

Revisiting Southern Palladium on Better PGE Prices

Strangely enough the mining sector was hit hard on Thursday, being the last day of the month. There was no fundamental reason why, so maybe it was due to it being the last day. Sentiment actually improved a little over the week. That suggests the selling on Thursday was a technical move that had little impact on overall trends.

At the close of the week Trump's tariff shenanigans inspired a knee jerk reaction in overseas market with selling being the focus. At the same time the gold price rebounded strongly. There continues to be opportunities for traders.

Interestingly, the larger gold miners have been rather anaemic with a number of them breaching uptrends, notwithstanding that gold doesn't seem to be going south.

Platinum has been one of the stronger commodities in 2025, for a number of reasons. One is the structural deficit in mine supply going forward with expectations of a 5% shrinkage anticipated. Another has been the less enthusiastic outlook for EVs and therefore larger demand for autocatalysts. Finally, there has been a renewed interest in platinum for jewellery. Platinum is back in favour.

Southern Palladium has been a star performer

We last covered Southern Palladium (SPD) in September 2023, describing it as a good quality prospective PGE producer, but one requiring patience. The performance in the share price this year, falling from 60¢ in January to 22¢ in May, then bouncing back to 70¢ in June, provides good evidence that you don't have to be in production to provide share price performance. In fact, there is more useful volatility beforehand - before the hard slog of managing a mining operation becomes relevant. It seems that you don't need the patience after all if you are a trader rather than a long term fundamental investor.

Granting of EA Approval was a major achievement

The turning point for the recovery in the share price in May, was the granting of the Environmental Authorisation (EA) approval for a Mining Right and related infrastructure development activities. Further, the period for objecting to the decision expired in early July without experiencing any objections.

SPD's Bengwenyama platinum group metals project is located in the Eastern Limb of the Bushveld Complex, South Africa (SPD 70%).

The awarding of the EA provided SPD with the opportunity to complete an \$8m placement at 50¢ in June, with \$4.6m coming from an existing, supportive shareholder, Robert Keith. He lifted his holding from 5.85% to 13.8%.

Optimised PFS Study in July - now two stages

Originally the Company was pursuing the project with two declines simultaneously to produce 2.4 Mtpa of ore over a 30 year mine life. That would have had a peak funding requirement of US\$470m. Recognising that this is a bit

much for a junior company to finance, the decision has been made to proceed on a two stage basis.

Stage 1 will involve the development of the South Decline to produce 100,000 tonnes of ore per month (1.2 Mtpa). Seven years later, in Stage 2, a second decline will provide a doubling of mill feed in 2035.

The peak funding requirement will drop by 38% to US\$279m in the third year of operation. AISC will drop from US\$969/6Eoz to US\$821/6Eoz. These numbers would place it in the lowest cost quartile.

Another initiative is the plan to mine a narrower stoping width, down from 1.2m to 1.0m. The ore zone is consistently around 70cm thick, dipping at a shallow 5-6 degrees. That means that a fair bit of ore is left in pillars, but that is normal on PGM mines like these in South Africa. Mechanised mining methods will be employed.

The 6E figure refers to the basket of platinum group metals. At recent prices the Bengwenyama revenue comes mostly from platinum and palladium at 58-60%, with the ratio of Pt to Pd being about 50:50. Rhodium may contribute about 28% of revenue and chromium a further 12-14%. That is typical for the Eastern Limb operations.

Life of mine metallurgical recovery is estimated at 85%, averaging 5.08 gpt during Stage 1 and 5.56 gpt in Stage 2. Annual production at Stage 1 will be 200,000 oz, doubling to 400,000 oz p.a. in Stage 2.

Timing now looks like a Final Investment Decision to start the first decline in late 2026 or early 2027, with a 12 month lead time to the first ore production. The first ore would be encountered at vertical depths of 50-80m.

