

ASX RELEASE – MAY 22, 2015

## OFFER TO PARTICIPATE IN THE SOUTHERN HEMISPHERE MINING LIMITED NON-RENOUNCEABLE RIGHTS ISSUE

Dear Fellow Shareholder,

- *Rights Issue launched, giving existing shareholders the opportunity to maintain or increase their holdings.*
- *Pivotal period for the Company with execution of the first property acquisition within the Llanos Cluster.*
- *A new agreement is being sought on the **combined Llahuin Copper-Gold Project and Llanos Cluster package**. The Company is confident of executing this agreement in the coming months.*
- *Work continues on farming out the Company's other projects. The successful execution of a farm-out arrangement with the **EPG Exploration Fund** demonstrates the prospectivity of the other projects and gives the Company a benchmark for future arrangements.*

On behalf of the Board, I am pleased to invite you to participate in Southern Hemisphere Mining Limited's ("**Southern Hemisphere**" or the "**Company**") 1 for 3 Non-Renounceable Rights Issue (the "**Offer**").

The Offer gives **all existing eligible shareholders**, the opportunity to maintain or increase their holdings by subscribing for new fully paid ordinary shares in the Company ("**New Shares**") without incurring brokerage or transaction costs and subject to the Terms and Conditions detailed in the enclosed Offer Memorandum.

The Offer will **open on Tuesday June 2, 2015** and will remain open for subscription until 5.00pm (Perth time) on **Friday, June 12, 2015**.

The Offer will be priced at **A\$0.01 (1 cent) per New Share**. Additionally, shareholders will have the opportunity to bid for any shortfall in the Offer.

**Why should you participate in the Offer?**

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**Southern Hemisphere has key upcoming catalysts which should result in strong news flow from its Coquimbo region projects and potentially 1,000ms' of drilling at other copper-gold projects in Chile.**

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**Pivotal period to improve the economic viability of the Llahuin resource in the Coquimbo Region**

Southern Hemisphere's focus is on the Coquimbo region of Central Chile on the lower Coastal Cordillera, where it has delineated a substantial copper-gold resource (**149Mt @ 0.41%Cu Eq**) at the Llahuin Copper-Gold Project. This resource provides a solid base for a long life mine and has significant advantages, particularly:

- ★ a close to surface, higher grade core (60Mt @ 0.50%Cu Eq) which returned significant grades
- ★ natural logistical advantages: situated close to the coast and infrastructure with low elevation
- ★ current environmental approvals to allow drilling
- ★ easement agreement with the local community

To be taken to production in this market, Llahuin needs higher grade feed in the early years of operation to pay back the project capital cost.

We have 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. After several years of negotiation, **this month we executed the first acquisition** within the Llanos Cluster: the **Gomila Prospect** which has the potential to contain the high grade mineralisation which could enhance the viability of Llahuin.

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 which feed 2 processing plants.

Having secured our footprint in the Llanos Cluster, we are pursuing a farm-in or other arrangement with interested parties on the **combined Llahuin/Llanos Project**. In this regard, the Company has signed confidentiality agreements with an eclectic list of global diversified resource companies and is currently hosting site visits. We are confident of executing a deal which will see a significant exploration program funded by the successful partner.

***With the addition of the Llanos Cluster to the existing Llahuin resource, I strongly believe we will have a deposit capable of sustaining a long life mine.***

## **Strategy and low cost structure**

To give Southern Hemisphere the best chance to execute an agreement on the **combined Llahuin/Llanos Project** with favourable terms, our corporate structure is geared appropriately to this goal as well as farming out our other projects. Our exploration and administration teams in Chile have been reduced and refocussed pending the announcement of our new Llahuin/Llanos partner.

To preserve cash, we acted decisively to further contain our costs including the directors accepting a 25% reduction in salaries from 1 November 2014 and then agreeing to accept shares priced per the next capital raising in lieu of salaries from 1 December 2014 to 30 June 2015.

All saving opportunities have been explored with critical reviews of concession holdings/renewals, corporate activity and costs and reducing the size of our Board to effectively three directors. Consequently Andrew Richards and Paul McRae have stood down and Andrés Hevia Hormázabal will act as an alternate director for James Pearson. I take this opportunity to thank Mr Richards and Mr McRae for their contributions.

With our low cost structure in place, the funds raised through this Offer will largely be applied to:

- maintaining Southern Hemisphere's concession position;
- marketing our projects to prospective farm-in partners; and
- assisting in analysis and interpretation of results received from the exploration work of partners.

