annual report

Southern Hemisphere Mining Limited

2014

ACN 140 494 784
June 30, 2014

SOUTHERN HEMISPHERE mining limited

ASX : SUH

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Managing Director's Letter

Dear Fellow Shareholder,

The 2014 financial year was in many respects a year of consolidation for Southern Hemisphere Mining, during which we put in place several key ingredients for what we believe will be an active and potentially transformational period for the Company over the next 12 months.

In November 2013, we established a new 50/50 joint venture with our strategic partner in Chile, Lundin Mining Corporation (TSX: LUN). This joint venture, known as Los Rulos, encompasses an area in the Coquimbo region of central Chile which has been identified by Lundin Mining as having outstanding potential for significant new copper-gold discoveries.

While this new joint venture in no way diminishes the importance and value of our nearby Llahuin Project – where we have completed extensive drilling and defined substantial JORC compliant resources – it does reflect a clear intent by the joint venture to focus its efforts on areas which we believe have the greatest potential to deliver higher grade mineralisation, therefore offering the best return on our exploration investment.

Llahuin lies just 20km from the Los Rulos Project area and could eventually form part of a much larger regional copper-gold mining hub in the Coquimbo region.

The Joint Venture has carefully and systematically completed agreements with local land-holders to piece together key sectors within the broader Los Rulos JV – acquiring the Armandino, Polvareda 2 and El Che prospects early in the year and, as this report was going to press, completing the documentation for the acquisition of the jewel in the crown, the Polvareda 1 concession.

Polvareda 1 is an outstanding prospect, containing extensive small-scale workings and strong geological indicators that it has the potential to host significant IOCG and porphyry-style mineralisation.

The Joint Venture completed an initial program of scout diamond drilling at the Polvareda 2 and Armandino prospects in August, with the results providing important information which will help refine upcoming drilling programs in the Los Rulos region.

When the acquisition of Polvareda 1 is completed, the Joint Venture intends to focus its exploration activities in this area moving forward, with important programs of diamond drilling commencing in October 2014. This is an exciting time for the Company and we are looking forward to the next phase of exploration with great anticipation.

Despite the challenging conditions in the junior resource sector, Southern Hemisphere was able to raise a total of $3.4 million earlier in the year through a combination of a share placement and rights issue, both of which were managed by Euroz Securities Limited.

This was a tremendous result which reflects both the strength of our share register, which includes a number of long-term supporters, and the potential of our mineral assets in Chile.
While our main focus remains on progressing the Los Rulos Project as rapidly as possible, the Company continues to explore avenues to unlock the value of its non-core assets, including the Chitigua Project, located on the Western Fault on the same metallogenic zone that hosts the Escondida mine.

Funding exploration at this high-altitude project is beyond Southern Hemisphere's capability, but the scale of the exploration opportunity puts it firmly on the radars of some of the biggest mining companies in the world.

A joint venture with ASX-listed junior Cobre Montana on the Mantos Grandes copper-gold project concluded during the year resulted in a $350,000 net cash payment to Southern Hemisphere and a small externally funded drill program, prior to Cobre Montana's withdrawal from the project.

As at June 30, 2014, Southern Hemisphere held 386 concessions within 15 defined project areas in Chile. The Company remains one of the most experienced and well-connected ASX-listed juniors operating in Chile and we see significant potential to continue to realise value from this large ground-holding for our shareholders.

In conclusion, I would like acknowledge the hard work and dedication of our small but extremely hard-working team in Perth and Chile, including the consultants who support them. I also express my thanks to my fellow Directors for their counsel and advice.

The Company has achieved a great deal in the past 12 months, most importantly securing what we believe to be an exceptional ground package in central Chile in joint venture with Lundin Mining which we believe could deliver company-making discoveries.

With all of these elements in place, we are about to embark on a pivotal period in the Company's history.

I look forward to sharing that exciting journey with you.

Yours faithfully,

T. Tennant

Trevor Tennant
Managing Director

Corporate Governance Statement

Board of Directors

The Board of Directors ("Board") of Southern Hemisphere Mining consider that the essential responsibility of Directors is to oversee the Company's activities for the benefit of shareholders, employees and other stakeholders and to protect and enhance shareholder value. In this Annual Report the Company and its subsidiaries are referred to as the "Group" or "Consolidated Entity".

Roles and Responsibilities of the Board

The primary role of the Board is to efficiently operate the Company's mining and exploration operations to create long-term sustainable value for shareholders.

The Board is responsible for the overall direction, management and corporate governance of the Company. The Board is also responsible for:

1. Overseeing the management and corporate governance of the Company including its strategic direction.

2. Adopting a strategic planning process, contributing to the development of, and approving, a strategic plan that reflects the opportunities and risks of the Company's business.

3. Monitoring the Company's organisational performance and the achievement of strategic goals and objectives.

4. Appointing and removing senior management including the Managing Director and Chief Financial Officer.

5. Assessing the performance of senior management against the Company's strategic plan, ensuring appropriate resources are available to senior management and that they are adequately experienced and trained.

6. Reviewing and approving the Company's business plans, annual budget and financial plans including major capital expenditure initiatives.

Details of the Board's Charter are located on the Company's website (www.shmining.com.au).

The Board has delegated responsibility for operation and administration of the Group to the Managing Director and executive management. Responsibilities are delineated by formal authority delegations.

Board Processes

To assist in the execution of its responsibilities, the Board has established Board Committees, specifically an Audit Committee. Committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds monthly scheduled meetings, plus any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the Managing Director's report, financial reports, strategic matters and regulatory compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities, for contact with other Company employees.

Director and Executive Education

The Company has a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy, the culture and values of the Company, and the expectations of the Company concerning performance of Directors. In addition Directors are also educated regarding meeting arrangements and Director interaction with each other, senior executives and other stakeholders. Directors also have the opportunity to visit Company projects and meet with management to gain a better understanding of business operations. Directors have access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The Director must consult with an adviser suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of the Board

The names of the Directors of the Company in office at the date of this Report, specifying which are independent, are set out in the Directors' Report.

The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential Directors' skills to ensure they have appropriate industry expertise in the Group's operating segments.

The Board considers the diversity of existing and potential Directors to ensure they are in line with the geographical and operational segments of the Group. The Board's policy is to seek a diverse range of Directors who have a range of ages, genders and ethnicity which mirrors the environment in which the Group operates.

An independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

1. holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than 5% of the voting shares of the Company;

2. has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;

3. within the last three years has not been a principal or employee of a material* professional adviser or a material* consultant to the Company or its subsidiaries;

4. is not a material* supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or customer;

5. has no material* contractual relationship with the Company or its subsidiaries other than as a Director of the Company; and

6. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

* The Board considers, 'material', in this context, to be where any Director-related business relationship has represented, or is likely in future to represent the lesser of at least 10% of the relevant segment's or the Director-related business's revenue.

The Board considered the nature of the relevant industries' competition and the size and nature of each Director-related business relationship, in arriving at this threshold.

Risk Management

The Company has established a risk management policy, the purpose of which is to provide reasonable assurance that:

1. Established corporate and business strategies and objectives are met.

2. Risks are identified, assessed and adequately monitored and managed.

3. Significant financial, managerial and operating information is accurate, relevant, timely and reliable.

4. Material changes to the Company's risk management profile are promptly identified.

5. Policies, standards, procedures and applicable laws, regulations and licences are complied with.

Risk management is a core function of the Board. The Board is responsible for reviewing and approving processes for the identification, assessment, reporting and management of risks and reviewing and approving procedures for the maintenance and monitoring of these processes.

The Board will assess the significant business risks applicable to the Company and its ongoing operations. Additionally, the Board will review the Company's risk profile and the effectiveness of the implementation of the risk management and internal control system.

The Managing Director and the Chief Financial Officer have provided assurance, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

Further details of the Company's risk management policy and internal compliance and control system are available on the Company's website.

Audit Committee

The Audit Committee has a documented Charter, approved by the Board. All members must be Non-Executive Directors with a majority being independent. The Chairman of the Audit Committee may not be the Chairman of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The members of the Audit Committee were:

- Mr Andrew Richards (Chairman) - Independent Non-Executive (appointed December 1, 2013)
- Dr John Tarrant - Independent Non-Executive
- Mr Andrés Hevia - Independent Non-Executive
- Mr David Craig (Chairman) - Independent Non-Executive (resigned December 1, 2013)

The external auditors, the Managing Director and the Chief Finance Officer, are invited to Audit Committee meetings at the discretion of the Committee. The Committee met twice during the year and Committee members' attendance record is disclosed in the table of Directors' meetings in the Directors' Report.

The Managing Director and the Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year ended June 30, 2014 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The external auditor met with the Audit Committee and the Board of Directors once during the year without management being present. The Audit Committee's Charter is available on the Company's website along with information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The responsibilities of the Audit Committee include:

1. Reviewing quarterly, half-yearly and yearly financial reports and statements with management and, as required with the external auditor.

2. Reviewing and making recommendations to the Board on significant financial and reporting issues.

3. Considering the appointment of the external auditor each year. Any subsequent recommendation on the appointment of the external auditor is put to the Board. If a change is approved it will be put forward to shareholders for their approval.

4. Considering and reviewing the scope of work, reports and activities of the external auditor.

5. Reviewing audit findings with the external auditor.

6. Reviewing the performance of the external auditors taking into account the opinions of management.

7. Reviewing Company's risk framework for identifying, monitoring and managing key business risks.

8. Considering the effectiveness of the Company's internal control systems.

Ethical Standards

All Directors, managers and employees are expected to act with the integrity and objectivity, striving at all times to enhance the Company's reputation and performance.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned will not receive the relevant papers and will not be present at the Board meeting whilst the matter is being considered.

Share Trading Policy

The Company has instituted a share trading policy which sets out clear restrictions in relation to dealings in the Company's shares, options, warrants and other securities ("Company Securities") so that Directors and employees do not trade in Company Securities in a way that breaches insider trading laws or compromises confidence in the Company's investor practises. Specifically set out in this policy are:-

1. When Directors and employees may not deal in Company Securities and further what is required if they wish to deal in Company Securities;

2. When Directors and employees may deal in listed securities of another entity (because they may obtain inside information about that entity's securities while performing their duties for the Company); and

3. Procedures to reduce the risk of insider trading.

Directors and employees of the Company have a personal responsibility to ensure they comply with the law and this policy.

Code of Conduct

The Company has advised each Director, manager and employee that they must comply with the Company's Corporate Code of Conduct. The Code of Conduct may be viewed on the Company's website, and covers various matters including the following:

1. Employees must act honestly and with integrity in dealings on behalf of the Company, and always act in good faith and in the best interests of the Company.

2. All employees accept and comply with the spirit, as well as the letter, of the laws and regulations, customs and business practices wherever the Company operates.

3. Employees must ensure that confidential information contained in Company records is strictly maintained and not disclosed to any other party without the approval of management.

Diversity
The Board has established a policy regarding gender, age, ethnic and cultural diversity; details of the policy are available on the Company's website

The Company provides the following statistics on gender diversity as at the date of this Annual Report:

1. Proportion of women employees in whole organisation: 8%

2. Proportion of women in management positions: 0%

3. Proportion of women in senior management positions: 0%

4. Proportion of women on the Board: 0%

Shareholder Communication Policy
The Company has adopted a shareholder communication policy which outlines the processes through which the Company will endeavour to ensure timely and accurate information is provided equally to all Shareholders and the broader market.

The Company commits to communicating effectively with its shareholders by giving them access to balanced and understandable information about the Company and its activities. The Company encourages participation by shareholders at general meetings and commits to dealing promptly with shareholder enquiries.

Disclosure Policy
The Company provides shareholders with information using a disclosure policy which includes identifying matters that may have a material effect on the price of the Company Securities, notifying them to the market, posting them on the Company's website, and issuing media releases. The policy is available on the Company's website.

Statement of Compliance with ASX Corporate Governance Principles and Recommendations

In accordance with ASX listing rule 4.10, set out below is the "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Recommendations 1.2 and 2.5 (Process for evaluation)
The Company does not have in place a formal process for evaluation of the Board, its Committees, individual Directors and key executives.

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary.

Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the management, Directors and the Board as a whole.

Recommendation 2.1 (Independent Directors)
At present, the Board does not comprise a majority of independent Directors. Given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

The Board intends to appoint further independent non-executive Directors as suitably qualified candidates are identified, and the size and scale of the Company's operations warrant.

Recommendation 2.4 (Nomination Committee)
There is no Nomination Committee. The full Board considers the matters and issues that would fall to the Nomination Committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board intends to re-evaluate the requirement for, and benefits of, a separate Nomination Committee as the Company's operations increase in size and scale.

