Annual Report

Southern Hemisphere Mining Limited

ACN 140 494 784

30 June 2017

Corporate directory

Current Directors

David Lenigas	*Chairman and Non-executive Director*
Trevor Tennant	*Chief Executive Officer*
Keith Coughlan	*Non-executive Director*

Company Secretary

Julia Beckett

Principal Registered Office

Street: 283 Rokeby Road
Subiaco, Western Australia 6008
Postal: PO Box 52
West Perth, Western Australia 6872
Telephone: +618 6141 3500
Email: Julia@wolfstargroup.com.au
Website: www.shmining.com.au

Notice of Annual General Meeting

Level 18
Alluvion Building
58 Mounts Bay Road
Perth, Western Australia
8:30 am on 30 November 2016

Share Registry

Computershare Investor Services Pty Ltd
Street: Level 2, 45 St Georges Terrace
Perth, Western Australia 6000
Postal: GPO Box D182
Perth, Western Australia 6840
Telephone: 1300 850 505
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code SUH

Solicitors to the Company

Fairweather Corporate
Ground Floor
595 Stirling Highway
Cottesloe, Western Australia 6011

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth, Western Australia 6000

Contents

Chairman's Letter

Dear fellow shareholders,

The board has seen significant changes during the period and with the recent increases in global commodity prices, it is now time for the board to roll up its sleeves and get on with the business of building a resources company we can all be proud of.

The Company has historically spent a great deal of money defining resources at the Company's Llahuin Copper-Gold Project and the Rincon Copper-Gold Project in Chile. The board is currently conducting an independent review of these assets to assess their viability of these projects taking in to account the higher copper and gold prices we are seeing and we are working diligently to extract maximum value for shareholders from these assets. They are important to the Company and we see good value in these going forward.

The new play!

There is a great deal of excitement in the Australian market place about the new conglomerate gold concepts being developed in the Pilbara Region, and I feel for good reason. We intend to accelerate our efforts on increasing our exposure here, especially in the southern side of the Fortescue Basin and to this extent, we are now very active in pegging new ground and looking to joint venture and acquire as much new ground as we possibly can this year.

Post year end, the Company announced that it had entered in to the new Pilbara gold conglomerate play, and on the 27 September 2017, announced that it has applied for two Exploration Licences, E47/3807 (45 Blocks, 142 km^2) and E47/3808 (184 Blocks, 580 km^2), covering a total area of 722 km^2 located 260km south of Karratha and surrounding Paraburdoo in the West Pilbara, Western Australia.

The two Exploration Licence applications are prospective for conglomerate gold mineralisation associated with the Mt Roe Basalt and the Lower Fortescue Group on the southern boundary of the Fortescue Basin. The geological setting is analogous in a basinal context to the Artemis Resources owned Purdys Reward Project located on the northern boundary of the Fortescue Basin.

The real journey for SUH has only just begun in the Pilbara and we see tremendous opportunities here over the coming year.

I would like to take this opportunity to thank the finance institutions and our retail shareholders for their support during the year, and your board looks forward to everyone's ongoing support as we continue on this exciting journey in the years ahead.

Yours sincerely,

David Lenigas
CHAIRMAN AND NON-EXECUTIVE DIRECTOR
Southern Hemisphere Mining Limited

Operations review

Gold Tenement Applications – Paraburdoo, Western Australia

After year end on the 27 September 2017, the Company announced that it has applied for two Exploration Licences, E47/3807 (45 Blocks, 142 km^2) and E47/3808 (184 Blocks, 580 km^2), covering a total area of 722 km^2 located 260km south of Karratha and surrounding Paraburdoo in the West Pilbara, Western Australia . The new tenement applications have no competing tenement applications and the company expects that the grant of the tenements will occur in a timely fashion.

The two Exploration Licence applications are prospective for conglomerate gold mineralisation associated with the Mt Roe Basalt and the Lower Fortescue Group on the southern boundary of the Fortescue Basin. The geological setting is analogous in a basinal context to the Artemis Resources owned Purdys Reward Project located on the northern boundary of the Fortescue Basin.

Approximately 260km south of Karratha, Geological Survey of Western Australia (GSWA) mapping shows the presence of the Mt Roe Basalt within Lower Fortescue Group sediments in the core of 2 anticlinal domes near Paraburdoo; the Rocklea (45 km northwest of Paraburdoo) and Paraburdoo (at Paraburdoo) Domes.

The Rocklea Dome has numerous gold occurrences (Figure 3) associated with these sediments. The Milli Milli Dome 20 km to the northeast of SUH's E47/3808 has gold occurrences in Archean sediments. These Archean sediments are not assigned, and the identification of Artemis's Purdys Reward gold project makes the Paraburdoo Project area of extreme interest for sedimentary gold deposition. The Paraburdoo dome immediately north of Paraburdoo has Mt Roe Basalt and the basal sediments covered by tenements held by Bascome Pty Ltd (Creasy Group) and Grants Hill Gold Pty Ltd (Novo Resources Corp).

Chilean Gold Projects

The Company holds prospective copper/gold project areas in Chile, South America. By the end of the financial year, the Company's Chile portfolio was reduced to three key holdings: the **Llahuin Copper-Gold Project, the Los Pumas Manganese Project** and the **Rincon Copper-Gold Project**

1. 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.

1.1. 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 independent estimate was 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.

On 11 May 2015, the Company announced a significant breakthrough in the development of the Llahuin Project with the securing of the adjacent Gomila Prospect ("Gomoila"). Gomila is part of the Llanos Cluster of concessions centred 4km south-west of the Llahuin Central Porphyry Zone.

1.2. Outlook

In close proximity to the Llahuin Project is a cluster of projects prospective for copper (Llanos Cluster). By adding the potential of the Llanos Cluster to the established Llahuin resource, the combined Llahuin/Llanos Project would be an excellent proposition for a large company wanting to develop a long life, low elevation mine in a low sovereign risk mining jurisdiction.

The Company had previously engaged an external consultant to prepare a desktop scoping study demonstrating the economics of the Llahuin Project. These figures are enhanced significantly by the current copper price and the Company will review and update this report accordingly for dissemination to potential development partners.

Operations review

2. Other Projects

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

The Los Pumas Project 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 and environmental approval and awaits water supply agreements, completion of final pit plans, ongoing test work and feasibility studies. The Company notes the strong recent appreciation in the manganese price. Should the price continue to improve, the Company will review this project and its JORC compliant resource in significantly more detail.

2.2. Rincon Copper-Gold Project

The Rincon Project is a copper opportunity 8 km north and on strike with the Los Pelambres mine owned by Antofasgasta Minerals. The Company is also marketing this project for sale or joint venture.

Directors' report

For the year ended 30 June 2017, the Directors present their Report together with the consolidated financial statements of the Group comprising of Southern Hemisphere Mining Limited and (**the Company**) and its controlled entities (collectively **the Group**) for the financial year ended 30 June 2017 and the auditor's report thereon.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- Mr David Lenigas — Chairman and Non-executive Director *(Appointed 24 March 2017)*
- Mr Trevor Tennant — Chief Executive Officer
- Mr Keith Coughlan — Non-executive Director *(Appointed 24 March 2017)*
- Mr Douglas Young — Non-executive Chairman *(Resigned on 24 March 2017)*
- Mr Brian Beresford — Non-executive Director *(Resigned on 24 March 2017)*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 Information relating to the directors of this Directors Report.

