



Half Year Report

Southern Hemisphere Mining Limited

ACN 140 494 784

31 December 2017

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by Southern Hemisphere Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act (Cth) 2001.



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CORPORATE DIRECTORY

Directors

Mr David Lenigas	Non-Executive Chairman
Mr Trevor Tennant	Non-Executive Director
Mr Keith Coughlan	Non-Executive Director

Company Secretary

Ms Jessamyn Lyons

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Auditor

RSM Australia Partners

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Securities Exchange Listing

Australian Securities Exchange Limited

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ASX Code: SUH



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In this Half Year Report all amounts are stated in Australian dollars unless otherwise indicated.



DIRECTORS' REPORT

The Directors submit herewith the financial report of Southern Hemisphere Mining Limited (the **Company**) and its subsidiaries (the **Group**) for the half year ended 31 December 2017.

Directors

The names of the directors who held office during or since the end of the half year:

Mr David Lenigas	Non-Executive Chairman	Appointed 24 March 2017
Mr Trevor Tennant	Non-Executive Director	Appointed 23 April 2013
Mr Keith Coughlan	Non-Executive Director	Appointed 24 March 2017

Review of Operations

During the half year ended 31 December 2017, the Group incurred a loss of \$1,358,163 (half year 31 December 2016: loss of \$225,106).

During the period the Company continued to work on identifying new and existing exploration or production opportunities in Australia and elsewhere, whilst also seeking to realise short-term value for shareholders through the Company's existing assets.

Highlights in the period include:

Project Development

Paraburdoo Gold Project, Pilbara Basin, Western Australia:

The Company announced on the 27 September 2017 that it has applied for two Exploration Licences, E47/3807 (45 Blocks, 142 km²) and E47/3808 (184 Blocks, 580 km²), covering a total area of 722 km² 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.

Tom Price – Newman Gold Project, Pilbara Basin, Western Australia:

On the 12 October 2017 the Company announced that it has applied for two Exploration Licences, E52/3579 (82 Blocks, 257km²) and E52/3580 (167 Blocks, 525km²), covering a total area of 782km² located 400km southeast of Karratha and immediately south of Newman in the Pilbara, Western Australia (Figure 1 and 2). 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. These new Exploration Licence applications combined with the 722km² the Company has recently applied for near Paraburdoo brings SUH's total tenements in the area to 1504km².



DIRECTORS' REPORT (CONTINUED)

Tenement Schedules

Southern Hemisphere Mining Limited Group Tenement Schedule							
Pilbara, Western Australia Tenements							
Tenement ID	Status	Applic. Date	Granted Date	Area	Area Units	Ownership	Registered Holders
E47/3807	Application	14.9.17	-	45	Blocks	100%	SUH
E47/3808	Application	14.9.17	-	184	Blocks	100%	SUH
E52/3579	Application	29.9.17	-	82	Blocks	100%	SUH
E52/3580	Application	29.9.17	-	167	Blocks	100%	SUH
Los Pumas, Chile							
Tenement ID	Status	Location		Area	Area Units	Ownership	Registered Holders
AWAHOU 1 AL 20	Granted	General Lagos		200	Hectares	100%	MHS
EMANUEL 1 AL 20	Granted	General Lagos		200	Hectares	100%	MHS
LLUTA I 1 AL 60 RED 1/54	Granted	Putre		249	Hectares	100%	MHS
LLUTA II 1 AL 300 RED 1/285	Granted	Putre		285	Hectares	100%	MHS
PUTRE 6, 1 AL 20 RED 1/11	Granted	Putre		65	Hectares	100%	MHS
PUTRE I 1 AL 20	Granted	Putre		86	Hectares	100%	MHS
PUTRE II 1 AL 20	Granted	Putre		124	Hectares	100%	MHS
Llahuin Project							
Tenement ID	Status	Location		Area	Area Units	Ownership	Registered Holders
COLINA 2 1 AL 30	Granted	Llahuin		259	Hectares	100%	Llahuin
AMAPOLA 1 1 AL 20	Granted	Llahuin		200	Hectares	100%	Llahuin
AMAPOLA 2 1 AL 20	Granted	Llahuin		196	Hectares	100%	Llahuin
AMAPOLA 3 1 AL 20	Granted	Llahuin		195	Hectares	100%	Llahuin
AMAPOLA 4 1 AL 20 RED 1/18	Granted	Llahuin		180	Hectares	100%	Llahuin
AMAPOLA I 1 AL 228	Granted	Llahuin		228	Hectares	100%	Llahuin
AMAPOLA II 1 AL 256	Granted	Llahuin		256	Hectares	100%	Llahuin
Rincon Project							
Tenement ID	Status	Location		Area	Area Units	Ownership	Registered Holders
RINCON 1 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 2 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 3 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 5 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 6 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 7 1 AL 30	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 9 1 AL 20	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 10 1 AL 20	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 4 1 AL 300	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 11 1 AL 300	Granted	Salamanca		300	Hectares	100%	MHS
RINCON 12 1 AL 300	Granted	Salamanca		300	Hectares	100%	MHS