Recommendation 3.4 (Diversity Policy measurable goals)
The Board supports workplace diversity but considers that the Company is not of a size or maturity to justify setting measurable goals as envisaged on the Company's Diversity Policy. To date, the Board's priority has been to ensure that its members have the appropriate level of experience and skills to manage the Company at its early stages of operation rather than focussing on gender and other diversity factors.

Recommendation 8.1 (Remuneration Committee)
The Company has not established a separate Remuneration Committee and does not have a formal remuneration policy in place. The role of the Remuneration Committee is undertaken by the full Board. The Board considers that, given the Company's current size, no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. As the Company's operations increase in size and scale, the Board will re-evaluate the appropriateness of forming a separate Remuneration Committee.

Review of Operations

The Company holds numerous prospective copper/gold project areas. Priority has been given to the Coquimbo Region of Central Chile where the Company has two key projects: the **Los Rulos Copper-Gold Project** and the **Llahuin Copper-Gold Project,** both explored in partnership with global miner **Lundin Mining Corporation**.

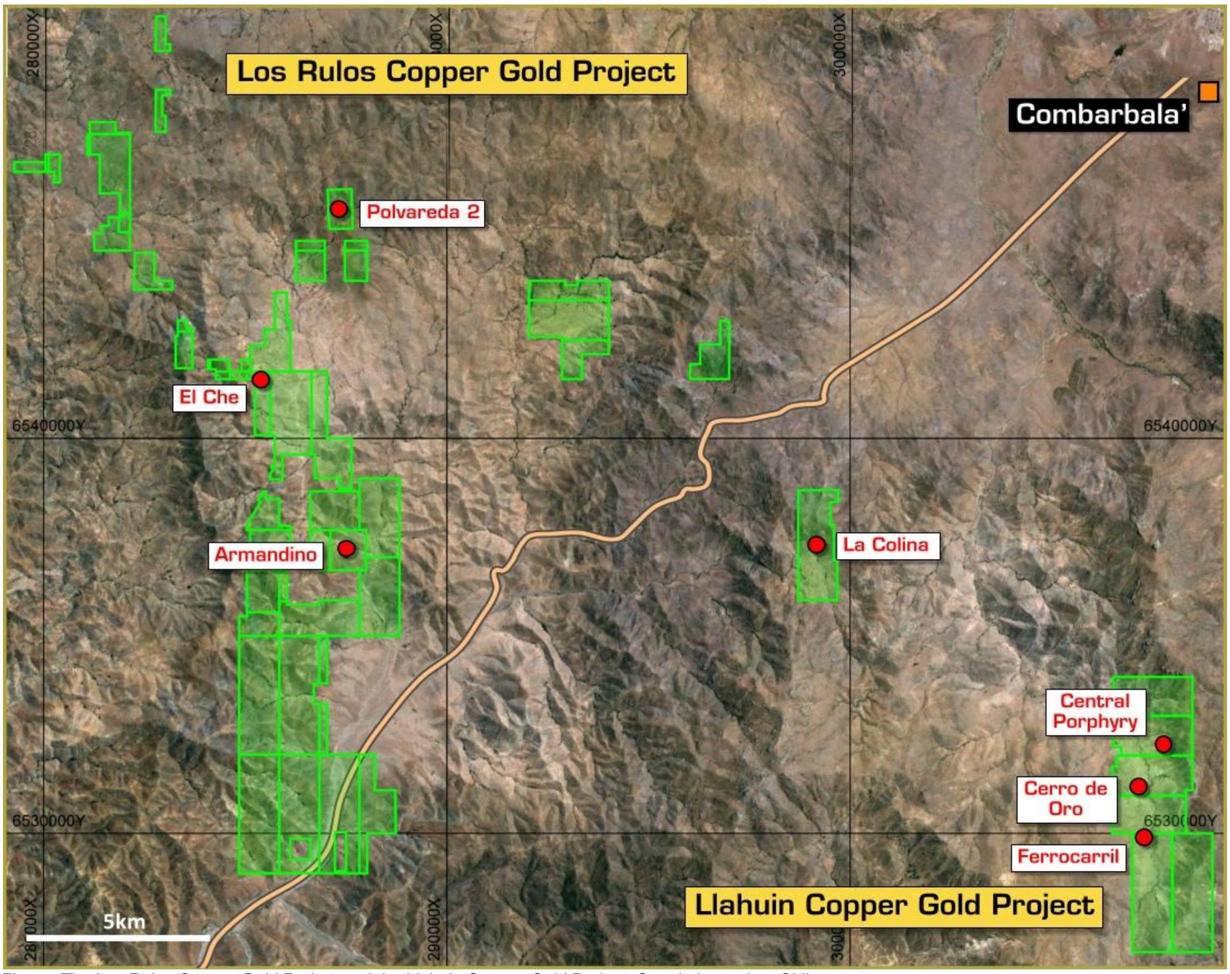

Figure: The Los Rulos Copper-Gold Project and the Llahuin Copper-Gold Project, Coquimbo region, Chile

Los Rulos Copper-Gold Project (~270 km north of Santiago, Chile)

On November 13, 2013 the Group entered into a 50/50 Joint Venture ("Los Rulos JV") with Lundin Mining Corporation which has since acquired option interests in two concession blocks: the Polvareda 2 and Armandino Prospects, within the Los Rulos area.

As well as the optioned concession blocks, the Los Rulos JV owns concessions in the Los Rulos area in its own right including the El Che Sector. A 50/50 (Lundin Mining Corporation/Southern Hemisphere) joint venture company ("Minera Los Rulos") was set up to hold the Los Rulos Project interests.

Armandino Prospect

The Armandino Prospect ("Armandino") is located 26 km south west of the established mining town of Combarbala, at 700m elevation. Following initial exploration works including mapping, channel sampling and an Induced Polarisation ("IP") survey, the Joint Venture signed an Option Agreement on November 9, 2013. The terms of the Option Agreement require payment of $300,000 over 24 months of which $40,000 was paid on execution of the Option Agreement. Under the Los Rulos Joint Venture the Company only has to fund 50% of the acquisition and exploration costs.

The channel sampling program at Armandino consisted of 122 samples. Refer News release dated November 18, 2013. To date, four diamond drill holes have been completed at this Prospect. Refer below for more information on the drilling program to date.

Polvareda 2 Prospect

The Polvareda 2 Prospect ("Polvareda 2") is located 26 km west of Combarbala at 1,000m elevation. Initial field works included mapping, IP surveys and channel sampling. Initially, the Los Rulos Joint Venture acquired rights to only 62.5% equity within Polvareda 2; however agreement was subsequently reached with the 37.5% minority shareholder to also acquire their holding.

Terms of the acquisition of the 100% equity interest in Polvareda 2 comprise $624,000 payable over 42 months of which $47,000 ($30,000 and $17,000 respectively) was paid on execution of two separate share purchase agreements. Under the Los Rulos Joint Venture the Company only has to fund 50% of the acquisition and exploration costs.

The channel sampling program at Polvareda 2 consisted of 45 samples. Refer News release dated November 18, 2013. To date, two diamond drill holes have been completed at this Prospect. Refer below for more information on the drilling program to date.

Drilling Program

In July 2014, the Los Rulos JV commenced an initial scout diamond drilling program beginning with four diamond drill holes Armandino and two diamond drill holes at Polvareda 2. This initial program is the first stage of a 4,000m drilling campaign approved by the Los Rulos Joint Venture Technical Committee.

The aim of the program is to build upon the Company's geological modelling and test strong chargeability anomalies identified during the geophysical surveys, coincident with channel sampling results.

The first six drill holes demonstrate the presence of a large iron oxide copper gold ore ("IOCG') system with concentrations of copper, gold and anomalous zinc. The system is the product of intense metasomatism which has highly altered the original texture of the rocks.

This complex geological event presents opportunities for high grade mineralisation but also challenges in terms of the presence of numerous folds and faults which make targeting of the mineralised units difficult. The exploration team is modelling the results of these drill holes to better understand the IOCG system and will use the interpretation to plan the next phase of drilling.

Drilling was temporarily paused following completion of the second drill hole at Polvareda 2 to allow for the completion of negotiations over an adjacent key property, the Polvareda 1 Prospect. Polvareda 1 contains extensive exposure of higher grade copper mineralisation and an active artisanal mining operation. This pause was agreed with the drilling contractor at no extra cost to the Group. Refer News release dated September 3, 2014.

Llahuin Copper-Gold Project (~250 km north of Santiago, Chile)

The Llahuin Project is located 17 km south of Combarbala and 56 km from the coast and Pan American Highway, on the lower Coastal Cordillera (1,300m elevation).

The Company commenced drilling in June 2011 and identified three distinct zones of mineralisation, namely the Central Porphyry Zone, the Cerro de Oro Zone and the Ferrocarril Zone. The main target has been the Central Porphyry, which contains the bulk of the currently defined Llahuin Project Resources.

Llahuin Project Resources

On July 3, 2013, the Company announced an updated resource estimate for the Llahuin Project which was based on 54,520m of drilling. The estimate was prepared by independent consultants and is reported in accordance with the JORC Code (2004).

The Measured and Indicated Resource totals **149 million tonnes with a grade of 0.41% Cu equivalent**. Inferred Resources of 20 million tonnes with a grade of 0.36% Cu equivalent were also identified. A total of 33,732m of Reverse Circulation ("RC") drilling in 188 holes and 20,788m of diamond core drilling in 59 holes were used for the resource estimation. Refer to the Mineral Resources Statement in the Shareholder Information section of this Annual Report.

Llahuin Project Farm-in with Lundin Mining Corporation ("Lundin Mining")

On November 1, 2012 the Company executed to a farm-in agreement with global base metals miner Lundin Mining. Per the agreement, Lundin Mining will spend up to $35 million in stages on exploration at the Llahuin Project to earn a direct stake of up to 75% over a maximum six-year period.

To date, Lundin Mining has funded its initial expenditure commitment stage amount of $3 million. This is in addition to the $3 million from the proceeds of the placement to Lundin Mining which have also been expended by the Company on the Llahuin Project, providing the total initial committed expenditure of $6 million.

Lundin Mining has the option to sole fund a further $10 million towards Llahuin Project expenditures prior to November 1, 2015 to earn a cumulative 51% interest in the Llahuin Project. The Llahuin Project is currently in this Lundin Mining sole funding option period. Refer to the News release dated November 5, 2012 for full details of the farm-in arrangement.

The Company is currently reviewing adjacent higher-grade satellite opportunities which could add higher grade feed to the overall Llahuin resource. Exploration in this area fall under the Llahuin Project Farm-in Agreement and per this arrangement, related exploration expenditure would be sole funded by Lundin Mining.

Other Projects

In addition to the current two key Coquimbo Projects outlined above, the Company has a portfolio of thirteen additional Projects which are prospective for copper, gold and other commodities. The Company has adopted an entrepreneurial approach to its concession holdings, seeking to farm-out or otherwise deal these projects whilst retaining exposure to any exploration upside. The Company has strong capabilities in regards to obtaining and maintaining concession holdings in highly sought after areas due to its links within industry, government and maintaining them with its in-house resources specifically an in-house lawyer and a dedicated concession manager.

During the year, the Company worked on, executed or continued arrangements as detailed below. Further agreements on these and other Projects are announced as they are executed.

Mantos Grandes Copper-Gold Project (~400km north east of Santiago, Chile)

The Mantos Grandes Project is located 80 km from Ovalle; the capital of Limari Province. The concession area covers 52 km^2 and contains high-grade copper-gold skarns.

On September 26, 2013 the Company entered into a farm-in option agreement on the Mantos Grandes Copper/Gold Project ("Mantos Grandes Project") with Cobre Montana NL (ASX:CXB "Cobre"). Southern Hemisphere received an option payment of AUD$350,000 on signing of this agreement.

In January 2014, Cobre sole funded a 790m drilling campaign, managed by Southern Hemisphere staff, to test five "manto" style copper/gold target areas. This campaign was completed and results were released on April 29, 2014.

On June 23, 2014, the Company announced that the Company had terminated the farm-in agreement with Cobre, retaining its 100% interest in the Project having banked the option payment on signing as well as related exploration management fees. Other parties have expressed an interest in the Project and the Company will explore these opportunities in due course.

Chitigua Copper Project (~270km north east of Antofagasta, Chile)

The Chitigua Copper Project is located on the highly prospective Western Fault, north of Chuquicamata between the El Abra mine and the Quebrada Blanca mine. This metallogenic zone includes the Escondida mine. The Chitigua concessions cover an area of approximately 172km^2 and are located 90 km north of the city of Calama.

Due to the size of the Project and the associated high exploration costs, the Company sought expressions of interest from major companies for a joint venture and entered into a farm-in option agreement with Anglo, who have since withdrawn from the agreement having completed a 3,475 metre drilling campaign. The Company is currently in negotiations with potential new joint venture partners.