2. Company secretary

The following people held the position of Company Secretary at the end of the financial year:

- ***Ms Julia Beckett***

Qualifications	Certificate in Governance and Administration
Experience	Mr Julia Beckett holds a Certificate in Governance Practice and Administration and is a Certificate Member of Chartered Secretaries Australia. Julia is a Corporate Governance professional, having worked in corporate administration and compliance for the past 10 years. She has been involved in business acquisitions, mergers, initial public offerings, capital raisings as well as statutory and financial reporting. Julia is also Company Secretary of Blina Minerals Limited, Drake Resources Limited and European Metals Holdings Limited, and Joint Company Secretary of Holista CollTech Limited.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2017.

4. Significant Changes in the state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- On 24 March 2017, the Company issued 6,512,376 to sophisticated and professional investors at $0.02 per share to raise $130,248. The funds raised under the placement were used for working capital.

- On 2 May 2017, the Company announced that it had signed an agreement to jointly acquire 100% of both the Marble Bar Lithium Prtoject and Pippingarra Lithium Project in Western Australia through a 50/50 joint venture with Macarthur Minerals Limited ("MMS").

  The Company and MMS have entered into a Memorandum of Understanding ("MOU") with Great Sandy Pty Ltd ("Great Sandy") a private Australian company controlled by Denis O'Meara, that will serve as a framework to acquire the Lithium projects under a purchase agreement.

- On 30 May 2017, the Company issued 6,500,000 to sophisticated investors at $0.08 per share to raise $520,000, The funds raised will be used to continue further exploration at Marble Bar Lithium Project and Pippingarra Lithium Project in Western Australia, and undertake an independent technical and financial review of the Company's existing projects in Chile taking into account the recent increases in global commodities prices and for general working capital purposes.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

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

Directors' report

5.2. Operations Review (refer Operations review of page 2)

5.3. Financial Review

Operating results

For the 2017 financial year the Group delivered a loss before tax of $686,239 (2016: $17,075,565 loss), representing a decline in profitability. However, this figure includes exploration expenditure/impairment of $371,261 (2016: $16,358,961).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 2.

Financial position

The net assets of the Group have increased from 30 June 2016 by $118,106 to $640,933 at 30 June 2017 (2016: $522,827).

As at 30 June 2017, the Group's cash and cash equivalents increased from 30 June 2016 by $61,570 to $702,327 at 30 June 2017 (2016: $640,757) and had working capital of $628,012 (2016: $544,578 working capital).

5.4. Events Subsequent to Reporting Date

On 27 September 2017 the Company announced that it has applied for two Exploration Licences, E47/3807 (45 Blocks, 142 km^2) and E47/3808 (184 Blocks, 580 km^2), covering a total area of 722 km^2 located 260 km south of Karratha and surrounding Paraburdoo in the West Pilbara, Western Australia. The new tenement applications have no competing tenement applications and the Company expects that the grant of the tenements will occur in a timely fashion.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 26 Events subsequent to reporting date.

5.5. Future Developments, Prospects and Business Strategies

The main focus of the Company is development of the Llahuin Copper-Gold Project with a joint venture partner. The Company will look to farm-out or deal with its other projects and review other opportunities in the resources sector.

5.6. Environmental Regulations

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 30 June 2017 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 the enacted *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

Directors' report

6. Information relating to the directors

Mr David Lenigas	Chairman and Non-executive Director *(Appointed 24 March 2017)*
Qualifications	Bachelor of Applied Science
Experience	Mr Lenigas is an experienced mining engineer with significant global resources and corporate experience, having serviced as Executive Chairman, Chairman and Non-Executive Director of many public listed companies in London, Canada, Johannesburg and Australia. In recent years, Mr Lengias was the Executive Chairman of London listed lithium investment company Rare Earth Minerals Plc, which has been responsible for providing significant funding for the development of the large Sonora Lithium Project in Mexico and the Cinovec Lithium Project in the Czech Republic. He is currently the Executive Chairman of ASX listed Artemis Resources Limited (ARV) and Non-Executive Director of Canadian listed Australian company Macarthur Minerals, whose major shareholder is Rare Earth Minerals Plc. Mr Lengias was also until recently, the Executive Chairman of London listed UK Oil & Gas Investments Plc, which was responsible for the new Horse Hill oil discovery near London's Gatwick International Airport that flowed on test a UK onshore record of 1,688 barrels of oil per day. He is now the Executive Chairman of London listed Doriemus Plc, which owns an interest in the Horse Hill oil discovery and is working with its JV partners towards moving Horse Hill into production.
Special responsibilities	Nil
Interest in Shares and Options	4,884,282 Ordinary Shares
Directorships held in other listed entities	Executive Chairman of Doriemus Plc
Mr Trevor Tennant	Chief Executive Officer
Qualifications	Associateship in Mining Engineering from the WA School of Mines
Experience	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.
Special responsibilities	Nil
Interest in Shares and Options	7,560,087 Ordinary Shares
Directorships held in other listed entities	None
Mr Keith Coughlan	Non-executive Director *(Appointed 24 March 2017)*
Qualifications	BA
Experience	Mr Coughlan has almost 30 years' experience in stockbroking and funds management. He has been largely involved in the funding and promoting of resource companies listed on the ASX, AIM and TSX. He has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds.
Special responsibilities	Nil
Interest in Shares and Options	1,628,094 Ordinary Shares
Directorships held in other listed entities	Managing Director of European Metals Holdings Limited Non-Executive Chairman of Calidus Resources Limited

Directors' report

- **Mr Douglas Young** — Chairman and Non-executive Director *(Resigned 24 March 2017)*
  - Qualifications — BE
  - Experience — Mr Young has more than 30 years of corporate finance experience, covering mergers and acquisitions, debt and equity raisings in domestic and international financial markets, corporate restructuring and other corporate finance transactions.
  - Special responsibilities — Nil
  - Interest in Shares and Options — 881,985 Ordinary Shares at resignation
  - Directorships held in other listed entities — None

- **Mr Brian Beresford** — Non-executive Director *(Resigned 24 March 2017)*
  - Experience — Mr Beresford is currently the Head of Corporate Finance at Euroz Securities Limited. Mr Beresford joined Euroz Securities Limited as an Executive Director almost 5 years ago from PwC, where he was a Partner and a member of PwC's corporate finance and M&A practice. He is a qualified lawyer with a Masters in Finance (London Business School) who has also worked for Arthur Andersen, Clayton Utz and GEM Consulting.
  - Special responsibilities — Nil
  - Interest in Shares and Options — 351,685 Ordinary Shares at resignation
  - Directorships held in other listed entities — None

7. Meetings of directors and committees

During the financial year two meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		AUDIT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr D Lenigas	Nil	N/A								
Mr T Tennant	2	2								
Mr K Coughlan	1	1								
Mr D Young	1	1								
Mr B Beresford	1	1								

At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Directors' report

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has entered an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed:

> *The Director is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.*

The Company must keep a complete set of company documents until the later of:

- The date which is seven years after the Director ceases to be an officer of the Company; and
- The date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and copy a Company document in connection with any relevant proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of:

a. The date which is seven years after the Director ceases to be an officer of the Company; and

b. The date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

8.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group.

9. Options

9.1. Unissued shares under option

At the date of this Report, there are no unissued shares of the Group under option.

9.2. Shares issued on exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year.

10. Non-audit services

During the year, RSM Australia Partners, the Company's auditor, did not perform any services other than their statutory audits (2016: $nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 22.

In the event that non-audit services are provided by RSM Australia Partners, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' report

11. Proceedings on behalf of company

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

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

12. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2017 has been received and is included within the annual report.