DIRECTORS' REPORT (CONTINUED)**Events subsequent to reporting date****Llahuin Porphyry Copper/Gold Project:**

On 6 February 2018 the Company signed, through its wholly owned subsidiary Minera Llahuin SCM ("**Llahuin**"), an option agreement ("**Option Agreement**") with Hudbay Minerals Inc. ("**Hudbay**") (TSX, NYSE: HBM), through its wholly owned subsidiary HudBay Chile SpA ("**Hudbay Chile**"), to sell up to 70% of the Llahuin Project.

The Option Agreement provides a path for Hudbay Chile to earn a 70% interest in the Llahuin Project by making a series of cash payments to SUH (via SUH's 100% owned Llahuin) totalling USD 5.8 million over 5 years (of which USD 50,000 was paid by Hudbay Chile to Llahuin on execution of the Option Agreement), and committing to spend a minimum of USD 3.5 million on exploration work over the first 3 years.

The Llahuin Project is a highly prospective copper/gold project that is located close to the city of Illapel, in the Coquimbo Region, only 250kms north of Santiago, the capital city of Chile. The Llahuin Project is situated on the coastal cordillera at a moderate elevation of 1,300m. The Llahuin Project is an advanced project with 55,700 meters of drilling in 188 RC holes and 59 DDH holes.

There have been no other events subsequent to the reporting date that are expected to have material impact on the financial position or performance of the Group.

Significant Change in State of Affairs

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

Auditor's independence declaration

The Auditor of the Company, RSM Australia Partners has provided a written declaration of their independence to the Board under the Corporations Act 2001 and this is included within this report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



David Lenigas
Chairman
15 March 2018



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Southern Hemisphere Mining Limited for the half year ended 31 December 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 review; and
- (ii) Any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



D J WALL
Partner

Perth, WA
Dated: 15 March 2018

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SOUTHERN HEMISPHERE MINING LIMITED**

We have reviewed the accompanying half-year financial report of Southern Hemisphere Mining Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Southern Hemisphere Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Hemisphere Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



D J WALL
Partner

Perth, WA
Dated: 15 March 2018

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- a) 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; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standard AASB 134: *Interim Financial Reporting* and giving a true and fair view of the financial position as at 31 December 2017 and its performance for the financial half-year ended on that date of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Lenigas
Chairman
15 March 2018



	Note	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
Continuing operations			
Interest income		1,200	2,061
Other Income		-	79,086
Gain on disposal of subsidiary		-	39,849
Depreciation		(6,283)	(12,044)
Office and administration		(32,505)	(65,334)
Professional fees		(70,072)	(37,901)
Employee benefits expense		(59,534)	(47,702)
Share based payments	4	(1,050,000)	-
Exploration and evaluation related expenditure		(127,486)	(129,216)
Loss on disposal of fixed assets		-	(3,739)
Other expenses		(13,483)	(50,166)
Loss before tax		(1,358,163)	(225,106)
Income taxes		-	-
Loss for the period		(1,358,163)	(225,106)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(10,454)	(20,185)
Total comprehensive (loss) income for the half year		(1,368,617)	(204,921)
Basic and diluted loss per share (cents)		(1.73)	(0.35)

To be read in conjunction with the notes to the consolidated financial statements.



		Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
Assets			
Current Assets			
Cash and cash equivalents		289,236	702,327
Other assets	3	78,961	7,000
Total Current Assets		368,197	709,327
Non-current Assets			
Property, plant and equipment		-	5,921
Total Non-current Assets		-	5,921
Total Assets		368,197	715,248
Liabilities			
Current Liabilities			
Trade and other payables		45,881	74,315
Total Current Liabilities		45,881	74,315
Total Liabilities		45,881	74,315
Net Assets		322,316	640,933
Equity			
Issued shares	4	51,421,393	50,371,393
Share based payments reserve		3,270,843	3,270,843
Foreign currency translation reserve		985,437	995,891
Accumulated losses		(55,355,357)	(53,997,194)
Total Equity		322,316	640,933

To be read in conjunction with the notes to the consolidated financial statements.



	Issued shares	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
Consolidated	\$	\$	\$	\$	\$
Balance – 30 June 2016	49,752,841	3,270,843	810,098	(53,310,955)	522,827
Net loss for the period	-	-	-	(225,106)	(225,106)
Foreign currency translation	-	-	20,185	-	20,185
Total Comprehensive (loss) income	-	-	20,185	(225,106)	(204,921)
Transactions with owners in their capacity as owners					
Adjustment for foreign exchange upon disposal of subsidiaries	-	-	(55,081)	55,081	-
Balance – 31 December 2016	49,752,841	3,270,843	775,202	(53,480,980)	317,906
Balance – 30 June 2017	50,371,393	3,270,843	995,891	(53,997,194)	640,933
Net loss for the period	-	-	-	(1,358,163)	(1,358,163)
Foreign currency translation	-	-	(10,454)	-	(10,454)
Total Comprehensive (loss) income	-	-	(10,454)	(1,358,163)	(1,368,617)
Transactions with owners in their capacity as owners					
Share issued, net of transaction costs	1,050,000	-	-	-	1,050,000
Balance – 31 December 2017	51,421,393	3,270,843	985,437	(55,355,357)	322,316

To be read in conjunction with the notes to the consolidated financial statements.



	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
Operating activities:		
Payments to suppliers and employees	(206,976)	(176,128)
Interest received	1,200	2,061
Net cash used in operating activities	(205,776)	(174,067)
Investing activities:		
Payments for exploration and evaluation expenditure	(137,405)	(58,216)
Payments for exploration and evaluation rights applied for but not yet granted	(69,463)	-
Proceeds from disposal of subsidiaries	-	39,849
Proceeds from sale of tenements	-	7,930
Proceeds from property, plant and equipment (net)	-	2,880
Net cash used in investing activities	(206,868)	(7,557)
Financing activities:		
Issuance of shares	-	-
Costs of share issuance	-	-
Net cash provided by financing activities	-	-
Net decrease in cash and equivalents	(412,644)	(181,624)
Cash and cash equivalents, beginning of period	702,327	640,757
Effects of exchange rate changes on cash and cash equivalents	(447)	-
Cash and cash equivalents, end of period	289,236	459,133

To be read in conjunction with the notes to the consolidated financial statements.



1. GENERAL INFORMATION

Southern Hemisphere Mining Limited ("Southern Hemisphere" or the "Company") 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 Level 1, Suite 12, 11 Ventnor Avenue, West Perth, Western Australia. The Group also maintains an office in Santiago, Chile.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by Southern Hemisphere Mining Limited and its controlled entities during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing Rules.

Basis of preparation

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

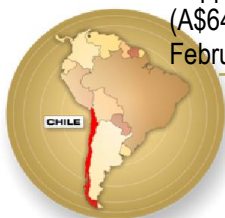
Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$1,358,163 and had net cash outflows from operating and investing activities of \$205,776 and \$206,868 respectively for the half year ended 31 December 2017.

Notwithstanding the above, the Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- The directors are confident the Group has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments. The Group has previously been successful in raising capital through equity issues, and has commitment from its Brokers, Euroz Limited to manage a capital raising. Directors David Lenigas and Keith Coughlan have committed to participate in this capital raising.
- As disclosed in Note 7, the Group entered into an Option Agreement with Hudbay Minerals Inc. through its wholly owned subsidiary, Hudbay Chile SpA, to acquire up to 70% of Southern Hemisphere's Llahuin Porphyry Copper/Gold Project in Chile. Per the terms of the Option Agreement, the Company received US\$50,000 (A\$64,103) on 7 February 2018 and expects to receive an additional US\$250,000 (A\$320,513) on or before 7 February 2019.