Los Pumas Manganese Project (~175 km east of Arica, Chile)

The Los Pumas Project in northern Chile is a multiple layered tabular style occurrence with a surface expression over 3.6 km in length. It is the subject of a completed preliminary assessment, a current Environmental Impact Statement approval and hosts a Measured and Indicated Resource of **18.3 million tonnes with a grade of 7.58% Mn**. Inferred Resources of 5.39 million tonnes with a grade of 8.59% Mn were also identified. Refer to the Mineral Resources Statement in the Shareholder Information section of this Annual Report.

The Project is the subject of a completed preliminary economic assessment and has an on-foot environmental approval in place. The Project awaits water supply agreements and completion of final pit plans and a favourable feasibility study. Current manganese market conditions have reduced the priority of the Project in the Company's plans.

Directors' Report

For the year ended June 30, 2014, the Directors present their Report together with the consolidated financial statements of the Group comprising of Southern Hemisphere Mining Limited and its subsidiaries for the financial year ended June 30, 2014 and the auditor's report thereon.

Director Information

The details of the Directors of Southern Hemisphere Mining Limited during the financial year and to the date of this Annual Report are as follows:

Dr John Tarrant	Independent Non-Executive Chairman, Audit Committee Member
Mr Trevor Tennant	Managing Director
Mr James Pearson	Executive Director
Mr Andrew Richards	Independent Non-Executive Director, Audit Committee Chairman
Mr Andrés Hevia	Independent Non-Executive Director, Audit Committee Member
Mr Paul McRae	Non-Executive Director

Dr John Tarrant
Dr John Tarrant is a Professor of Law at the University of Western Australia. Dr Tarrant has a distinguished academic career including a doctorate of Juridical Science, two Master's degrees, four Bachelor Degrees and six Postgraduate qualifications.

Dr Tarrant has significant experience gained over 20 years from multiple disciplines including accounting, financial services and mining entrepreneurial roles.

Mr Trevor Tennant
Mr Trevor Tennant is a mining engineer with over 40 years' experience in the mining industry. He has been an executive director of Portman Mining Limited, OM Holdings Limited and Territory Iron Limited. Each of these companies has developed and operated mines during Mr Tennant's tenure on their boards.

Mr Tennant's earlier work experience has included positions as underground manager of a tin mine in Indonesia, an engineer involved in the feasibility study for the OK Tedi mine and General Manager of the Groote Eylandt manganese mine.

Mr James Pearson
Mr James Pearson is a mining engineer with nearly 30 years' experience in the mining and civil engineering construction industries. He is a past director of OM Holdings Limited and Haddington Resources Limited.

Mr Pearson is the principal of Featly Pty Limited, a private company that provides mining consulting services. Mr Pearson has experience in the development and operation of a variety of mining operations including coal, gold, manganese and iron ore operations.

Mr Andrew Richards
Mr Andrew Richards is a geologist with over 30 years experience in the mining industry, 7 years of which involved a senior role in banking and project finance. He was previously chief geologist at Telfer Gold Mines.

Mr Richards has worked extensively overseas providing consultancy and advisory services and managing several listed and unlisted companies operating in Australia, Asia, South America and Africa. He is currently a Director of InterMet Resources Ltd and several unlisted public companies.

Mr Andrés Hevia
Mr Andrés Hevia has over 30 years' experience within the South American mining industry, with much of this time focused on copper mine development and technical activities for major Chilean copper mining companies.

Senior positions held include Head of Resource Planning and Development at Escondida, the world's largest copper mine, and Latin America Business Development Manager for Billiton (now BHP Billiton). Mr Hevia holds a Civil Mining Engineer degree from Universidad de Chile and an MBA from Universidad del Desarrollo.

Mr Paul McRae
Mr Paul McRae has more than 35 years' of international experience in engineering, construction and management roles in mining and other industrial projects. He has managed complex projects with capital exceeding $1 billion for both owners and contractors.

Mr McRae is nominee director for Lundin Mining Corporation, where he holds the position of Senior Vice President, Projects.

Principal Activities

During the year, the Consolidated Entity was involved in mineral exploration in Chile, South America.

Results of Operations

The following selected financial information is derived from the current and previous Financial Statements.

	June 30, 2014 12 Months $	June 30, 2013 12 Months $	June 30, 2012 12 Months $
Income	701,244	654,844	616,228
Expenses (1)	(10,782,634)	(7,845,973)	(3,920,004)
Net loss	(10,081,390)	(7,191,129)	(3,303,776)
Dividends	-	-	-
Basic and diluted loss per share	(0.051)	(0.043)	(0.022)

(1) Expenses are shown net of foreign exchange differences.

During the year ended June 30, 2014 the Company reported a net loss of $10,081,390 compared to a net loss of $7,191,129 in the year ended June 30, 2013.

Specific items of note during the year ended June 30, 2014 include: -

1. Impairment expense (mineral properties) (FY2014 $8,265,835, FY2013: $4,555,469): following a review of the Company's concession holdings, two projects: Tres Cruces and Cunlagua (both reported under project Minera America) were entirely relinquished and associated values written off accordingly ($1,423,428). Holdings within the Las Santas ($1,105,278) and Iron Sands ($758,264) projects were reduced to strategic holdings only and values were written off accordingly. Lastly, considering the manganese price, the carrying value of Los Pumas was reduced ($5,068,865) with a view to maintaining a conservative mineral property total carrying value. The Company will continue to critically review its concession holdings on a regular basis. Subsequent to June 30, 2014, the Company opted not to continue its option agreement on the Guayacan Prospect within the Los Rulos Copper-Gold JV Project. Given the Prospects within the Los Rulos area, Guayacan was rated as the lowest priority and with payments due to made under this option agreement, the Los Rulos Technical Committee decided to proceed on the higher priority targets in the first instance.

2. In prior periods, tax credits recognised within the Chilean subsidiaries as a result of exploration activities were written off as recoverability of such credits is generally only possible against profitable operations (expense FY2013: $462,339). During the period, the Company earned management fees in Chile and was able to use tax credits rather than paying tax on this income. The write off has been reversed to the extent that tax credits were used during the period ($133,297).

3. Salaries and wages (FY2014: $1,469,083, FY2013: $2,310,615): These costs are largely consistent between the years however in the prior period, a share based payments expense for the issuance of options to Directors and employees was recognised (FY2013: $637,734).

4. Other income (FY2014: $659,837, FY2013: $572,147). The bulk of this amount ($547,556) was received in management fees for acting as operator in joint operations with the Company's partners on the Los Rulos, Llahuin and Mantos Grandes Projects.

Dividends

No dividends were paid or declared since the end of the previous year. The Directors do not recommend the payment of a dividend.

Indemnification and Insurance of Directors and Officers

During the financial year, the Consolidated Entity maintained an insurance policy which indemnifies the Directors and officers of Southern Hemisphere in respect of any liability incurred in connection with the performance of their duties as Directors or officers of the Consolidated Entity. The Consolidated Entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Dr J Tarrant	12	12	2	2
Mr T Tennant	12	12	N/A	N/A
Mr J Pearson	11	12	N/A	N/A
Mr A Richards	6	6	1	1
Mr D Craig	6	6	1	1
Mr A Hevia	12	12	2	2
Mr P McRae	11	12	N/A	N/A

A - *Number of meetings attended* **B** - *Number of meetings held during the time the Director held office during the year*

Directors' Interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this Report is as follows:

Director	Ordinary Shares	Options Over Ordinary Shares
Dr J Tarrant	320,887	310,443
Mr T Tennant	28,276,056	4,981,782
Mr J Pearson	12,811,795	2,105,240
Mr A Hevia	100,000	150,000
Mr P McRae	-	-
Mr A Richards	-	-
Total	**41,508,738**	**7,547,465**

Director Benefits

Since June 30, 2014, no Director of the Consolidated Entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the Consolidated Entity with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Options granted to Directors and Executives of the Company

The following Unlisted options over unissued ordinary shares of the Company were granted to key management personnel during prior periods. No such options were granted during the current period.

KMP 2013	Expiry Date	Exercise Price	Options Over Ordinary Shares	Date Issued	Vesting Date
Dr J Tarrant	31/12/2014	AUD$0.21	150,000	10/9/2012	50% 31/12/2012, 50% 1/7/2013
Mr T Tennant	31/12/2014	AUD$0.21	700,000	10/9/2012	50% 31/12/2012, 50% 1/7/2013
Mr J Pearson	31/12/2014	AUD$0.21	400,000	10/9/2012	50% 31/12/2012, 50% 1/7/2013
Mr A Hevia	31/12/2014	AUD$0.21	150,000	10/9/2012	50% 31/12/2012, 50% 1/7/2013
Mr D Hall	31/12/2014	AUD$0.21	400,000	10/9/2012	50% 31/12/2012, 50% 1/7/2013

Unissued shares under Option

At the date of this Report unissued shares of the Group under option are:

Expiry Date	Exercise Price	Number at 1/7/2013	Date issued	Lapsed/Expired	Exercised	Number at 30/6/2014
Unlisted 31/12/2014	AUD$0.21	4,200,000	10/9/2012	550,000	-	3,650,000
Listed 7/3/2016	AUD$0.045	-	18/3/2014	-	-	37,820,208

All Unlisted options expire on the earlier of their expiry date or a three month period after termination of the employee's employment.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares Issued on the Exercise of Options

No shares were issued on the exercise of options during the year.

Company Secretary

Mr Derek Hall was appointed to the position of Company Secretary in October 2010. Mr Hall previously worked as a business restructuring specialist and prior to that as an auditor. Mr Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of the Institute of Chartered Secretaries and Administrators.

Significant Changes in the State of Affairs

During the year, the Company delisted from the Toronto Stock Exchange – Venture and now trades solely on the ASX.

There were no other significant changes to the state of affairs, subsequent to the end of the reporting period, other than what has been reported in other parts of this Report.

Matters Subsequent to the End of the Financial Year

No material subsequent events occurred between the end of the financial year and the date of this Report.

Likely Developments and Expected Results of Operations

The main focus of the Company will be to continue to pursue Joint Venture opportunities in the Coquimbo region with the assistance of its joint venture partner Lundin Mining. Exploration work will be concentrated on the Los Rulos Project where the Company will act as the project operator. With respect to the Llahuin Project, the Company will continue to work with Lundin Mining to identify and secure tenure over higher grade material and additional tonnage in surrounding concession areas. The Company will look to farm-out or otherwise deal with its other projects.

Environmental Issues

The Consolidated Entity's exploration and mining operations are subject to environment regulation under the law of Chile. The Consolidated Entity, via its subsidiaries holds exploration/mining concessions and permits in Chile thus is subject to the Mining Acts of that country each with specific conditions relating to environmental management.

During the year ended June 30, 2014 no claim has been made by any competent authority that any environmental issues, condition of license or notice of intent has been breached, and no claim has been made for increase of bond.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period, July 1, 2013 to June 30, 2014, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

The Consolidated Entity was not a party to any such proceedings during the year.

Non-Audit Services

During the year Deloitte Touche Tohmatsu, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

i) All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

ii) The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, Deloitte Touche Tohmatsu, and its network firms for audit and non-audit services provided during the year are set out in the Notes to the consolidated financial statements.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended June 30, 2014 has been received and forms part of the Directors' Report for the financial year ended June 30, 2014.

Details of Key Management Personnel (KMP's)

(i) Specified Directors

Non-Executive Directors –	Dr J Tarrant (Chairman)
	Mr A Hevia
	Mr P McRae
	Mr A Richards (appointed – December 1, 2013)
	Mr D Craig (resigned – December 1, 2013)
	Mr R Billingsley (retired – November 27, 2012)
Executive Directors	Mr T Tennant (Managing Director)
	Mr J Pearson

(ii) Specified Executives

Company Secretary / CFO	Mr D Hall

Principles of Remuneration

In assessing the remuneration of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on Board discussion. All Director fees are periodically recommended for approval by shareholders. The Company's policy regarding executives' remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.

The Company's executive compensation program has three principal components: base salary, incentive bonus plan and share options. Base salaries for all employees of the Company are established for each position based on individual and corporate performances.

Incentive bonuses are designed to add a variable component of compensation based on corporate and individual performances. No bonuses were paid during the most recently completed financial year.

Executive officers are entitled to participate in the Company's Share Option Plan, which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's performance, level of responsibilities and the importance of his/her position and contribution to the Company.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Company's remuneration policy seeks to align Directors' and executives' objectives with shareholders and business, whilst recognising the exploration stage of the Company.

The following table shows some key performance data of the group for the last 5 years on ASX, together with the share price at the end of the respective financial years.