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Directors' report

13. Remuneration report (audited)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

13.1. Key management personnel (KMP)

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprise the directors of the Company and key executive personnel:

- Mr David Lenigas — Chairman and Non-executive Director (Appointed on 24 March 2017)
- Mr Trevor Tennant — Chief Executive Officer
- Mr Keith Coughlan — Non-executive Director (Appointed on 24 March 2017)
- Mr Douglas Young — Chairman and Non-executive Director (Resigned on 24 March 2017)
- Mr Brian Beresford — Non-executive Director (Resigned on 24 March 2017)

13.2. Principles used to determine the nature and amount 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.

- Engagement of Remuneration Consultants

During the financial year, the Company did not engage any remuneration consultants.

- Relationship between Remuneration of Key Management Personnel and Shareholder Wealth

During the Group's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore, there was no relationship between the Board's policy for determining, or in relation to, the nature during the current and previous financial years.

The Board did not determine the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and previous financial years.

- Relationship between Remuneration of Key Management Personnel and Earnings

As discussed above, the Group is currently undertaking exploration activities and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from its projects. Accordingly, the Board does not consider earnings during the current and previous financial years when determining the nature and amount of remuneration of KMP.

Directors' report

13. Remuneration report (audited)

13.3. Directors and KMP remuneration

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the Group:

2017	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total
Group Key Management Person	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Other $	Super-annuation $	Other $	Equity $	Options $	$
Mr D Lenigas*	2,000	-	-	-	-	-	-	-	**2,000**
Mr K Coughlan*	2,000	-	-	-	-	-	-	-	**2,000**
Mr D Young**	-	-	-	-	-	-	-	-	**-**
Mr B Beresford**	-	-	-	-	-	-	-	-	**-**
Mr T Tennant	2,000	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,000**
	6,000	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,000**

*Appointed as Director on 24 March 2017

**Resigned as Director on 24 March 2017

2016	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total
Group Key Management Person	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Other $	Super-annuation $	Other $	Equity $	Options $	$
Dr J Tarrant	18,750	-	-	-	1,772	-	-	-	**20,522**
Mr A Hevia	15,000	-	-	-	-	-	-	-	**15,000**
Mr J Pearson	15,417	-	-	-	1,455	-	-	-	**16,872**
Mr T Tennant	62,515	-	-	-	4,964	-	-	-	**67,479**
Mr D Young	-	-	-	-	-	-	-	-	-
Mr B Beresford	-	-	-	-	-	-	-	-	**-**
	111,682	**-**	**-**	**-**	**8,191**	**-**	**-**	**-**	**119,873**

A - During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.

Directors' report

13. Remuneration report (audited)

13.4. Service Agreements

- Director Remuneration

The Company has agreed to pay each Director a total of AUD$2,000 per month for Director Fees commencing from 1 June 2017.

The compensation for all Non-Executive Director, last voted upon by shareholders at the 2011 AGM, is not to exceed AUD$500,000 per annum.

Directors have no entitlement to termination payments in the event of removal for misconduct.

13.5. Share-based compensation

- Key Management Personnel Options

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 of Unlisted options is 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. No unlisted options were exercised. No unlisted options lapsed or expired during the year.

At the year-end there are no outstanding unlisted options.

- Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Directors' report

13. Remuneration report (audited)

13.6. Key management personnel equity holdings

- Fully paid ordinary shares of the Company held by each Key Management Personnel

2017 *Group Key Management Person*	Balance at start of year (or appointment) No.	Received as part of remuneration No.	Received on the exercise of options No.	Other changes No.	Balance at end of year (or resignation) No.
Mr D Lenigas**	4,884,282	-	-	-	4,884,282
Mr K Coughlan**	1,628,094	-	-	-	1,628,094
Mr D Young*	881,985	-	-	-	881,985
Mr B Beresford*	351,685	-	-	-	351,685
Mr T Tennenant	7,560,087	-	-	-	7,560,087
	15,306,133	-	-	-	15,306,133

*Retired as Director during period, balance at the end of the year represents the balance as at resignation date.
**Appointed as Director during the period, balance at the start of the year represents the balance as at appointment date.

2016 *Group Key Management Person*	Balance at start of year (or appointment) No.	Effect of 15:1 Consolidation No.	Received as part of remuneration No.	Received on the exercise of options No.	Other changes No.	Balance at end of year (or resignation) No.
Mr T Tennant	28,276,056	(26,390,986)	-	-	5,675,017	7,560,087
Mr J Pearson*	12,811,795	(11,957,675)	-	-	321,001	1,175,121
Dr J Tarrant*	320,887	(299,495)	-	-	208,664	230,056
Mr A Hevia*	100,000	(93,333)	-		116,667	123,334
Mr D Young**	881,985	-	-	-	-	881,985
Mr B Beresford**	351,685	-	-	-	-	351,685
	42,742,408	(38,741,489)	-	-	6,321,349	10,322,268

*Retired as Director during period, balance at the end of year represents the balance as at resignation date.
**Appointed as Director during the period, balance at the start of the year represents the balance as at appointment date.

- Options in the Company held by each Key Management Personnel

2017 *Group Key Management Person*	Balance at start of year No.	Granted as Remuneration No.	Exercised No.	Lapsed No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Mr D Lenigas	-	-	-	-	-	-	-
Mr K Coughlan	-	-	-	-	-	-	-
Mr D Young	-	-	-	-	-	-	-
Mr B Beresford	-	-	-	-	-	-	-
Mr T Tennenant	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Directors' report

13. Remuneration report (audited)

2016

Group Key Management Person	Balance at start of year No.	Granted as Remuneration No.	Exercised No.	Lapsed No.	Balance at end of year No.	Vested and Exercisable No.	Not Vested No.
Mr T Tennant	4,281,782	-	-	(4,281,782)	-	-	-
Mr J Pearson	1,705,240	-	-	(1,705,240)	-	-	-
Dr J Tarrant	160,443	-	-	(160,443)	-	-	-
Mr A Hevia	-	-	-	-	-	-	-
Mr D Young	-	-	-	-	-	-	-
Mr B Beresford	-	-	-	-	-	-	-
	6,147,465	-	-	(6,147,465)	-	-	-

No options were granted as compensation during the current period or the prior period.

13.7. Other equity-related KMP transactions

- During the year, Mr T Tennant provided a loan of $nil (2016: $171,000) to the company. Repayments during the year included $nil (2016:$100,000) by issuing of shares and $2,000 (2016:$69,000) in cash. As of 30 June 2017, loan payable amount owing to Mr T Tennant is $nil (2016: $2,000).
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Share Placement completed on 30 May 2017. During the year, the Company paid $26,000 to Euroz as a capital raising fee.
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Rights Issue completed on 3 June 2016. During the 2016 financial year, the Company paid $51,102 to Euroz as an underwriting fee.
- Euroz holds 2017: 13,795,457 (2016: 12,775,537) shares in the Company.
- During the 2016 financial year, Euroz provided a loan of $36,000 to the Company which was fully repaid in cash before the end of 30 June 2016.
- Mr D Lenigas is a director of Macarthur Minerals ("Macarthur"). During the 2017 financial year, the Company paid $9,919 to Macarthur for exploration expenditures.This entire amount was payable as at 30 June 2017.

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.

13.8. Loans to key management personnel

There are no loans made to directors of Company as at 30 June 2017 (2016: nil).

13.9. Other transactions with key management personnel and or their related parties

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer Note 17.

13.10. Voting and comments made at the company's 2016 Annual General Meeting ('AGM')

At the 2016 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Directors' report

13. Remuneration report (audited)

13.11. Additional information

	Exploration & Evaluation Expenditure $	Net Assets $	$AUD Share Price at Year End*
2017	371,261	640,933	0.080
2016	179,399	522,827	0.025
2015	789,058	16,639,604	0.105
2014	445,038	25,117,746	0.615
2013	5,116,530	32,926,966	0.835

* The share price is based on post consolidation basis of 15 to 1.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001* (Cth).

