utilised mobile water sumps for water reticulation and effective water recycling through the sump system for the continued drilling and drilling mud is disposed of at the licenced facility, Malogeng Landfill Site.

The impacts of the future operation on climate change and conversely, the impacts of climate change on the operation will be assessed to determine the climate change vulnerability of the Mine. To date, appointed energy specialists have undertaken a carbon neutral energy study on the use of more efficient and lower carbon intensity sources (including renewable energy sources such as solar photovoltaic), innovative technologies, practices to reduce energy consumption and carbon intensity forecasts assessing greenhouse gas emissions per production factors. The findings of the study clearly show a viable pathway to decarbonisation for Southern Palladium and ensuring residual carbon emissions mitigation measures.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

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 No. 29 of 1996. To date, a comprehensive safety file, emergency response plan, policies and codes of practice have been implemented, incorporating key guidelines published by the Minerals Council South Africa and legal appointments in terms of policies and Mine Health and Safety regulations.

Health and safety inductions, daily safety meetings, requirement of personal protective equipment will continue to be a requirement during the Bengwenyama Project lifecycle.

Governance

Foundations promoting accountability and collaboration have been adopted throughout Southern Palladium's operations. Effective management is achieved through vigilant planning and being responsive to stimuli, aiming for ethical and equitable practices. The Company remains compliant with governing laws. The business and exploration activities of the Company are conducted in accordance with the jurisdictional laws and regulations within which they occur. Activities are confined to the countries of Australia and the RSA, with exploration active only in the RSA.

Throughout the business hierarchy, Southern Palladium seeks to remain transparent by making appropriate formal disclosures to all stakeholders. On the corporate level, this is achieved through publicised notices guided by requirements of the ASX, the JSE and best practice. On the Project level, Southern Palladium practices active and continuous shareholder engagement and inclusion.

Our ESG-oriented policies address anti-bribery and corruption, diversity, occupational health and safety, environmental and water stewardship, human rights, stakeholder engagement, sustainable development, and risk management.

The Bengwenyama Project is subject to regulation under legislation of the RSA in relation to the mineral tenure for exploration, extraction and development of the mineral resources activities by the Company. To date, exploration has been successfully completed.Lateral Project Area activities have been undertaken in accordance with governing laws and regulations. Security guards are verified for registration with the Private Security Industry Regulatory Authority (PSiRA). The Competent Authority has conducted site visits at prospecting (exploration) phase, mining right application phase, and no major risks have been identified. Subsequently, MUM has achieved all other requirements of the issuance of the Mining Right, reference LP30/5/1/2/2/10252MR and is awaiting approval of the SLP and final granting of the Mining Right.

There have been no known breaches of permitting, social and environmental obligations at the date of this report.

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Southern Palladium Limited

A.B.N 59 646 391 899

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

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Directors	Roger Baxter Johan Odendaal Daniel Van Heerden Lindi Nkosi-Thomas Mike Stirzaker Robert Thomson
Company Secretary	Andrew Cooke
Registered & Principal Office	Level 1, 283 George Street, Sydney NSW 2000 Australia
Contact Information	info@southernpalladium.com
Share Registry	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000 Australia
Auditor	BDO Audit Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street, Perth WA 6000, Australia
Bankers	Commonwealth Bank Australia Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, NSW 2000, Australia
Stock Exchange Listing	Southern Palladium Limited shares are dual listed with a primary listing on the Australian Securities Exchange (ASX code: SPD) and a secondary listing on the Johannesburg Stock Exchange (JSE code: SDL)
Website	www.southernpalladium.com
Corporate Governance Statement	www.southernpalladium.com/site/about/corporate-governance

Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

DIRECTORS REPORT

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Southern Palladium Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2025.

BOARD OF DIRECTORS

The names and positions of the directors of the Company in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated, are:

Roger Baxter (Executive Chairman, Non-Executive Chairman from 1 January to 7 October 2024)
Johan Odendaal (Managing Director)
Daniel Van Heerden (Non-Executive Director)
Lindi Nkosi-Thomas SC (Non-Executive Director)
Mike Stirzaker (Non-executive Director)
Robert Thomson (Non-Executive Director)

PRINCIPAL ACTIVITIES

During the financial year the principal activity of the Company was the advancement of its Bengwenyama Platinum Group Metal (PMG) project in South Africa. The Company successfully completed the Pre-Feasibility Study and has now progressed into the Definitive Feasibility Study phase.

FINANCIAL PERFORMANCE

The Group's net loss from operations for the year was $4,779,488 (2024: $6,725,277)

At 30 June 2025, the Group had net working capital of $9,273,507 (2024: $5,315,488).

The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due.

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2025.

REVIEW OF OPERATIONS

The Company's primary focus during the financial year was the ongoing advancement of its development programme at the Bengwenyama PGM project, in which it holds a direct 70% stake. The project is strategically positioned in the heart of the world class Bushveld Complex – the largest source of PGMs globally – in a significant underground mining region with established expertise and infrastructure.

The Company acquired its interest in the Project in 2022 through the acquisition of a 70% equity interest in Miracle Upon Miracle Investments (Pty) Ltd (MUM), a South African private company that holds 100% of the Project.

MUM's tenement area stretches over two farming areas:

(a) the Farm Eerstegeluk 327KT (previously known as Eerstegeluk 322KT); and
(b) the Farm Nooitverwacht 324KT,

measuring 5,280 ha in extent and located in the Magisterial District of Sekhukhune, Limpopo Province, Republic of South Africa.

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Bengwenyama PGM Project

The Bengwenyama PGM project, now in its development phase, is situated on the Eastern Limb of the Bushveld Complex which holds approximately 72% of the world's PGM resources.

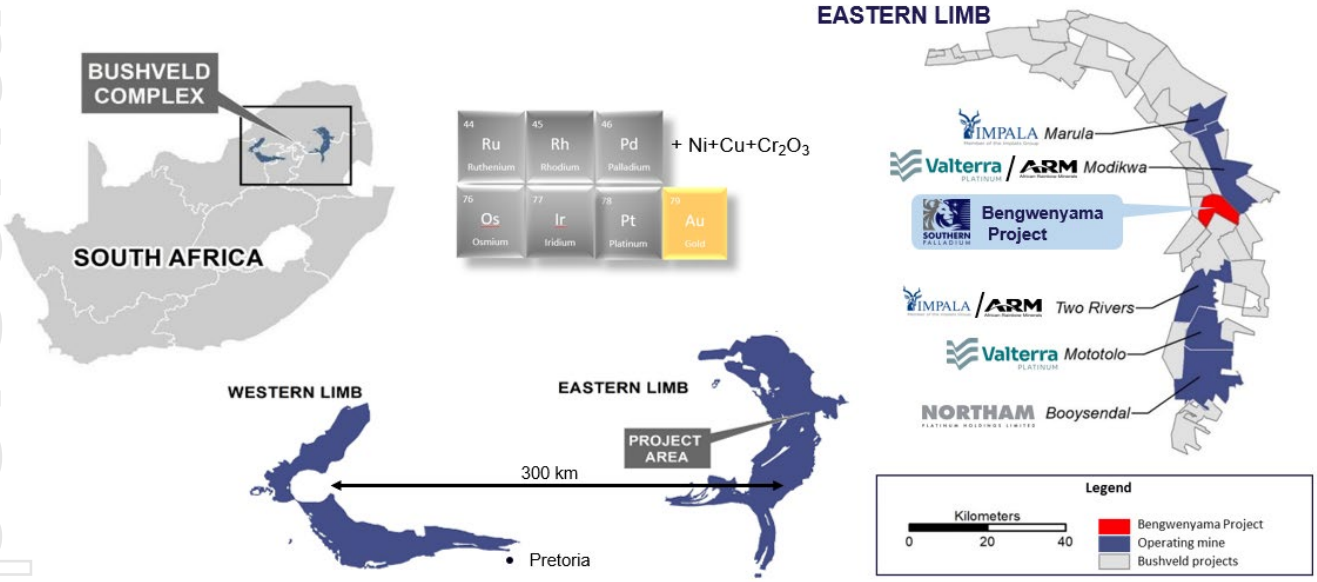
The property encompasses two economically significant reefs, namely the UG2 and Merensky reefs, which span from the surface (50 metres below surface in the case of the UG2) to a depth of 1,100 meters over a downdip stretch of 10 kilometres. These two reefs represent primary economic deposits that are actively exploited by other platinum mining companies for Platinum Group Metals (PGMs), base metals and chrome in the region. The Company's focus is on the UG2 reef, which is the predominantly mined reef in the area. Both reefs can be extracted through underground mining methods.

The PGM ore from these reefs can be processed using well-established and conventional methods widely employed throughout the Bushveld Complex. Importantly, the Project is in close proximity to existing mining operations as well as essential infrastructure, enhancing their strategic value and accessibility.

Operations during the year included the formal completion of Southern Palladium's Pre-Feasibility Study (PFS) drilling campaign and study work.

In total, 82 drillholes were completed, totalling 30,746 meters, which included 50 reef deflections. These deflections were drilled to collect metallurgical samples, and some used to study the short-range variability (SRV) of the UG2 reef.

Figure 1: Bengwenyama Project Location



Resources and Reserves

The drilling campaign has been highly successful, leading to an improved geological understanding of the project and increased confidence in the Mineral Resource. This success has resulted in the declaration of Measured and Indicated Mineral Resources with the conversion of Exploration Targets in the remaining project area into an Inferred Mineral Resource, totalling 40.25Moz (7E) in both the Merensky Reef and UG2 Reef – see Table 1 below.

The latest upgrade of the UG2 resource has an estimated Measured and Indicated Mineral Resource (M&I) of 8.17 Moz (7E)[1] at a 3PGE + Au (4E) grade of 9.89 g/t over 73 cm. The 2.3 Moz of Measured Mineral Resource at a 7E grade of 10.00 g/t. now contributes 28% to the UG2 Measured and Indicated Mineral Resource.