	Exploration & Evaluation Expenditure $	Net Assets $	$AUD Share Price at Year End
2014	896,089	24,121,603	0.07
2013	4,993,685	31,160,387	0.08
2012	9,008,340	32,966,444	0.12
2011	7,680,246	36,755,016	0.28
2010	4,602,488	14,503,354	0.29

Directors' and Executive Officers' Remuneration – Audited

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other key management personnel ("KMP") of the Consolidated Entity are:

KMP (A)(B)		Short-term Salary and fees $	Post Employment Superannuation $	Share-based Payment Options and Rights $ (C)	Total $	Options Value As % of Total remuneration
Non-Executive Directors						
Dr J Tarrant (Chairman)	2014	47,425	4,387	-	51,812	-
	2013	40,984	3,689	8,867	53,540	17%
Mr A Hevia	2014	36,716	-	-	36,716	-
	2013	40,984	-	8,867	49,851	18%
Mr P McRae	2014	27,537	-	-	27,537	-
	2013	17,930	-	-	17,930	-
Mr A Richards	2014	21,417	1,981	-	23,398	-
Mr D Craig	2014	22,948	2,122	-	25,070	-
	2013	61,475	5,533	77,989	144,997	54%
Mr R Billingsley	2013	17,930	-	31,510	49,440	64%
Executive Directors						
Mr T Tennant, MD	2014	294,737	26,528	-	321,265	-
	2013	328,995	29,612	131,952	490,559	27%
Mr J Pearson, ED	2014	110,827	9,713	-	120,540	-
	2013	241,064	21,150	77,989	340,202	23%
Executives						
Mr D Hall, CFO/CoSec	2014	152,849	13,601	-	166,450	-
	2013	170,564	14,805	77,989	263,358	30%
Total	**2014**	**714,456**	**58,332**	**-**	**772,788**	
	2013	**919,926**	**74,789**	**415,163**	**1,409,877**	

A - During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.
B - The Australian dollar remuneration paid during the year ended June 30, 2014 was converted to USD at the average exchange rate of AUD$0.9179. The Australian dollar remuneration paid during the year ended June 30, 2013 was converted to USD at the average exchange rate of AUD$0.9760 and valuation of options at September 10, 2012 was converted to USD at the spot rate of AUD$0.9642.
C - The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

Options and Rights over Equity Instruments

The movement during the reporting period in the number of options over ordinary shares in Southern Hemisphere held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at June 30, 2013	Granted as Compensation	Exercised	Lapsed During Period	Held at June 30, 2014	Vested During Year	Vested and Exercisable June 30, 2014
Directors							
Mr T Tennant	700,000	-	-	-	700,000	350,000	700,000
Mr J Pearson	400,000	-	-	-	400,000	200,000	400,000
Dr J Tarrant	150,000	-	-	-	150,000	75,000	150,000
Mr A Hevia	150,000	-	-	-	150,000	75,000	150,000
Mr P McRae	-	-	-	-	-	-	-
Mr A Richards	-	-	-	-	-	-	-
Mr R Billingsley	150,000	-	-	150,000	-	-	-
Mr D Craig	400,000	-	-	400,000	-	-	-
Executives							
Mr D Hall	400,000	-	-	-	400,000	200,000	400,000
Total	**2,350,000**	**-**	**-**	**550,000**	**1,800,000**	**900,000**	**1,800,000**

	Held at June 30, 2012	Granted as Compensation	Exercised	Lapsed During Period	Held at June 30, 2013	Vested During Year	Vested and Exercisable June 30, 2013
Directors							
Mr T Tennant	3,013,441	700,000	-	3,013,441	700,000	350,000	350,000
Mr J Pearson	2,435,969	400,000	-	2,435,969	400,000	200,000	200,000
Dr J Tarrant	-	150,000	-	-	150,000	75,000	75,000
Mr A Hevia	-	150,000	-	-	150,000	75,000	75,000
Mr P McRae	-	-	-	-	-	-	-
Mr R Billingsley	350,000	150,000	-	350,000	150,000	75,000	75,000
Mr D Craig	700,000	400,000	-	700,000	400,000	200,000	200,000
Executives							
Mr D Hall	600,000	400,000	-	600,000	400,000	200,000	200,000
Total	**7,099,410**	**2,350,000**	**-**	**7,099,410**	**2,350,000**	**1,175,000**	**1,175,000**

Ordinary Share Holdings

The movement during the reporting period in the number of ordinary shares in Southern Hemisphere held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at June 30, 2013	Granted as Compensation	Movement	Held at June 30, 2014
Directors				
Mr T Tennant	19,712,489	-	8,563,567	28,276,056
Mr J Pearson	9,401,314	-	3,410,481	12,811,795
Dr J Tarrant	-	-	320,887	320,887
Mr A Hevia	100,000	-	-	100,000
Mr P McRae	-	-	-	-
Mr A Richards	-	-	-	-
Mr D Craig*	80,000	-	(80,000)*	n/a
Executives				
Mr D Hall	-	-	-	-
Total	**29,293,803**	**-**	**12,214,935**	**41,508,738**

*Retired as Director during period, reflected as nil balance at period end.

	Held at June 30, 2012	Granted as Compensation	Movement	Held at June 30, 2013
Directors				
Mr T Tennant	16,268,626	-	3,443,863	19,712,489
Mr J Pearson	9,087,451	-	313,863	9,401,314
Dr J Tarrant	-	-	-	-
Mr A Hevia	50,000	-	50,000	100,000
Mr P McRae	-	-	-	-
Mr R Billingsley*	116,666	-	(116,666)*	n/a
Mr D Craig	80,000	-	-	80,000
Executives				
Mr D Hall	-	-	-	-
Total	**25,602,743**	**-**	**3,691,060**	**29,293,803**

*Retired as Director during period, reflected as nil balance at period end.

Service Contracts

The details of service agreements between the Company and its KMP are as follows:

Mr T Tennant

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 6 months by either party. The Company may elect to pay 6 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Mr J Pearson

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 3 months by either party. The Company may elect to pay 3 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Mr D Hall

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 3 months by either party. The Company may elect to pay 3 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Non-Executive Directors

- Term of agreement: in effect until terminated in accordance with the agreement.
- Contracted on annual fixed remuneration plus statutory superannuation.
- Non-Executive Directors are not entitled to a retirement allowance.
- Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 AGM, is not to exceed AUD$500,000 per annum.

Other transaction with KMP's

Apart from the details disclosed, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts or balances involving Directors' interests existing at year end.

Fair value of Unlisted Options Issued under the Employee Share Option Plan

Unlisted options refer to options over ordinary shares of Southern Hemisphere Mining Limited, which are exercisable on a one-for-one basis under the Share Option Plan.

The fair value at issue date was determined using a Black-Scholes option pricing model that takes into account the exercise price, the share price at issue date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

No Unlisted options were granted during the current year under the Share Option Plan. The model inputs for outstanding Unlisted options granted under the Share Option Plan during prior periods are as follows:

FY2013 Grant date	10/09/2012
Expiry Date	31/12/2014
Exercise Price	AUD$0.21
Share Price at Grant Date	AUD$0.15
Expected Volatility	100%
Risk Free Interest Rate	2.63%
Dividend Yield	0%

No Unlisted options were exercised, 550,000 Unlisted options lapsed in accordance with the terms of their issue and no Unlisted options expired during the year. The expired options had nil value.

This Directors' Report is made out in accordance with a resolution of the Directors:

John Tarrant,
Chairman
September 26, 2014

Directors' Declaration

The Directors of the Company declare that:

1. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements;
3. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity; and
4. The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

John Tarrant,
Chairman
September 26, 2014

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Southern Hemisphere Mining Limited
Suite 7, 1200 Hay Street
West Perth WA 6005

26 September 2014

Dear Board Members

Southern Hemisphere Mining Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Southern Hemisphere Mining Limited.

As lead audit partner for the audit of the consolidated financial statements of Southern Hemisphere Mining Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of Southern Hemisphere Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Southern Hemisphere Mining Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 42.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Southern Hemisphere Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Southern Hemisphere Mining Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that the Consolidated Entity incurred a net loss of $10,081,390 and had net cash outflows from operating and investing activities of $2,431,383 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's and the Company's ability to continue as going concerns and therefore the Consolidated Entity and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion the Remuneration Report of Southern Hemisphere Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 26 September 2014

Consolidated Statements of Financial Position

(Expressed in U.S. Dollars)

As at	Note	June 30, 2014 $	June 30, 2013 $
Assets			
Current Assets			
Cash and Cash Equivalents		2,136,456	1,627,077
Other Assets		129,784	95,783
		2,266,240	**1,722,860**
Non-current Assets			
Property, Plant and Equipment	4	78,062	77,881
Exploration and Evaluation Assets	5	21,893,997	29,636,657
		21,972,059	**29,714,538**
Total Assets		**24,238,299**	**31,437,399**
Liabilities			
Current Liabilities			
Trade and Other Payables		13,566	159,776
Other Liabilities		37,975	54,060
Employee Benefits		65,155	63,176
		116,696	**277,012**
Total Liabilities		**116,696**	**277,012**
Net Assets		**24,121,603**	**31,160,387**
Equity			
Common Shares	6	46,156,267	43,371,912
Share Based Payments Reserve		3,459,041	3,459,041
Foreign Currency Translation Reserve		3,597,507	3,339,256
Accumulated Losses		(29,091,212)	(19,009,822)
Total Equity		**24,121,603**	**31,160,387**

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Loss and other Comprehensive Income

For the Year ended	Note	June 30, 2014 $	June 30, 2013 $
Continuing Operations			
Interest income		41,407	82,697
Other income	3	659,837	572,147
Depreciation		(30,412)	(43,459)
Office and administration		(605,378)	(600,953)
Professional fees		(305,622)	(306,455)
Employee benefits expense	3	(1,469,083)	(2,310,615)
Impairment expense (mineral properties)	5	(8,265,835)	(4,555,469)
Impairment expense (other assets)	5	133,297	(462,339)
Warrant liabilities adjustment		-	-
Foreign exchange gain (loss)		(239,601)	433,318
Loss before tax		**(10,081,390)**	**(7,191,129)**
Income taxes		-	-
Loss from continuing operations		**(10,081,390)**	**(7,191,129)**
Loss for the year		**(10,081,390)**	**(7,191,129)**
Other comprehensive income- Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		258,251	(166,098)
Comprehensive (loss) income for the year		**(9,823,139)**	**(7,357,227)**
Basic and diluted loss per share	8	(0.051)	(0.043)

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Changes in Equity

	Common Shares $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Deficit $	Total $
Balance – June 30, 2012	**38,458,476**	**2,821,307**	**3,505,354**	**(11,818,693)**	**32,966,444**
Net loss for the year	-	-	-	(7,191,129)	(7,191,129)
Foreign currency translation	-	-	(166,098)	-	(166,098)
Total Comprehensive (loss) income	**-**	**-**	**(166,098)**	**(7,191,129)**	**(7,357,227)**
Shares issued pursuant to private placement (Note 6a)	5,000,000	-	-	-	5,000,000
Issue costs – private placement	(86,564)	-	-	-	(86,564)
Share based payments	-	637,734	-	-	637,734
Balance – June 30, 2013	**43,371,912**	**3,459,041**	**3,339,256**	**(19,009,822)**	**31,160,387**
Net Loss for the year	-	-	-	(10,081,390)	(10,081,390)
Foreign currency translation	-	-	258,251	-	258,251
Total Comprehensive (loss) income	**-**	**-**	**258,251**	**(10,081,390)**	**(9,823,139)**
Shares issued pursuant to private placement (Note 6b)	1,039,667	-	-	-	1,039,667
Shares issued pursuant to Rights Issue (Note 6c)	2,018,977	-	-	-	2,018,977
Issue costs – private placement and Rights Issue	(274,289)	-	-	-	(274,289)
Share based payments	-	-	-	-	-
Balance – June 30, 2014	**46,156,267**	**3,459,041**	**3,597,507**	**(29,091,212)**	**24,121,603**

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Cash Flows

For the Years Ended	June 30, 2014	June 30, 2013
	$	$
Cash provided by (used in)		
Operating activities:		
Payments to suppliers and employees	(1,919,022)	(2,176,393)
Interest received	41,407	82,697
	(1,877,615)	**(2,093,696)**
Investing activities:		
Payments for exploration and evaluation assets	(523,175)	(4,993,685)
Payment for property, plant and equipment	(30,593)	(16,546)
	(553,768)	**(5,010,231)**
Financing activities:		
Issuance of common shares	3,058,644	5,000,000
Costs of share issuance	(274,289)	(86,565)
	2,784,355	**4,913,435**
Effect of exchange rates on cash and cash equivalents	156,407	(355,418)
(Decrease) Increase in cash and equivalents	**509,379**	**(2,545,910)**
Cash and cash equivalents, beginning of year	1,627,077	4,172,987
Cash and cash equivalents, end of year	**2,136,456**	**1,627,077**

See accompanying Notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

For the years ended June 30, 2014 and June 30, 2013
(Expressed in U.S. Dollars unless otherwise stated)

1. General Information

Southern Hemisphere Mining Limited ("Southern Hemisphere" or the "Company") is an exploration stage company engaged in the acquisition and exploration of mineral properties, principally located in Chile. The Company and its subsidiaries ("Consolidated Entity" or "Group") have not yet determined whether its mineral properties contain mineral reserves that are economically recoverable.