David Lenigas
CHAIRMAN AND NON-EXECUTIVE DIRECTOR
Southern Hemisphere Mining Limited

Dated this Friday, 29 September 2017

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Southern Hemisphere Mining Limited for the year ended 30 June 2017, 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.

RSM

RSM AUSTRALIA PARTNERS

David Wall.

Perth, WA
Dated: 29 September 2017

D J WALL
Partner

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

	Note	2017 $	2016 $
Continuing Operations			
Interest income		3,102	2,237
Other income	3a	80,081	20,675
Gain on disposal of subsidiaries	4	39,849	-
Depreciation	8	(17,817)	(24,925)
Office and administration		(116,036)	(164,732)
Professional fees		(100,509)	(52,488)
Employee benefits expense	3b	(147,266)	(450,689)
Exploration expenditure	9	(371,261)	(179,399)
Impairment expense (mineral properties)	9	-	(16,179,562)
Other expenses		(56,382)	(164,670)
Gain for debt equity swap		-	117,988
(Loss) before income tax		**(686,239)**	**(17,075,565)**
Income tax expense	5	-	-
(Loss) after income tax for the year		**(686,239)**	**(17,075,565)**
Other comprehensive income, net of income tax			
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		185,793	(402,474)
Other comprehensive income for the year, net of tax		**185,793**	**(402,474)**
Total comprehensive (loss) for the year		**(500,446)**	**(17,478,039)**
Earnings per share			
Basic and diluted loss per share	15	(0.010)	(0.720)

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

Consolidated statement of financial position

as at 30 June 2017

	Note	2017 $	2016 $
Assets			
Current Assets			
Cash and Cash Equivalents	6a	702,327	640,757
Other Assets	7	7,000	3,383
		709,327	**644,140**
Non-current Assets			
Plant and Equipment	8	5,921	19,263
Exploration and Evaluation Expenditure	9	-	-
		5,921	19,263
Total Assets		**715,248**	**663,403**
Liabilities			
Current Liabilities			
Trade and Other Payables	10	74,315	96,179
Employee benefits	11	-	44,397
		74,315	**140,576**
Total Liabilities		**74,315**	**140,576**
Net Assets		**640,933**	**522,827**
Equity			
Issued capital	12	50,371,393	49,752,841
Reserves	14	4,266,734	4,080,941
Accumulated losses		(53,997,194)	(53,310,955)
Total Equity		**640,933**	**522,827**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Note	Common Shares	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		$	$	$	$	$
Balance – 30 June 2015		**48,391,579**	**3,270,843**	**1,212,572**	**(36,235,390)**	**16,639,604**
Net Loss for the year		-	-	-	(17,075,565)	**(17,075,565)**
Foreign currency translation		-	-	(402,474)	-	**(402,474)**
Total Comprehensive (Loss)		**-**	**-**	**(402,474)**	**(17,075,565)**	**(17,478,039)**
Conversion of director's loan		100,000	-	-	-	**100,000**
Liability extinguished via share issue		188,764	-	-	-	**188,764**
Gain for debt equity swap		(117,988)	-	-	-	**(117,988)**
Share issued, net of transaction costs		1,190,486	-	-	-	**1,190,486**
Balance – 30 June 2016		**49,752,841**	**3,270,843**	**810,098**	**(53,310,955)**	**522,827**
Net Loss for the year		-	-	-	(686,239)	**(686,239)**
Foreign currency translation		-	-	185,793	-	**185,793**
Total Comprehensive (Loss)		**-**	**-**	**185,793**	**(686,239)**	**(500,446)**
Share issued, net of transaction costs	12	618,552	-	-	-	**618,552**
Balance – 30 June 2017		**50,371,393**	**3,270,843**	**995,891**	**(53,997,194)**	**640,933**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 30 June 2017

For the Year ended	Note	30 June 2017 $	30 June 2016 $
Cash provided by (used in)			
Operating activities:			
Payments to suppliers and employees		(245,593)	(584,057)
Interest received		3,102	2,237
	6c	**(242,491)**	**(581,820)**
Investing activities:			
Payments for exploration and evaluation expenditure		(361,342)	(179,400)
Proceeds from sale of tenement		7,930	-
Proceeds from sale of subsidiary		39,849	-
Proceeds from sale of property, plant and equipment		2,880	17,141
		(310,683)	**(162,259)**
Financing activities:			
Proceeds of borrowings from related parties		-	207,000
Repayment of borrowings from related parties		-	(105,000)
Issuance of ordinary shares		650,248	1,267,098
Costs of share issuance		(35,504)	(76,611)
		614,744	**1,292,487**
Increase/(Decrease) in cash and equivalents		**61,570**	**548,408**
Effect of exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents, beginning of year		640,757	92,349
Cash and cash equivalents, end of year	**6a**	**702,327**	**640,757**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2017

(Expressed in Australian Dollars unless otherwise stated)

Note 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 283 Rokeby Road, Subiaco Western Australia 6008. The financial report of the Group for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 September 2017.

Note 2 Basis of Preparation and Significant Accounting Policies

a. Statement of Compliance

These consolidated financial statements as at and for the year ended 30 June 2017 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).

b. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Group is for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

i. New, revised or amending Accounting Standards and Interpretations

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Group does not plan to adopt these standards early.

The following AASBs are most relevant to the Group:

- AASB 9 Financial Instruments

  This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. The Group's financial instruments consist of cash, other debtors and payables. This standard is not expected to have a material impact on the Group financial report.

Notes to the consolidated financial statements

for the year ended 30 June 2017

- AASB 15 Revenue from Contracts with Customers

  This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. The Group does not have any material revenue contracts at this stage. Hence this standard is not expected to have a significant impact on the Group's financial report until such time as the group earns revenue.

- AASB 16 Leases

  This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

  In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures.

- Other standards not yet applicable

  There are no other standards that are yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

c. Parent Entity Information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 16.

d. Basis of Consolidation

The Company's consolidated financial statements include Southern Hemisphere Mining Limited and its subsidiaries, all of which are wholly owned.

Notes to the consolidated financial statements

for the year ended 30 June 2017

i. 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

ii. Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Income earned from joint venture entities reduce the carrying amount of the investment.

e. Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

f. Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars ("AUD"). 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 Chilean Pesos (CLP).

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations not with AUD functional currency are translated into AUD 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

g. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

h. 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.

i. 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.

i. *Critical Accounting Estimates*

A. 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.

B. 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.

C. 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.

D. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

E. 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.

ii. ***Critical Accounting Judgements***

A. 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.

B. 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.

j. 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.

i. 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.

ii. 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.

iii. 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.

iv. 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.

v. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

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.

k. 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. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

l. Loss per ordinary Share

Basic loss per share is calculated by dividing the net loss available to ordinary shareholders by the weighted average number of ordinary 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 ordinary 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 ordinary shares are excluded from the loss per share calculation as the results would be anti-dilutive.

m. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

n. Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income is recognised when it is received or when the right to receive payment is established.

o. 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.

p. Property, Plant and Equipment

Property, plant and equipment are carried at historical 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%

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

q. Exploration and Evaluation Assets

Exploration and evaluation expenditures in relation to separate areas of interest for which rights of tenure are current are measured using the cost model and are carried forward as an asset in the statement of financial position. 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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

r. 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.

s. 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.

t. 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.

u. Employee benefits

i. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the consolidated financial statements

for the year ended 30 June 2017

ii. Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

v. Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

w. Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

x. Issued capital

Ordinary shares are classified as equity.