[1] 7E: Platinum, Palladium, Rhodium, Gold, Iridium, Ruthenium, Osmium

Table 1: Combined UG2 and MR Mineral Resource as at 23 October 2024

Reef	Resource Category	Tonnes	Thickness	Pt	Pd	Rh	Au	Ir	Os	Ru	4E	7E	Cu	Ni	Moz (4E)	Moz (7E)	Total Moz[1]
		Mt	(m)	(g/t)									(%)				
Merensky	Indicated	25.11	2.02	1.62	0.64	0.10	0.12	0.03	0.03	0.21	2.49	2.76	0.04	0.12	2.01	2.23	2.23
Merensky	Inferred (7E)	62.54	1.81	2.09	0.86	0.14	0.18	0.04	0.04	0.26	3.22	3.55	0.05	0.14	6.47	7.13	7.13
Merensky	**Total (7E)**	**87.66**	**1.87**	**1.96**	**0.80**	**0.13**	**0.16**	**0.04**	**0.04**	**0.24**	**3.01**	**3.32**	**0.04**	**0.13**	**8.48**	**9.36**	**9.36**
Merensky	Inferred (4E)	59.44	1.96	2.01	0.93	0.10	0.17				3.18				6.08		6.08
Merensky	**Total (4E)**	**147.10**	**1.90**	**1.98**	**0.85**	**0.11**	**0.17**				**3.08**				**14.56**		**15.44**
UG2	Measured	7.17	0.77	3.69	3.75	0.76	0.12	0.25	0.17	1.24	8.34	10.00	0.03	0.16	1.92	2.30	2.3
UG2	Indicated	18.52	0.72	3.68	3.63	0.76	0.11	0.26	0.17	1.23	8.19	9.85	0.04	0.16	4.88	5.86	5.86
UG2	Inferred (7E)	33.01	0.69	3.67	3.50	0.76	0.11	0.26	0.17	1.23	8.04	9.70	0.04	0.17	8.54	10.30	10.3
UG2	**Total (7E)**	**58.70**	**0.71**	**3.67**	**3.57**	**0.76**	**0.11**	**0.26**	**0.17**	**1.23**	**8.12**	**9.78**	**0.04**	**0.17**	**15.33**	**18.46**	**18.46**
UG2	Inferred (4E)	36.12	1.30	3.00	2.01	0.44	0.07				5.47				6.35		6.35
UG2	**Total (4E)**	**94.82**	**0.93**	**3.42**	**2.98**	**0.64**	**0.10**				**7.11**				**21.68**		**24.81**
Combined Total (7E)		**146.35**	**1.40**	**2.64**	**1.91**	**0.38**	**0.14**	**0.13**	**0.09**	**0.64**	**5.06**	**5.91**	**0.04**	**0.14**	**23.81**	**27.82**	
Combined Total (4E)		**241.92**	**1.52**	**2.54**	**1.68**	**0.32**	**0.14**				**4.66**				**36.24**		
Combined Total (7E&4E)[1]																	**40.25**

Note:

1. Several historic drill holes in the Nooitverwacht Extension area did not assay for the minor PGEs, so a 7E resource cannot yet be stated for part of the inferred Mineral Resource. However, it does contribute to the total resource ounces.
2. All elements have been estimated individually, and their combined grade will vary slightly from the estimated composite 4E and 7E modelled grades.

The 6E Ore Reserves for the project consist of Measured and Indicated Resources from the UG2 reef only. The Ore Reserve classification was conducted by converting Measured and Indicated Mineral Resources to Probable Ore Reserves. Table 2 provides a detailed summary of the tonnage, grades and content for Probable Ore Reserves within the Bengwenyama Project.

Table 2: Probable Reserve Estimation as at 28 October 2024 (UG2 reef)

Ore Reserve Category	Tonnes	Pt	Pd	Rh	Au	Ir	Os	Ru	4E	6E	Cu	Ni	Cr_2O_3	Moz(6E)
	Mt	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(g/t)	(%)	(%)	(%)	
Probable	31.72	2.34	2.33	0.48	0.07	0.16	-	0.78	5.22	6.17	0.02	0.12	19.03	6.29
Total	**31.72**	**2.34**	**2.33**	**0.48**	**0.07**	**0.16**	**-**	**0.78**	**5.22**	**6.17**	**0.02**	**0.12**	**19.03**	**6.29**

Platinum Group metals

PGMs (platinum, palladium, rhodium, ruthenium, iridium, osmium) are classified by all major economies as critical minerals due to their essential role in clean energy, automotive, and electronic industries.

Figure 2: Merensky and UG2 Reef Prill Split

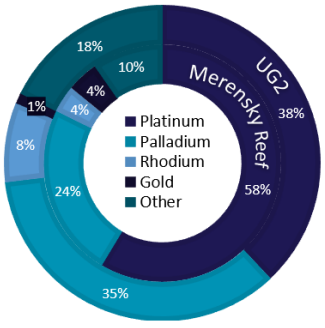
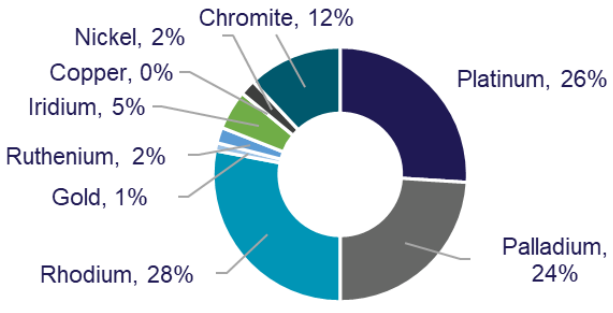


Figure 3: UG2 Revenue Split (Optimised Prefeasibility)



Platinum (Pt) is one of the most abundant PGMs in the Bushveld Complex, often occurring in significant quantities, and is highly valuable due to its various industrial applications, including catalytic converters, jewellery, electronics and its investment demand.

Palladium (Pd): Palladium is another essential PGM found in the Bushveld Complex. It is valued for its use in catalytic converters, especially in gasoline-powered vehicles and hybrid vehicles, and it also has applications in the electronics and chemical industries.

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Rhodium (Rh): Rhodium is rarer than platinum and palladium. It is highly prized for its exceptional catalytic properties and is primarily used in catalytic converters, particularly in diesel engines, and is also used in glass manufacturing.

Ruthenium (Ru): Ruthenium is one of the less abundant PGMs in the Complex. It has applications in the electronics industry and in various high-temperature alloys. Ruthenium is a key material for perpendicular magnetic recording (PMR) to increase storage density and as a base layer for magnetic storage media.

Iridium (Ir): Iridium is relatively scarce in the Bushveld Complex but is valued for its hardness and corrosion resistance. It has applications in spark plugs, electrical contacts, hydrogen production and as a hardening agent in platinum alloys.

Osmium (Os): Osmium is the least common of the PGMs in the Bushveld Complex. It is often associated with other PGMs and is used primarily in specialty alloys and electrical contacts.

There is currently a sustained deficit across several PGMs, with both primary mine supply and secondary supply (recycled material) failing to keep pace with demand. Mining output remains constrained, particularly in South Africa, where declining grades, deeper mines, and rising costs make expansions increasingly difficult. Secondary supply has also weakened, with reduced availability of automotive scrap, thin margins, and low prices discouraging recycling activity. As a result, above-ground inventories are being drawn down, with platinum stocks reported to have declined substantially in recent years and projected to be depleted within the next 2–3 years if current trends continue.

Looking ahead, forecasts suggest these deficits are likely to persist unless recycling recovers meaningfully or mine production improves. On the demand side, structural drivers such as stricter emissions standards, emerging applications in green hydrogen production, and advances in data storage are expected to provide strong tailwinds for PGM prices.

Project Studies

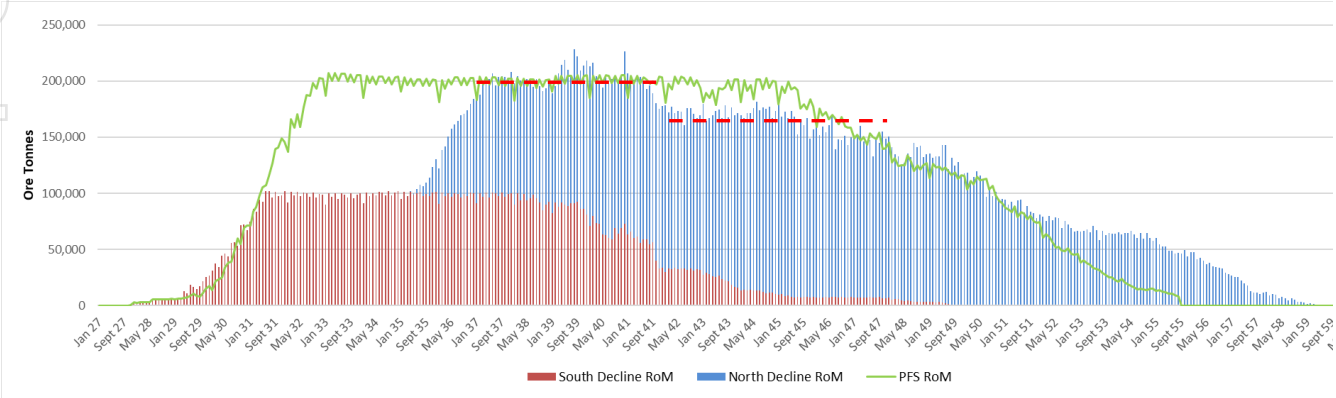
The original detailed October 2024 PFS (refer ASX Announcement 28 October 2024) outlined a mining strategy for the UG2 reef only, using underground mining techniques, with a focus on efficiently exploiting the shallow eastern portion of the orebody. This approach emphasised the rapid commencement of full-capacity production of 2.4Mtpa through two declines — the North Decline and the South Decline.

An Optimised Pre-Feasibility Study (OPFS), completed in 2025 (refer ASX Announcement 15 July 2025), introduced a staged development approach with lower capital expenditure requirements, significantly enhancing the Project's funding attractiveness by commencing with only one decline followed by the second decline 4-5 years later.

The South Decline provides faster access to the orebody, enabling earlier extraction and optimising the overall development timeline. This supports a quicker production ramp-up and more efficient utilisation of infrastructure and resources. Mining will begin with the pre-development of blocks using off-reef twin haulages, drives, and centre gulleys (raises), facilitating early infrastructure advancement. Twin haulages are required only in the initial stages of mining until sufficient ground has been opened to support steady-state production build-up.

The difference between the staged OPFS 1.2 Mtpa to 2.4 Mtpa production ramp-up scenario and the original PFS case is illustrated in Figure 4. As shown, a steady-state production rate of 1.2 Mtpa (Stage 1) can be sustained from the South Decline alone. A further ramp-up to 2.4 Mtpa (Stage 2) is achievable once the North Decline is integrated into the schedule, providing greater ore access and supporting higher production volumes.

Figure 4: 1.2 Mtpa ramp-up to 2.4 Mtpa Mine Plan Schedule



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The SPD Board has evaluated various scenarios and believes that a staged production option, provides the best balance between unlocking project value and allowing the Company to fund project development with minimal future dilution for shareholders.