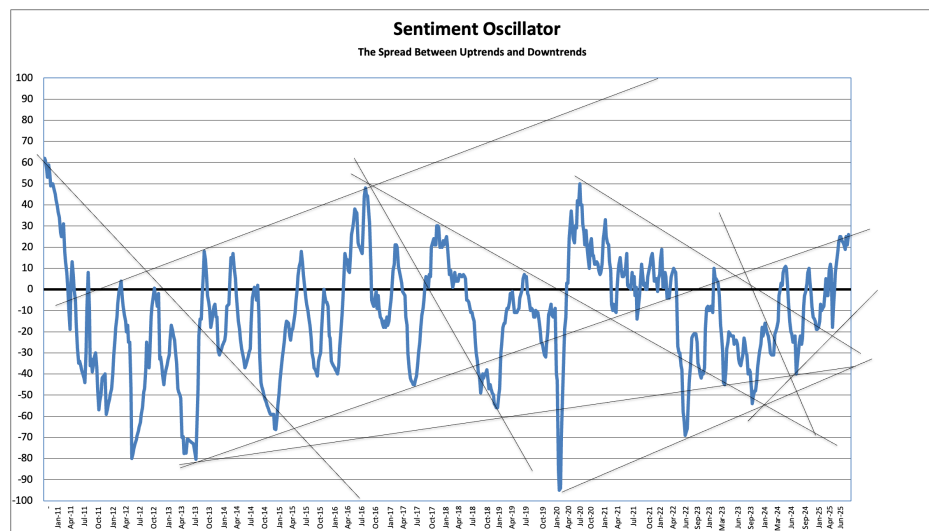
A decision is yet to be made on whether or not a third party mill is used or whether it is worthwhile building its own plant. A third party mill could lower capex by up to 50%, but there will be a trade-off with higher operating costs.

BEE ownership is always a detractor in the eyes of investors but it is what it is in South Africa. If you know the numbers, it then just comes down to economics. Here, SPD has a 70% interest in the project and its BEE partner, the local community company, actually owns 8% of the issued capital of SPD. That is beneficial.

The Bottom Line

Southern Palladium continues to be a legitimate PGE play - one of few available to ASX investors. The shares will be a proxy for platinum trading, and more recently, rhodium. It should not matter that production is a few years out. That may actually help the traders in the near term as the financing is not an issue right now.

The improving supply and demand equation for platinum and associated metals should be supportive for the stock price in the foreseeable future.



Sentiment Oscillator: Sentiment improved again last week. There were 49% (45%) in uptrend and 23% (24%) in downtrend at the close of the week.

Detailed Chart Comments

NB. Only the bold comments have been updated. Comments in grey type are from previous weeks and will be less relevant. Please note that this list is a cross section of the market. It IS NOT a list of recommendations.

Indices	Code	Trend Comment		
All Ordinaries	XAO		at new highs	
Metals and Mining	XMM		strong rally	
Energy	XEJ		surge out of downtrend	
Stocks	Code	Trend Comment (updated comments in bold)		Main Interest
Aguia Resources	AGR		breached support line	phosphate, gold
Alkane Resources	ALK		correcting lower	gold
Alicanto Minerals	AQI		testing support	base metals, silver, gold
Alligator Energy	AGE		down after placement	uranium
Almonty Industries	AII		surge to new high	tungsten
Alpha HPA	A4N		improving	HPA
American Rare Earths	ARR		pullback on placement	rare earths
Anax Metals	ANX		new low after placement	copper
Andean Silver	ASL		rising again	silver
Arafura Resources	ARU		rising	rare earths
Ardea Resources	ARL		breached uptrend	nickel
Arizona Lithium	AZL		new low	lithium
Astral Resources	AAR		back to support line	gold
Aureka	AKA		still in downtrend	gold exploration
Auric Mining	AWJ		down	gold

