

# **Annual Report**

Southern Hemisphere Mining Limited

ACN 140 494 784

30 June 2019

## Corporate directory

### Current Directors

David Lenigas	<i>Chairman and Non-executive Director</i>
Trevor Tennant	<i>Chief Executive Officer</i>
Keith Coughlan	<i>Non-executive Director</i>

### Company Secretary

Jessamyn Lyons

### Principal Registered Office

Street: Suite 12, Level 1  
11 Ventnor Avenue  
West Perth, Western Australia 6005

Postal: PO Box 1240  
West Perth, Western Australia 6872

Telephone: +618 6245 2050

Email: [jess@everestcorp.com.au](mailto:jess@everestcorp.com.au)

Website: [www.shmining.com.au](http://www.shmining.com.au)

### Share Registry

Computershare Investor Services Pty Ltd

Street: Level 11, 172 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](mailto:web.queries@computershare.com.au)

Website: [www.investorcentre.com](http://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](http://www.asx.com.au)

ASX Code: SUH

### Solicitors to the Company

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, Western Australia 6000

### Auditors

PKF Perth  
Level 4,  
35 Havelock Street  
West Perth, Western Australia 6005

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## Chairman's Letter

Dear fellow shareholders,

Maximising value for the Company's Chile assets remains our top priority. We are of course disappointed that HudBay withdrew from the proposed earn-in arrangements, however we continue to discuss potential deals with other interested parties who see value in the resources we have accumulated.

The board also took the decision to withdraw from the Western Australian gold exploration licence applications, to preserve cash and run as tight and lean as possible.

We, as a board, are regularly reviewing potential new projects, however we are very mindful that any new deals we contemplate must be of sufficient size and scope to properly move the needle.

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.

Yours sincerely,



David Lenigas

26 September 2019  
Chairman  
Southern Hemisphere Mining Limited

## Operations review

### Chilean Projects

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

Llahuin 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 project is situated on the coastal cordillera at a moderate elevation of 1,300m. Llahuin is an advanced project with 55,700 meters of drilling in 170 RC holes and 53 DDH holes, and details of the JORC compliant resources and technical studies are available on the Company's website.

There is an opportunity to grow the Llahuin Resource and in this regard, the Cerro de Oro and Ferrocarril Zones have the potential to significantly increase the resource which is currently mainly derived from the Central Porphyry Zone. The Llahuin project, comprising the Amapola exploration licenses, covers 1,372 hectares. The Central Porphyry Zone is the main target of a cluster of four potential targets within the Amapola concessions, that have been defined by surface reconnaissance, mapping and drilling. The Company is currently marketing this project for sale or joint venture.

#### **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. The Company is currently marketing this project for sale or joint venture.

#### **Rincon Copper-Gold Project**

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

### Gold Tenement Applications – Pilbara, Western Australia

No exploration works were undertaken by the Company on the Pilbara tenements throughout the year. On the 27 August 2019 the Company surrendered the two granted tenements, being E52/3579 and E52/3580, and withdrew from the application on E47/3808. Given the lacklustre condition of the current gold market for grass roots exploration and the need to preserve cash, the Company has decided to focus all resources on finding strategic partners to progress its Chilean Projects.

## Directors' report

For the year ended 30 June 2019, 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 2019 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 Non-Executive Chairman
- Mr Trevor Tennant Chief Executive Officer
- Mr Keith Coughlan Non-Executive Director

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

### 2. Company secretary

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

- Ms Jessamyn Lyons

Qualifications

- Bachelor of Commerce, Graduate Diploma in Applied Corporate Governance

Experience

- Ms Jessamyn Lyons holds a Graduate Diploma in Applied Corporate Governance and is an Associate Member of Chartered Secretaries Australia. Jessamyn also holds a Bachelor of Commerce from the University of Western Australia with majors in investment finance, corporate finance and marketing. Over the past 15 years Jessamyn has held various positions with Macquarie Bank, UBS Investment Bank (London) and more recently Patersons Securities. Jessamyn is currently Company Secretary of RBR Group Limited, ACH Minerals Pty Ltd, Ardiden Limited, Andes Resources Limited, and Southern Hemisphere Mining Limited.

### 3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

### 4. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group occurred during the financial year:

### 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 and Pilbara, Western Australia.

#### 5.2. Financial Review

##### ■ Operating results

For the 2019 financial year the Group delivered a loss before tax of \$219,684 (2018: \$1,582,160).

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 decreased from 30 June 2018 by \$30,585 to \$73,030 at 30 June 2019 (2018: \$103,615) primarily due to the relinquishment of the Company's interest in the Pilbara tenements.

As at 30 June 2019, the Group's cash and cash equivalents decreased from 30 June 2018 by \$5,341 to \$100,531 (2018: \$105,872) and had working capital of \$32,995 (2018: \$31,507 working capital).

## Directors' report

### 5.3. Events Subsequent to Reporting Date

On 6 August 2019 the Company announced that Hudbay Minerals Inc ("Hudbay") will not be continuing with the option agreement as announced to the market on 8 February 2018.

The Agreements between SUH and Hudbay provided 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 US\$5.8 million over 5 years. Hudbay have made two payments under the Agreements.

On the 27 August 2019 the Company surrendered the two granted tenements, being E52/3579 and E52/3580, and withdrew from the application on E47/3808. Given the lacklustre condition of the current gold market the Company has decided to focus on finding strategic partners to progress its Chilean Projects.

There are no other significant post balance sheet date events that are not covered in this Directors' Report or within the financial statements at Note 24 Events subsequent to reporting date.