- Project level NPV_8 (after tax, 100% basis) for the OPFS is estimated at US$857m (A$1.3bn) and an internal rate of return of 26.4%.
- A staged production proposal, assuming an initial Stage 1 production rate of 1.2Mtpa expanding after 4 years to 2.4Mtpa.
- Peak funding requirement of US$279m – representing a 38% reduction (US$173m) to the peak funding total set out in the PFS – with Stage 2 expansion capital to be funded through cashflow.
- Importantly, Stage 1 is expected to be a strongly cash generative project in its own right, meaning that it should be able to attract traditional market-related debt project financing
- OPFS was based on the same weighted basket PGM price that was used in the original PFS to better enable comparision of the two studies. The current spot basket prices is ~14% higher. Every 15% move in the PGM price basket equates to an approximate US$200 million move in the real post tax NPV.

All in sustainable costs for both Stage 1 and Stage 2 remain attractive and lie within the lowest quartile for PGM projects globally. The option to utilise existing mineral processing infrastructure in the area — which could result in further significant reductions to peak funding requirements — is being evaluated.

The Definitive Feasibility is underway with first drilling to obtain a 140kg sample from the UG2 reef for detailed metallurgical study work started in August 2025. The UG2 samples will be used to determine metallurgical variability across the first stage of the planned development. The results from this sample will also better allow the Company to progress discussions with South African PGM smelters. Deeper underground geotechnical drilling results will be incorporated into field studies to optimise decline and stoping parameters.

The DFS drill programme will comprise around 10,000m drill metres in total and will include infill drilling to further enhance definition of the Maiden JORC Probable Reserve of 6.29Moz.

Community Engagement

Introduction

Southern Palladium continues to recognise the importance of social, environmental and governance aspects in our business. This sentiment is reflected in our core values, and is incorporated into our development and planning. Sustainable development and operational practices are proactively encouraged and implemented throughout all our Company and project tiers.

Community, Stakeholder Engagement and Social Responsibility

The lawful residents of the farms Eerstegeluk and Nooitverwacht that comprise the Bengwenyama project area are the Bengwenyama-ya-Maswazi Traditional Community (or Community), represented in their official capacity by a structured Royal Family and Traditional Council.

The Company and the Community are partners in the Bengwenyama project.

Southern Palladium works closely with the Community, actively promoting inclusivity and project awareness. Ethical inclusion extends to fair representation via Royal Family, Traditional Council and other Community representatives. During the drilling programme, weekly exploration meetings were held virtually with the two Community representatives, together with the environmental and exploration management consulting firm contracted to the project. Quarterly meetings are held on site with extended representation from the greater Royal Family, Traditional Council and Community representatives. Southern Palladium remains sensitive to the needs of the Community and proactively incorporates feedback into decision making.

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Figure 5: Quarterly Community Feedback Meetings



The Khomanani Centre on the Eerstegeluk farm has been established as the office base for the exploration project. The centre is secured through a rental agreement between MUM and the Traditional Council. Continuing security services, diesel supply, sanitation and electrical services are provided to the active exploration base via Community-based service providers.

Preferential employment for the exploration project is given to Community members.

In late June 2023, a Facebook page (https://www.facebook.com/SouthernPalladium) was launched to provide project updates, news and relevant information with the Community in a more accessible and real-time manner.

Environmental Responsibility and Stewardship

Southern Palladium entrenches principles of environmental stewardship throughout its business. Exploration activities are undertaken in a manner that takes acute cognisance of the social and biophysical environments. Measures are implemented to mitigate negative impacts and alternatives that promote environmental stewardship are preferred. Moreover, assessments are made during the prospecting operations to mitigate impacts as they occur.

At the Bengwenyama project, drillhole collar positions are strategically planned to avoid potentially locally sensitive areas. Assessment of each drillhole site is undertaken and recorded prior to drilling to identify the baseline status of the environment. Upon completion, rehabilitation of the drill pad and drilling site is undertaken immediately in accordance with the environmental management plan.

Bulk raw water for the Bengwenyama project is purchased from the licenced Lebalelo Water User Association for drilling activities, drawn from an established nearby pipeline connection point and not from an adjacent river system. The diamond drilling programme utilises mobile water sumps for water reticulation. The use of mobile sumps eliminates removal of topsoil and mitigates seepage and sump site rehabilitation. Water is effectively recycled through the sump system for the continued drilling. Drilling mud is disposed of at the licenced facility Malogeng Landfill Site.

An Environmental Compliance Officer, registered with the Environmental Assessment Practitioners Association of South Africa, has been appointed at the Bengwenyama project. Ongoing site monitoring allows for early risk identification and remediation.

Health and Safety

Southern Palladium is committed to upholding the highest 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 incidents reporting and management system is established. The use of PPE is enforced and provision is made for such equipment to all persons.

Governance

Foundations promoting accountability and collaboration have been adopted throughout Southern Palladium's operations. Effective management is achieved through vigilant planning and being responsive to stimuli, aiming for ethical and equitable practices. The Company remains compliant with governing laws. The business and exploration activities of the Company are conducted in accordance with the jurisdictional laws and regulations within which they occur. Activities are confined to the countries of Australia and South Africa, with exploration active only in South Africa.

Throughout the business hierarchy, Southern Palladium seeks to remain transparent by making appropriate formal disclosures to all stakeholders. On the corporate level, this is achieved through publicised notices guided by requirements of the ASX, the JSE and best practice. On the project level, Southern Palladium practices active and continuous shareholder engagement and inclusion.

Our ESG-oriented policies address anti-bribery and corruption, diversity, occupational health and safety, environmental and water stewardship, human rights, stakeholder engagement, sustainable development, and risk management.

The Bengwenyama project is subject to regulation under legislation of the Republic of South Africa in relation to the exploration activities conducted by the Company. Exploration has been conducted in compliance with the preferent prospecting right, prospecting works programme and environmental management plan as approved by the South African Department of Mineral and Petroleum Resources (DMPR). Annual activities reports were timeously submitted together with annual prospecting fees payable for the project. Lateral site activities are also undertaken in accordance with governing laws and regulations. Security guards are verified for registration with the Private Security Industry Regulatory Authority (PSiRA).

The DMPR has conducted site visits to the project. No major risks have been identified. A renewed permit is in place from the Tubatse Local Municipality for the disposal of drill-sourced mud at the local Malogeng Landfill Site.

There have been no known breaches of permitting, social and environmental obligations at the date of this report.

Tenements

The Group held the tenements set out in the table below during the year. 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.

Farm name	Extent (ha)
Nooitverwacht 324 KT	2,971.01
Eerstegeluk 327 KT	2,308.73
Total	**5,279.74**

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Figure 6: Bengwenyama - Eerstegeluk - Project Area looking South



Submission of Mining Right Application

On September 29, 2023, Southern Palladium officially submitted its application for a Mining Right. On 17 October 2023, the company received notification from the Department of Mineral and Petroleum Resources (DMPR) that its application for the Mining Right had been accepted. The granting of the Mining Right by the DMPR is anticipated in H2 2025.

Environmental Impact Assessment

The EIA studies and consultation process were completed on-schedule, and the report was submitted on July 10, 2024. The formal acknowledgment letter was subsequently issued by the DMPR on July 22, 2024.The Environmental Authorisation was granted by the Department of Mineral and Petroleum Resources (DMPR) to SPD's 70% subsidiary, Miracle Upon Miracle Investments (refer ASX Announcement 20 May 2025), with reference to the National Environmental Management Act, 1998 (Act No. 107 of 1998).

The end of the Objection Period marks the successful completion of the EA approval process, which in turn represents a key milestone for the award of a Mining Right to develop the Bengwenyama project.

Additional permit applications

Additional permit applications are in progress, including a Waste Management Licence ("WML") application and a Water Use Licence ("WUL") application, which will be submitted for water uses associated with the Bengwenyama Project.

The EIA submission, along with the WML and WUL submissions, form part of the comprehensive review process for Southern Palladium's Mining Right Application ("MRA"). The WML and WUL applications are scheduled to be completed and submitted by December 2025.

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RISKS OVERVIEW

The Board is responsible for the Company's risk management and control framework. The material business risks that the Company faces that could influence the Company's future prospects, and how these are managed, are outlined below.

Development

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. This is managed where possible by the employment of competent personnel and reputable consultants with the relevant skills and experience to deal with these issues, extensive technical analysis and planning, and undertaking field exploration activities.

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 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, DMPR, regarding its tenement compliance management.

Future funding needs

Further funding will be required by the Company in the future to support its ongoing operations and implement its strategies. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely have a material adverse impact on the potential growth of the Company. The annual capital and operating budgeting processes are approved by the Board to ensure appropriate allocation of resources.

Reliance on key personnel and relationship with Minxcon

The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its directors, its small management team, and on its relationship with Minxcon. Loss of key personnel may have an adverse impact on the Company's performance. The Company remunerates and incentivises at appropriate market rates to reduce the risk of losing key personnel.

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 productive relationship with key local and government representatives.

Commodity prices and exchange rates

The Company's Bengwenyama project is in the development stage. 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.

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The Company has exchange rate risks as equity funds have been raised in Australian dollars and 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.

Cyber security

The integrity, availability, and confidentiality of data within the Company's information and operational technology systems may be subject to intentional or unintentional disruption. The Company has developed robust storage and backup systems to avoid a total loss of intellectual property relating to the Company's project in South Africa. The Group does not retain a substantial amount of customer data so that aspect of cyber security risk is limited.

Climate change

The Group is likely to be subject to increasing regulations and costs associated with climate change and, specifically, management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change and the energy transition are progressively being incorporated into Company policy, strategy and risk management processes and practices. The Company is exploring energy alternatives to drive its project development strategy. The Company is also developing a formal rehabilitation strategy for post mining restoration of the project site.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No other significant changes to the Company's state of affairs have occurred during the year.

AFTER REPORTING DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue its exploration and development activities on its Bengwenyama PGM Project in South Africa.

ENVIRONMENTAL REGULATION

The Group has an environmental rehabilitation policy that is applied to each tenement upon grant. The policy has been adhered to and no breaches have occurred during the year. Exploration activities are undertaken in accordance with approved plans and governing laws and regulations.

INFORMATION ON DIRECTORS

Roger Baxter
Executive Chairman
Non-Executive Chairman (1 January to 7 October 2024)
Member of Audit Committee

Roger was the CEO of the Minerals Council South Africa (MCSA) stepping down in June 2023. He led the brand rejuvenation and modernisation of the MCSA into a much more effective, strategically driven, agile, assertive and capable organisation. He is recognised for his roles in guiding the mining sector to achieve the best safety and health performance on record, addressing key legacy issues, in helping the industry navigate the COVID-19 crisis, in the fight against corruption, in negotiating economic and mineral policy with government and in driving significant structural and institutional reforms in the economy. He was awarded the "2020 Mining Thought Leader of the Year" by Mining Review Africa, was listed in the "top 100 most influential people in Africa's mining sector" for over a decade and was awarded the Brigadier Stokes Platinum medal for meritorious leadership contribution to the mining sector by the SAIMM. He was the founding Chairman of the World Platinum Investment Council, the past President of MIASA, the past Chairman of the ACG of the ICMM and a past director of BUSA. Roger holds a Bachelor of Commerce (Honours) from the University of Natal in South Africa.

