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COMPANY UPDATE: STRATEGIC REVIEW

Low cost structure to suit deal strategy

Southern Hemisphere Mining Limited (ASX: SUH) ("Southern Hemisphere" or the "Company") has undertaken a 'root and branch' review of its operations with the outcome being a lean structure focussed on securing deals for its significant concession holdings in Chile.

The Board have decided that in the current market, the most prudent approach to gain value for shareholders will be to seek partners for its projects to fund exploration, rather than funding this exploration directly. To this end, the Company has reduced its exploration team as well as making significant reductions in overhead costs. In support of the Company's focus on reduced cost, the Board will be reduced in size to three directors.

Commenting on the outcome of the review Managing Director Trevor Tennant said:

"We will look to add value by bringing partners in on our Chilean portfolio of properties. Whether or not those partners have their own exploration teams in Chile will dictate our structure."

In the interim, we will market and maintain our properties and try to bring the several transactions we have on foot to conclusion. We have adopted a structure appropriate to this strategy."

Projects Update

Llahuin Copper-Gold Project

In terms of development potential, Llahuin is the Company's most advanced Project.

- 54,000m of drilling and a current environmental drilling approval
- A Measured and Indicated resource of 149Mt @ 0.41%Cu Eq
- A close to surface, higher grade central core area of 60Mt @ 0.50%Cu Eq
- Logistical advantages: low elevation, close to infrastructure and 30 year easement agreement
- Favourable metallurgical results: recovery and low work index

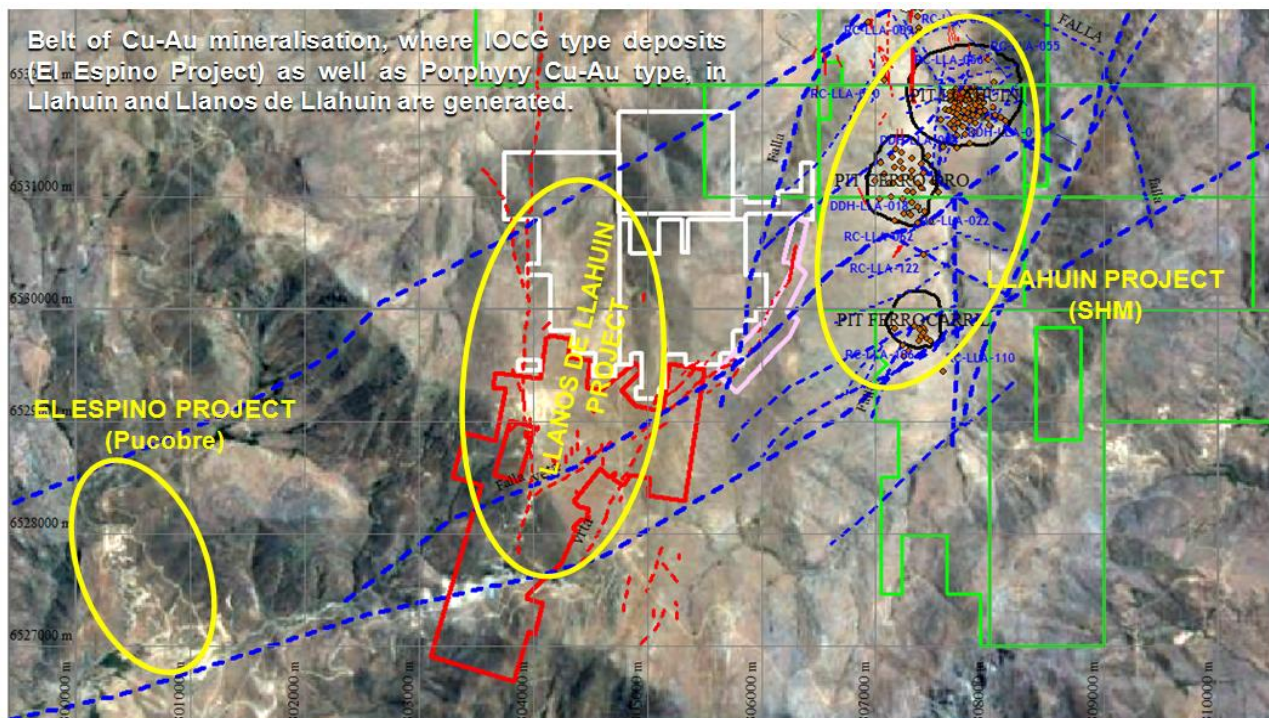
The resource at Llahuin provides a solid base for a long life mine but higher grade feed is required in the early years of operation to pay off the capital cost.