2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

3. OTHER ASSETS

	31 December 2017 \$	30 June 2017 \$
Deposits made for exploration and evaluation rights applied for but not yet granted*	69,463	-
Prepayments and other receivables	9,498	7,000
	78,961	7,000

*During the reporting period, the Group made deposits for the exploration and evaluation rights of four prospective conglomerate tenements in the Pilbara Basin of Western Australia that have been applied for, but not yet granted as at 31 December 2017.

4. ISSUED CAPITAL

Fully paid ordinary shares	Number of shares	\$
Balance as at 30 June 2017	78,136,137	50,371,393
Shares issued	7,000,000	1,050,000
Balance as at 31 December 2017	85,136,137	51,421,393

On 30 November 2017, shareholders approved the issue of 7,000,000 ordinary shares to the Directors as part of their remuneration package. The total fair value of \$1,050,000 was determined by the share price on the grant date and recognised as share-based payment expense.

There were no options over ordinary shares in the Company as at 31 December 2017 (30 June 2017: nil).

5. RELATED PARTIES

As disclosed in Note 4, the Company issued ordinary shares to David Lenigas (3,000,000 shares), Keith Coughlan (3,000,000 shares) and Trevor Tennant (1,000,000 shares) as part of their remuneration package. The total fair value of \$1,050,000 was determined by the share price on the grant date and recognised as share-based payment expense.

There have been no other changes in related party disclosure since the last annual reporting date.



6. SEGMENT INFORMATION

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.

For the half year ended 31 December 2017	Australia \$	Chile \$	Total \$
Segment revenue and other income	1,200	-	1,200
Segment exploration expenditures	(99,258)	(28,228)	(127,486)
Segment other expenses	(1,190,591)	(41,286)	(1,231,877)
Segment loss after income tax	(1,288,649)	(69,514)	(1,358,163)

As at 31 December 2017

Segment current assets	365,817	2,380	368,197
Segment total assets	365,817	2,380	368,197
Segment current liabilities	(36,105)	(9,776)	(45,881)
Segment total liabilities	(36,105)	(9,776)	(45,881)
Segment net assets	329,712	(7,396)	322,316

For the half year ended 31 December 2016	Australia \$	Chile \$	Total \$
Segment revenue and other income	71,234	49,762	120,996
Segment exploration expenditures	(107,905)	(21,311)	(129,216)
Segment other expenses	(127,890)	(88,996)	(216,886)
Segment loss after income tax	(164,561)	(60,545)	(225,106)

As at 31 December 2016

Segment current assets	434,148	24,985	459,133
Segment total assets	434,148	27,566	461,714
Segment current liabilities	(12,372)	(131,436)	(143,808)
Segment total liabilities	(12,372)	(131,436)	(143,808)
Segment net assets	421,776	(103,870)	317,906



7. SUBSEQUENT EVENTS

On 6 February 2018 the Company signed, through its wholly owned subsidiary Minera Llahuin SCM ("**Llahuin**"), an option agreement ("**Option Agreement**") with Hudbay Minerals Inc. ("**Hudbay**") (TSX, NYSE: HBM), through its wholly owned subsidiary HudBay Chile SpA ("**Hudbay Chile**"), to sell up to 70% of the Llahuin Project.

The Option Agreement provides a path for Hudbay Chile to earn a 70% interest in the Llahuin Project by making a series of cash payments to SUH (via SUH's 100% owned Llahuin) totalling USD 5.8 million over 5 years (of which USD 50,000 was paid by Hudbay Chile to Llahuin on execution of the Option Agreement), and committing to spend a minimum of USD 3.5 million on exploration work over the first 3 years.

There have been no other subsequent events since the reporting date.

8. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

9. CONTINGENT LIABILITIES AND ASSETS

There has been no significant change in contingent liabilities or contingent assets since the last annual reporting date.