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INFORMATION ON DIRECTORS (CONTINUED)

Other Public Company Directorships in the past 3 years: Nil

Equity interests held as at the date of this report:
206,277 fully paid ordinary shares held directly.
250,000 Incentive Options Exercise Price $0.7 Expire 30 September 2027.

Johan Odendaal
Managing Director

Mr Odendaal is a Mineral Economist and holds a B.Sc. degree in Geology, a B.Sc. Hons degree in Mineral Economics and a M.Sc. degree in Mining Engineering. Johan is director and co-founder of mining consulting firm Minxcon (Pty) Ltd (2005) and has 36 years' experience in the mining and financial industry. This includes 19 years as an independent mining consultant and 12 years as a financial analyst involved in mine-financial analysis and valuations and corporate advisory. He headed Mining Research at a leading South African broking firm and spent several years at Merrill Lynch as Vice President. Mr Odendaal is the Chief Executive Officer of Miracle Upon Miracle Investments (Pty) Ltd (Holder of the PGM prospecting right).

Other Public Company Directorships in the past 3 years: Nil

Equity interests held as at the date of this report: Indirect interest through a trust in 12,656,992 fully paid ordinary shares.
100,000 Series B Unlisted Options Exercise Price $0.875 Expire 27 May 2026.
125,000 Incentive Options Exercise Price $0.7 Expire 30 September 2027.

Daniel Van Heerden
Non-independent Non-executive Director

Mr Van Heerden holds a M.Com., a B. Eng Mining Engineering and has a valid Certificate of competence signed by the Government Mining Engineer. He has over 30 years' experience in the mining industry and has obtained significant experience in managing mining operations in South Africa and abroad, both underground and open cast, for world-class major mining companies and for junior mining companies. He was responsible for new business development for two major mining companies and has experience in mining mergers and acquisitions. He is currently heading the Mining Engineering division of Minxcon, where he is involved in activities such as valuation, due diligence, finance structuring, change management required post the event, feasibility studies, life of mine plans, technical reviews and writing of technical reports for various commodities.

Other Public Company Directorships in the past 3 years: Nil

Equity interests held as at the date of this report: Indirect interest through a trust in 12,656,992 fully paid ordinary shares and close family members in 30,000 fully paid ordinary shares.
100,000 Series B Unlisted Options Exercise Price $0.875 Expire 27 May 2026.
125,000 Incentive Options Exercise Price $0.7 Expire 30 September 2027.

Lindi Nkosi-Thomas
Independent Non-executive Director

A practising lawyer, Lindi is a Senior Counsel and a member of the Johannesburg Bar, having been called to the Bar in November 1994. In 2009 she was conferred the status of silk by the President of the Republic of South Africa. As Senior Counsel, Lindi has acted in various litigious matters of national importance and has advised state-owned companies and the South African Government on numerous litigious matters and transactions of considerable scale. Between 2006 and 2023, Ms Nkosi-Thomas has also acted as a Judge of the High Court of South Africa on multiple occasions and continues to do so from time to time.
Among her various directorships, Ms Nkosi-Thomas serves as Chair of Miracle Upon Miracle Investments (MUM), the private company which owns the rights to the Bengwenyama PGM project through a joint ownership structure in which Southern Palladium holds a 70% stake in MUM, and the remaining 30% is held by a company wholly-owned by the local Bengwenyama community.

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INFORMATION ON DIRECTORS (CONTINUED)

Other Public Company Directorships in the past 3 years: Nil

Equity interests held as at the date of this report:
396,500 fully paid ordinary shares held directly.
125,000 Incentive Options Exercise Price $0.7 Expire 30 September 2027.

Mike Stirzaker
Non-executive Director and Chair of Audit Committee

Mr Stirzaker qualified as a Chartered Accountant whilst working with KPMG. He has over 40 years' commercial experience, mainly in mining finance and mining investment with various companies including being Joint Managing Director of boutique resource adviser, RFC Group Limited, a partner of Tennant Metals, Finance Director of Finders Resources Limited, and from 2010 to 2019 was a partner at the private equity mining fund manager, Pacific Road Capital.

Other Public Company Directorships in the past 3 years:
Base Resources Limited (resigned 2 October 2024)
Energy Fuels Inc. (appointed 2 October 2024)
Akora Resources Limited (ASX: AKO) (resigned 31 January 2024)
Firestone Diamonds Limited

Equity interests held as at the date of this report:
1,263,000 ordinary shares held indirectly
1,000,000 Series A Unlisted Options Exercise Price $0.875 Expire 8 June 2026
100,000 Series B Unlisted Options Exercise Price $0.875 Expire 8 June 2026
125,000 Incentive Options Exercise Price $0.7 Expire 30 September 2027.

Robert Thomson
Independent Non-executive Director and Member of Audit Committee

Mr Thomson is a Mining Engineer with extensive experience (gold and base metals) in site operations, the development of exploration projects into sustainable mining operations and businesses in Asia, Africa Canada and Australia. He has a Bachelor of Engineering (Mining) from the University of Queensland, an MBA from the University of Wollongong and is a Fellow of the Australasian Institute of Mining and Metallurgical Engineers. He also has extensive corporate and industry experience with local and international mining companies in senior executive roles and as a non-executive director of publicly listed companies on the ASX and formerly on the AIM Exchange and the TSX-V.

Other Public Company Directorships in the past 3 years: Pacific Nickel Mines Limited (ASX:PNM)

Equity interests held as at the date of this report:
1,300,010 ordinary shares held indirectly.
1,000,000 Series A Unlisted Options Exercise Price $0.875 Expire 8 June 2026
100,000 Series B Unlisted Options Exercise Price $0.875 Expire 8 June 2026

COMPANY SECRETARY

Andrew J. Cooke LLB

Mr Cooke is a lawyer with over 30 years' experience in law, corporate finance and as a Company Secretary of listed resource companies. He is responsible for corporate administration together with stock exchange and regulatory compliance.

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DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors		Audit Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Roger Baxter	14	14	5	5
Johan Odendaal	13	13	-	-
Daniel Van Heerden	13	13	-	-
Geoffrey Hiller	15	15	-	-
Lindi Nkosi-Thomas	15	15	6	6
Mike Stirzaker	15	15	6	6
Robert Thomson	14	14	5	5

There was no Nomination & Remuneration Committee meeting held during the financial year ended 30 June 2025.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

a) Principles used to determine the nature and amount of remuneration
b) Key management personnel
c) Details of remuneration
d) Share-based compensation
e) Additional information
f) Other transactions of Key Management Personnel
g) Equity instrument disclosures relating to Directors and Key Management Personnel
h) Voting of shareholders at last year's annual general meeting

a) Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity. The Company engaged a remuneration consultant in the prior year but not in the current year.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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REMUNERATION REPORT (AUDITED)

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

For the financial year commencing 1 July 2021 and in respect of each financial year thereafter and until otherwise determined by a resolution of Shareholders, the maximum aggregate remuneration payable by the Company to all non-executive Directors for their services as Directors including their services on a Board committee or sub-committee and including superannuation is limited to $750,000 per annum (in total).

Each non-executive Director has entered into a deed of appointment with the Company.

b) Key management personnel

The directors and other key management personnel of Southern Palladium Limited during the year were:

Mr Roger Baxter – Executive Chairman (Appointed 8 October 2024, Non-executive Chairman from 1 January to 7 October 2024)
Mr Johan Odendaal – Managing Director (Appointed 27 May 2021)
Mr Daniel Van Heerden – Non-executive Director (Appointed 27 May 2021)
Ms Lindi Nkosi-Thomas – Non-executive Director (Appointed 10 June 2024)
Mr Mike Stirzaker – Non-executive Director (Appointed 4 December 2020)
Mr Robert Thomson – Non-executive Director (Appointed 4 December 2020)

c) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Salary & Fees	Superannuation	Share-based payments (i)	Total	Performance based
Non-Executive Directors:		$	$	$	$	%
Daniel Van Heerden	**2025**	**43,206**	**-**	**14,230**	**57,436**	**-**
	2024	42,850	-	6,825	49,675	13.7
Lindi Nkosi-Thomas	**2025**	**43,206**	**-**	**14,230**	**57,436**	**-**
	2024	2,266	-	-	2,266	-
Mike Stirzaker (iii)	**2025**	**70,925**	**8,156**	**109,435**	**188,516**	**50.5**
	2024	56,103	6,171	56,825	119,099	47.7
Robert Thomson (iii)	**2025**	**53,587**	**6,163**	**95,205**	**154,955**	**61.4**
	2024	38,603	4,246	56,825	99,674	57.0
Executive Directors:						
Roger Baxter (ii)	**2025**	**122,500**	**14,088**	**28,459**	**165,047**	**-**
	2024	46,000	9,500	-	55,500	-
Johan Odendaal	**2025**	**108,504**	**-**	**14,230**	**122,734**	**-**
	2024	108,504	-	6,825	115,329	5.9
Total Key Management Personnel	**2025**	**441,928**	**28,407**	**275,789**	**746,124**	**25.5**
	2024	330,601	23,992	184,125	538,718	34.2

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REMUNERATION REPORT (AUDITED)

i) In accordance with AASB 2 Share-Based Payments (SBP), the fair value of SBP is determined at the date of grant. Options have been valued using the Black-Scholes option pricing model. Performance rights have been valued at the share price on grant date. The value per incentive option and per performance right on grant date was $0.1522 and $0.5 respectively. SBP expense is allocated to each period evenly over the period from grant date to vesting date. The value disclosed is the portion of SBP expense recognised as an expense in each reporting period.

ii) Represents remuneration from 1 July to 30 September 2024 as non-executive chairman and 1 October 2024 to 30 June 2025 as executive Chairman.

iii) The SBP of $95,205 was related to the completion of the acquisition of 70% interest in MUM.

Services agreements

Remuneration and other terms of employment for key management personnel are formalised in services agreements. Details of the agreement are as follows:

Name	Johan Odendaal
Title	Managing Director
Date agreement commenced	27 May 2022
Term of agreement	2 years and extended to an ongoing basis effective from 27 May 2024
Details	Annual package salary of $108,000, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party, 100,000 Series B Options to purchase ordinary shares of the Company after meeting the vesting conditions. Option exercise price at $0.875 with expiry date 27 May 2026. 125,000 Incentive Options to purchase ordinary shares of the Company after meeting the vesting conditions. Option exercise price at $0.7 with expiry date 30 September 2027.