Southern Hemisphere is a Company limited by shares incorporated and domiciled in Australia whose Ordinary Shares are publicly traded on the Australian Securities Exchange ("ASX"). The address of the registered office is Suite 7, 1200 Hay Street, West Perth, Western Australia. The Group also maintains an office in Santiago, Chile. The financial report of the Group for the year ended June 30, 2014 was authorised for issue in accordance with a resolution of the Directors on September 26, 2014.

2. Basis of Preparation and Significant Accounting Policies

a) Statement of Compliance

These consolidated financial statements as at and for the year ended June 30, 2014 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"), other pronouncements of the Australian Accounting Standards Board ("AASB"), Australian Accounting Interpretations and the Corporations Act 2001. Compliance with AIFRS also ensures that the consolidated financial statements are in compliance with International Financial Reporting Standards (including interpretations).

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016	30 June 2017
IFRS 9 Financial Instruments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017

Assessment of the expected impacts of these standards and interpretations is ongoing, however it is expected that there will be no significant changes in the Group's accounting policies.

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current reporting period. The following Standards and Interpretations were applicable for the current financial year:

Standard/Interpretation	Impact on the financial statements
AASB 10 'Consolidated Financial Statements'	There has been no material impact on the financial statements as all the controlled entities were being consolidated prior to adoption of AASB 10.
AASB 11 'Joint Arrangements'	There has been no material impact on the financial statements as the Group's arrangement for exploration do not fall within the scope of the Standard.
AASB 12 'Disclosure of Interests in Other Entities'	This is a new disclosure standard requiring extensive disclosures of investments in consolidated financial statements. However, this has not resulted in any material changes to the Group.

Standard/Interpretation	Impact on the financial statements
AASB 119 'Employee Benefits' (2011)	There has been no material impact on the Group as no material post-employment benefits (other than statutory superannuation contributions) are provided.
AASB 2011-4: Removal of Individual KMP disclosure	The amendments to the Standard avoid duplication of KMP remuneration information in the Financial Statements for those provided in the Remuneration Report.

b) Basis of Preparation and Going Concern

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting except for cash flow information. The consolidated financial statements have been prepared using AIFRS principles applicable to a going concern, which contemplate the realisation of assets and settlement of liabilities in the normal course of business as they come due.

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended June 30, 2014, the Consolidated Entity has incurred a net loss of $10,081,390 (June 30, 2013 - $7,191,129) and had net cash outflows from operating and investing activities of $2,431,383 (June 30, 2013 - $7,103,927). As at June 30, 2014, the Consolidated Entity had no source of operating cash inflow and accumulated losses of $29,091,212. Operations for the year ended June 30, 2014 have been funded by the issuance of capital, farm-out of mineral properties and acting as operator in mineral property farm-in arrangements.

These conditions indicate a material uncertainty that may cast significant doubt about the Consolidated Entity and the Company's ability to continue as going concerns.

The Consolidated Entity's and the Company's ability to meet their obligations and continue as going concerns is dependent upon their ability to obtain additional financing, the discovery, development, sale or joint venture farm-in of mining reserves and achievement of profitable operations.

The Consolidated Entity and the Company are planning to meet their future expenditures and obligations by raising funds through public offerings, private placements or by farming-out of mineral properties. The next capital raising will be required to be completed within the next 6 months. Although the Company has been successful in obtaining financing in the past, it is not possible to predict whether future efforts will be successful, whether such financing will be available on acceptable terms, or whether the Consolidated Entity and the Company will achieve profitable levels of operations.

Should the Consolidated Entity and the Company be unable to achieve the matters referred to above, there is a material uncertainty whether the Consolidated Entity and the Company will be able to continue as going concerns and therefore, whether they will realise their assets and discharge their liabilities in the normal course of business. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity and the Company be unable to continue as going concerns.

c) Basis of Consolidation

The Company's consolidated financial statements include Southern Hemisphere Mining Limited and its subsidiaries, all of which are wholly owned apart from Minera Los Rulos SCM which is 50% owned.

Minera Llahuin SCM, the Chilean domiciled entity set up to reflect the farm-in arrangement into the Llahuin Project with Lundin Mining Corporation has been consolidated on a line by line basis. All inter-company transactions, balances, income and expenses have been eliminated on consolidation.

Subsidiaries

Subsidiaries are entities controlled by the Company. Consolidation accounting is applied for all of the Company's wholly owned subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstance indicate that there changes to one or more of the three elements of control listed above.

d) Functional and Presentation Currency

These consolidated financial statements are presented in U.S. dollars ("USD"). In accordance with AASB 121, "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of the Australian parent and its Australian subsidiaries is the Australian Dollar ("AUD"); and the functional currency of the Chilean subsidiaries is USD. References are also made to Canadian Dollars ("CAD").

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations not with USD functional currency are translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of three months or less at the date of purchase.

f) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with AIFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical Accounting Estimates

Exploration and Evaluation Assets

Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is recognised in loss in the period that the new information becomes available.

Impairment

Assets, including property, plant and equipment and exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, rehabilitation and restoration costs, future capital requirements and future operating performance. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Provisions and contingencies

The amount recognised as a provision, including legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Decommissioning and environmental provisions

The Company's operations are subject to environmental regulations in Chile. Upon any establishment of commercial viability of a site, the Company estimates the cost to restore the site following the completion of commercial activities and depletion of reserves. These future obligations are estimated by taking into consideration closure plans, known environmental impacts, and internal and external studies which estimate the activities and costs that will be carried out to meet the decommissioning and environmental provisions obligations. Amounts recorded for decommissioning and environmental provisions are based on estimates of decommissioning and environmental costs which may not be incurred for several years or decades.

The decommissioning and environmental cost estimates could change due to amendments in laws and regulations in Chile. Additionally, actual estimated decommissioning and reclamation costs may differ from those projected. The Company is currently in the exploration stage and as such, there are no decommissioning and environmental reclamation costs at the year end.

Fair value of share-based compensation

The fair value of share-based compensation are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

Critical Accounting Judgements

Exploration and Evaluation Assets

The application of the Company's accounting policy for and determination on recoverability of capitalised exploration and evaluation expenditure requires judgement in determining whether future economic benefits are likely, which may be based on assumptions about future events or circumstances.

Going Concern

As described in Note 2(b), management uses it judgement in determining whether the Company is able to continue as a going concern.

Income taxes

Judgement is required in determining whether deferred tax assets are recognised in the statements of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. As the Company is seeking to generate non-assessable, non-exempt income in Chile, for the purposes of the Australian head entity, a record of prior tax losses is kept but no tax balances have been recognised.

g) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Effective Interest Method

The effective interest method calculates the amortised cost of a financial instrument asset or liability and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset or liability, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as fair value through profit and loss.

Loans and Receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Any gains or losses on the realisation of receivables are included in profit or loss.

Impairment of Financial Assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets are impaired. Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Financial Liabilities

Other financial liabilities
They are measured at amortised cost using the effective interest method. Any gains or losses in the realisation of other financial liabilities are included in profit or loss.

Fair values
Fair values of financial assets and liabilities are based upon quoted market prices available from active markets or are otherwise determined using a variety of valuation techniques and models using quoted market prices.

The Company has made the following classifications:

Other assets	Loans and receivables
Loans due from related parties	Loans and receivables
Trade and other payables	Other liabilities
Other liabilities	Other liabilities
Loans due to related parties	Other liabilities

All financial instruments are required to be measured at fair value on initial recognition. Fair value measurement for financial instruments and liquidity risk disclosures require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements.

h) Income Taxes
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income due to items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the period in the relevant tax jurisdiction.

The Company is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences to the extent that it is probable taxable profits will be available against which those deductible temporary differences can be utilised.

i) Loss per Common Share
Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share, according to the treasury stock method, assumes that any proceeds from the exercise of dilutive share options and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share reflects the potential dilution of securities. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the results would be anti-dilutive.

j) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

k) Share Based Compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company estimates the number of forfeitures likely to occur on grant date and reflects this in the share-based payment expense revising for actual experiences in subsequent periods.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The Company's share based compensation plan is described in Note 10.

l) Property, Plant and Equipment

Property, plant and equipment are carried at cost less any recognised impairment loss and accumulated depreciation. Items are depreciated using the declining balance method at the following rates per annum:

Equipment	10 - 20%
Computer Equipment and Software	40%

m) Exploration and Evaluation Assets

Exploration and evaluation expenditures are measured using the cost model. Direct property acquisition costs, field exploration and field supervisory costs relating to specific properties are deferred until the properties to which they relate are brought into production, at which time they will be amortised on a unit of production basis, or until the properties are abandoned, sold or allowed to lapse, at which time they will be written off.

Costs include the cash consideration paid and the fair value of the shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. Costs incurred for administration and general exploration that are not project specific, are charged to operations.

The recorded amounts for acquisition costs of properties and their related capitalised exploration and development expenses represent actual expenditures incurred and are not intended to reflect present or future values. The Company, however, reviews the capitalised costs on its properties on a periodic, at least on an annual basis and will recognise impairment in value based upon the stage of exploration and/or development, work programs proposed, current exploration results and upon management's assessment of the future profitability of each property, or from the sale of the relevant property.

The recovery of costs of mining claims and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds of disposition of such properties.

n) Revenue Recognition

Interest and other income is recorded on an accrual basis, as earned.

o) Long-Lived Asset Impairment

Long-lived assets, which comprise exploration and evaluation assets and property, plant and equipment, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company's property, plant and equipment are assessed for indication of impairment at each financial position date. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Internal factors, such as budgets and forecasts, as well as external factors, such as future prices, costs and other market factors are also monitored to determine if indicators of impairment exist. If any indication of impairment exists, an estimate of the assets' recoverable amount is calculated. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company's assets. If this is the case, the individual assets are grouped together into cash generating units ("CGU") for impairment purposes. Such CGU's represent the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less cost to sell and fair value in use). Fair value less cost to sell is the amount obtainable from the sale of an asset of CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is determined as the present value of the future cash flows expected to be derived from an asset of CGU.

Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources and operating and capital costs. All assumptions used are those that an independent market participant would consider appropriate. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

p) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

q) Decommissioning and Environmental Provisions

The Company's mineral exploration and development activities are subject to various Chilean laws and regulations regarding the protection of the environment. As a result, the Company is expected to incur expenses to discharge its obligations under these laws and regulations.

Decommissioning and environmental costs are estimated based on the Company's interpretation of current regulatory and operating license requirements. Initially, a liability for a decommissioning and environmental provision is recognised as its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding decommissioning and environmental provision is added to the carrying amount of the related asset and the cost is amortised as an expense over the economic life of the asset using either the unit of production method or the straight line method, as appropriate.

Following the initial recognition of the decommissioning and environmental provision, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation and accreted over time to its present value, (accretion charge is included in the statement of operations within cost of sales). The Company does not currently have any legal obligations relating to the reclamation of its exploration and evaluation assets.

3. Revenue and Expenses

Other Income	**June 30, 2014 $**	**June 30, 2013 $**
Management fee for Project operations	547,556	524,351
Option payments for mineral properties	112,281	47,796
	659,837	**572,147**

Employee benefits expenses	**June 30, 2014 $**	**June 30, 2013 $**
Salary and wages	1,399,528	1,586,568
Superannuation and post-employment benefits	69,555	86,313
Share based payments expense*	-	637,734
	1,469,083	**2,310,615**

*Based on vesting dates

4. Property and Equipment

	June 30, 2014 $	June 30, 2013 $
Computer software – cost	80,042	71,736
Additions	8,470	8,306
Accumulated depreciation	(66,988)	(42,348)
Depreciation	(9,565)	(24,640)
Net book value	11,959	13,054
Equipment – cost	122,255	114,015
Additions	22,124	8,241
Accumulated depreciation	(57,429)	(38,609)
Depreciation	(20,847)	(18,820)
Net book value	66,103	64,827
Total Net Book Value	**78,062**	**77,881**

5. Exploration and Evaluation Assets

Project	Opening Balance July 1, 2013 $	Additions $	Impairment Expense* $	Other Adjustments $	Closing Balance June 30, 2014 $
El Arrayan	2,389,511	50,290	-	-	2,439,801
Las Santas	2,949,788	26,642	(1,015,278)	-	1,961,151
San Jose	841,653	20,842	-	-	862,496
Los Pumas	5,068,865	78,491	(5,068,865)	-	78,491
Llahuin (a)	10,642,900	-	-	-	10,642,900
Los Rulos (b)	-	586,193	-	45,783	631,976
Minera Panamericana	1,593,534	17,827	-	(45,783)	1,565,577
Chitigua	2,909,753	47,925	-	(23,155)	2,934,523
Minera America	1,456,728	55,490	(1,423,428)	-	88,790
Mantos Grandes (c)	990,502	10,081	-	(349,759)	650,824
Iron Sands	793,424	2,308	(758,264)	-	37,468
Total	**29,636,657**	**896,089**	**(8,265,835)**	**(372,914)**	**21,893,997**

* The Board assessed the value of the Las Santas, Iron Sands and Minera America Projects and decided to renew only strategic concessions in these areas. As a result, the carrying value of these Projects has been written down to reflect concession relinquishments. With due consideration to the manganese price, the Board also decided to write down the Los Pumas Project's carrying value.