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

y. Goods and Services Tax (“GST”) and Other Similar Taxes

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

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

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 3 Revenue and expenses	2017 $	2016 $
a. Other income		
Management fee for Project operations	-	20,675
Gain on disposal of plant and equipment	2,880	-
Gain on disposal of tenements	7,930	-
Gain on forfeiture of employee entitlements	69,271	-
	80,081	20,675
b. Employment benefits expense		
Directors fees	6,000	111,682
Superannuation expenses / (reimbursement)	1,330	13,661
Wages and salaries	139,936	325,346
	147,266	450,689

Note 4 Disposal of Subsidiary

During the financial year, the Group disposed of the controlled entities, Minera Mantos Grandes and Minera Los Rulos. Aggregate details of the transaction are as follows:

	30 June 2017 $
Cash consideration - received	39,849
Carrying value of assets and liabilities held at disposal	-
Net gain on disposal of subsidiaries	39,849

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 5 Income tax	Note	2017 $	2016 $
The following significant revenue and expense items are relevant in explaining the financial performance:			
Net loss for accounting		(686,239)	(17,075,565)
Expected tax rate		27.5%	28.5%
Expected tax recovery at statutory rates		(188,716)	(4,866,536)
Non deductable expenses		106,643	4,628,677
Unrecognised benefit of revenue losses		82,073	237,859
Deferred income tax expense (recovery)		-	-
Revenue losses carried forward		981,404	1,166,307
Unrecognised deferred tax asset		(981,404)	(1,166,307)
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.

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 6 Cash and cash equivalents	2017 $	2016 $
a. **Reconciliation of cash**		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
■ Cash on hand and balances with banks	702,327	640,757
	702,327	640,757

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20.

c. **Cash Flow Information**	2017 $	2016 $
i. Reconciliation of cash flow from operations to (loss)/profit after income tax		
Loss after income tax	(686,239)	(17,075,565)
Adjustments for investing activities:		
■ Exploration expenditure	371,261	179,399
■ Gain on sale of subsidiary	(39,849)	-
■ Gain on sale of tenements	(7,930)	-
■ Gain on sale of PPE	(2,880)	-
Non-cash flows in (loss)/profit from ordinary activities:		
■ Depreciation and amortisation	17,817	24,925
■ Impairment expense (mineral properties)	-	16,392,910
■ Impairment expense (other assets)	56,382	164,670
■ Gain on forfeiture of employee entitlements	(69,271)	-
■ Liability extinguished via shares	-	62,304
■ Gain for debt equity swap	-	(117,988)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
■ (Increase)/decrease in other assets	(3,617)	1,574
■ Increase/(decrease) in trade and other payables	121,835	(701)
Cash flow from operations	(242,491)	(581,820)

d. **Non-cash investing and financing activities**

The following shares were issued during 2016 and were not included in financing and investing activities - 16,666,667 shares issued on conversion of director's loan ($100,000).

Note 7 Other assets	2017 $	2016 $
Current		
Prepayments	7,000	-
Other receivables	-	3,383
	7,000	3,383

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 8 Plant and equipment

	2017 $	2016 $
a. Non-current		
Plant and equipment	85,083	233,101
Accumulated depreciation	(79,162)	(213,838)
Total plant and equipment	5,921	19,263

b. Movements in Carrying Amounts	Plant and equipment $	Total $
Carrying amount at the beginning of year	19,263	61,329
■ Additions	-	-
■ Disposals	-	(17,141)
■ Impairment	(3,739)	-
■ Foreign exchange movements	8,214	-
■ Depreciation expense	(17,817)	(24,925)
Carrying amount at the end of year	5,921	19,263

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 9 Exploration and Evaluation Expenditure	2017 $	2016 $
a. Non-current:		
Carrying amount at beginning of period	-	16,572,309
Translation on change in presentation currency	-	(392,747)
Exploration and evaluation costs incurred	371,261	179,399
Exploration costs written off	(371,261)	(16,358,961)
Foreign exchange gain (loss) on previous projects	-	-
Balance at the end of the financial year	-	-

b. In 2016, the Board assessed the Company's concession holdings and all projects apart from Llahuin and Rincon were relinquished. In recognition that the Company does not intend to perform further work on the remaining two projects, the carrying value of these projects was also impaired in full.

c. The Company and Macarthur Minerals Limited (jointly) entered into a Memorandum of Understanding with Great Sandy Pty Ltd, which will serve as a framework to acquire under a Purchase Agreement, the following projects:

- The Marble Bar Lithium project consisting of four granted Exploration Licences (E45/4669, E45/4690, E45/4724 and E45/4746) covering 368km^2 located between 10 and 50kms east of Marble Bar in the East Pilbara region of Western Australia
- The Pippingarra Lithium and Tantalite project consisting of two Exploration Licence Applications (E45/4691 and E45/4759) covering 181km^2 located 27kms south east of Port Headland

As at the date of the report, no Purchase Agreement has been entered into and therefore the company has no direct interest in the Projects and the expenditure has been written off in full.

Note 10 Trade and other payables	2017 $	2016 $
a. Current		
Trade payables	46,955	40,610
Payroll accrual	1,325	52,403
Other payables	26,035	3,166
	74,315	96,179

b. Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

c. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20.

Note 11 Employee Benefits	2017 $	2016 $
Annual leave accrual	-	44,397

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 12 Issued capital	Note	2017 No.	2016 No.	2017 $	2016 $
Fully paid ordinary shares at no par value		78,136,137	65,123,761	50,371,393	49,752,841
Ordinary shares					
At the beginning of the period		65,123,761	248,532,950	49,752,841	48,391,579
Shares issued during the year:					
■ Share issued pursuant to Rights Issue (a)		-	41,539,548	-	415,395
■ Costs of Rights Issue		-	-	-	(6,269)
■ Accrued Salaries Issue (b)		-	12,646,000	-	126,460
■ Director loan repayment		-	16,666,667	-	100,000
■ Share Consolidation		-	(298,092,604)	-	-
■ Accrued Salaries Issue		-	1,246,078	-	62,304
■ Share issued pursuant to Rights Issue (c)		-	42,585,122	-	851,702
■ Costs of Rights Issue		-	-	-	(70,342)
■ Gain for debt equity swap		-	-	-	(117,988)
■ Share placement (d)		6,512,376	-	130,248	-
■ Share placement (e)		6,500,000	-	520,000	-
■ Costs of share placements		-	-	(31,696)	-
At reporting date		78,136,137	65,123,761	50,371,393	49,752,841

a. On July 2, 2015, the Company completed a Rights Issue of 41,539,548 ordinary shares of the Company. Total gross proceeds raised from the Rights Issue were $415,395. Transaction costs incurred for the Rights Issue totalled $6,269.

b. As approved at the Company's 2015 Annual General Meeting: 12,646,000 ordinary shares were issued to Directors in lieu of salaries to the value of $126,460; 16,666,667 shares were issued to Mr T Tennant in repayment of a loan made to the Company by Mr T Tennant of $100,000; and approval was received to consolidate the capital of the Company on a 15:1 basis.

c. On June 3, 2016, the Company completed a Rights Issue of 42,585,122 ordinary shares of the Company. Total gross proceeds raised from the Rights Issue were $851,702. Transaction costs incurred for the Rights Issue totalled $70,342. The Company also issued 1,246,078 shares in lieu of salaries totalling $62,304 under the approved Director fee plan.

d. On 21 March 2017, the Company completed a share placement to sophisticated and professional investors for a total of 6,512,376 ordinary shares at a price of $0.02 per share to raise $130,248.

e. On 30 May 2017, the Company completed a share placement to sophisticated investors for a total of 6,500,000 ordinary shares at a price of $0.08 per share to raise $520,000.

f. There were no listed options over ordinary shares in the company at 30 June 2017 (2016: nil).

g. At 30 June 2017, the Company had no shares in escrow (2016: nil).