Name	Roger Baxter
Title	Executive Chairman
Date agreement commenced	1 October 2024 (Non-executive Chairman 1 January to 7 October 2024)
Term of agreement	1 January 2024 to next director/chairman rotation period
Details	Annual package salary of $144,950, to be reviewed annually by the Nomination and Remuneration Committee. 250,000 Incentive Options to purchase ordinary shares of the Company after meeting the vesting conditions. Option exercise price at $0.7 with expiry date 30 September 2027.

d) Share-based compensation

Issue of shares

No shares were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025 (2024: nil).

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Performance Rights

	No. of performance Rights granted	Grant date	Expiry date	Exercise price per performance rights granted	Fair Value per performance rights at grant date	Number of performance rights vested
Directors						
Mike Stirzaker	400,000	27-05-2022	08-06-2026	Nil	$0.50	400,000
Robert Thomson	400,000	27-05-2022	08-06-2026	Nil	$0.50	400,000

Performance Rights are rights to be issued shares in the Company for nil exercise price upon the achievement of the Initial Reserve Milestone and, upon vesting, can be converted into shares on a 1-1 basis. The Initial Reserve Milestone being at least 2,000,000 oz of Identified PGE (4E) Reserves have been identified, comprising at least 15 million tonnes and a grade of at least 3.0 grams per tonne. On 8 November 2024, 1,200,000 ordinary fully paid shares were issued upon conversion of Performance Rights based on the achievement of the Initial Reserve Milestone.

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REMUNERATION REPORT (AUDITED)

Incentive Options

	No. of incentive options granted	Grant date	Expiry date	Exercise price per performance rights granted	Fair Value per performance rights at grant date	Number of performance rights vested
Directors						
Roger Baxter	250,000	01-10-2024	30-09-2027	$0.7	$0.1522	187,500
Johan Odendaal	125,000	01-10-2024	30-09-2027	$0.7	$0.1522	93,750
Daniel Van Heerden	125,000	01-10-2024	30-09-2027	$0.7	$0.1522	93,750
Lindi Nkosi-Thomas	125,000	01-10-2024	30-09-2027	$0.7	$0.1522	93,750
Mike Stirzaker	125,000	01-10-2024	30-09-2027	$0.7	$0.1522	93,750

Incentive options are granted as part of the remuneration to directors.

e) Additional information

The Group's projects are at a stage of advanced exploration progressing to development and as a result, the Group does not yet have earnings from mining. In view of that, shareholder wealth is based on the market's view of the value of future production, the Group's potential for future discovery success, and the quality and experience of its people. This is reflected in market capitalisation, which is also influenced by factors outside the Group's control, such as commodity prices and general market behaviour.

Accordingly, remuneration policy for key management personnel is in part based on the extent to which the corporate exploration and evaluation objectives are met, recognising that the time frame for success commonly exceeds one year.

f) Other transactions of Key Management Personnel

In the financial year, MUM paid/pays South Africa Rand (ZAR) 11,940,967 to Minxcon (Pty) Ltd for project management of the Bengwenyama Project. Two of the Company's Directors, Johan Odendaal and Daniel Van Heerden, are significant and controlling shareholders in Minxcon (Pty) Ltd.

Johan Odendaal is also an Executive Director to MUM, in which the Company holds a 70% equity interest. The aggregate remuneration payable to Johan Odendaal by the Company and MUM under his employment contract with the Company and arrangements with MUM is A$250,000 per annum.

Mike Stirzaker and Daniel Van Heerden were appointed as Non-Executive Directors to MUM effective 26 May 2022.

Lindi Nkosi-Thomas was appointed as Non-Executive Chairman to MUM effective 19 May 2022 (Non-executive director, 3 March 2017 to 18 May 2022).

As of 30 June 2025, MUM directors' fees paid/payable to Directors of the Company are as follows:

	South Africa Rand (ZAR)	
	Annual Fee	**30 June 2025**
Non-Executive Directors:		
Lindi Nkosi-Thomas (Chairman)	170,000	170,000
Daniel Van Heerden	140,000	140,000
Mike Stirzaker	140,000	140,000
Managing Director:		
Johan Odendaal	1,450,000	1,450,000

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REMUNERATION REPORT (AUDITED)

g) Equity instrument disclosures relating to Directors and Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Roger Baxter	-	-	207,301[6]	-	207,301
Mike Stirzaker	863,333	-	400,000[7]	-	1,263,333[1]
Johan Odendaal	12,656,992[2]	-	-	-	12,656,992
Lindi Nkosi-Thomas	258,000	-	138,500[8]	-	396,500
Robert Thomson	900,010	-	400,000[7]	(173,000)[8]	1,127,010[4]
Daniel Van Heerden	12,676,992	-	-	10,000	12,686,992[5]

Note 1: Relevant interest indirectly held through Stith Pty Ltd and Grafton Bond Investments Pty Ltd.
Note 2: Relevant Interest indirectly held through Nicolas Daniel.
Note 3: Relevant interest indirectly held through Highshaw Pty Ltd and Grafton Bond Investments Pty Ltd.
Note 4: Relevant interest indirectly held through Monterey Consolidated Services Pty Ltd.
Note 5: Relevant interest indirectly held through Nicolas Daniel Resources, and 30,000 shares are held by close family members.
Note 6. In-market purchases; 1,024 shares are held by close family members.
Note 7. Shares issued under performance rights.
Note 8. In-market sells and purchases.

Performance Right holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Number of performance rights vested	Exercised	Expired/ forfeited/other	Balance at the end of the year
Performance rights						
Mike Stirzaker	400,000	-	400,000	400,000	-	-
Robert Thomson	400,000	-	400,000	400,000	-	-
	800,000	**-**	**800,000**	**800,000**	**-**	**-**

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Number of options vested	Exercised	Expired/ forfeited/ other	Balance at the end of the year	Vested and exercisable	Unvested
Options								
Roger Baxter	-	250,000	187,500	-	-	250,000	187,500	62,500
Mike Stirzaker	1,100,000	125,000	1,193,750	-	-	1,225,000	1,193,750	31,250
Johan Odendaal	100,000	125,000	193,750	-	-	225,000	193,750	31,250
Lindi Nkosi-Thomas	-	125,000	93,750	-	-	125,000	93,750	31,250
Robert Thomson	1,100,000	-	1,100,000	-	-	1,100,000	1,100,000	-
Daniel Van Heerden	100,000	125,000	193,750	-	-	225,000	193,750	31,250
	2,400,000	**750,000**	**2,962,500**	**-**	**-**	**3,150,000**	**2,962,500**	**187,500**

h) Voting of shareholders at last year's annual general meeting

The Company received 99.9% of "yes" votes on its remuneration report for the 2024 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This concludes the remuneration report, which has been audited.

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DIRECTORS REPORT

SHARES UNDER OPTIONS AND PERFORMANCE RIGHTS

a) Unissued ordinary shares

Unissued ordinary shares of the Company under option and performance right at the date of this report are as follows:

	Date options granted	Expiry date	Exercise price	Number under option
Series A options	27 May 2022	27 May 2026	$0.875	6,638,000
Series B options	27 May 2022	27 May 2026	$0.875	500,000
Incentive options	01 October 2024	30 September 2027	$0.7	750,000

b) Shares issued on the exercise of options and vesting of performance rights

During the year ended 30 June 2025, 1,200,000 ordinary shares of the Company were issued on the exercise of options or the vesting of performance rights. (2024: nil)

RESTRICTED SECURITIES

As at 30 June 2025, the Company has no restricted securities on issue. All previously issued ordinary shares, options, and performance rights that were subject to mandatory or voluntary escrow arrangements have been released following the completion of escrow periods and achievement of relevant milestones.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not indemnified or agreed to indemnify the auditor of the Company against any liabilities incurred as auditor.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with the Corporations Instrument to the nearest dollar.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in or on behalf of the Company.

AUDITORS

Non-audit Services
No amounts paid or payable to the auditor for non-audit services provided during the year.

Auditor's independence declaration
A copy of the auditors' independence declaration can be found on the next page.
Signed in accordance with a resolution of the directors.

On behalf of the Directors

Roger Baxter
Executive Chairman

Australia, 25 September 2025

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Australia

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

As lead auditor of Southern Palladium Limited for the year ended 30 June 2025, 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 entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

25 September 2025

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of A.C.N. 050 110 275 Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and A.C.N. 050 110 275 Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation

Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

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This financial report is for the consolidated entity consisting of Southern Palladium Limited and its subsidiaries. The financial report is presented in Australian currency, which is Southern Palladium Limited's functional and presentation currency.

Southern Palladium Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Southern Palladium Limited
Level 1
283 George Street
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities is included in the review of operations in the directors' report.

The financial report was authorised for issue by the directors on 25 September 2025. The Directors have the power to amend and reissue the financial report.

Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 $	2024 $
Interest income	3	1,042,940	906,188
Expenses			
Administration expenses	4	(866,356)	(814,407)
Employee benefits expenses		(470,335)	(354,596)
Share-based payment expenses	21	(370,994)	(184,125)
Share of loss of associate accounting using equity method	6	(727,671)	(517,482)
Impairment of Loan Receivable	3	(3,387,072)	(5,760,855)
Loss before income tax expense		(4,779,488)	(6,725,277)
Income tax expense	13	-	-
Loss after income tax expense for the year attributable to the owners of the Company		(4,779,488)	(6,725,277)
Other comprehensive income			
Items that may be reclassified subsequently to loss:			
Exchange differences on translation of foreign operations		1,014,196	330,169
Other comprehensive income for the year		1,014,196	330,169
Total comprehensive loss is attributable to owners of the Company		(3,765,292)	(6,395,108)
Basic/diluted (loss) per share	12	(0.053)	(0.075)

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

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Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	2025 $	2024 $
CURRENT ASSETS			
Cash and cash equivalents	**5**	9,919,109	5,431,286
Trade and other receivables		40,407	3,436
Prepayment		12,738	18,581
TOTAL CURRENT ASSETS		**9,972,254**	**5,453,303**
NON-CURRENT ASSETS			
Investment accounted for using the equity method	**6**	19,762,628	19,659,255
TOTAL NON-CURRENT ASSETS		**19,762,628**	**19,659,255**
TOTAL ASSETS		**29,734,882**	**25,112,558**
CURRENT LIABILITIES			
Trade and other payables	**7**	698,747	137,815
TOTAL CURRENT LIABILITIES		**698,747**	**137,815**
TOTAL LIABILITIES		**698,747**	**137,815**
NET ASSETS		**29,036,135**	**24,974,743**
EQUITY			
Contributed equity	**8**	49,135,551	41,079,861
Reserves	**9**	1,337,936	552,746
Accumulated losses	**10**	(21,437,352)	(16,657,864)
TOTAL EQUITY		**29,036,135**	**24,974,743**