In addition, a Chilean VAT receivable balance previously written off as an impairment expense was added back to the value of $133,297 as part of the balance was applied against received management fee income in the current year.

(a) Farm-in arrangement, Llahuin Project – Lundin Mining Corporation
On November 1, 2012, the Company formalised a farm-in arrangement with Lundin Mining Corporation ("Lundin Mining") for the Llahuin Project. Under this arrangement, Lundin Mining may earn up to a 75% interest in the Project by spending up to $35 million on exploration on the Project over a 6 year period. A separate entity, Minera Llahuin SCM was set up to hold the Project. The Company does not recognise the contributions and related exploration spending of Lundin Mining in the carrying value of the Project. A reassessment of this position will occur as the farm-in arrangement progresses. During the period, the Company wrote off historical acquisition costs related to this Project.

(b) Joint Venture Arrangement, Los Rulos Project – Lundin Mining
On November 13, 2013 the Company entered into a 50/50 Joint Venture with Lundin Mining ("Los Rulos Joint Venture") which subsequently acquired an interest in three prospects (Armandino, Guayacan and Polvareda 2) within the Los Rulos area. Under the Joint Venture arrangement, after two years Lundin Mining has the right to acquire a further 15% equity (65% in total) of the joint venture entity (Minera Los Rulos SCM) by paying Southern Hemisphere twice Southern Hemisphere's expenditure to date. The Company reflects Minera Los Rulos SCM on the basis of a 50% holding of the entities shares.

The Company does not recognise the contributions and related exploration spending of Lundin Mining in the carrying value of the Los Rulos Project. A reassessment of this position will occur as the Joint Venture progresses. Spending incurred in the Los Rulos area prior to execution of the Los Rulos Joint Venture has been reallocated from Minera Panamericana to the Los Rulos Project.

(c) Option Payment Received - Mantos Grandes Project
During the period, a payment of AUD$350,000 was received per the terms of a farm-in arrangement on the Mantos Grandes Project, which has since ceased. The value of the payment was applied against the cost base of the Project.

Project	Opening Balance July 1, 2012	Additions	Impairment Expense*	Closing Balance June 30, 2013
	$	$	$	$
El Arrayan	2,329,967	59,544	-	2,389,511
Las Santas	2,912,246	37,542	-	2,949,788
San Jose	803,336	38,317	-	841,653
Los Pumas	9,297,793	326,541	(4,555,469)	5,068,865
Llahuin (a)(b)	6,299,201	4,343,699	-	10,642,900
Minera Panamericana	1,552,345	41,189	-	1,593,534
Chitigua	2,888,680	21,073	-	2,909,753
Minera America del Sur	1,368,459	88,269	-	1,456,728
Mantos Grandes	965,150	25,352	-	990,502
Iron Sands	781,264	12,160	-	793,424
Total	**29,198,441**	**4,993,685**	**(4,555,469)**	**29,636,657**

* In FY2013, the Board assessed the value of the Los Pumas Project and with due consideration to the manganese price and consistent with the Company's overall shift of focus to other projects, decided to write down the Los Pumas Project's carrying value. The Board will reassess this carrying value as the manganese market improves.

In addition, in FY2013, a Chilean VAT receivable balance was written off as an impairment expense to the value of $462,339 as recovery of this asset is uncertain.

6. Share Capital

Unlimited number of authorised common shares with no par value.

	Number of Shares	$
Balance, June 30, 2012	**153,092,487**	**38,458,476**
Share issued pursuant to private placement (a)	19,800,000	5,000,000
Costs of private placement	-	(86,564)
Balance, June 30, 2013	**172,892,487**	**43,371,912**
Share issued pursuant to private placement (b)	25,933,873	1,039,667
Share issued pursuant to Rights Issue (c)	49,706,590	2,018,977
Costs of private placement and Rights Issue	-	(274,289)
Balance, June 30, 2014	**248,532,950**	**46,156,267**

a) On November 1, 2012, the Company conducted a private placement to Lundin Mining of 19,800,000 common shares of the Company. Total gross proceeds raised from the private placement were $5,000,000. Transaction costs incurred for the placement totalled $86,564.

b) On February 7, 2014, the Company conducted a private placement to sophisticated and professional investors of 25,933,873 common shares of the Company. Total gross proceeds raised from the private placement were $1,039,667.

c) On March 7, 2014, the Company conducted a follow-on Rights Issue on the same terms as the private placement completed on February 7, 2014. Under the Rights Issue, 49,706,590 common shares of the Company were issued for total gross proceeds of $2,018,977. Transaction costs incurred for the placement and Rights Issue totalled $274,289.

7. Segment Information

The Company operates in one single operating segment, being exploration activities in Chile.

The results and financial position are prepared for the Board on a basis consistent with the AASBs, and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made.

8. Loss per Share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the year ended June 30, 2014 was 198,713,861 (2013: 165,948,925) for the purpose of calculating the basic and diluted loss per share. As a result of the net losses for the years ended June 30, 2014 and 2013, the exercise of all outstanding options has been excluded from the calculation of diluted loss per share given their anti-dilutive nature.

9. Escrowed Shares

At June 30, 2014, the Company had no shares in escrow.

10. Share Based Compensation

Under the terms of a share option plan initially approved by shareholders on November 1, 2006, and re-approved on November 22, 2013, the Company may grant incentive share options numbering up to 10% of the number of issued and outstanding common shares of the Company to its officers, Directors, employees and consultants, for the purchase of common shares of the Company. Share options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and expire 90 days after the termination of employment or contracting arrangement of the option holder.

Vesting of options may be at the time of granting of the option or over a period as set out in each option agreement. Once approved and vested, options are exercisable at any time until expiry, unless subject to a restriction agreement. The Company records the share based compensation expense over the vesting period of the options granted. No options were granted during the current period.

No options were exercised, no options expired and 550,000 options lapsed during the year in accordance with the terms of their issue.

	Number of Options	Weighted Average Exercise Price $AUD
Balance at June 30, 2012	**11,881,730**	**0.40**
Options issued – September 10, 2012	4,200,000	0.21
Options expired – December 29, 2012	(5,050,000)	0.29
Options expired – January 13, 2013	(2,481,730)	0.42
Options expired – June 30, 2013	(4,350,000)	0.54
Balance at June 30, 2013	**4,200,000**	**0.21**
Options lapsed – March 5, 2014	(550,000)	0.21
Balance at June 30, 2014	**3,650,000**	**0.21**

The following table summarises the outstanding and exercisable options issued under employee compensation plans at June 30, 2014:

Options Exercisable	Exercise Price $AUD	Remaining Contractual Life (years)	Expiry Date
3,650,000	0.21	0.50	December 31, 2014

11. Income Taxes

	June 30, 2014 $	June 30, 2013 $
Net loss for accounting	(10,081,390)	(7,191,129)
Expected tax rate	20.0%	20.0%
Expected tax recovery at statutory rates	(2,016,278)	(1,438,226)
Share based compensation	-	637,734
Unrecognised benefit of revenue losses	2,106,278	800,492
Deferred income tax expense (recovery)	**-**	**-**
Revenue losses carried forward	5,223,845	3,207,567
Share issuance costs	-	25,969
Unrecognised deferred tax asset	(5,223,845)	(3,233,536)
Deferred income tax assets (liability)	**-**	**-**

As the Company is seeking to generate non-assessable, non-exempt income in Chile, for the purposes of the Australian head entity, a record of prior tax losses is kept but no tax balances have been recognised.

12. Parent Entity Disclosures

Financial Position	June 30, 2014 $	June 30, 2013 $
Current assets	-	-
Total assets	**31,378,964**	**37,020,331**
Current liabilities	-	-
Total liabilities	**(7,257,361)**	**(5,859,943)**
Issued capital	46,156,267	43,371,912
Reserves	(2,955,257)	(174,223)
Accumulated losses	(19,079,407)	(12,037,301)
Total equity	**24,121,603**	**31,160,387**

Financial Performance	June 30, 2014 $	June 30, 2013 $
Loss for the year	(7,042,106)	(2,071,120)
Other comprehensive income (loss)	(30,787)	224,746
Total comprehensive income (loss)	**(7,072,893)**	**(1,846,374)**

Contingent Liabilities of the Parent Entity
The parent entity did not have any contingent liabilities as at June 30, 2014 or 2013.

Contractual commitments for the acquisition of property, plant and equipment
The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at June 30, 2014 or 2013.

13. Warrants

As at June 30, 2014, the Company had no outstanding and exercisable warrants.

14. Related Parties

Key Management Personnel Compensation

The remuneration of Directors and other members of key management personnel during the years ended June 30, 2014 and 2013 are as follows:

	June 30, 2014 $	June 30, 2013 $
Short term benefits	714,456	919,926
Post-employment benefits	58,332	74,789
Share based payments*	-	415,163
	772,788	**1,409,877**

*Based on grant dates.

Individual Directors and Executives Compensation Disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

15. Financial Instruments and Risk Management

Fair value

The carrying value of the Company's financial instruments, including cash and cash equivalents, other assets, other liabilities, employee benefits and trade and other payables approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities approximate their carrying amount on account of the short maturity cycle.

Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data.

$ As at June 30, 2014	Hierarchy Level (if applicable)
Financial assets:	
Cash and cash equivalents	1

Risk Disclosures

The main risks the Company's financial instruments are exposed to are credit risk, foreign currency risk, interest rate risk and liquidity risk, each of which is discussed below.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. As the Company has yet to commence mining operations, it has no major exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset in the statements of financial position.

The Company's cash is held in an Australian financial institution and a Chilean financial institution, both of which are considered to have high creditability. The Company believes that it has no major credit risk.

Interest Rate Risk

Cash and cash equivalents bear interest at floating rates based on the bank prime rate, and as such, are subject to interest rate cash flow risk resulting from market fluctuations in interest rates. The Company has cash balances in bank accounts and short term deposits. Due to the short-term nature of these financial instruments, the Company believes that risks related to interest rates are not significant to the Company at this time.

Foreign Currency Risk

The Company operates in international markets, giving rise to exposure to market risks from changes in foreign exchange rates. As at June 30, 2014, the table below details the foreign denominated (AUD and Chilean Peso ("CLP")) financial instruments held by the Company which are recorded at the US dollar equivalent and are subject to foreign currency risk. The table also provides a sensitivity analysis of a 10% movement of the US Dollar against foreign currencies as identified which would have increased (decreased) the Company's net loss by the amounts shown.

	AUD $	CLP $
Foreign Currency Risk		
Cash and cash equivalents	2,213,087	28,618,960
Receivables	-	65,513,687
Accounts payable	(69,552)	(4,537,363)
Total foreign currency net working capital	2,143,535	89,595,284
	USD $	**USD $**
June 30, 2014		
USD exchange rate at June 30, 2014	1.0617	550.9
Total foreign currency net working capital in USD	2,018,996	162,634
Impact of a 10% strengthening of the USD on net loss	201,900	16,263
Impact of a 10% weakening of the USD on net loss	(201,900)	(16,263)
June 30, 2013		
Impact of a 10% strengthening of the USD on net loss	146,691	1,144
Impact of a 10% weakening of the USD on net loss	(146,691)	(1,144)

The Company has not entered into any agreements or used any instruments to hedge currency risks.

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals. A sustained, significant decline in either the prices of the minerals, the Company's issued equities or investor sentiment could have a negative impact on the Company's ability to raise additional capital.

Once in production the Company initially expects to have an exposure to commodity price risk associated with the production and sale of copper and gold. However, the Company is still in the exploration stage.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has no income from operations apart from option payments and management fees and relies on equity fund raising to support its exploration program. Management prepares budgets and ensures funds are available prior to commencement of any such program. Should the need for further equity financing arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price. All obligations are due within the year.

As at June 30, 2014, the Company had a cash balance of $1,665,506 (June 30, 2013 - $1,627,077) and a short term deposit balance of $470,950 (June 30, 2013 - $nil), and working capital of $2,149,544 (June 30, 2013 - $1,445,848). The Company is able to meet its current obligations and has minimal liquidity risk.