### 5.4. Future Developments, Prospects and Business Strategies

The main focus of the Company is to secure a joint venture partner to further develop its Chilean Projects. The Company will look to farm-out or deal with its projects and review other opportunities in the resources sector.

### 5.5. 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 2019 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.

## 6. Information relating to the directors

<p>■ <b>Mr David Lenigas</b></p>	<p>■ Chairman and Non-executive Director (appointed 7 July 2016)</p>
<p>Qualifications</p>	<p>■ Bachelor of Applied Science (Mining Engineering) and holder of a Western Australian First Class Mine Managers Certificate of Competency.</p>
<p>Experience</p>	<p>■ 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.</p> <p>In recent years, Mr Lenigas was the Executive Chairman of London listed lithium investment company Rare Earth Minerals Plc, which has been responsible for providing significant funding for the ongoing developments of the Sonora Lithium Project in Mexico and the Cinovec Lithium Project in the Czech Republic. He was until recently 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 Lenigas was also the Executive Chairman of London listed UK Oil &amp; Gas Investments Plc, and Doriemus Plc, which was responsible for the new Horse Hill oil discovery near London's Gatwick International Airport.</p>
<p>Special responsibilities</p>	<p>■ Nil</p>
<p>Interest in Shares and Options</p>	<p>■ 7,884,282 Ordinary Shares</p>
<p>Directorships held in other listed entities</p>	<p>■ AfrigAg Global Plc (ISDX listed), Elixer Limited (TSXV listed), Anglo African Agriculture Plc (LSE listed), Hampton Bay Capital Inc. &amp; Future Farm Technologies.</p>

## Directors' report

- **Mr Trevor Tennant**

  - Chief Executive Officer (appointed 17 December 2007)
  - Associateship in Mining Engineering from the WA School of Mines
  - 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.
  - Qualifications
  - Experience
  - Special responsibilities
  - Interest in Shares and Options
  - Directorships held in other listed entities
  - Nil
  - 8,560,087 Ordinary Shares
  - None
  
- **Mr Keith Coughlan**

  - Non-executive Director (appointed 7 July 2016)
  - BA
  - 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.
  - Qualifications
  - Experience
  - Special responsibilities
  - Interest in Shares and Options
  - Directorships held in other listed entities
  - Nil
  - 4,628,094 Ordinary Shares
  - Managing Director of European Metals Holdings Limited  
Non-Executive Director of Calidus Resources Limited  
Non-Executive Chair of Doriemus Plc

### 7. Meetings of directors and committees

During the financial year three 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	3	3	<i>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.</i>								
Mr T Tennant	3	3									
Mr K Coughlan	3	3									

### 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.*

## Directors' report

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, the Company's auditor, PKF Perth, did not perform any services other than their statutory audits (2018: \$nil). Details of remuneration paid to the auditor can be found within the financial statements at Note 20.

In the event that non-audit services are provided by PKF Perth, 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.

## 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 2019 has been received and is included within the annual report.

## 13. Remuneration report (audited)

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

## Directors' report

### 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
- Mr Trevor Tennant                    Chief Executive Officer
- Mr Keith Coughlan                    Non-executive Director

### 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:

2019									
Group Key Management Person	Short-term benefits				Post- employment benefits	Long-term benefits	Equity-settled share- based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non- monetary	Other	Super- annuation	Other	Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	
Mr D Lenigas	24,000	-	-	-	-	-	-	-	24,000
Mr K Coughlan	24,000	-	-	-	-	-	-	-	24,000
Mr T Tennant	24,000	-	-	-	-	-	-	-	24,000
	<b>72,000</b>	-	-	-	-	-	-	-	<b>72,000</b>

2018									
Group Key Management Person	Short-term benefits				Post- employment benefits	Long-term benefits	Equity-settled share- based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non- monetary	Other	Super- annuation	Other	Equity <sup>(i)</sup>	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	
Mr D Lenigas	24,000	-	-	-	-	-	450,000	-	474,000
Mr K Coughlan	24,000	-	-	-	-	-	450,000	-	474,000
Mr T Tennant	24,000	-	-	-	-	-	150,000	-	174,000
	<b>72,000</b>	-	-	-	-	-	<b>1,050,000</b>	-	<b>1,122,000</b>

(i) On 19 December 2017, the Company issued 7,000,000 shares to the Directors of the Company as approved by Shareholders at the Annual General Meeting held on 30 November 2017. The expense recognised during the current period for the issue is \$1,050,000. The total fair value was determined by the share price of \$0.15 on the grant date.

### 13.4. Service Agreements

#### ■ Director Remuneration

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

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

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

# Directors' report

## 13. Remuneration report (audited)

### 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.

### 13.6. Key management personnel equity holdings

#### ■ Fully paid ordinary shares of the Company held by each Key Management Person

2019	Balance at start of year (or appointment)	Received as part of remuneration	Received on the exercise of options	Other changes	Balance at end of year
<i>Group Key Management Person</i>	No.	No.	No.	No.	No.
Mr D Lenigas	7,884,282	-	-	-	7,884,282
Mr K Coughlan	4,628,094	-	-	-	4,628,094
Mr T Tennant	8,560,087	-	-	-	8,560,087
	21,072,463	-	-	-	21,072,463

#### ■ Options in the Company held by each Key Management Personnel

No options were held by Key Management Personnel at the end of the year or the prior year.

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

### 13.7. Other equity-related KMP transactions

Apart from the details disclosed in 13.4 above, 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 2019 (2018: 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 16.