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

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Southern Palladium Limited
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and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Contributed Equity	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance at 1 July 2023	41,079,861	(9,932,587)	38,452	31,185,726
Loss for the year	-	(6,725,277)	-	(6,725,277)
Exchange differences on translation of foreign Operations	-	-	330,169	330,169
Total comprehensive loss for the year	-	(6,725,277)	330,169	(6,395,108)
Share-based payments	-	-	184,125	184,125
Balance at 30 June 2024	**41,079,861**	**(16,657,864)**	**552,746**	**24,974,743**
Balance at 1 July 2024	41,079,861	(16,657,864)	552,746	24,974,743
Loss for the year	-	(4,779,488)	-	(4,779,488)
Exchange differences on translation of foreign Operations	-	-	1,014,196	1,014,196
Total comprehensive loss for the year	-	(4,779,488)	1,014,196	(3,765,292)
Share-based payments	-	-	370,994	370,994
Transfer from reserves	600,000	-	(600,000)	-
Shares issued during the year	8,000,000	-	-	8,000,000
Shares issue costs	(544,310)	-	-	(544,310)
Balance at 30 June 2025	49,135,551	(21,437,352)	1,337,936	29,036,135

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

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Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,279,285)	(1,133,831)
Interest received		119,674	239,359
Interest paid		(69)	-
Net cash (used in) operating activities	**11**	(1,159,680)	(894,472)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan to MUM		(2,352,497)	(5,221,942)
Net cash (used in) investing activities		(2,352,497)	(5,221,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issue		8,000,000	-
Net cash provided by financing activities		8,000,000	-
NET (DECREASE)/INCREASE IN CASH HELD		4,487,823	(6,116,414)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		5,431,286	11,547,700
CASH AT THE END OF THE FINANCIAL YEAR	**5**	9,919,109	5,431,286

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Going concern

The Group experienced operating losses of $4,779,488 and negative cash flow from operations of $1,159,680 during the year ended 30 June 2025.

At 30 June 2025, the Company had net current assets of $9,273,507, including cash reserve of $9,919,109 to fund its working capital requirements.

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.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements, are disclosed in note 2.

b) Cash and cash equivalents

For the purpose of the cash flows statements, cash and cash equivalents includes:
- cash on hand and at call deposits with banks or financial institutions; and
- investments in money market instruments with less than 90 days to maturity that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the year in which they incurred.

d) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e) Joint ventures

A joint venture (JV) is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the net assets of the arrangement.

The Group's investment in MUM is accounted for using the equity method. Under the equity method, the investment in the JV is initially recognised at cost to the Company. In subsequent periods, the carrying amount of the JV is adjusted to recognise changes in the Company's share of net assets of the JV since the acquisition date. The statement of profit or loss and other comprehensive income reflects the Company's share of the results of the operations of the JV. In addition, when there has been a change recognised directly in the equity of the JV, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the JV are eliminated to the extent of the interest in the JV. The aggregate of the Company's share of profit or loss of the JV is shown on the face of the statement of profit or loss and other comprehensive income as part of operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the JV.

When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in the JV. At each reporting date, the Company determines whether there is objective evidence that the investment in the JV is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the JV and its carrying value, then recognises the loss as 'Share of profit or loss of a joint venture' in the statement of profit or loss and other comprehensive income. On loss of joint control over the JV, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the JV upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income.

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1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

h) Loss per share

Basic loss per share is calculated by dividing:

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

i) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

j) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

l) Share-based payments

Under AASB 2 Share-Based Payment, the Company must recognise the fair value of shares and options granted to directors, employees and consultants as remuneration as an expense on a prorate basis over the vesting period in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. No revision to original estimates is made in respect of options issued with market based conditions.

The Company provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using an appropriate option pricing model.

In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management use an assessment as to the probability of meeting non-market based conditions. Market conditions are vested over the period in which management assess it will take for these conditions to be satisfied.

m) Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with the Corporations Instrument to the nearest dollar.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Valuation of share-based payment transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Impairment of associates

Through the Share Exchange Agreement between the Company and its associate, Miracle Upon Miracle Investments Proprietary Limited ("MUM"), the Company acquired 70% of interests of MUM. For the financial year ended 30 June 2025, the Group's shareholding in MUM remained as 70% and retains 50% of board members on MUM's board of directors. Therefore, the Company in accordance with AASB 128, determined it has significant influence over MUM for the year ended 30 June 2025. At each reporting date, the Company reviews for any impairment triggers that adversely reduces the value of its interest after the asset has been treated under equity accounting. The Company takes into consideration a number of impairment triggers such as but not limited to, MUM's net assets as at reporting date, exploration activities announced on the ASX and movement in share price.

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2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Options and performance rights

The fair value of options and performance rights issued are determined using the Black-Scholes model, taking into account the terms and conditions upon which the options and performance rights were granted.

Provision for impairment of MUM's receivable

The loss allowance for financial assets is based on assumptions about risk of default and expected credit loss rate. The Group uses judgement in making these assumptions and selecting the input to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3 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 year. (2024: nil).

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:

	2025 $	2024 $
Investment in Associate	**19,762,628**	**19,659,255**

Reportable segment profit/(loss)

2025	**Bengwenyama Project** **$**	**Unallocated Amount** **$**	**Consolidated** **$**
Interest Income	923,266	119,674	1,042,940
Corporate expenses	-	(866,355)	(866,355)
Share-based payments	-	(370,994)	(370,994)
Employee benefits expense	-	(470,335)	(470,335)
Share of losses of joint ventures accounted for using equity method	(727,671)	-	(727,671)
Impairment expense	(3,387,073)	-	(3,387,073)
Loss before income tax expense	(3,191,478)	(1,588,010)	(4,779,488)
Income tax expense	-	-	-
Net loss for the year	(3,191,478)	(1,588,010)	(4,779,488)
Other comprehensive loss	183,152	831,044	1,014,196
Total comprehensive loss for the year	(3,008,326)	(756,966)	(3,765,292)

3 SEGMENT INFORMATION (CONTINUED)

2024	Bengwenyama Project $	Unallocated Amount $	Consolidated $
Interest Income	666,829	239,359	906,188
Corporate expenses	-	(814,407)	(814,407)
Share-based payments	-	(184,125)	(184,125)
Employee benefits expense	-	(354,596)	(354,596)
Share of losses of joint ventures accounted for using equity method	(517,482)	-	(517,482)
Impairment expense	(5,760,855)	-	(5,760,855)
Loss before income tax expense	(5,611,508)	(1,113,769)	(6,725,277)
Income tax expense	-	-	-
Net loss for the year	(5,611,508)	(1,113,769)	(6,725,277)
Other comprehensive loss	(127,915)	458,084	330,169
Total comprehensive loss for the year	(5,739,423)	(655,685)	(6,395,108)

4 ADMINISTRATION EXPENSES

	2025 $	2024 $
The loss before income tax includes the following expenses:		
Legal fees	4,150	1,670
Audit fees	72,535	72,009
Compliance and consultancy expenses	450,660	474,272
Marketing expenses	87,892	-
Others	251,119	266,456
	866,356	**814,407**

5 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,319,109	431,286
Term deposit	8,600,000	5,000,000
	9,919,109	**5,431,286**

The above figures do not include the cash and cash equivalents held by the Company's 70% subsidiary, Miracle Upon Miracle Investments Pty Ltd (MUM) due to that investment being accounted for under the equity method. Details of MUM's cash and cash equivalents can be seen in note 6 below.

6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group acquired its 70% interest in MUM on 27 May 2022. The fair value of the assets acquired of $22,750,000 was based on the fair value of 45,500,000 shares (Consideration Shares) being issued as consideration for the acquisition of MUM. The shares were valued based on the IPO price of $0.50 per share as the acquisition was conditional on the Listing.

50% of the Consideration Shares could have been 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 considers it is likely that the performance conditions would be met, therefore the maximum value of the consideration has been recorded. In the current financial year, the clawback condition dropped away as the performance conditions were satisfied.

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6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Whilst the company owns 70% of the voting rights, the terms of the arrangement require 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 for 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:

	2025 $	2024 $
Bengwenyama project	19,659,255	19,718,653
Exchange differences on translation of foreign operations	831,044	458,084
Share losses of joint ventures	(727,671)	(517,482)
Investment in Miracle Upon Miracle Investments Pty Ltd	**19,762,628**	**19,659,255**

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	
Name	**Principal place of business / Country of incorporation**	**2025 %**	**2024 %**
Miracle Upon Miracle Investments Proprietary Limited	South Africa	70	70

Summarised financial information

The table below provides summarised financial information of MUM. 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.

	Miracle Upon Miracle Investments Proprietary Limited	
	2025 $	**2024 $**
Summarised statement of financial position		
Cash and cash equivalents	385,800	785,909
Other current assets	123,484	-
Non-current assets	11,710,382	8,733,145
Total assets	12,219,666	9,519,054
Other current liabilities	461,274	20,655
Non-current financial liabilities (excluding trade and other payables and provisions)	14,664,919	11,276,818
Total liabilities	15,126,193	11,297,473
Net Assets/(Liabilities)	(2,906,527)	(1,778,419)
Group's share in %	70%	70%
Group's share in $	(2,034,569)	(1,244,893)
Investment at cost	21,797,197	20,904,148
Carrying amount	19,762,628	19,659,255

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6 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The investment at cost is attributable to the Company's contribution towards exploration in excess of their share of the net assets of MUM.