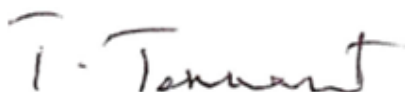
In terms of our other projects, earlier this year, the Company executed a farm-out arrangement with a Chilean government backed FENIX venture capital fund 'Fondo de Inversión Privado EPG Exploración Minera' ("EPG Exploration Fund") on the Juan Soldado IOCG Project. Under that arrangement, over 1,000m of drilling has been sole funded by the EPG Exploration Fund.

Our alliance with EPG Exploration has been very positive to date and further agreements may be executed with them on other projects. We are also in discussions with the other FENIX venture capital funds as well as the companies already reviewing Llahuin/Llanos.

I encourage you to read the enclosed Offer Memorandum. We will attempt to call as many of you as possible but should you have any questions, please do not hesitate to call the Australian Office. More information about our projects is available at our website: [www.shmining.com.au](http://www.shmining.com.au).

Thank you for your continued support.

Yours faithfully,



Trevor Tennant  
Managing Director

## **SOUTHERN HEMISPHERE MINING LIMITED**

ACN 140 494 784

### **Rights Issue Offer Memorandum**

22 May 2015

For a non-underwritten non-renounceable pro-rata rights offer of New Shares at an issue price of \$0.01 each to Eligible Shareholders on the basis of one (1) New Share for every three (3) Shares held on the Record Date plus an invitation to apply for additional Shortfall Shares to raise approximately \$828,000.

**CLOSING DATE: 5.00pm WST time on 12 June 2015**

### **THIS IS AN IMPORTANT DOCUMENT**

*This Offer Memorandum is an important document and requires immediate attention. It should be read in its entirety. If you do not understand it, or are in doubt as to how to act, you should consult your financial or other professional adviser.*

## IMPORTANT INFORMATION

### Offer Memorandum

This Offer Memorandum is dated 22 May 2015. This Offer Memorandum was prepared and issued by Southern Hemisphere Mining Limited (“Southern Hemisphere” or the “Company”).

Should valid applications not be received for all New Shares under this Offer, Southern Hemisphere and the Directors’ reserve the right to place the Shortfall in accordance with this Offer Memorandum and subsequently at the discretion of the Directors of Southern Hemisphere.

### Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a prospectus and does not contain all of the information which an investor may require to make an informed investment decision.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of the Company. Please refer to disclosures made by the Company to ASX (which are available for inspection on the ASX website at [www.asx.com.au](http://www.asx.com.au) under the code “SUH” and on the Company’s website at [www.shmining.com.au](http://www.shmining.com.au)) and seek the advice of your professional adviser.

### Forward looking statements

This Offer Memorandum includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

### Overseas shareholders

No offer is made by this Offer Memorandum in any jurisdiction outside of Australia and New Zealand. The distribution of this Offer Memorandum within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Memorandum comes should inform themselves about and observe any such restrictions. This Offer Memorandum is not an investment statement or prospectus under New Zealand law, and does not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### Not financial product advice

This Offer Memorandum is not financial product advice, does not propose to contain all the information that you may require in evaluating a possible acquisition of New Shares, and has been prepared without taking into account your investment objectives, financial situation or needs. Before deciding whether to apply for New Shares under the Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the information, you have any questions about the Offer, you should contact your financial adviser, accountant or other professional adviser.

### Representations and warranties

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Memorandum. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### Currency

All references in this Offer Memorandum to “\$” are references to Australian currency unless otherwise indicated.

### Defined terms and time

Defined terms used in this Offer Memorandum are contained in the Glossary. All references to time are references to WST.



## KEY OFFER DETAILS

<b>Issue Price</b>	\$0.01 (or 1 cent) per New Share
<b>Entitlement Ratio</b>	1 New Share for every 3 Shares Held
<b>Number of New Shares to be issued<sup>1</sup></b>	Approximately 82.8 million
<b>Gross proceeds from the Offer<sup>2</sup></b>	Approximately \$828,000

**NOTE:**

1. Assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
2. Assumes the Offer is fully subscribed.

### Indicative Timetable

Event	Date
<b>Announcement of Offer</b> – announcement of rights issue, Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with the ASX	22 May 2015
<b>'Ex' date</b> – the date on which Shares commence trading on an "ex" entitlement basis	26 May 2015
<b>Record Date</b> – the date for determining entitlements of Shareholders to participate in the Offer	28 May 2015
<b>Offer Memorandum sent to Shareholders</b> – dispatch of Offer Memorandum and Entitlement and Acceptance Forms – Offer opens for acceptances	2 June 2015
<b>Closing Date</b> – the last day for receipt of acceptance forms (5.00pm WST)	12 June 2015
<b>Deferred settlement</b> – Shares trade on a deferred settlement basis	15 June 2015
<b>Shortfall notification</b> – ASX notified of under-subscriptions and completion announced	17 June 2015
<b>Allotment and issue</b> – allotment of New Shares under the Entitlement and Acceptance Forms	19 June 2015
<b>Deferred settlement trading ends</b> – holding statements sent to shareholders	22 June 2015
<b>Normal trading commences</b>	22 June 2015

The Timetable is indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, Southern Hemisphere reserves the right to vary the dates in connection with the Offer, including the Offer Closing Date, without prior notice. This may include extending the Offer or accepting late acceptances, either generally or in particular cases.