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 13 Operating segments

a. Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of copper, gold and lithium projects. Inter-segment transactions are priced at cost to the Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the two principal locations based on geographical areas and therefore different regulatory environments – Australia and Chile.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements.

b. Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

For the Year to 30 June 2017	Australia $	Chile $	Total $
Segment revenue and other income	72,275	50,757	123,032
Segment exploration expenditures	(41,481)	(329,780)	(371,261)
Segment other expenses	(190,579)	(247,431)	(438,010)
Segment loss after income tax	(159,785)	(526,454)	(686,239)
As at 30 June 2017			
Segment current assets	701,971	7,356	709,327
Segment total assets	701,971	13,277	715,248
Segment current liabilities	(71,978)	(2,337)	(74,315)
Segment total liabilities	(71,978)	(2,337)	(74,315)
Segment net assets	629,993	10,940	640,933

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 13 Operating segments (cont.)

For the Year to 30 June 2016	Australia $	Chile $	Total $
Segment revenue and other income	120,225	20,675	140,900
Segment exploration expenditures/impairment	-	(16,358,961)	(16,358,961)
Segment other expenses	(302,111)	(555,393)	(857,504)
Segment loss after income tax	(181,886)	(16,893,679)	(17,075,565)
As at 30 June 2016			
Segment current assets	638,663	5,477	644,140
Segment total assets	644,760	18,643	663,403
Segment current liabilities	(117,160)	(23,416)	(140,576)
Segment total liabilities	(117,160)	(23,416)	(140,576)
Segment net assets	527,600	(4,773)	522,827

Note 14 Reserves

	Note	2017 $	2016 $
Share-based payments reserve	14a	3,270,843	3,270,843
Foreign exchange reserve	14b	995,891	810,098
		4,266,734	4,483,415

a. Share-based payments reserve

The Share-based payments reserve is used to record the fair value of equity instruments issued to employees, including Key Management Personnel, as part of their remuneration and issued to external parties for the receipt of goods and services.

b. Foreign Exchange Translation Reserve

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiary.

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 15 Earnings per share (EPS)	2017 $	2016 $
a. Reconciliation of earnings to profit or loss		
(Loss) / profit used in the calculation of basic and diluted EPS	**(686,239)**	**(17,075,565)**
	2017 No.	**2016 No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	67,406,570	23,707,933
	2017	**2016**
c. Earnings per share		
Basic and diluted EPS	(0.010)	(0.720)

Note 16 Parent entity disclosures	2017 $	2016 $
a. Financial Position of Southern Hemisphere Mining Limited		
Current assets	-	-
Non-current assets	501,232	397,552
Total assets	**501,232**	**397,552**
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	**-**	**-**
Net assets	501,232	397,552
Equity		
Issued capital	50,371,393	49,752,841
Reserve	3,270,843	3,270,843
Accumulated losses	(53,141,004)	(52,626,132)
Total equity	501,232	397,552
b. Financial performance of Southern Hemisphere Mining Limited		
Profit / (loss) for the year	(514,872)	(20,644,710)
Other comprehensive income	-	-
Total comprehensive income	(514,872)	(23,644,710)

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 16 Parent entity disclosures (cont)

a. **Guarantees entered into by Southern Hemisphere Mining Limited for the debts of its subsidiaries**

There are no guarantees entered into by Southern Hemisphere Mining Limited for the debts of its subsidiaries as at 30 June 2017 (2016: none).

b. **Contingent Liabilities of the Parent Entity**

The parent entity did not have any contingent liabilities as at 30 June 2017 or 2016.

c. **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 30 June 2017 or 2016.

d. **Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

Note 17 Key Management Personnel (KMP) compensation

The names are positions of KMP are as follows:

- Mr David Lenigas — Chairman and Non-executive Director *(Appointed 24 March 2017)*
- Mr Trevor Tennant — Chief Executive Officer
- Mr Keith Coughlan — Non-executive Director *(Appointed on 24 June 2017)*
- Mr Douglas Young — Chairman and Non-executive Director *(Resigned on 24 June 2017)*
- Mr Brian Beresford — Non-executive Director *(Resigned on 24 June 2017)*

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report.

	2017 $	2016 $
Short-term employee benefits	6,000	111,682
Post-employment benefits	-	8,153
Share-based payments	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total	6,000	119,835

a. During the 2017 financial year, shares to the value of $nil (2016: $188,764) were granted in lieu of cash salaries. Of this amount, $nil (2016: $79,807) is included in the figure above.

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 18 Related party transactions

a. Other transactions with KMPs

- During the year, Mr T Tennant provided a loan of $nil (2016: $171,000) to the company. Repayments during the year included $nil (2016:$100,000) by issuing of shares and $2,000 (2016:$69,000) in cash. As of 30 June 2017, loan payable amount owing to Mr T Tennant is $nil (2016: $2,000).
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Share Placement completed on 30 May 2017. During the year, the Company paid $26,000 to Euroz as a capital raising fee.
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Rights Issue completed on 3 June 2016. During the 2016 financial year, the Company paid $51,102 to Euroz as an underwriting fee.
- Euroz holds 2017: 13,795,457 (2016: 12,775,537) shares in the Company.
- During the 2016 financial year, Euroz provided a loan of $36,000 to the Company which was fully repaid in cash before the end of 30 June 2016.
- Mr D Lenigas is a director of Macarthur Minerals ("Macarthur"). During the 2017 financial year, the Company paid $9,919 to Macarthur for exploration expenditures. This entire amount was payable as at 30 June 2017.

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.

All transaction were made on normal commercial terms and conditions and at market rates.

Note 19 Financial risk management

a. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's Financial Assets and Liabilities is shown below:

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 19 Financial risk management (cont)

	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2017 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-interest Bearing $	2016 Total $
Financial Assets								
☐ Cash and cash equivalents	694,971	-	7,356	**702,327**	638,662	-	2,095	**640,757**
Total Financial Assets	694,971	-	7,356	**702,327**	638,662	-	2,095	**640,757**
Financial Liabilities								
☐ Trade and other payables	-	-	(74,315)	**(74,315)**	-	-	(96,179)	**(96,179)**
Total Financial Liabilities	-	-	(74,315)	**(74,315)**	-	-	(96,179)	**(96,179)**
Net Financial Assets/(Liabilities)	694,971	-	(66,959)	**628,012**	638,662	-	(94,084)	**544,578**

a. Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

- Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 20. Financial risk management (cont.)

- Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group no income from operations apart from option payments and management fees and relies on equity fund raising to support its exploration program. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

- *Contractual Maturities*

The following are the contractual maturities of financial liabilities of the Group:

	Within 1 Year		Greater Than 1 Year		Total	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	(74,315)	(96,179)	-	-	(74,315)	(96,179)
Total contractual outflows	(74,315)	(96,179)	-	-	(74,315)	(96,179)
Financial assets						
Cash and cash equivalents	702,327	640,757	-	-	702,327	640,757
Total anticipated inflows	702,327	640,757	-	-	702,327	640,757
Net (outflow)/inflow on financial instruments	628,012	544,578	-	-	628,012	544,578

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

- Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 20. Financial risk management (cont.)

(1) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

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 Group has cash balances in bank accounts and short term deposits. Due to the short-term nature of these financial instruments, the Group believes that risks related to interest rates are not significant to the Group at this time.

(2) *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group has considered the sensitivity relating to its exposure to foreign currency risk at reporting date. This sensitivity analysis considers the effect on current year results and equity which could result in a change in the CLP/AUD rate. The Group is exposed to foreign exchange risk through its CLP cash holdings at reporting date. The Company has not entered into any agreements or used any instruments to hedge currency risks.

(3) *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

(4) *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.