Summarised statement of profit or loss and other comprehensive income	2025	2024
	$	$
Revenue	18,175	14,527
Expenses	(1,071,864)	(753,788)
Loss before income tax	(1,053,689)	(739,261)
Total comprehensive loss	(1,053,689)	(739,261)
Reconciliation of the consolidated entity's carrying amount		
Opening balance	19,659,255	19,718,653
Exchange differences on translation of foreign operations	831,044	458,084
Southern Palladium Limited's share of loss after income tax	(727,671)	(517,482)
Closing carrying amount	19,762,628	19,659,255

7 TRADE AND OTHER PAYABLES

Trade creditors	620,012	56,350
Super payables	-	1,952
Accrued expenses	78,735	79,513
	698,747	**137,815**

8 CONTRIBUTED EQUITY

106,950,000 fully paid ordinary shares (2024: 89,750,000)	**49,135,551**	**41,079,861**

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

Movement in ordinary share capital		**Number of shares**	**Issue price**	**Share capital**
2024			**$**	**$**
1-Jul-23	Opening balance	89,750,000		41,079,861
	No movement during the period			
30-Jun-24	Balance at the end of the year	89,750,000		41,079,861
2025				
1-Jul-24	Opening balance	89,750,000		41,079,861
8-Nov-24	Conversion of performance rights	1,200,000	0.5	600,000
19-Jun-25	Share placement	16,000,000	0.5	8,000,000
	Shares issue costs			(544,310)
30-Jun-25	**Balance at the end of the year**	**106,950,000**		**49,135,551**

9 RESERVES

	2025 $	2024 $
Options reserves	2,233,915	2,148,538
FX reserves	(895,979)	(1,910,175)
Performance rights reserves	-	314,383
	1,337,936	**552,746**

10 ACCUMULATED LOSSES

Accumulated losses at beginning of financial year	(16,657,864)	(9,932,587)
Loss for the year	(4,779,488)	(6,725,277)
Accumulated losses at the end of financial year	**(21,437,352)**	**(16,657,864)**

11 NOTES TO STATEMENT OF CASH FLOWS

Reconciliation of operating profit after income tax to net cash flows from operating activities.

	2025 $	2024 $
Operating loss after income tax	(4,779,488)	(6,725,277)
Adjustment for:		
Share of loss of associate accounting using equity method	727,671	517,482
Impairment expense	3,387,073	5,760,855
Non cash investing and financing activities:		
Share-based payments related to directors' options	370,994	184,125
Accrued Interests	(923,265)	(666,829)
Other items	(472,469)	-
Changes in assets and liabilities:		
(Increase)/decrease in receivables and prepayment	(31,128)	(3,353)
Increase/(decrease) in trade and other payables	560,932	38,525
Net cash (outflow) from operating activities	**(1,159,680)**	**(894,472)**

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12 LOSS PER SHARE

	2025	2024
	Number	Number
Weighted average number of ordinary shares	91,048,630	89,750,000

		2025	2024
		$	$
Loss attributable to ordinary shareholders			
Loss attributable to ordinary shareholders for the basic earnings	a	4,779,488	6,725,277
Loss attributable to ordinary shareholders adjusted for effect of dilution		4,779,488	6,725,277
Basic/diluted (loss) per share	b	(0.053)	(0.075)
Headline/diluted (loss) per share	c	(0.053)	(0.075)

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:

	2025	2024
	$	$
Loss attributable to ordinary shareholders		
Loss attributable to ordinary shareholders for the headline earnings	(3,765,292)	(6,395,108)
Adjusted for:		
Exchange differences on translation of foreign operations	(1,014,196)	(330,169)
Subtotal of adjustments	(1,014,196)	(330,169)
Headline losses	**(4,779,488)**	**(6,725,277)**
Diluted headline losses	**(4,779,488)**	**(6,725,277)**

13 INCOME TAX

a) The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax amount in the financial statements as follows:		
Loss from ordinary activities	(4,779,488)	(6,725,277)
Prima facie income tax benefit calculated at 25% of taxable loss (2024: 25%)	**(1,194,872)**	**(1,681,319)**
Non-deductible items:		
Movement in unrecognised temporary differences	484,288	1,585,020
Taxable losses not recognised	710,584	96,299
Income tax expense	-	-

b) Tax losses:		
Unused tax losses for which no deferred tax asset has been recognised.	21,437,352	16,657,864
Potential tax benefit at 25% (2024: 25%)	5,359,338	4,164,466

Australian Tax losses may be carried forward indefinitely subject to the conditions imposed by Australian law.

14 FINANCIAL INSTRUMENTS

Financial risk management objectives

The Company's activities in relation to financial risk are currently limited to the operation of its bank account held in Australian dollars. The board of directors set up operation of the account requiring two authorised signatories for any payment, meaning that no single person can effect a transaction from end to end on their own.

Foreign currency risk
The Company incurs some of its expenses in South African Rand (ZAR) and in US dollars, exposing it to foreign currency risk through foreign exchange rate fluctuations. The carrying value of financial instruments that are held in a currency other than the entities functional currency are as follows (expressed in Australian dollars):

	2025	2024
	$	$
Financial Liabilities		
Trade payables	17,367	5,716

The sensitivity of profit or loss to changes in the exchange rates arises mainly from ZAR dollar-denominated financial instruments. A 10 percent increase in the AUD/ZAR exchange rate would increase post-tax profit by $1,303 while a 10 percent decrease in the AUD/ZAR exchange rate would decrease post-tax profit by $1,303.

Interest rate risk
The Company main interest rate risk arises from cash and cash equivalents and deposits with banks.

Interest rate risk - Sensitivity analysis for variable and short term fixed rate instruments
At 30 June 2025, if interest rates had changed by lower/higher 100 basis points from the year-end rates with other variables held constant, post-tax profit for the year would have been $99,191 lower/higher (2024: change of 100 bps: $54,313 lower/higher), as a result of lower/higher interest income from cash and cash equivalents and deposits with banks.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate cash reserves from funds raised by the Company in various capital raisings and continuously monitoring forecast and actual cash flows. The contractual maturities of the Group's financial liabilities, including estimated interest payments are as follows:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 year	More than 5 years
	$	$	$	$	$
2025					
Trade and other payables	698,747	698,747	698,747		
2024					
Trade and other payables	137,815	137,815	137,815	-	-

The Company has adequate cash reserves for its current level of activities.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to allow future exploration and development of the Group's current projects and evaluation of potential acquisitions. The Group has raised capital through the issue of equity and borrowings to fund its administration, exploration and evaluation activities and does not have any external borrowings at balance date. The Group may raise additional capital through the issue of new shares or debt finance to fund exploration, development and/or asset acquisition, should the Group require additional capital to carry out those activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

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15 RELATED PARTY TRANSACTIONS

Parent entity
Southern Palladium Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 19.

Joint ventures
Interests in Joint ventures are set out in note 6.

Key management personnel
Disclosures relating to key management personnel are set out in note 16 below.

Loans to/from related parties
Loans provided to MUM are set out in note 20.

16 KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Directors and executives

The directors and other key management personnel of Southern Palladium Limited during the year were:

Mr Roger Baxter – Executive Chairman (Non-executive Chairman 1 January to 7 October 2024)
Mr Johan Odendaal – Managing Director
Mr Daniel Van Heerden – Non-executive Director
Ms Lindi Nkosi-Thomas – Non-executive Director
Mr Mike Stirzaker – Non-executive Director
Mr Robert Thomson – Non-executive Director

b) Key Management Personnel compensation

	2025	2024
	$	$
Short-term employee benefits	441,928	294,326
Post-employment benefits	28,407	19,917
Share-based benefits (i)	275,789	127,300
	746,124	**538,718**

(i) 74% of the share-based benefits in the current financial year (2024: 89%) were due to Mr Stirzaker and Mr Thomson as deferred conditional consideration for the transaction whereby the Company acquired its 70% equity interest in MUM. The remaining 26% (2024: 11%) forms part of the remuneration of Mr Odendaal, Mr van Heerden, Ms Thomas, and Mr Baxter for their services as directors of the Company.

c) Other related parties transactions

In the financial year, MUM paid/pays South Africa Rand 11,940,967 to Minxcon (Pty) Ltd for project management of the Bengwenyama Project. Two of the Company's Directors, Johan Odendaal and Daniel Van Heerden, are significant and controlling shareholders in Minxcon (Pty) Ltd.

Johan Odendaal is also an Executive Director to MUM, in which the Company holds 70% interests. The aggregate remuneration payable to Johan Odendaal by the Company and MUM under his employment contract with the Company and arrangements with MUM is A$250,000 per annum.

Mike Stirzaker and Daniel Van Heerden were appointed as Non-Executive Directors to MUM effective 26 May 2022.

Lindi Nkosi-Thomas was appointed as Non-Executive Chairman to MUM effective 19 May 2022 (Non-executive director, 3 March 2017 to 18 May 2022).

16 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

As of 30 June 2025, MUM directors' fees payable to Key Management Personnel as follows:

	South Africa Rand	
	Annual Fee	**30 June 2025**
Non-Executive Directors:		
Lindi Nkosi-Thomas (Chairman)	170,000	170,000
Mike Stirzaker	140,000	140,000
Daniel Van Heerden	140,000	140,000
Managing Directors:		
Johan Odendaal	1,450,000	1,450,000

17 AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, its network firms and unrelated firms.

	2025	**2024**
	$	**$**
Audit services - BDO Audit Pty Ltd		
Audit and review of financial reports	**72,535**	**72,009**

18 PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	**2025**	**2024**
	$	**$**
Current assets	9,973,955	5,454,683
Non-current assets	19,762,628	19,659,255
Total assets	29,736,583	25,113,938
Current liabilities	698,747	137,815
Total liabilities	698,747	137,815
Net Assets	**29,037,836**	**24,976,123**
Equity		
Contributed equity	49,135,442	41,079,752
Reserves	1,337,936	552,746
Accumulated losses	(21,435,542)	(16,656,375)
Total equity	**29,037,836**	**24,976,123**
Loss for the year	(4,779,167)	(6,725,277)
Total comprehensive loss	(3,764,971)	(6,395,108)

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18 PARENT ENTITY INFORMATION (CONTINUED)

b) Guarantees entered into by the parent entity

The parent entity did not have any financial guarantees as at 30 June 2025.

c) Contingent liability of parent entity

The parent entity did not have any contingent liabilities as at 30 June 2025.

19 INTERESTS IN SUBSIDIARIES

Name of controlled entity	Country of incorporation	Class of shares	Ownership interest 2025 %	Ownership interest 2024 %
Parent entity				
Southern Palladium Limited	Australia			
Subsidiaries				
SPD (RSA Holding) Pty Limited (i)	Australia	Ordinary	100	100
(i) Subsidiaries of SPD (RSA Holding) Pty Limited				
SPD South Africa Proprietary Limited (ii)	South Africa	Ordinary	100	100
(ii) Subsidiaries of SPD South Africa Proprietary Limited				
Miracle Upon Miracle Proprietary Limited	South Africa	Ordinary	70	70

20 UNSECURED LOAN

		2025 $	2024 $
Loan facility to MUM*		12,868,401	10,404,594
Accrued interest		1,792,937	869,672
Impairment of loan receivables	a	(14,661,338)	(11,274,266)
		-	-

*Cumulative loan balance of USD 9,606,181 at year 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 30 June 2025 prime rate, being 7.50%), 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.

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20 UNSECURED LOAN (CONTINUED)

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 $14,661,338, 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 $14,661,338 owed by MUM is capable of being repaid from MUM.