The Company has performed detailed mapping, sampling and due diligence on properties within trucking distance of Llahuin. The most compelling of these is the **Llanos Cluster** centred just 4km from the Llahuin Central Porphyry. The Company expects to shortly complete its first acquisition within the Llanos Cluster.

The Llanos Cluster demonstrates several indications of being a mineralised porphyry system with the potential for higher grade feed. In the immediate Llanos Cluster area, 4 operating small scale mines were identified. More details on this area will be provided in due course.

A key challenge in Chile is assembling contiguous packages of concession groups. The Llanos Cluster comprises a jigsaw puzzle of concessions, with the most important areas controlled by several groups.

Figure 1: Llahuin Copper-Gold Project (far right), Llanos Cluster (centre) and the El Espino Project (8km away from Llahuin) owned by Chilean company Pucobre



The Company has worked with the various concession holders to define acceptable terms by which Southern Hemisphere could option the Llanos properties. The key terms being minimal upfront payments with large long dated, backend payments should exploration justify them. Commenting on this, Trevor Tennant said:

***“At Llahuin, the Llanos properties could well be a company maker. The acquisitions here will be the result of negotiations begun in 2012. It may have seemed that assembling this package was going to be impossible and I am sure some will be surprised when we pull it off.*”**

Llahuin will be developed someday and having brought it to this point, we will be doing our best to ensure our shareholders see the benefit. The combination of Llahuin and Llanos promises to be a game changing value proposition.”

The imminent securing of a property within the Llanos Cluster is a crucial development allowing the Company to actively pursue a deal on the combined Llahuin/Llanos package.

As its first priority, the Company is seeking a partner to farm into the package and fund large scale exploration activities. Several interested parties have signed confidentiality agreements in this regard.

Los Rulos Copper-Gold Project (50/50 joint venture with Lundin Mining)

The Los Rulos Joint Venture has completed a ~2,500m drilling campaign in the 16 diamond drill holes.

The strategy at Los Rulos was to acquire the Polvareda 1 property where a private mining operation works from a hill with a series of large openings extensively coated in chrysocolla, a high-grade copper oxide mineral produced from the weathering of primary copper sulphides. To date, the Joint Venture has been unable to reach agreement with the owner. Negotiations continue however the timeframe for completion remains uncertain.

Commenting on Los Rulos, Trevor Tennant said:

“Los Rulos was an area we identified while awaiting the environmental approval at Llahuin. Polvareda 1, the key area at Los Rulos, was so impressive that Lundin and Southern Hemisphere decided to form a separate Los Rulos Joint Venture.

Commercial terms were agreed to acquire Polvareda 1 but at the last moment, the owner experienced seller's remorse. As the negotiations stretched, the Joint Venture decided to drill test the areas already secured around Polvareda 1, namely Polvareda 2 and Armandino.

The drill holes demonstrated the presence of an IOCG system, but with complex geology making the identification of high grade areas difficult. The acquisition of Polvareda 1, a known high grade area, would have allowed the Joint Venture to go straight to resource drilling.

We will continue to engage with the Polvareda 1 owner, however we turn our focus sharply to Llahuin in order to rebuild shareholder value.”

Juan Soldado IOCG Project

The execution of the Juan Soldado Farm-in Agreement in January 2015 was the first of several deals in the Company's pipeline. Under the Agreement with 'Fondo de Inversión Privado EPG Exploración Minera' ("EPG Exploration"), a minimum of 1,000m of drilling is to be sole funded by the EPG Exploration. Refer to the announcement dated January 15, 2015 for the full arrangement terms.

Drilling commenced in February 2015. An update was provided on April 8, 2015 noting that EPG Exploration would extend past its minimum drilling commitment. The alliance with EPG Exploration has been very positive to date and further agreements may be executed on other projects in the Company's large portfolio.

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