Aurora Energy Metals	1AE		spike out of downtrend	uranium
Aurelia Metals	AMI		collapse on guidance announcement	copper + base metals
Aurum Resources	AUE		rising	gold
Australian Gold and Copper	AGC		testing downtrend	base metals, silver, gold
Australian Rare Earths	AR3		spiked through downtrend	rare earths
Australian Strategic Materials	ASM		spike then SPP and placement	rare earths
BHP	BHP		new uptrend confirmed	diversified, iron ore
Ballymore Resources	BMR		rising	gold exploration
Barton Gold	BGD		off its highs, breached steep uptrend	gold exploration
Beach Energy	BPT		at resistance line	oil and gas
Beetaloo Energy	BTL		rising	breached down trend
Bellevue Gold	BGL		sideways	gold
Besra Gold	BEZ		still down	gold
Black Cat Syndicate	BC8		down	gold
Boab Metals	BML		spike then a placement	silver/lead
Brazil Critical Minerals	BCM		new low - two tranche plus 1 for 3	rare earths
Brazilian Rare Earths	BRE		spiked higher	rare earths
Brightstar Resources	BTR		ST down	gold
Caravel Minerals	CVV		down	copper
Carnaby Resources	CNB		new uptrend	copper
Castile Resources	CST		testing downtrend	gold/copper/cobalt
Catalyst Metals	CYL		surge higher	gold
Cazaly Resources	CAZ		gentle uptrend	rare earths
Celsius Resources	CLA		at lows	copper
Centaurus Metals	CTM		sideways	nickel/cobalt/HPA
Challenger Gold	CEL		surge higher	gold
Cobalt Blue	COB		breached uptrend	cobalt
Cyprium Metals	CYM		testing uptrend	copper
Delta Lithium	DLI		sideways	gold/lithium
Emerald Resources	EMR		back to highs	gold
Emmerson Resources	ERM		sideways	gold
EQ Resources	EQR		burst out of downtrend, then pullback	tungsten
Estrella Resources	ESR		correcting lower	manganese
Evolution Mining	EVN		testing uptrend	gold
Felix Gold	FXG		pullback	gold exploration, antimony
First Graphene	FGR		strong rise	graphene
Flagship Minerals	FLG		sideways	gold
Fortescue Metals	FMG		breached ST uptrend	iron ore
Genesis Minerals	GMD		testing uptrend	gold
Globe Metals and Mining	GBE		spiked out of downtrend	niobium
Gold 50	G50		spike higher on discovery	gold exploration + gallium
Golden Horse	GHM		testing downtrend	gold exploration
Great Boulder Resources	GBR		steeply higher	gold exploration
Green360 Tech (was Suvo)	GT3		down	kaolin

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Hamelin Gold	HMG		down	gold exploration
Heavy Minerals	HVY		new high	garnet
Hillgrove Resources	HGO		testing downtrend	copper
Iltani Resources	ILT		down	antimony
Iluka Resources	ILU		strong bounce	mineral sands
Jupiter Mines	JSM		improving	manganese
Kaiser Reef	KAU		sideways	gold
Kalina Power	KPO		new uptrend	carbon sequestration
Koba Resources	KOB		breached downtrend	uranium
Larvotto Resources	LRV		testing uptrend	gold, antimony
Lindian Resources	LIN		breached uptrend	rare earths + bauxite
Lotus Resources	LOT		rising again	uranium
Lynas Corp.	LYC		rising again	rare earths
Many Peaks	MPK		rising	gold exploration
Marmota	MEU		spiked higher on titanium discovery	gold/uranium exploration
Matsa Resources	MAT		strongly higher	gold
Mayur Resources	MRL		down	renewables, cement
Meeka Gold	MEK		uptrend	gold
MetalsX	MLX		back to support line	tin, nickel
Meteoric Resources	MEI		breached downtrend	rare earths
Metro Mining	MMI		rising again	bauxite
Midas Minerals	MM1		new high	lithium
Native Mineral Resources	NMR		steeply higher	gold
New Murchison	NMG		rising	gold
New World Resources	NWC		rising	copper
Nexgen Energy	NXG		rising	uranium
Northern Star Res.	NST		down	gold
Nova Minerals	NVA		down	gold exploration
Novo Resources	NVO		sideways	gold exploration
Pacific Gold	PGO		breached downtrend	gold exploration
Paladin Energy	PDN		breached downtrend	uranium
Pantoro	PNR		reconstruction 17 into 1	gold
Patriot Battery Metals	PMT		strongly higher	lithium
Peninsula Energy	PEN		suspended	uranium
Perseus Mining	PRU		correcting lower	gold
QMiners	QML		still down	copper
Queensland Pacific Metals	QPM		turning down again	nickel/cobalt/HPA
Regis Resources	RRL		breached uptrend	gold
Regergen	RLT		surged higher	gas, helium
Richmond Vanadium	RVT		down	vanadium
RIO	RIO		at resistance line	diversified, iron ore
RTG Mining	RTG		down	copper
Rumble Resources	RTR		breached downtrend	zinc exploration
S2 Resources	S2R		down	gold exploration