21 SHARE-BASED PAYMENTS

		2025 $	2024 $
Series B Options	**a**	-	(34,125)
Performance Rights	**b**	(285,616)	(150,000)
Incentive Options	**d**	(85,378)	-
		(370,994)	(184,125)

Movement in Share-based Payment Arrangements

	Series A Options	Series B Options	Incentive Options	Performances Rights
Opening Balance – 1 July 2024	3,000,000	500,000	-	1,200,000
Granted during the year	-	-	750,000	-
Converted	-	-	-	(1,200,000)
Closing Balance – 30 June 2025	3,000,000	500,000	750,000	-
Vested and exercisable at 30 June 2025	3,000,000	500,000	562,500	-
Vested and un-exercisable at 30 June 2025	3,000,000	500,000	562,500	-

a) Options issued to Employees and Directors and Lead Manager

(i) Directors Options
No options were issued during the year ended 30 June 2025. (2024: Nil)

The Company issued 3,000,000 Series A Options to certain directors as deferred conditional consideration in connection with the acquisition of its 70% equity interest in MUM

Series B options vested in two equal tranches, respectively after completion of one and two year’s service on the Board post Listing. No share-based payment expense has been recognised for the current period (2024: $34,125) in the consolidated statement of profit or loss.

21 SHARE-BASED PAYMENTS (CONTINUED)

Details of options outstanding are set out below:

	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair Value per option at grant date
Series A Options	3,000,000	27-05-2022	27-05-2026	27-05-2022	$0.875	$0.301
Series B Options	250,000	27-05-2022	27-05-2026	27-05-2023	$0.875	$0.301
Series B Options	250,000	27-05-2022	27-05-2026	27-05-2024	$0.875	$0.301

(ii) Lead Manager Options
No option was issued during the year ended 30 June 2025. (2024: Nil)

b) Performance Rights issued to Directors

Directors Performance Rights
No performance rights were granted to directors during the year ended 30 June 2025 (2024: Nil).

Each performance right entitles the holder to be issued an ordinary share in the Company for nil exercise price upon the achievement of the Initial Reserve Milestone and, upon vesting, can be converted into shares on a 1-1 basis. The Initial Reserve Milestone being at least 2,000,000 oz of Identified PGE (4E) Reserves have been identified, comprising at least 15 million tonnes and a grade of at least 3.0 grams per tonne. On 8 November 2024, 1,200,000 ordinary fully paid shares were issued on conversion of performance rights following achievement of the Initial Reserve Milestone.

In accordance with AASB 2 Share-based Payment, the value of the Performance Rights will be expensed over the respective vesting periods. An expense of $285,616 (2024: $150,000) has been recognised for the purpose of the consolidated statement of profit and loss. Details of performance Rights are set out below:

	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair Value per performance rights at grant date
Performance Rights	1,200,000	27-05-2022	08-06-2026	8-11-2024	Nil	$0.50

c) Shares issued for services under a share-based payment arrangement during the year.

No shares were issued for services under a share-based payment arrangement during the year ended 30 June 2025 (2024: Nil).

d) Options issued for services under a share-based payment arrangement during the year.

During the year ended 30 June 2025, 750,000 incentive options were issued as part of Directors' remuneration under a share-based payment arrangement (2024: Nil).

	Number	Grant date	Expiry date	Vesting date	Exercise price	Fair Value per option at grant date
Incentive Options	750,000	01-10-2024	30-09-2027	1-year vesting period, pro-rata daily during employment.	$0.7	$0.1522

22 EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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Southern Palladium Limited
ABN 59 646 391 899
and Controlled Entities

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2025

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Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with the s295(3A)(a) of the Corporations Act 2001 and includes the required information for Southern Palladium Limited and the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Tax residency

S295(3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

Current legislation and judicial precent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Trust and partnerships

Australian tax law generally does not contain residency tests for trusts and partnerships and these entities are typically taxed on a flow-through basis. Additional discourses regarding the tax status of trusts and partnerships have been included where relevant.

Entity name	Entity type	Trustee, partner or participant in joint venture	Country of Incorporation	% of Share Capital	Australian or Foreign Tax Resident	Foreign Tax Jurisdiction(s) of Foreign Residents
Southern Palladium Limited	Body Corporate	N/A	Australia	N/A	Australian	N/A
SPD (RSA Holding) Pty Limited	Body Corporate	N/A	Australia	100%	Australian	N/A
SPD South Africa Proprietary Limited	Body Corporate	N/A	South Africa	100%	Foreign	South Africa
Miracle Upon Miracle Proprietary Limited	Body Corporate	N/A	South Africa	70%	Foreign	South Africa

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Accounting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- the information disclosed in the Consolidated Entity Disclosure Statement is true and correct;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the remuneration report as set out in the directors' report for the year ended 30 June 2025 complies with section 300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board



Roger Baxter
Executive Chairman

Australia, 25 September 2025

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Perth, WA 6000
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Australia

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INDEPENDENT AUDITOR'S REPORT

To the members of Southern Palladium Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Southern Palladium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i) Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Carrying Value of Investment in Associate

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 6 of the financial report, the group holds a 70% interest in the Bengwenyama Project through its investment in Miracle Upon Miracle Investments Proprietary Limited (MUM). The classification of the asset as an investment under AASB 128 *Investment in Associates and Joint Ventures.* Valuation thereof is a key audit matter due to the significance of the asset to the Group, and the judgement exercised by management in assessing the classification of the investment and determining whether there are any indicators to suggest that the investment may be impaired	Our procedures included, but were not limited to the following; • Considering management's assessment of indicators that the investment in associate could be impaired; • Reviewing the calculation for the carrying value of the investment including the Group's share in MUM's loss; • Reviewing the financial information of the investment including assessing if the accounting policies of the investment were consistent with the Group, • Reviewing ASX announcements, Board of Directors meetings minutes to assess for potential indicators of impairment; and • Reviewing the adequacy of the disclosures in Note 2 and Note 6 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

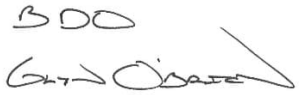
We have audited the Remuneration Report included in pages 20 to 24 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Southern Palladium Limited, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



Glyn O'Brien

Director

Perth, 25 September 2025

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SHAREHOLDER INFORMATION AS AT 14 OCTOBER 2025

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Distribution of Equity Shareholder

Total shares issued:	106,950,000
Percentage held by 20 largest shareholders:	77.45%
Shareholders with less than marketable parcel of shares:	769

Size of Shareholding	Number of holders*	Number of Shares*	% of Issued Capital*
1 - 1,000	938	153,916	0.14
1,001 - 5,000	296	786,557	0.74
5,001 - 10,000	117	853,086	0.80
10,001 - 100,000	214	7,768,173	7.26
100,001 Over	62	97,388,268	91.06
Total	**1,627**	**106,950,000**	**100.00**

* Australian and South African Registers combined

Top 20 Shareholders

Rank	Name	Number of Shares	% of Issued Capital
1	Citicorp Nominees Pty Ltd	18,744,701	17.53%
2	Nicholas Daniel Resources Propriety	12,656,992	11.83%
3	Nurinox Investments (Pty) Ltd	8,069,394	7.55%
4	HSBC Custody Nominees (Australia) Limited	5,808,930	5.43%
5	Legacy Platinum Corp	5,108,194	4.78%
6	Computershare Nominees Southern Palladium Limited EC2	5,049,498	4.72%
7	BNP Paribas Noms Pty Ltd	4,972,321	4.65%
8	Spitzkoppe Trust	3,982,822	3.72%
9	Equity Trustees Limited <Lowell Resources Fund A/C>	3,175,584	2.97%
10	Ohio Trust	2,084,490	1.95%
11	Treasury Services Group <Nero Resources Fund A/C>	2,000.000	1.87%
12	HSBC Custody Nominees (Australia) Limited-GSI EDA	1,700,000	1.59%
13	Clarksons Boathouse Pty Ltd <Clarkson Super Fund A/C>	1,603,316	1.50%
14	David Grant Leibowitz	1,416,448	1.32%
15	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client>	1,254,965	1.17%
16	Stith Pty Ltd	1,133,333	1.06%
17	Monterey Consolidated Services Pty Limited <Lorodaca Super Fund A/C>	1,127,010	1.05%
18	Vusumuzi Paul Mhlungu	1,125,651	1.05%
19	Quality Life Pty Ltd <Longship Fund A/C>	950,000	0.89%
20	Andium Pty Limited	866,686	0.81%
	TOTAL	**82,830,335**	**77.45%**

Unquoted Securities

Security Type	Number	Terms	Number of Holders
Options	7,338,000	Exercise Price $0.875 Expiry Date 27 May 2026	13
Options	750,000	Exercise Price $0.70 Expiry Date 30 Sep 2027	5

Substantial Holders

Substantial Holder	Number of Shares	% of Issued Capital
Robert Napier Keith	14,790,512	13.83%
Nicolas Daniel Resources Proprietary Limited	12,656,992	11.83%
Nurinox Investments Proprietary Limited	8,069,394	7.55%

On Market Buy Back

Currently there is no on-market buy-back of the Company's securities.

Voting Rights

Every shareholder present personally or by proxy or attorney etc. shall, on a show of hands, have one vote and on a poll shall have one vote for every share held. No voting rights attach to options.

Stock Exchange Listings

Southern Palladium Limited is listed on the Australian Securities Exchange (ASX Code: SPD) and dual listed company on the Johannesburg Stock Exchange (JSE Code: SDL).

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CORPORATE DIRECTORY

Directors	Roger Baxter (Executive Chairman) Johan Odendaal (Managing Director) Mike Stirzaker (Lead Independent Director, Non-Executive Director) Robert Thomson (Non-Executive Director) Daniel Van Heerden (Non-Executive Director) Lindi Nkosi-Thomas (Non-Executive Director)
Company Secretary	Andrew J. Cooke
Registered & Principal Office	Level 1, 283 George Street, Sydney NSW 2000 Australia
Contact Information	info@southernpalladium.com
Share Registry	Computershare Investor Services Pty Limited Level 4, 44 Martin Place Sydney NSW 2000 Australia Computershare SA Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street, Perth WA 6000, Australia
Bankers	Commonwealth Bank Australia Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney, NSW 2000, Australia
Stock Exchange Listing	Southern Palladium Limited shares are dual listed on the Australian Securities Exchange (ASX code: SPD) and the Johannesburg Stock Exchange (JSE code: SDL)
JSE Sponsor	Merchantec Capital JHB 13th Floor, Illovo Point 68 Melville Road, Illovo, Sandton, 2196, South Africa
Website	www.southernpalladium.com
Corporate Governance Statement	www.southernpalladium.com/site/about/corporate-governance

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SOUTHERN PALLADIUM

ASX: SPD / JSE: SDL

www.southernpalladium.com

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