## DETAILS OF THE OFFER

### Offer

Southern Hemisphere offers each of its Eligible Shareholders the opportunity to subscribe for New Shares under a non-underwritten, non-renounceable pro-rata rights offer. Eligible Shareholders will be entitled to apply for one (1) New Share for every three (3) Shares held on the Record Date at an Issue Price of \$0.01 (or 1 cent) per New Share.

New Shares will be fully paid and will rank equally in all respects with the Company's existing issued Shares, including as to dividends and voting rights.

### Entitlement and Eligibility

Each Eligible Shareholder who is registered as the holder of Shares at 5:00pm (WST) on the Record Date is entitled to participate in the Offer. The number of New Shares under your Entitlement is shown on your Entitlement and Acceptance Form accompanying this Offer Memorandum.

If an Eligible Shareholder becomes entitled to a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

Eligible Shareholders may accept the Offer for all or only part of your Entitlement. Eligible Shareholders may also apply for additional shares in excess of your Entitlement – see the section titled 'Shortfall Shares' in this Offer Memorandum.

Southern Hemisphere will not make an Offer to Excluded Shareholders, being those Shareholders with a registered address on the Record Date outside Australia or New Zealand. Accordingly, Excluded Shareholders are not eligible to subscribe for any New Shares under the Offer.

If you are an Eligible Shareholder and you take up your Entitlements in full, then, assuming that all other Eligible Shareholders take up their respective Entitlements in full, and any Shortfall is issued or placed by the Company, then your percentage shareholding in Southern Hemisphere will not change.

However, if you decide not to accept all or part of your Entitlement or fail to do so on or before the Closing Date, your Rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall. Shareholders who do not take up all or substantially all of their Entitlement, or are not eligible to accept the Offer, are likely to have their percentage shareholding in Southern Hemisphere significantly diluted.

The dilutionary effect of the issue of New Shares upon Shareholders who do not participate, or who are ineligible to participate, in the Offer is discussed in further detail under the section titled 'Effect on share capital' in this Offer Memorandum.

Southern Hemisphere reserves the right (in its sole discretion) to:

- reject any application that it believes comes from a person who is not an Eligible Shareholder; and
- reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

Southern Hemisphere reserves the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.

### Non-Renounceable Offer

The Offer is non-renounceable. This means that your Right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not taken up by Shareholders will be dealt with in accordance with the section titled 'Shortfall Shares' of this Offer Memorandum.

### Underwriting

The Offer is not underwritten.

## Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by Southern Hemisphere (including acceptance by Southern Hemisphere of a lesser number of Shortfall Shares than the number applied for by an Eligible Shareholder) creates a legally binding contract between the Applicant and Southern Hemisphere for the number of New Shares accepted by Southern Hemisphere. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated by Southern Hemisphere as valid. Southern Hemisphere's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## Issue of New Shares and sending of holding statements

New Shares offered under the Offer are expected to be issued, and holding statements sent, on the date specified in the Indicative Timetable of this Offer Memorandum. No issue of New Shares will be made until ASX grants permission for quotation of the New Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by the Applicant of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

Eligible Shareholders who wish to trade New Shares obtained under the Offer should contact Southern Hemisphere's Share Registry to ascertain their allocation before trading.

## ASX Quotation

Application for official quotation by ASX of the New Shares offered under this Offer Memorandum has been made. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

## Rights issue exception not available

No nominee has been appointed for Excluded Shareholders under section 615 of the Corporations Act and, as such Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold). Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of the Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

## Effect of the Offer on share capital

The effect of the Offer on the share capital structure of Southern Hemisphere will be as follows:

Shares	Number
Number of shares on issue at Record Date <sup>1</sup>	248,532,950
Maximum number of New Shares to be on issued under the Offer <sup>2</sup>	82,844,317
<b>Maximum number of New Shares to be on issued under the Offer</b>	<b>331,377,267</b>

### NOTE:

1. Assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.
2. Assumes the Offer is fully subscribed.

There are 37,820,208 listed Options to subscribe for shares currently on issue. If any of these Options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Offer and the maximum number of Shares on issue following the Offer.