Sensitivity Analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

(1) *Foreign exchange*	**Profit** **$**	**Equity** **$**
Year ended 30 June 2017		
±10% of Australian dollar strengthening/weakening against the CLP	± 52,645	± 52,645
Year ended 30 June 2016		
±10% of Australian dollar strengthening/weakening against the CLP	± 53,472	± 53,472

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 20 Financial risk management (cont.)

- Net Fair Values

(1) *Fair value estimation*

The fair values of financial assets and financial liabilities are presented in the table in note 19a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Note 21 Capital Management

The Directors' objectives 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 Group 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.

The Company considers its capital to be equity which comprises ordinary shares, share based payments reserve, foreign currency translation reserve and accumulated deficit, which at 30 June 2017 amounted to $640,933 (30 June 2016 - $522,827).

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

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

The working capital position of the Group were as follows:

	Note	2017 $	2016 $
Cash and cash equivalents	6	702,327	640,757
Trade and other payables	10	(74,315)	(96,179)
Working capital position		628,012	544,578

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 22 Auditor's remuneration

	Note	30 June 2017 $	30 June 2016 $
Remuneration of the auditor of the Southern Hemisphere Mining Limited for:			
■ Auditing or reviewing the financial reports:			
□ RSM Australia Partners		25,900	24,500
■ Taxation services provided by a related practice of the Auditor		-	-
		25,900	24,500

Note 23 Controlled entities

Southern Hemisphere Mining Limited is the ultimate parent of the Group.

	Country of Incorporation	Equity Holding 2017	2016
■ 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*	0	100
■ **Joint Ventures:**			
Minera Los Rulos SCM(3)	Chile*	0	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) During the year, the Group disposed of its 50% interest in Minera Los Rulos SCM.

(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 wholly owned subsidiary with 50.01% owned by Minera Hemisferio Sur SCM and a 49.99% interest held by Pan American Mining Pty Ltd.

(7) During the year, the Group disposed of its 100% interest in Minera Mantos Grandes SCM.

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

Notes to the consolidated financial statements

for the year ended 30 June 2017

Note 24 Contingent Liabilities

There are no contingent liabilities as at 30 June 2017 (2016: nil).

Note 25 Commitments

There are commitments of $11,880 for company secretarial services as at 30 June 2017 (2016: nil).

Note 26 Events subsequent to reporting date

On 27 September 2017 the Company announced that it has applied for two Exploration Licences, E47/3807 (45 Blocks, 142 km^2) and E47/3808 (184 Blocks, 580 km^2), covering a total area of 722 km^2 located 260 km south of Karratha and surrounding Paraburdoo in the West Pilbara, Western Australia. The new tenement applications have no competing tenement applications and the Company expects that the grant of the tenements will occur in a timely fashion.

There were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2017.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards;

   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

   (c) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group.

   (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

David Lenigas
CHAIRMAN AND NON-EXECUTIVE DIRECTOR
Southern Hemisphere Mining Limited

Dated this Friday, 29 September 2017

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SOUTHERN HEMISPHERE MINING LIMITED

Opinion

We have audited the financial report of Southern Hemisphere Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key audit matters

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

Key audit matter	How our audit addressed this matter
Exploration and evaluation expenditure Refer to Note 9 in the financial statements	
The Group has incurred exploration and evaluation expenditure during the year of $371,261 which has been expensed as incurred in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources.* The Group has concession holdings in Chile and has entered into a Memorandum of Understanding (MOU) for the Marble Bar Lithium and the Pippingarra Lithium projects. The MOU granted the Group the right to conduct due diligence and will serve as a framework to acquire the projects. As at 30 June 2017, a formal purchase agreement had not been executed and the due diligence activities were ongoing. The accounting treatment of these exploration and evaluation expenditures are considered significant to our audit due to the material amount of the expenditure and the judgement involved in the treatment of the MOU expenditure.	Our audit procedures in relation to the exploration and evaluation expenditure included: • Reviewing the MOU signed for the Marble Bar Lithium and the Pippingarra Lithium projects to understand the agreement and assess the Group's related accounting treatment; and • Agreeing a sample of exploration and evaluation expenditure to supporting documentation for the Chilean concessions and the MOU projects and evaluating the Group's accounting treatment in accordance with AASB 6.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Southern Hemisphere Mining Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

D J WALL
Partner

Perth, WA
Dated: 29 September 2017

Corporate governance statement

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.shmining.com.au.

Principles And Recommendations	Comply	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) includes a description of those matters expressly reserved to the board and those delegated to management.	Complying	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Complying	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complying	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complying	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	Complying	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 5 measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is stated in Schedule 10 of the Corporate Governance Plan which is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. (ii) The Company has no employees and utilises external consultants and contractors as and when required. (iii) The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

Principles And Recommendations	Comply	Explanation
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Part-Complying	(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan which is available on the Company's website. (b) The Company's Performance Evaluation Policy requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Due to the size of the Board and the nature of the business, it has not been deemed necessary to institute a formal documented performance review program of individuals. However, the Chairman intends to conduct formal reviews each financial year whereby the performance of the Board as a whole and the individual contributions of each director are disclosed. The Board considers that at this stage of the Company's development an informal process is appropriate. The review will assist to indicate the Board's performance is appropriate and efficient with respect to the Board Charter. The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complying	(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives. (b) The Company's Performance Evaluation Policy requires the Board to conduct annual performance of the senior executives. The Policy requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individual occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	Part-Complying	(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online The Board devotes time at each board meeting to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.

<table>
<tr><th>Principles And Recommendations</th><th>Comply</th><th>Explanation</th></tr>
<tr><td>Recommendation 2.2
A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</td><td>Complying</td><td>
<table>
<tr><th>Board Skills Matrix</th><th>Number of Directors that Meet the Skill</th></tr>
<tr><td>Executive & Non- Executive experience</td><td>3</td></tr>
<tr><td>Industry experience & knowledge</td><td>3</td></tr>
<tr><td>Leadership</td><td>3</td></tr>
<tr><td>Corporate governance & risk management</td><td>3</td></tr>
<tr><td>Strategic thinking</td><td>3</td></tr>
<tr><td>Desired behavioural competencies</td><td>3</td></tr>
<tr><td>Geographic experience</td><td>3</td></tr>
<tr><td>Capital Markets experience</td><td>3</td></tr>
<tr><td>Subject matter expertise:</td><td></td></tr>
<tr><td>- accounting</td><td>2</td></tr>
<tr><td>- capital management</td><td>3</td></tr>
<tr><td>- corporate financing</td><td>2</td></tr>
<tr><td>- industry taxation [1]</td><td>0</td></tr>
<tr><td>- risk management</td><td>3</td></tr>
<tr><td>- legal</td><td>3</td></tr>
<tr><td>- IT expertise [2]</td><td>0</td></tr>
</table>
(1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.
(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.</td></tr>
<tr><td>Recommendation 2.3
A listed entity should disclose:
(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director</td><td>Complying</td><td>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. Due to the size and nature of the existing Board and the magnitude of the Company’s operations the Company currently has no independent directors.
(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Reports and Company website.
(c) The Board Charter provides for the determination of the Directors’ terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Directors Report on page 4 of the 2017 Annual Reports.</td></tr>
<tr><td>Recommendation 2.4
A majority of the board of a listed entity should be independent directors.</td><td>Not complying</td><td>The Board Charter requires that where practical the majority of the Board will be independent. Due to the size and nature of the existing Board and the magnitude of the Company’s operations the Company currently has no independent directors.
Details of each Director’s independence are provided in the Annual Reports and Company website.</td></tr>
<tr><td>Recommendation 2.5
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</td><td>Not complying</td><td>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director.
Due to the size and nature of the existing Board and the magnitude of the Company’s operations the Company currently has no independent directors</td></tr>
<tr><td>Recommendation 2.6
A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</td><td>Complying</td><td>The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</td></tr>
</table>

Principles And Recommendations	Comply	Explanation
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complying	(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees. (b) The Company's Corporate Code of Conduct can be found on the Company's website.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Part-Complying	(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complying	The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complying	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complying	(a) The Company's Continuous Disclosure Policy details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Company's Continuous Disclosure Policy is detailed in Schedule 7 of the Corporate Governance Plan available on the Company website.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complying	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website. Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.