16. Notes to the Statement of Cash Flows

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	June 30, 2014 $	June 30, 2013 $
Cash on hand and balances with banks	1,665,506	1,627,077
Cash held on term deposit	470,950	-
	2,136,456	**1,627,077**

Reconciliation of Net Cash used in Operating Activities to Operating Loss after Income Tax		
Loss for the year	(10,081,390)	(7,191,129)
Depreciation	30,412	43,459
Impairment expenses (mineral properties)	8,265,835	4,555,469
Impairment expenses (other)	(133,297)	462,339
Share based payments	-	637,734
Foreign exchange gain (loss)	239,601	(433,318)
Net cash flows from operating activities before change in assets and liabilities	**(1,678,839)**	**(1,925,446)**
Change in assets and liabilities during the financial year		
Other current assets	(54,546)	(6,940)
Payables	(144,230)	(161,310)
Net cash outflow from operating activities	**(1,877,615)**	**(2,093,696)**
Non cash investing and financing activities	There were no non cash investing and financing activities during the year.	

17. Commitments

In order to maintain its current concession holdings, the Company must make annual payments of approximately $200,000 during the next 12 months to Chilean mining authorities.

The Company leases office premises in Australia and Chile under operating leases renewed each year and therefore has no lease commitments later than one year. Commitments for minimum lease payments in relation to operating leases are payable as follows:

	June 30, 2014 $	June 30, 2013 $
Within one year	64,634	71,325

18. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds in order to maintain and execute the objectives identified in each mineral property project in the Company's exploration plan. There is no quantitative return of capital criteria set out for management, but instead the Company relies on the expertise of management to further develop and maintain its activities.

The Company considers its capital to be equity which comprises common shares, share based payments reserve, foreign currency translation reserve and accumulated deficit, which at June 30, 2014 amounted to $24,121,603 (June 30, 2013 - $31,160,387).

The mineral properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as required.

The Company monitors its capital through monthly Board reporting including management accounts and forecasts combined with appropriate external financial, corporate and legal advice when required. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the current year.

19. Auditors Remuneration

Remuneration of the auditor Deloitte Touche Tohmatsu for:

Audit and Review Services	June 30, 2014 $	June 30, 2013 $
Auditing and reviewing of financial reports	32,127	34,836
Other regulatory audit services	-	-
	32,127	**34,836**
Remuneration to Deloitte Canada Other Services – taxation and compliance	3,548	14,600
Remuneration to PKF Chile, audit of subsidiaries	14,803	14,261

20. Investments in Controlled Entities

Name of Entity	Incorporated	Equity Holding	
		2014 (%)	2013 (%)
Southern Hemisphere Mining Pty Ltd(1)	Australia	100%	100%
Pan American Mining Pty Ltd(1)	Australia	100%	100%
South American Mining Pty Ltd(1)	Australia	100%	100%
Minera Hemisferio Sur SCM(2)	Chile*	100%	100%
Minera Pacifico Sur SCM(2)	Chile*	100%	100%
Minera Panamericana SCM(4)	Chile*	100%	100%
Sociedad Servicios Inversiones Futuro Limitada(4)	Chile*	100%	100%
Minera America del Sur SCM(5)	Chile*	100%	100%
Minera Llahuin SCM(6)	Chile*	99.99%	99.99%
Minera Mantos Grandes SCM(7)	Chile*	99.99%	-
Joint Ventures:			
Minera Los Rulos SCM(3)	Chile*	50%	-

*Per the requirements of Chile, one nominal share of each entity is held by a resident person. For the avoidance of doubt, this nominal share is controlled by the Group.

(1) Southern Hemisphere Mining Pty Ltd, Pan American Mining Pty Ltd and South American Mining Pty Ltd are wholly owned subsidiaries of Southern Hemisphere Mining Limited and the investment is held by that entity.

(2) Minera Hemisferio Sur SCM and Minera Pacifico Sur SCM are wholly owned subsidiaries of Southern Hemisphere Mining Pty Ltd and the investment is held by Southern Hemisphere Mining Pty Ltd.

(3) Minera Los Rulos SCM is a 50% owned subsidiary of Minera Hemisferio Sur SCM, with the other 50% interest held by Lundin Mining.

(4) Minera Panamericana SCM and Sociedad Servicios Inversiones Futuro Limitada are wholly owned subsidiaries of Minera Hemisferio Sur SCM and the investment is held by Minera Hemisferio Sur SCM.

(5) Minera America del Sur SCM is wholly owned subsidiary of South American Mining Pty Ltd and the investment is held by South American Mining Pty Ltd.

(6) Minera Llahuin SCM is a 50% owned subsidiary of Minera Hemisferio Sur SCM, with the other 49.99% interest held by Pan American Mining Pty Ltd and 0.01% share held by Lundin Mining. Minera Llahuin SCM is subject of a farm-in arrangement under which Lundin Mining can earn up 75% equity in Minera Llahuin SCM. To date, Lundin Mining has earned a deemed interest of 25%.

(7) Minera Mantos Grandes SCM is a 99.93% owned subsidiary of Minera Hemisferio Sur SCM, with the other 0.06% interest held by Southern Hemisphere Mining Pty Ltd and 0.01% share held by Midwinter Chile SpA. Following the conclusion of a farm-in arrangement, the share held by Midwinter Chile SpA is to be transferred back to Minera Hemisferio Sur SCM.

The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

21. Subsequent Events

There are no matters or circumstances that have arisen since June 30, 2014 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

Shareholder Information

The following is information required under the ASX Listing Rules and the Corporations Act 2001.

Top Shareholders

The names of the twenty largest shareholders as at August 22, 2014, who between them held 66.63% of the issued capital are listed below:

	Name of individual or entity	Total Number of Securities	% of Issued Capital
1	Trevor Tennant and associates	28,276,056	11.38%
2	Genesis Asset Management	24,853,000	10.00%
3	Lundin Mining	19,800,000	7.97%
4	Ice Cold Investments Pty Ltd	13,750,000	5.53%
5	James Pearson and associates	12,811,795	5.15%
6	Zero Nominees Pty Ltd	10,490,740	4.22%
7	Eduardo Valenzuela and associates	5,898,926	2.37%
8	Mr + Mrs Morgan	5,601,376	2.25%
9	Citicorp Nominees Pty Ltd	4,791,421	1.93%
10	Occasio Holdings Pty Ltd <Occasio Unit A/C>	4,752,027	1.91%
11	Nefco Nominees Pty Ltd	4,433,627	1.78%
12	LFR PTY LTD	4,200,000	1.69%
13	Igor Collado	4,034,078	1.62%
14	Mr + Mrs Waldon <Nodlaw S/F A/C>	3,737,500	1.50%
15	Mr Keith William Sheppard <Sheppard Fam A/C>	3,394,315	1.37%
16	Miss Emma Waldon	3,346,146	1.35%
17	Feoh Pty Ltd	3,288,798	1.32%
18	Mr + Mrs Watkins <The Watkins Investment A/C>	2,997,956	1.21%
19	HSBC Custody Nominees (AUST) Ltd	2,657,792	1.07%
20	Mr Robert Hirzel Black and associates	2,500,000	1.01%

Top Option Holders (quoted)

The names of the twenty largest Option holders as at August 22, 2014, who between them held 73.63% of the issued options are listed below:

	Name of individual or entity	Total Number of Securities	% of Issued Capital
1	Zero Nominees Pty Ltd	6,095,925	14.70%
2	Trevor Tennant and associates	4,281,782	10.32%
3	Occasio Holdings Pty Ltd <Occasio Unit A/C>	2,500,000	6.03%
4	Mr Robert Hirzel Black	2,003,750	4.83%
5	James Pearson and associates	1,705,240	4.11%
6	Palazzo Corporation Pty Ltd	1,550,000	3.74%
7	Mr + Mrs Morgan	1,493,680	3.60%
8	Ice Cold Investments Pty Ltd	1,469,825	3.54%
9	RPK Nominees Pty Ltd <R & C Kane SF A/C>	1,342,493	3.24%
10	Mr Keith William Sheppard <Sheppard Fam A/C>	1,291,413	3.11%
11	Feoh Pty Ltd	1,144,399	2.76%
12	Mr + Mrs Waldon <Nodlaw S/F A/C>	868,750	2.09%
13	Mr + Mrs Watkins <The Watkins Investment A/C>	849,795	2.05%
14	Miss Emma Waldon	704,614	1.70%
15	Dr + Mr Black <R A Black Super Fund A/C>	625,000	1.51%
16	TT Nicholls Pty Ltd <Super A/C>	600,000	1.45%
17	Citicorp Nominees Pty Ltd	529,183	1.28%
18	Tanglo Holdings Pty Ltd <Andree Harkness S/Fund A/C>	519,269	1.25%
19	Mr William Percival Reynolds <W P Reynolds Family A/C>	500,000	1.21%
20	Norvest Projects Pty Ltd	459,485	1.11%

Distribution of Shareholders and their Holdings as at August 22, 2014

The Company's common shares trade on the ASX. The spread of the shareholders is as follows:

Ordinary Shares held	Total Number of Holders	Number of Shares
1 to 1,000	16	3,565
1,001 to 5,000	45	138,933
5,001 to 10,000	91	783,977
10,001 to 100,000	249	10,848,242
100,001 and over	181	236,758,233
Total	**582**	**248,532,950**

a) All shares rank equally.
b) The number of shareholders with a holding less than a marketable parcel (AUD$500) based on a market price of AUD $0.072 as at August 22, 2014 was 76.

Unquoted Securities as at August 22, 2014

Class of Equity Security (a)	Total Number of Securities	Number of Security Holders	Holder and Number of Unquoted Securities(b)
AUD $0.21 Options (c)	3,650,000	13	n/a

a) These unquoted securities do not have voting rights.
b) Disclosed if an individual or entity holds 20% or more of the equity securities in an unquoted class, unless issued under an employee share scheme as defined by the ASX listing rules.
c) These securities were issued under an employee share scheme as defined by the ASX listing rules.

On-market Buy-back

There is no current on-market buy-back of the Company's securities in place.

Quotation

The Company's common shares are quoted as 'SUH' on ASX. The Company's listed options are quoted as 'SUHO' on ASX.

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are listed below:

Name of individual or entity	Total Number of Securities	% of Issued Capital
Trevor Tennant and associates	28,276,056	11.38%
Genesis Asset Managers	24,853,000	10.00%
Lundin Mining	19,800,000	7.97%
Ice Cold Investments Pty Ltd	13,750,000	5.53%
James Pearson and associates	12,811,795	5.15%

Mineral Resources and Ore Reserves Statement

The information in this Annual Report relating to estimates of Mineral Resources and Ore Reserves have been extracted from the following News release technical reports:

News release date	News release title	Description
18/8/2013*	Llahuin Copper-Gold Project – Technical Report for JORC Resource Upgrade	Resource estimate for Llahuin deposit with relevant JORC Code (2004) Table 1.
25/3/2011*	Technical Report - Los Pumas Resource Upgrade	Resource estimate for Los Pumas deposit with relevant JORC Code (2004) Table 1.

** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The News releases referenced in the previous table are available on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the most recent market announcement for each deposit and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original News releases.

Llahuin Project: Total Measured and Indicated Resources - JORC Compliant

Resource (at 0.28% Cu Equiv cutoff)	Tonnes Millions	Cu %	Au g/t	Mo %	Cu Equiv*
Measured	112	0.31	0.12	0.008	0.42
Indicated	37	0.23	0.14	0.007	0.37
Measured plus Indicated	**149**	**0.29**	**0.12**	**0.008**	**0.41**
Inferred	20	0.20	0.19	0.005	0.36

***Copper Equivalent ("Cu Equiv")**
The copper equivalent calculations represent the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. It is the Company's opinion that elements considered have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines. Copper equivalent conversion factors and long-term price assumptions used are stated below:

Copper Equivalent Formula= Cu % + Au (g/t) x 0.72662 + Mo % x 4.412
Price Assumptions- Cu ($3.40/lb), Au ($1,700/oz), Mo ($15/lb)

Los Pumas Project: Total Measured and Indicated Resources - JORC Compliant

Resource (at 4% Mn cutoff)	Tonnes Millions	Mn %	SiO_2 %	Fe_2O_3%	Al %	K %	P %
Measured	5.27	7.39	57.85	2.78	5.62	2.88	0.05
Indicated	13.06	7.65	55	2.96	5.64	2.92	0.05
Measured plus Indicated	**18.34**	**7.58**	**55.82**	**2.91**	**5.62**	**2.91**	**0.05**
Inferred	5.39	8.59	51.44	2.72	5.49	2.69	0.06

Competent Person / Qualified Person Statement

The information in this Annual Report that relates to Exploration Targets, Exploration Results or Mineral Resources or Ore Reserves is based on, and fairly represents information compiled by Mr Trevor Tennant, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Tennant has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tennant is a full time employee and Managing Director of the Company and consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears. For further information, please refer to the Technical Reports and News releases on the Company's website at www.shmining.com.au.