### 13.10. Voting and comments made at the company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 99.99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

#### 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

Dated this Thursday, 26 September 2019

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF SOUTHERN HEMISPHERE MINING LIMITED

In relation to our audit of the financial report of Southern Hemisphere Mining Limited for the year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SHANE CROSS  
PARTNER

26 SEPTEMBER 2019  
WEST PERTH,  
WESTERN AUSTRALIA

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# Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Continuing Operations</b>			
Interest income		1	1,201
Other income	3a	169,605	65,153
Depreciation	8	-	(6,201)
Office and administration		(82,638)	(78,989)
Professional fees		(87,467)	(157,283)
Employee benefits expense	3b	(120,723)	(115,009)
Share based payments	3b	-	(1,050,000)
Exploration and evaluation related expenditure	8b	(62,210)	(167,218)
Exploration and evaluation costs written off	8a	(36,252)	(73,814)
<b>Loss before income tax</b>		<b>(219,684)</b>	<b>(1,582,160)</b>
Income tax expense	4	-	-
<b>Loss after income tax for the year</b>		<b>(219,684)</b>	<b>(1,582,160)</b>
<b>Other comprehensive income, net of income tax</b>			
■ Items that may be reclassified subsequently to profit or loss			
□ Foreign currency movement		(7,132)	(5,158)
<b>Other comprehensive loss for the year, net of tax</b>		<b>(7,132)</b>	<b>(5,158)</b>
<b>Total comprehensive loss for the year</b>		<b>(226,816)</b>	<b>(1,587,318)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share	13	(0.022)	(0.019)

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 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	100,531	105,872
Other Assets	6	38,131	72,108
		<b>138,662</b>	<b>177,980</b>
<b>Total Assets</b>			
		<b>138,662</b>	<b>177,980</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	65,632	74,365
		<b>65,632</b>	<b>74,365</b>
<b>Total Liabilities</b>			
		<b>65,632</b>	<b>74,365</b>
<b>Net Assets</b>			
		<b>73,030</b>	<b>103,615</b>
<b>Equity</b>			
Issued capital	10	51,617,624	51,421,393
Reserves	12	983,601	990,733
Accumulated losses		(52,528,195)	(52,308,511)
<b>Total Equity</b>			
		<b>73,030</b>	<b>103,615</b>

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 2019

	Note	Common Shares	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
<b>Balance – 30 June 2017</b>		<b>50,371,393</b>	<b>3,270,843</b>	<b>995,891</b>	<b>(53,997,194)</b>	<b>640,933</b>
Net loss for the year		-	-	-	(1,582,160)	(1,582,160)
Foreign currency translation		-	-	(5,158)	-	(5,158)
<b>Total Comprehensive Loss</b>		<b>-</b>	<b>-</b>	<b>(5,158)</b>	<b>(1,582,160)</b>	<b>(1,587,318)</b>
Share issued, net of transaction costs	10	1,050,000	-	-	-	<b>1,050,000</b>
Transfer of reserve to accumulated losses		-	(3,270,843)	-	3,270,843	-
<b>Balance – 30 June 2018</b>		<b>51,421,393</b>	<b>-</b>	<b>990,733</b>	<b>(52,308,511)</b>	<b>103,615</b>
Net loss for the year		-	-	-	(219,684)	(219,684)
Foreign currency translation		-	-	(7,132)	-	(7,132)
<b>Total Comprehensive Loss</b>		<b>-</b>	<b>-</b>	<b>(7,132)</b>	<b>(219,684)</b>	<b>(226,816)</b>
Share issued, net of transaction costs	10	196,231	-	-	-	<b>196,231</b>
<b>Balance – 30 June 2019</b>		<b>51,617,624</b>	<b>-</b>	<b>983,601</b>	<b>(52,528,195)</b>	<b>73,030</b>

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 2019

For the Year ended	Note	30 June 2019 \$	30 June 2018 \$
<b>Cash provided by (used in)</b>			
<b>Operating activities:</b>			
Payments to suppliers and employees		(309,328)	(421,777)
Interest received		1	1,201
	<b>5c</b>	<b>(309,327)</b>	<b>(420,576)</b>
<b>Investing activities:</b>			
Payments for exploration and evaluation expenditure		(54,791)	(241,032)
Proceeds from sale of tenement		-	3,087
Proceeds from Option Agreement with Hudbay		169,605	62,066
		<b>114,814</b>	<b>(175,879)</b>
<b>Financing activities:</b>			
Issuance of ordinary shares		200,000	-
Costs of share issuance		(3,769)	-
		<b>196,231</b>	<b>-</b>
<b>(Decrease)/Increase in cash and equivalents</b>		<b>1,717</b>	<b>(596,455)</b>
Effect of exchange rates on cash and cash equivalents		(7,058)	-
Cash and cash equivalents, beginning of year		105,872	702,327
<b>Cash and cash equivalents, end of year</b>	<b>5a</b>	<b>100,531</b>	<b>105,872</b>

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 2019*

*(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 Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia 6005. The financial report of the Group for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 26 September 2019.

### **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 2019 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 with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Group is a 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**

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which have a material impact on the Group are set out below.

## Notes to the consolidated financial statements

*for the year ended 30 June 2019*

- **AASB 9 Financial Instruments**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The standard introduced 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 that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

- **AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated.

The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

Other than the above, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

- ii. **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- **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 at 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

## Notes to the consolidated financial statements

for the year ended 30 June 2019

standard does not substantially change how a lessor accounts for leases. The directors have determined that there is no material financial impact from the implementation of this standard, other than disclosure requirements and accounting policy terminology.