Principles And Recommendations	Comply	Explanation
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complying	The Shareholder Communication Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complying	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Part-Complying	(b) Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	Complying	(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. (b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complying	(b) Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.

Principles And Recommendations	Comply	Explanation
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complying	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Part-Complying	(b) Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	Complying	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors. The remuneration of the directors is disclosed in Section 13.3 of the Directors Report on page 11 of the 2017 Annual Report.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Complying	(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital

a. Ordinary share capital

78,136,137 ordinary fully paid shares held by 502 shareholders.

b. Unlisted Options over Unissued Shares

The Company has no Options on issue.

c. Performance Shares

The Company has no Performance Shares on issue.

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. Substantial Shareholders as at 25 September 2017

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Zero Nominees Pty Ltd	12,992,206	16.63
Mr Trevor Tennant <The Trevor Tennant S/F A/C>	5,156,710	6.60
Ice Cold Investments Pty Ltd	4,966,667	6.36
Fitel Nominees Limited <384 Placings A/C>	4,884,282	6.25

f. Distribution of Shareholders as at 25 September 2017

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	147	66,134	0.08
1,001 – 5,000	131	334,191	0.43
5,001 – 10,000	67	496,528	0.64
10,001 – 100,000	87	3,249,180	4.16
100,001 – and over	70	73,990,104	94.69
	502	78,136,137	100.00

g. Unmarketable Parcels as at 25 September 2017

As at 25 September 2017 there were 288 fully paid ordinary shareholders holding less than a marketable parcel of shares.

h. On-Market Buy-Back

There is no current on-market buy-back.

i. Restricted Securities

The Company has no restricted securities on issue.

Additional Information for Listed Public Companies

j. 20 Largest Shareholders — Ordinary Shares as at as at 25 September 2017

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Zero Nominees Pty Ltd	12,992,206	16.63
2.	Mr Trevor Tennant <The Trevor Tennant S/F A/C>	5,156,710	6.60
3.	Ice Cold Investments Pty Ltd	4,966,667	6.36
4.	Fitel Nominees Limited <384 Placings A/C>	4,884,282	6.25
5.	Occasio Holdings Pty Ltd <Occasio Unit A/C>	3,508,972	4.49
6.	Greatside Holdings Pty Ltd	2,824,480	3.61
7.	J P Morgan Nominees Australia Limited	2,166,704	2.77
8.	Citicorp Nominees Pty Limited	2,122,124	2.72
9.	Mr Jay Evan Dale Hughes <Inkese Family A/C>	2,070,000	2.65
10.	Featly Pty Limited	2,064,446	2.64
11.	Mr Grant Ronald Morgan + Mrs Jenny Morgan	1,869,816	2.39
12.	Norvest Projects	1,850,000	2.37
13.	Mr Gary W Watkins + Mrs Debra D Watkins <The Watkins Investment A/C>	1,660,565	2.13
14.	Inswinger Holdings Pty Ltd <CMSS Superannuation Fund A/C>	1,628,094	2.08
15.	Featly Pty Limited <Featly Super Fund A/C>	1,603,023	2.05
16.	BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd DRP>	1,481,781	1.90
17.	Mr Graham W Waldon + Mrs Barbara E Waldon <Nodlaw Inv Employees S/F A/C>	1,400,001	1.79
18.	Inkese Pty Ltd	1,298,001	1.66
19.	Mr Grant Russell Povey	1,000,000	1.28
20.	Ice Cold Investments Pty Ltd <G & J Brown Super Fund A/C>	996,669	1.28
	TOTAL	**57,544,541**	73.65

2 The Company Secretary is Julia Beckett

3 **Principal registered office**

As disclosed in the Corporate directory on page i of this Annual Report.

4 **Registers of securities**

As disclosed in the Corporate directory on page i of this Annual Report.

5 **Stock exchange listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate directory on page i of this Annual Report.

6 **Use of funds**

The Company has used its funds in accordance with its initial business objectives.

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.

** 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)

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

Mining Property List as at 30 June 2017

Minera Hemisferio SUR S.C.M

Los Pumas Project

Mining Properties	Kind	Area (ha)	Location	% Interest
AWAHOU 1 AL 20	Exploitation	200	GENERAL LAGOS	100
EMANUEL 1 AL 20	Exploitation	200	GENERAL LAGOS	100
LLUTA I 1 AL 54	Exploitation	249	PUTRE	100
LLUTA II 1 AL 285	Exploitation	285	PUTRE	100
PUTRE 6 1 AL 11	Exploitation	65	PUTRE	100
PUTRE I 1 AL 20	Exploitation	86	PUTRE	100
PUTRE II 1 AL 20	Exploitation	124	PUTRE	100

Rincon Project

Mining Properties	Kind	Area (ha)	Location	% Interest
RINCÓN 1, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 2, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 3, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 5, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 6, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 7, 1 AL 30	Exploitation	300	SALAMANCA	100
RINCÓN 9, 1 AL 20	Exploitation	200	SALAMANCA	100
RINCÓN 10, 1 AL 20	Exploitation	200	SALAMANCA	100
RINCÓN 4, 1 AL 300	Manifestation	300	SALAMANCA	100
RINCÓN 11, 1 AL 300	Mainfestation	300	SALAMANCA	100
RINCÓN 12, 1 AL 300	Mainfestation	300	SALAMANCA	100

Minera Llahuin S.C.M

Llahuin Project

Mining Properties	Kind	Area (ha)	Location	% Interest
COLINA 2, 1 al 30	Exploitation	259	CANELA	100
AMAPOLA 1, 1 al 20	Exploitation	200	COMBARBALÁ	100
AMAPOLA 2, 1 al 20	Exploitation	196	COMBARBALÁ	100
AMAPOLA 3, 1 al 20	Exploitation	195	COMBARBALÁ	100
AMAPOLA 4, 1 al 18	Exploitation	180	COMBARBALÁ	100
AMAPOLA I, 1 al 228	Exploitation	228	COMBARBALÁ	100
AMAPOLA II, 1 al 256	Exploitation	256	COMBARBALÁ	100

Concession Schedule

Abandoned Mining Property List as at 30 June 2017

Minera Hemisferio SUR S.C.M

Los Pumas Project

Mining Properties	Kind	Area (ha)	Location	% Interest
MG 3, 1 al 30	Exploitation	300	PUTRE	100
PUTRE 5, 1 AL 10	Exploitation	100	PUTRE	100

Rincon Project

Mining Properties	Kind	Area (ha)	Location	% Interest
RINCÓN 8	Exploitation	300	SALAMANCA	100

Minera Llahuin S.C.M

Llahuin Project

Mining Properties	Kind	Area (ha)	Location	% Interest
AMAPOLA III	Exploitation	300	COMBARBALÁ	100
AMAPOLA IV	Exploitation	300	COMBARBALÁ	100

Minera Pacifico Sur S.C.M

Arrayan Project

Mining Properties	Kind	Area (ha)	Location	% Interest
SUSAN 2 1/49	Exploitation	180	VICUÑA	100
SAN JORGE TRES 1/36	Exploitation	144	VICUÑA	100
SAN JORGE CUATRO 1/60	Exploitation	300	VICUÑA	100