Concession Schedule

Arenas del Sur (Chanco, Chile)

LICANTEN I 1
LICANTEN I 2
LICANTEN I 3

Belen (Putre, Chile)

BELEN II 7
BELEN II 8
BELEN II 9
BELEN II 10
BELEN 4, 1 al 20
BELEN 5, 1 al 30
BELEN 6, 1 AL 20
BELEN 1, 1 al 10
BELEN 2, 1 al 20
BELEN 3, 1al 30
BELEN II, 1al 10
BELEN II, 11 al 20

Carboneras (Maria Elena, Chile)

CARBONERA II 22
CARBONERA II 23
CARBONERA II 24
CARBONERA II 25
CARBONERA II 26
CARBONERA II 27
CARBONERA 28
CARBONERA 19, 1 al 20
CARBONERA 20, 1 al 20
CARBONERA 21, 1 al 20

Chitigua (Calama, Chile)

LEO 28
LEO 29
LEO 30
LEO II 1
LEO II 2
LEO II 3
LEO II 4
LEO II 5
LEO II 6
LEO II 7
LEO II 8
LEO II 9
LEO II 10
LEO II 11
LEO II 12
LEO II 13
LEO II 14
LEO II 15
LEO II 16
LEO II 17
LEO II 18
LEO II 19
LEO II 20
LEO II 21
LEO II 22

Chitigua (Calama, Chile)

LEO II 23
LEO II 24
LEO II 25
LEO II 26
LEO II 27
LEO II 28
LEO II 29
LEO II 30
LEO II 31
LEO II 32
LEO II 33
LEO II 34
LEO II 35
LEO II 36
LEO II 37
LEO II 38
LEO II 39
LEO II 40
LEO II 41
LEO II 42
LEO II 43
LEO II 44
LEO II 45
LEO II 46
LEO II 47
LEO II 48
LEO II 49
LEO II 50
LEO II 51
LEO II 52
LEO II 53
LEO II 54
LEO II 55
LEO II 56
LEO II 57
LEO II 58
LEO II 59
LEO II 60
LEO II 61
LEO II 62
LEO II 63
LEO II 64
LEO II 65
LEO II 66
LEO A
LEO B
LEO C
CHITIGUA ESTE 2
DANIELA 1 AL 6
CHITIGUA SUR ESTE 1 al 5
CHITIGUA 16, 1al 6
CHITIGUA 25, 1 al 30
CHITIGUA 25, 46 al 75

Chitigua (Calama, Chile)

CHITIGUA 26, 1 al 60
CHITIGUA 27, 1 AL 60
CHITIGUA 30, 1 al 30
CHITIGUA 30, 46 al 75
CHITIGUA 31, 1 al 60
CHITIGUA 32, 1 al 60
CHITIGUA 34, 1 AL 30
CHITIGUA 19, 1 al 40
CHITIGUA 4, 1 al 60
CHITIGUA 4, 76 al 135
CHITIGUA 7, 1 AL 40
CHITIGUA 8, 1 AL 110
CHITIGUA 18, 1 AL 65
CHITIGUA 1, 1 al 30
CHITIGUA 2, 1 al 30
LEO 1, 1 al 28
LEO 19, 1 al 30
ESTE 11, 1 al 10
ESTE 21, 1 al 20
ESTE 22, 1 al 20

El Arrayan (Vicuna, Chile)

SAN JAMES 1, 1 AL 52
SAN JAMES 1, 101 AL 179
SAN JAMES 2, 1 AL 26
SAN JAMES 2, 61 AL 187
SAN JAMES 3, 1 AL 147
SAN JAMES 4, 1 AL 144
SAN JAMES 5, 1 AL 156
SAN JAMES 6, 1 AL 25
SAN JAMES 7, 1 AL 45
SAN JAMES 8, 1 AL 12
SAN JAMES 9, 1 AL 12
SAN JAMES 10, 1 AL 11
SAN JAMES 11, 1 AL 6
SAN TREVOR 1, 1 AL 256
SAN TREVOR 2,1 AL 267
SAN TREVOR 3, 1 AL 98
SAN TREVOR 3, 151 AL 237
SAN TREVOR 4, 1 AL 90
SAN TREVOR 4, 151 AL 264
SAN TREVOR 5, 1 AL 300
SAN TREVOR 6, 1 AL 250
SAN TREVOR 7, 1 AL 60
SAN TREVOR 8, 1 AL 58
SAN TREVOR 9 1 AL 60
SAN TREVOR 10, 1 AL 33
SAN TREVOR 10, 76 AL 145
SAN TREVOR 10, 151 AL 189
SAN JOSE UNO 1 AL 23
SAN JOSE DOS 1 AL 17
SAN JOSE TRES 1 AL 54
SAN ALFONSO TRES 1 AL 36
SAN ALFONSO CUATRO 1 AL 50

Concession Schedule

El Arrayan (Vicuna, Chile)

SAN JORGE UNO 1 AL 12
SAN JORGE TRES 1 AL 36
SAN JORGE CUATRO 1 AL 60
SAN JORGE CINCO 1 AL 11
SUSAN 1, 1 AL 38
SUSAN 2, 1 AL 49
SUSAN 3, 1 AL 15
SUSAN 4, 1 AL 12
SIMON 1 AL 5
SIMÓN II 1
SAN JOSE II TRES
SAN ALFONSO II CUATRO

Las Santas (Salamanca, Chile)

SANTA ANA III 22
SANTA ANA II 26
SANTA NATALIA 1 AL 40
SANTA CAMILA 1 AL 27
SANTA SANDRA 1 AL 40
SANTA CLARITA 1 AL 40
SANTA MACARENA 1 AL 40
SANTA ANA 1 AL 60
SANTA INÉS 1 AL 40
SANTA XIMENA 1 AL 60
SANTA ANA III 1

Llahuin, Combarbala, Chile

EL ESPINO 1
EL ESPINO 2
EL ESPINO 3
EL ESPINO 4
EL ESPINO 5
EL ESPINO 6
EL ESPINO 7
EL ESPINO 8
EL ESPINO 9
EL ESPINO 11
EL ESPINO 12
EL ESPINO 13
EL ESPINO 14
EL ESPINO 15
AMAPOLA I
AMAPOLA II
AMAPOLA III
AMAPOLA IV
AMAPOLA 1, 1 al 20
AMAPOLA 2, 1 al 20
AMAPOLA 3, 1 al 20
AMAPOLA 4, 1 al 18
COLINA 2, 1 al 30
PACLAS 2
PACLAS 3
COLINA 7
COLINA 8
COLINA 10

Llahuin, Combarbala, Chile

COLINA 11
EL ESPINO 1 al 9

Los Pumas (Putre, Chile)

PUMA NORTE B 1
PUMA NORTE B 2
PUMA NORTE B 3
PUMA NORTE B 4
PUMA NORTE B 5
PUMA NORTE B 6
PASCUALA 1 B
PASCUALA 2 B
PASCUALA 3 B
PASCUALA 4 B
PASCUALA 5 B
PASCUALA 6 B
PASCUALA 1 C
PASCUALA 2 C
PASCUALA 3 C
PASCUALA 4 C
PASCUALA 5 C
PASCUALA 6 C
LOS PUMAS 1
LOS PUMAS 2
LOS PUMAS 3
LOS PUMAS 4
LOS PUMAS 5
LOS PUMAS 6
LOS PUMAS 7
LOS PUMAS 8
LOS PUMAS 9
LOS PUMAS 10
LOS PUMAS 11
LOS PUMAS 12
LOS PUMAS 13
LOS PUMAS 14
LOS PUMAS 15
LOS PUMAS 16
LOS PUMAS 17
LOS PUMAS 18
LOS PUMAS 19
LOS PUMAS 20
AWAHOU 1 AL 20
EMANUEL 1 AL 20
LLUTA I 1 AL 54
LLUTA II 1 AL 285
PUTRE 5, 1 AL 10
PUTRE 6, 1 AL 11
PUTRE I 1 AL 20
PUTRE II 1 AL 20
PUMA NORTE 2, 1 al 30
MG 3, 1 al 30

Los Rulos, Canela, Chile

COLIHUE 1

Los Rulos, Canela, Chile

COLIHUE 2
COLIHUE 3
COLIHUE 4
COLIHUE 5
COLIHUE 6
COLIHUE 7
COLIHUE 8
COLIHUE 9
COLIHUE 10
COLIHUE 11
COLIHUE 12
COLIHUE 13
COLIHUE 14
COLIHUE 15
COLIHUE 16
COLIHUE 17
COLIHUE 18
COLIHUE 19
COLIHUE 20
COLIHUE 21
COLIHUE 22
COLIHUE 23
COLIHUE 24
COLIHUE 25
COLIHUE 26
LOS RULOS 1
LOS RULOS 2
LOS RULO 3
GRANADO 1
GRANADO 2
GRANADO 3
GRANADO 4
PACLAS 1
COLINA 9
RULOS SUR 1
RULOS SUR 2
RULOS SUR 3
RULOS SUR 4
RULOS SUR 5
RULOS SUR 6
RULOS SUR 7
RULOS SUR 8
RULOS SUR 9
RULOS SUR 10
RULOS SUR 11
RULOS SUR 12

Los Rulos, Option Agreements

ARMANDIÑO 1 AL 20
POLVAREDA SEGUNDA 1 AL 48
GUAYACAN 1 AL 12

Mantos Grandes, Monte Patria, Chile

MANTOS II 2
MANTOS II 4

Concession Schedule

Mantos Grandes, Monte Patria, Chile	Mantos Grandes, Monte Patria, Chile	Rincon (Salamanca, Chile)
MANTOS III 16	MANTOS 3, 1 AL 15	RINCÓN 5
MANTOS III 17	MANTOS 4, 1 AL 20	RINCÓN 6
MANTOS III 18	MANTOS 5, 1 AL 20	RINCÓN 7
MANTOS II 19	MANTOS 6, 1 AL 30	RINCÓN 8
MANTOS II 20	MANTOS 7, 1 AL 178	RINCÓN 9
MANTOS II 21	MANTOS 8, 1 AL 95	RINCÓN 10
MANTIS 1	MANTOS 9, 1 AL 30	RINCÓN 11
MANTIS 2	MANTOS 10, 1 AL 136	RINCÓN 12
MANTIS 3	MANTOS 11, 1 AL 51	RINCÓN 13
MANTIS 4	MANTOS 12, 1 AL 268	RINCÓN 14
MANTIS 5	MANTOS 13, 1 AL 99	**Romeral (La Higuera, Chile)**
MANTIS 6	MANTOS 21, 1 AL 20	SOLDADO II 1
MANTIS 7	MANTOS 21, 21 AL 30	SOLDADO II 2
MANTIS 8	MANTOS 22, 1 AL 20	SOLDADO II 3
MANTIS 9	**Meteoritica (Maria Elena, Chile)**	SOLDADO II 4
MANTIS 10	IRON 11	SOLDADO 1, 1 al 20
MANTIS 11	IRON 12	**San Jose (Coihueco, Chile)**
MANTIS 12	IRON 13	STEPHEN I
MANTIS 13	IRON 14	LEYLA 1 AL 60
MANTOS II 24	IRON 5, 1 al 60	EDUARDO 1 AL 60
MANTOS 16, 1 al 10	IRON 8, 1 AL 20	TERESA 1 AL 60
MANTOS 17, 1 al 10	JOYA 1, 1 al 60	BASILIO 1 AL 60
FUTURO 5, 1 AL 60	JOYA 2, 1 al 60	**Santa Gracia (La Serena, Chile)**
MANTOS GRANDES 1 AL 11	**Rincon (Salamanca, Chile)**	LA CUYANA 1 AL 5
MANTOS CHICOS 1 AL 20	RINCÓN 1	SAN SEBASTIÁN 1 AL 6
LA ESCONDIDA 1 AL 20	RINCÓN 2	LAS PERDICES II 10
MANTOS 1, 1 AL 10	RINCÓN 3	LEONOR II 2
MANTOS 2, 1 AL 20	RINCÓN 4	

a) All of the concessions listed above are located in Chile.

b) Apart from the Los Rulos concessions which are owned by 50% owned entity Minera Los Rulos SCM ("MLR") and the Los Rulos option agreements entered into by MLR, all of the concessions listed above are 100% owned by controlled subsidiaries Minera Hemisferio Sur SCM ("MHS"), Minera Pacifico Sur SCM ("MPS"), Minera America Sur SCM("MSAM"), Minera Panamericana SCM ("MPAM"), Minera Llahuin SCM ("MINLLA") and Minera Mantos Grandes SCM ("MMG") respectively.

SOUTHERN HEMISPHERE mining limited

ASX : SUH

ACN 140 494 784
June 30, 2014

2014
annual report

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