- **Other standards not yet applicable**

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

- iii. **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 \$219,684 and had net cash outflows from operating activities of \$309,327 and cash inflows from investing activities of \$114,814 for the year ended 30 June 2019.

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe 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.

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.

Should the Directors not achieve the matters set out above, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity is not able to continue as a going concern.

- 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 15.

- d. **Basis of Consolidation**

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

- 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:

## Notes to the consolidated financial statements

for the year ended 30 June 2019

- 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.

### g. 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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### 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.

### 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.

## h. 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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### 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

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### 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.

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.

### i. 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.

## Notes to the consolidated financial statements

*for the year ended 30 June 2019*

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.

### **j. 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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 3 Revenue and expenses	2019 \$	2018 \$
<b>a. Other income</b>		
Income from Option Agreement with Hudbay	169,605	62,066
Gain on disposal of tenements	-	3,087
	169,605	65,153
<b>b. Employment benefits expense</b>		
Directors fees	72,000	72,000
Superannuation expenses	-	-
Wages and salaries	48,723	43,009
Share based payments	-	1,050,000
	120,723	1,165,009

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Note 4 Income tax	Note	2019 \$	2018 \$
The following significant revenue and expense items are relevant in explaining the financial performance:			
Net loss for accounting		(219,684)	(1,582,160)
Expected tax rate		30.0%	27.5%
Expected tax recovery at statutory rates		(65,905)	(435,094)
Non deductible expenses		-	64,626
Adjustments recognised in the current year in relation to the current tax of previous years		(7,809)	-
Change in corporate tax rate		(125,571)	-
Effect of deferred taxes that would be recognised directly in equity		(1,130)	-
Temporary losses & temporary differences not recognised		200,415	370,468
<b>Deferred income tax expense (recovery)</b>			
Revenue losses carried forward		1,583,350	1,382,935
Unrecognised deferred tax asset		(1,583,350)	(1,382,935)
<b>Deferred income tax assets (liability)</b>			
			-

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.

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

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### Note 4 Income tax (Continued)

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 5 Cash and cash equivalents	2019 \$	2018 \$
<b>a. Reconciliation of cash</b>		
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	100,531	105,872
	100,531	105,872

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

b. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

c. Cash Flow Information	2019 \$	2018 \$
i. Reconciliation of cash flow from operations to (loss)/profit after income tax		
Loss after income tax	(219,684)	(1,582,160)
Adjustments for investing activities:		
■ Exploration expenditure	54,718	241,032
■ Income from Option Agreement with Hudbay	(169,605)	(62,066)
■ Gain on sale of tenements	-	(3,087)
<i>Non-cash flows in (loss)/profit from ordinary activities:</i>		
■ Depreciation and amortisation	-	6,201
■ Share-based payments	-	1,050,000
■ (Increase)/decrease in receivables and other assets	33,977	(65,108)
■ Increase/(decrease) in trade and other payables	(8,733)	(5,388)
Cash flow from operations	(309,327)	(420,576)

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

There were no non-cash investing and financing activities during the year or the previous year.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 6 Other assets	2019 \$	2018 \$
<b>Current</b>		
Deposits made for exploration and evaluation rights applied for but not yet granted <sup>(a)</sup>	24,656	58,022
Prepayments	9,916	10,413
Other receivables	3,559	3,673
	<b>38,131</b>	<b>72,108</b>

- a. The Group made deposits for the exploration and evaluation rights of prospective conglomerate tenements in the Pilbara Basin of Western Australia that have been applied for, but not yet granted and refundable as at 30 June 2019.

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

#### Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Where applicable, in measuring the expected credit losses, the trade receivables are assessed on a collective basis as they possess shared credit risk characteristics. They are grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2019 and 30 June 2018 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 7 Plant and equipment	2019 \$	2018 \$
<b>a. Non-current</b>		
Plant and equipment	86,528	86,528
Accumulated depreciation	(86,528)	(86,528)
<b>Total plant and equipment</b>	<b>-</b>	<b>-</b>
<b>b. Movements in Carrying Amounts</b>		
	2019 \$	2018 \$
<b>Carrying amount at the beginning of year</b>	-	5,921
■ Foreign exchange movements	-	280
■ Depreciation expense	-	(6,201)
<b>Carrying amount at the end of year</b>	<b>-</b>	<b>-</b>

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 15 years (diminishing value)  
Computer equipment – 3 years (diminishing value)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount with the impairment loss recognised in the statement of profit or loss and other comprehensive income.

#### Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 8 Exploration and Evaluation Expenditure	2019 \$	2018 \$
<b>a. Non-current asset:</b>		
Carrying amount at beginning of period	-	-
Exploration and evaluation costs incurred	34,348	73,814
Exploration costs written off	(34,348)	(73,814)
Balance at the end of the financial year	-	-
<b>b. Expenditure:</b>		
Exploration and evaluation related expenditure	62,210	167,218

During the 2019 financial year, tenements EL52/3579, EL52/3580 in the Pilbara Basin of Western Australia were granted. In the prior financial year, these tenements had been applied for, but not yet granted, and therefore the company had no direct interest in the Projects and the expenditure was expensed in full.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

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. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note	9	Trade and other payables	2019 \$	2018 \$
a.		<b>Current</b>		
		Trade payables	46,077	54,833
		Other payables	19,555	19,532
			<b>65,632</b>	<b>74,365</b>

- 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 18.