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Santana Minerals	SMI		sideways	gold
Santos	STO		spike higher on takeover approach	oil/gas
Sarytogan Graphite	SGA		rising	graphite
Scorpion Minerals	SCN		testing downtrend	gold exploration
Siren Gold	SNG		sideways	gold exploration
Southern Palladium	SPD		spike then a placement	PGMs
Stanmore Coal	SMR		improving	coal
St George Mining	SGQ		rising again	rare earths, niobium
Stellar Resources	SRZ		testing downtrend	tin
Sun Silver	SS1		higher	silver
Talga Resources	TLG		down	graphite
Tamboran Resources	TBN		testing downtrend	gas
Terra Uranium	T92		consolidating above lows	uranium
Theta Gold Mines	TGM		rising again	gold
Toro Energy	TOE		breaching downtrend	uranium
Torque Metals	TOR		breached downtrend	gold exploration + lithium
Trigg Minerals	TMG		consolidating	antimony
Verity Resources	VRL		bouncing	gold
Vintage Energy	VEN		sideways	gas
Vertex Minerals	VTX		breached downtrend	gold
Warriedar Resources	WA8		sideways through uptrend	gold exploration
Westgold Resources	WGX		correcting lower	gold
West Wits Mining	WWI		rising	gold
Whitehaven Coal	WHC		new uptrend	coal
White Cliff Minerals	WCN		sideways through downtrend	copper exploration
WIN Metals	WIN		breached uptrend	gold
Yandal Resources	YRL		burst out of downtrend	
Totals	49%	64	Uptrend	
	23%	30	Downtrend	
		130	Total	

Guides to Chart Interpretations

- Charts usually go pass from one trend (up or down) into the other via a period of indecision and uncertainty during which the trend can either recover or change. This period is signified by the orange colour. The orange represent both the greatest risk and greatest reward possibilities.
- Once a chart is in confirmed up or downtrends it is not uncommon for 10-20% of that trend to have already transpired.
- There are trends within trends. The focus of this chart review is the immediate trend that affects the sentiment i.e. it can be a downtrend within a long-term uptrend.
- Not every chart warrants a new comment every week. The new comments are in bold type. Grey type comments may be dated.
- Individual charts provide a single view. It is valuable to look at charts of other companies in similar commodities, and the overall sentiment is also very valuable. Not many stocks can swim against the tide.
- We periodically add or delete charts, some times for obscure reasons. If a chart consistent gives poor signals or is very erratic, we may delete it. Sometimes we add a chart because we want to see what all the fuss is about. We do have a preference for charting stocks that we cover in our research as well.
- Errors and omissions may occur from time to time, especially in fast moving markets.

Amber Lights in Tables: Just a reminder if when the amber light is used in the table – it is when the charts are ambiguous or when there is a change of trend taking place. If a chart is breaching a downtrend it can either be a positive sign or a trap. Only once it has done more work can it be confirmed as a new uptrend. Maybe it is a new uptrend (or conversely a new downtrend); the risk takers can decide to jump on board early (or sell). They will maximise their profits (or minimise their losses if indeed it is the start of the new uptrend (downtrend)). More risk-averse investors should wait a little longer, being prepared to give up some of the gains in return for greater certainty.

Weightings of Sectors Represented in the Company Charts

Sector	No. of Companies	Weighting	
Gold	33	25.4%	
Gold Exploration	18	13.8%	
Copper	13	10.0%	
Rare Earths	10	7.7%	
Uranium	10	7.7%	
Oil/Gas/Hydrogen	6	4.6%	
Iron Ore/Manganese	5	3.8%	
Lithium	3	2.3%	
Graphite/graphene	3	2.3%	
Nickel	3	2.3%	
Silver	3	2.3%	
HPA/Kaolin	2	1.5%	
Tungsten	2	1.5%	
Tin	2	1.5%	
Antimony	3	2.3%	
Coal	2	1.5%	
Niobium	2	1.5%	
Potash/Phosphate	1	0.8%	
Vanadium	1	0.8%	
Zinc/Lead	1	0.8%	
PGMs	1	0.8%	
Mineral Sands	1	0.8%	

Bauxite	1	0.8%	
Cobalt	1	0.8%	
Other	3	2.3%	
Total	130		

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