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SOUTHERN HEMISPHERE SIGNS FARM-OUT OPTION AGREEMENT ON JUAN SOLDADO IRON-COPPER-GOLD PROJECT, CHILE

Agreement encompasses USD\$1.2M of sole funded exploration

Southern Hemisphere Mining Limited (ASX: SUH) (“Southern Hemisphere” or the “Company”) is pleased to announce that it has taken another step in its strategy to realise value from its broader minerals portfolio in Chile after securing a **farm-out option agreement** with a Chilean private equity fund on its **Juan Soldado Iron-Copper-Gold Project** in central Chile.

The agreement, with Fondo de Inversión Privado EPG Exploración Minera (the “**EPG Exploration Fund**”), a private equity fund managed by EPG Partners S.A., in Santiago, Chile, will see EPG sole fund USD\$1.2 million worth of exploration expenditure to earn a 50.1% interest in the Juan Soldado Project.

Juan Soldado Project (Fe-Cu-Au)

The Juan Soldado Project is located in Region IV, 20km north of La Serena in central Chile. The 1,200ha Project covers four granted Exploration Licences encompassing a 6km strike length of a major regional structure referred to as the Romeral Fault. The area is highly prospective for iron oxide-copper-gold (IOCG) style mineralisation, as evidenced by its proximity to the operating El Romeral iron ore mine, located immediately along strike, and the nearby Santa Dominga, La Higuera, and Caballo Blanco deposits, located along strike to the north and south.

Figure 1: Juan Soldado Project, located in close proximity to CAP's El Romeral Iron ore mine



Farm-out Option Agreement Terms

Under the terms of the agreement, the EPG Exploration Fund has the option, within two years of signing the agreement, to **sole fund USD\$1.2 million** of exploration and associated works at the Juan Soldado Project. Part of this exploration spend **must result in committed minimum works of 1,000m of drilling**.

Upon completion of the **USD\$1.2 million** spend, the EPG Exploration Fund will earn a 50.1% interest in the Project. At this point, the sole funding phase ends and 'Phase 2' begins where both parties must fund exploration activity based on their percentage interest. In recognition of prior ownership costs, Southern Hemisphere will be credited with US\$2 million worth of deemed expenditure in Phase 2.

The exploration program to be undertaken at Juan Soldado is expected to be managed by the EPG Exploration Fund which has an experienced mining and investment team in Chile.

Southern Hemisphere's Managing Director Trevor Tennant said he was pleased that the Juan Soldado deal had been completed, following an extended due diligence process:

“A significant amount of work has gone into this deal over the last five months. The result is that we now have a quality partner in the EPG Exploration Fund to move this project forward. EPG is expected to move quickly to realise value for their stakeholders and we look forward to working with them at Juan Soldado – a project where systematic exploration for IOCG-style mineralisation is readily justified.

Realising value from our significant concession holdings in Chile is a priority for the Company.”

Strategy

Aside from its work on the Llahuin and Los Rulos Copper-Gold Projects with Lundin Mining Chile SpA, Southern Hemisphere has **~800km²** of other prospective areas in Chile. The Company is working towards executing further new strategic joint ventures and other arrangements with significant new partners such as the EPG Exploration Fund.

About EPG Exploration Fund and EPG Partners S.A

EPG Partners S.A. is a boutique Chilean financial services company with a focus on financial advisory and private equity fund management. EPG Exploration Fund was created to capture exploration opportunities in Chile. This fund is managed by a senior team with experience in geology, business administration and M&A transactions, and is in a solid financial position to conduct exploration activities at early stage mining projects.

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