Trade payables and other payables are carried at amortised cost 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Note	10	Issued capital	Note	2019 No.	2018 No.	2019 \$	2018 \$
		Fully paid ordinary shares at no par value		88,469,471	85,136,137	51,617,624	51,421,393
		<b>Ordinary shares</b>					
		At the beginning of the period		85,136,137	78,136,137	51,421,393	50,371,393
		Shares issued during the year:					
		■ Share placement <sup>(a)</sup>		1,666,666	-	100,000	-
		■ Share placement <sup>(b)</sup>		1,666,668	-	100,000	-
		■ Share issued to Directors		-	7,000,000	-	1,050,000
		■ Costs of share issues		-	-	(3,769)	-
		At reporting date		88,469,471	85,136,137	51,617,624	51,421,393

- a. On 7 November 2018, the Company completed a share placement to sophisticated and professional investors for a total of 1,666,666 ordinary shares at a price of \$0.06 per share to raise \$100,000 before costs.
- b. On 28 November 2018, the Company completed a share placement to sophisticated and professional investors for a total of 1,666,668 ordinary shares at a price of \$0.06 per share to raise \$100,000 before costs.

### Terms of Ordinary Shares

#### Voting Rights

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 11 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 2019

	Australia \$	Chile \$	Total \$
Segment revenue and other income	1	169,605	169,606
Segment exploration expenditures	(41,630)	(56,831)	(98,461)
Segment other expenses	(215,779)	(75,050)	(290,829)
Segment (loss)/profit after income tax	(257,408)	37,724	(219,684)
<b>As at 30 June 2019</b>			
Segment current assets	135,919	2,743	138,662
Segment total assets	135,919	2,743	138,662
Segment current liabilities	(59,542)	(6,090)	(65,632)
Segment total liabilities	(59,542)	(6,090)	(65,632)
Segment net assets/(liabilities)	76,377	(3,347)	73,030

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 11 Operating segments (cont.)

For the Year to 30 June 2018			
	Australia \$	Chile \$	Total \$
Segment revenue and other income	1,201	65,153	66,354
Segment exploration expenditures	(167,218)	(73,814)	(241,032)
Segment other expenses	(1,317,313)	(90,169)	(1,407,482)
Segment loss after income tax	(1,483,330)	(98,830)	(1,582,160)
As at 30 June 2018			
Segment current assets	167,820	10,160	177,980
Segment total assets	167,820	10,160	177,980
Segment current liabilities	(68,010)	(6,355)	(74,365)
Segment total liabilities	(68,010)	(6,355)	(74,365)
Segment net assets	99,810	3,805	103,615

Note 12 Reserves	2019	2018
	\$	\$
Foreign exchange reserve	983,601	990,733
	983,601	990,733
Movement in foreign exchange reserve		
	2019	2018
	\$	\$
Opening balance	990,733	995,891
Movement	(7,132)	(5,158)
Closing balance	983,601	990,733

#### a. 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 2019

Note 13 Earnings per share (EPS)	2019 \$	2018 \$
<b>a. Reconciliation of earnings to profit or loss</b>		
(Loss) / profit used in the calculation of basic and diluted EPS	(219,684)	(1,582,160)
	2019 No.	2018 No.
<b>b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS</b>		
	87,200,064	82,221,069
	2019	2018
<b>c. Earnings per share</b>		
Basic and diluted EPS	(0.002)	(0.019)

Basic profit/(loss) per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted profit/(loss) per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Note 14 Parent entity disclosures	2019 \$	2018 \$
<b>a. Financial Position of Southern Hemisphere Mining Limited</b>		
Current assets	135,920	124,676
Non-current assets	172,144	-
<b>Total assets</b>	<b>308,064</b>	<b>124,676</b>
Current liabilities	19,232	28,324
Non-current liabilities	215,802	-
<b>Total liabilities</b>	<b>235,034</b>	<b>28,324</b>
<b>Net assets</b>	<b>73,030</b>	<b>96,352</b>
<b>Equity</b>		
Issued capital	51,696,074	51,421,393
Accumulated losses	(51,623,044)	(51,325,041)
<b>Total equity</b>	<b>73,030</b>	<b>96,352</b>
<b>b. Financial performance of Southern Hemisphere Mining Limited</b>		
Profit / (loss) for the year	(298,003)	(1,454,880)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(298,003)</b>	<b>(1,454,880)</b>

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 14 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 2019 (2018: none).

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

The parent entity did not have any contingent liabilities as at 30 June 2019 or 2018.

**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 2019 or 2018.

**d. Significant accounting policies**

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

*Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

*Share-based payments*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

### Note 15 Key Management Personnel (KMP) compensation

The names and positions of KMP are as follows:

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

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.

	2019 \$	2018 \$
Short-term employee benefits	72,000	72,000
Share-based payments	-	1,050,000
<b>Total</b>	<b>72,000</b>	<b>1,122,000</b>

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 16 Related party transactions

#### a. Key Management Personnel

- Disclosures relating to Key Management Personnel are set out in Note 16 and detailed remuneration disclosures are provided in the remuneration report in the directors' report.

#### b. Receivable from and payable to related parties

No key management personnel has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving key management personnell's interests existing at year end.

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.

### Note 17 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:

	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2019 Total \$	Floating Interest Rate \$	Fixed Interest Rate \$	Non- interest Bearing \$	2018 Total \$
<b>Financial Assets</b>								
☐ Cash and cash equivalents	99,727	-	804	100,531	97,117	-	8,755	105,872
<b>Total Financial Assets</b>	<b>99,727</b>	<b>-</b>	<b>804</b>	<b>100,531</b>	<b>97,117</b>	<b>-</b>	<b>8,755</b>	<b>105,872</b>
<b>Financial Liabilities</b>								
☐ Trade and other payables	-	-	(65,632)	(65,632)	-	-	(74,365)	(74,365)
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>(65,632)</b>	<b>(65,632)</b>	<b>-</b>	<b>-</b>	<b>(74,365)</b>	<b>(74,365)</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>99,727</b>	<b>-</b>	<b>(64,828)</b>	<b>34,899</b>	<b>97,117</b>	<b>-</b>	<b>(65,610)</b>	<b>31,507</b>

## Notes to the consolidated financial statements

for the year ended 30 June 2018

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### Note 18 Financial risk management (cont.)

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#### b. 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.

#### ■ 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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 18 Financial risk management (cont.)

#### ■ Contractual Maturities

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

	Within 1 Year		Greater Than 1 Year		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	(65,632)	(74,365)	-	-	(65,632)	(74,365)
<b>Total contractual outflows</b>	<b>(64,012)</b>	<b>(74,365)</b>	<b>-</b>	<b>-</b>	<b>(64,012)</b>	<b>(74,365)</b>
Financial assets						
Cash and cash equivalents	100,531	105,872	-	-	100,531	105,872
<b>Total anticipated inflows</b>	<b>100,531</b>	<b>105,872</b>	<b>-</b>	<b>-</b>	<b>100,531</b>	<b>105,872</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>34,899</b>	<b>31,507</b>	<b>-</b>	<b>-</b>	<b>34,899</b>	<b>31,507</b>

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.

##### (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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 18 Financial risk management (cont.)

#### (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 \$
<b>Year ended 30 June 2019</b>		
±10% of Australian dollar strengthening/weakening against the CLP	± 3,772	± 3,772
<b>Year ended 30 June 2018</b>		
±10% of Australian dollar strengthening/weakening against the CLP	± 9,883	± 9,883

#### ■ Net Fair Values

##### (1) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in note 17a 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.

## Notes to the consolidated financial statements

for the year ended 30 June 2019

### Note 19 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, foreign currency translation reserve and accumulated deficit, which at 30 June 2019 amounted to \$73,030 (30 June 2018 - \$103,615).

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	2019 \$	2018 \$
Cash and cash equivalents	5	100,531	105,872
Trade and other payables	10	(65,632)	(74,365)
Working capital position		34,899	31,507

## Notes to the consolidated financial statements

for the year ended 30 June 2019

Note 20 Auditor's remuneration	Note	30 June 2019	30 June 2018
		\$	\$
Remuneration of the auditor of the Southern Hemisphere Mining Limited for:			
■ Auditing or reviewing the financial reports:			
□ PKF Perth		18,625	-
□ RSM Australia Partners		-	25,000
		18,625	25,000

### Note 21 Controlled entities

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

	Country of Incorporation	Equity Holding	
		2019	2018
■ Southern Hemisphere Mining Pty Ltd <sup>(1)</sup>	Australia	100	100
■ Pan American Mining Pty Ltd <sup>(1)</sup>	Australia	100	100
■ Minera Hemisferio Sur SCM <sup>(2)</sup>	Chile*	100	100
■ Minera Panamericana SCM <sup>(3)</sup>	Chile*	100	100
■ Minera Llahuin SCM <sup>(4)</sup>	Chile*	100	100

\* 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 and Pan 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 is a wholly owned subsidiary of Southern Hemisphere Mining Pty Ltd and the investment is held by Southern Hemisphere Mining Pty Ltd.
- (3) Minera Panamericana SCM is a wholly owned subsidiary of Minera Hemisferio Sur SCM and the investment is held by Minera Hemisferio Sur SCM.
- (4) 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.

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 2019*

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### **Note 22 Contingent Liabilities**

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There are no contingent liabilities as at 30 June 2019 (2018: nil).

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### **Note 23 Commitments**

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There are no commitments as at 30 June 2019 (2018: \$18,000).

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### **Note 24 Events subsequent to reporting date**

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On 6 August 2019 the Company announced that Hudbay Minerals Inc (“Hudbay”) will not be continuing with the option agreement as announced to the market on 8 February 2018.

The Agreements between SUH and Hudbay provided 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 US\$5.8 million over 5 years. Hudbay have made two payments under the Agreements.

On the 27 August 2019 the Company surrendered the two granted tenements, being E52/3579 and E52/3580, and withdrew from the application on E47/3808. Given the lacklustre condition of the current gold market the Company has decided to focus all resources on finding strategic partners to progress its Chilean Projects.

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 2019.

## 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 2019 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

Dated this Thursday, 26 September 2019

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SOUTHERN HEMISPHERE MINING LIMITED

#### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of Southern Hemisphere Mining Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2019, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Southern Hemisphere Mining Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

#### Emphasis of Matter

Without modifying our opinion, we draw attention to the financial report which indicates the consolidated entity has incurred a loss of \$219,684 and operating cash outflows of \$309,327 for the year ended 30 June 2019. These conditions along with other matters in note 2(b) (ii), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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Liability limited by a scheme approved under Professional Standards Legislation.

## Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

## Key Audit Matter

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was 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 this matter. For the matter below, our description of how our audit addressed this matter is provided in that context.

### 1. Exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
<p>As reported in the consolidated statement of profit or loss and other comprehensive income, the consolidated entity expensed total exploration and evaluation expenditure related costs of \$98,462 as disclosed in Note 8.</p> <p>This expenditure has been expensed as incurred in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"), as outlined in Note 8.</p> <p>Exploration and evaluation expenditure was considered to be a key audit matter as it is material and constituted 25% of the consolidated entity's total expenses for the year. The consolidated entity must also correctly classify the expenditure in accordance with AASB 6. In addition, the results of exploration and evaluation work determines to what extent the minerals reserves and resources may or may not be commercially viable for extraction.</p>	<p>Our audit procedures in relation to the exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> <li>• Understanding how the expenditure is incurred and agreeing a sample of the expenditure to supporting documentation to ensure the expenditure has been properly authorised, recorded in the correct period and appropriately classified in accordance with AASB 6 and the consolidated entity's accounting policy;</li> <li>• Obtaining evidence that the consolidated entity has valid rights to explore in each specific area for which the expenditure is recorded;</li> <li>• Considering the consolidated entity's assessment of the commercial viability of results relating to exploration and evaluation activities carried out in each specific area; and</li> <li>• Assessing the appropriateness of the related disclosures in Note 2(g) and Note 8.</li> </ul>

## Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

### Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Southern Hemisphere Mining Limited for the year ended 30 June 2019 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.



PKF PERTH



SHANE CROSS  
PARTNER

26 SEPTEMBER 2019  
WEST PERTH,  
WESTERN AUSTRALIA

## 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 (3<sup>rd</sup> 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](http://www.shmining.com.au).

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b> A listed entity should have and disclose a charter which:</p> <p>(a) sets out the respective roles and responsibilities of the board, the chair and management; and</p> <p>(b) includes a description of those matters expressly reserved to the board and those delegated to management.</p>	Complying	<p>The Company has adopted a Board Charter.</p> <p>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.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p><b>Recommendation 1.2</b> A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	Complying	<p>(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.</p> <p>(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.</p>
<p><b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complying	<p>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.</p>
<p><b>Recommendation 1.4</b> 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.</p>	Complying	<p>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.</p>
<p><b>Recommendation 1.5</b> A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary or it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(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</p> <p>(ii) either:</p> <p>(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</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	Complying	<p>(a) The Company has adopted a Diversity Policy.</p> <p>(i) The Diversity Policy provides a framework for the Company to achieve a list of 5 measurable objectives that encompass gender equality.</p> <p>(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.</p> <p>(b) The Diversity Policy is stated in Schedule 10 of the Corporate Governance Plan which is available on the company website.</p> <p>(c)</p> <p>(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.</p> <p>(ii) The Company has no employees and utilises external consultants and contractors as and when required.</p> <p>(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.</p>

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>
<p><b>Recommendation 1.6</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Part-Complying	<p>(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.</p> <p>(b) The Company's Performance Evaluation Policy requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period.</p> <p>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.</p> <p>The review will assist to indicate whether the Board's performance is appropriate and efficient with respect to the Board Charter.</p> <p>The Board regularly reviews its skill base and whether it remains appropriate for the Company's operational, legal and financial requirements.</p>
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complying	<p>(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.</p> <p>(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.</p> <p>During the financial year an evaluation of performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>
<b>Principle 2: Structure the board to add value</b>		
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Part-Complying	<p>(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.</p> <p>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.</p> <p>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.</p>

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>																																		
<p><b>Recommendation 2.2</b> 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.</p>	Complying	<table border="1"> <thead> <tr> <th><b>Board Skills Matrix</b></th> <th><b>Number of Directors that Meet the Skill</b></th> </tr> </thead> <tbody> <tr> <td>Executive &amp; Non- Executive experience</td> <td>3</td> </tr> <tr> <td>Industry experience &amp; knowledge</td> <td>3</td> </tr> <tr> <td>Leadership</td> <td>3</td> </tr> <tr> <td>Corporate governance &amp; 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><i>Subject matter expertise:</i></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 <sup>1</sup></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 <sup>2</sup></td> <td>0</td> </tr> </tbody> </table> <p>(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.</p>	<b>Board Skills Matrix</b>	<b>Number of Directors that Meet the Skill</b>	Executive & Non- Executive experience	3	Industry experience & knowledge	3	Leadership	3	Corporate governance & risk management	3	Strategic thinking	3	Desired behavioural competencies	3	Geographic experience	3	Capital Markets experience	3	<i>Subject matter expertise:</i>		- accounting	2	- capital management	3	- corporate financing	2	- industry taxation <sup>1</sup>	0	- risk management	3	- legal	3	- IT expertise <sup>2</sup>	0
<b>Board Skills Matrix</b>	<b>Number of Directors that Meet the Skill</b>																																			
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<p><b>Recommendation 2.3</b> <b>A listed entity should disclose:</b> (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</p>	Complying	<p>(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.</p> <p>(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.</p> <p>(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 6-7 of the 2019 Annual Reports.</p>																																		
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	Not complying	<p>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.</p> <p>Details of each Director's independence are provided in the Annual Reports and Company website.</p>																																		
<p><b>Recommendation 2.5</b> 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.</p>	Not complying	<p>The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director.</p> <p>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</p>																																		
<p><b>Recommendation 2.6</b> 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.</p>	Complying	<p>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.</p>																																		
<b>Principle 3: Act ethically and responsibly</b>																																				
<p><b>Recommendation 3.1</b> 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.</p>	Complying	<p>(a) The Corporate Code of Conduct applies to the Company's directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct can be found on the Company's website.</p>																																		

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Part-Complying	<p>(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.</p> <p>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.</p> <p>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.</p>
<p><b>Recommendation 4.2</b> 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.</p>	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.
<p><b>Recommendation 4.3</b> 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.</p>	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.
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b> A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complying	<p>(a) The Company's Continuous Disclosure Policy details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Company's Continuous Disclosure Policy is detailed in Schedule 7 of the Corporate Governance Plan available on the Company website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	Complying	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p><b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	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.

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>
<p><b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Complying	<p>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.</p> <p>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.</p>
<p><b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Complying	<p>Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p><b>Principle 7: Recognise and manage risk</b></p>		
<p><b>Recommendation 7.1</b> The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Part-Complying	<p>(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.</p> <p>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.</p> <p>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.</p>
<p><b>Recommendation 7.2</b> The board or a committee of the board should:</p> <p>(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</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Complying	<p>(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 "Risk Management" and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(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.</p>
<p><b>Recommendation 7.3</b> A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	Complying	<p>(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.</p>

<b>Principles And Recommendations</b>	<b>Comply</b>	<b>Explanation</b>
<p><b>Recommendation 7.4</b> 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.</p>	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 by the Board who assess the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b> The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Part-Complying	<p>(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.</p> <p>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.</p> <p>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.</p>
<p><b>Recommendation 8.2</b> 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.</p>	Complying	<p>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.</p> <p>The remuneration of the directors is disclosed in Section 13.3 of the Directors Report on page 10 of the 2019 Annual Report.</p>
<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	Complying	<p>(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.</p> <p>(b) A copy of the Company's Corporate Governance Plan is available on the Company's website.</p>

## 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  
88,469,471 ordinary fully paid shares held by 455 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 23 August 2019

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Zero Nominees Pty Ltd	14,658,872	16.57
HSBC Custody Nominees (Australia) Limited	13,564,888	15.33
Ice Cold Investments Pty Ltd	4,966,667	5.61

- f. Distribution of Shareholders as at 23 August 2019

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	137	59,313	0.07
1,001 – 5,000	104	258,288	0.29
5,001 – 10,000	58	435,601	0.49
10,001 – 100,000	87	3,392,003	3.83
100,001 – and over	69	84,324,266	95.31
	455	88,469,471	100.00

- g. Unmarketable Parcels as at 23 August 2019  
As at 26 August 2019 there were 328 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 23 August 2019

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	ZERO NOMINEES PTY LTD	14,658,872	16.57
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,564,888	15.33
3.	ICE COLD INVESTMENTS PTY LTD	4,966,667	5.61
4.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	4,203,214	4.75
5.	GREATSIDE HOLDINGS PTY LTD	3,374,480	3.81
6.	CITICORP NOMINEES PTY LIMITED	3,038,495	3.43
7.	KADAJE INVESTMENTS PTY LTD <KADAJE A/C>	3,000,000	3.39
8.	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	2,250,000	2.54
9.	FEATLY PTY LIMITED	2,039,446	2.31
10.	INKESE PTY LTD	1,879,192	2.12
11.	MR GRANT RONALD MORGAN + MRS JENNY MORGAN	1,869,816	2.11
12.	NORVEST PROJECTS PTY LTD	1,800,000	2.03
13.	MR GRAHAM WILLIAM WALDON + MRS BARBARA ELIZABETH WALDON <NODLAW INV EMPLOYEES S/F A/C>	1,700,001	1.92
14.	MR GARY WAYNE WATKINS + MRS DEBRA DOREEN WATKINS <THE WATKINS INVESTMENT A/C>	1,660,565	1.88
15.	INSWINGER HOLDINGS PTY LTD <CMSS SUPERANNUATION FUND A/C>	1,628,094	1.84
16.	MR GRANT POVEY	1,527,823	1.78
17.	FEATLY PTY LIMITED <FEATLY SUPER FUND A/C>	1,527,023	1.73
18.	MR TREVOR TENNANT	1,175,478	1.33
19.	MR GRANT RUSSELL POVEY	1,000,000	1.13
20.	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SUPER FUND A/C>	996,669	1.13
<b>TOTAL</b>		<b>67,905,723</b>	<b>76.76</b>

2 The Company Secretary is Jessamyn Lyons

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.
25/3/2011*	Technical Report – Los Pumas Resource Upgrade	Resource estimate for Los Pumas deposit with relevant JORC Code (2004) Table 1.

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

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

### Llahuin Project: Total Measured and Indicated Resources - JORC Compliant

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

#### \*Copper Equivalent ("Cu Equiv")

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

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

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

Resource (at 4% Mn cutoff)	Tonnes Millions	Mn %	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	Al %	K %	P %
<i>Measured</i>	5.27	7.39	57.85	2.78	5.62	2.88	0.05
<i>Indicated</i>	13.06	7.65	55	2.96	5.64	2.92	0.05
<b>Measured plus Indicated</b>	<b>18.34</b>	<b>7.58</b>	<b>55.82</b>	<b>2.91</b>	<b>5.62</b>	<b>2.91</b>	<b>0.05</b>
<i>Inferred</i>	5.39	8.59	51.44	2.72	5.49	2.69	0.06

### Competent Person / Qualified Person Statement

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

## Concession Schedule

*Mining Property List as at 30 June 2019*

### 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	Exploitation	300	SALAMANCA	100
RINCÓN 11, 1 AL 300	Exploitation	300	SALAMANCA	100
RINCÓN 12, 1 AL 300	Exploitation	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

### Southern Hemisphere Mining Limited

#### Western Australia

Mining Tenements	Kind	Area (blocks)	Location	% Interest
E47/3808	Application	184	PILBARA	100
E52/3579	Granted	82	PILBARA	100
E52/3580	Granted	167	PILBARA	100

## Concession Schedule

*Abandoned Mining Property List as at 30 June 2019*

### 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