If you do not take up your Entitlement under the Offer, your percentage shareholding in Southern Hemisphere will be diluted.



### **Effect of the Offer on the control of Southern Hemisphere**

If all Eligible Shareholders take up their full entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in Southern Hemisphere will remain the same and there will be no effect on the control of Southern Hemisphere. If an Eligible Shareholder does not take up all of their entitlement, its percentage ownership interest (and voting power) in Southern Hemisphere will be diluted. The proportional ownership (and voting power) of Excluded Shareholders will be diluted because such Shareholders are not entitled to take up New Shares under the Offer.

Given no nominee has been appointed for Excluded Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any shortfall under the Offer will be issued by the Company on the basis that no person will be issued New Shares if such issue will result in their voting power in Southern Hemisphere increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act.

### **Purpose of the Offer and use of proceeds**

The funds raised will be applied principally to: maintaining tenure of the Company's mining concessions and general working capital expenses which will allow the Company seek farm-in or other arrangements which will add value to the said concessions.

In particular, the Company will pursue a farm-in or other arrangement on the Llahuin/Llanos Copper-Gold Project as detailed in the Company's announcements to the ASX on 11 May 2015 and 13 May 2015.

General working capital expenses include, but are not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs. The Company intends to continue to contain these costs as per the Company's announcement on 30 April 2015.

### **Shortfall Shares**

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

If there is any Shortfall, the Shortfall Shares will be allocated to Eligible Shareholders who have applied for Shortfall Shares.

If the Company receives applications for Shortfall Shares that would result in the Offer being oversubscribed, then the Company will not accept such oversubscriptions and will reject or scale back applications at its discretion.

The Directors reserve the right to issue the Shortfall Shares in their discretion. Any Shortfall Shares so issued will, in accordance with the Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Offer.

The Company will not issue Shortfall Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application Monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on Application Monies held and returned.

To the extent any shortfall remains after allocation to Eligible Shareholders who have applied for Shortfall Shares, Southern Hemisphere will use its best endeavours to place those remaining Shortfall Shares.

## HOW TO ACCEPT THE OFFER

### Action required by Eligible Shareholders

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Memorandum. To subscribe to the Offer, you must complete this form in accordance with the instructions.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

You may pay by cheque or by BPAY.

If you pay by cheque, please make the cheque payable to "Southern Hemisphere Mining Limited – Rights Issue Account" and cross it "Not Negotiable". Completed Entitlement and Acceptance Forms (and a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below:

Postal address: Southern Hemisphere Mining Limited  
c/- Computershare Investor Services Pty Limited  
GPO Box 2987  
Adelaide SA 5001

Delivery address: Southern Hemisphere Mining Limited  
c/- Computershare Investor Services Pty Limited  
Level 2  
45 St George's Terrace  
Perth WA 6000

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that your payment is received by the Closing Date. Southern Hemisphere will not accept any responsibility for incorrectly completed BPAY payments.

Your Entitlement and Acceptance Form must be received by the Closing Date. If your Entitlement and Acceptance Form is received after the Closing Date, Southern Hemisphere may exercise discretion and accept or reject your Application. If your Application is rejected, you will receive a refund in full of any payment of Application Money without interest.

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Offer Memorandum and in the Entitlement and Acceptance Form, for the number of New Shares specified in the Form.

Your Application Money will be held on trust until the New Shares are issued to you in accordance with the Corporations Act. Southern Hemisphere will retain any interest earned on the Application Money, whether or not the New Shares are issued to you.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

### Application for Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Entitlement and Acceptance Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form. You must make payment for the appropriate Application Monies i.e. at \$0.01 (1 cent) per New Share subscribed.

There is no limit on the number of Shortfall Shares that may be applied for by Eligible Shareholders in excess of their Entitlement. However, Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions and at the discretion of Southern Hemisphere.

## RISK FACTORS

### Introduction

The New Shares to be issued under this Offer Memorandum should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Memorandum in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

### Exploration

Investors should understand that exploration is by its nature a high risk undertaking. There can be no assurance that the Company's exploration of its existing projects or any other exploration projects that may be acquired in the future will result in a commercially viable discovery.

### Joint Ventures

The focus projects of the Company are the Llahuin/Llanos and Los Rulos projects which are or are intended to be the subject of joint ventures. Each joint venture features earn-in arrangements and the Company is reliant upon the joint venture partners completing the earn-in terms and the Company thereafter maintaining a good relationship as to effectively develop the projects.

With respect to the Llahuin/Llanos projects, the Company is seeking a joint venture partner and there is a risk that the Company may not be able to execute an agreement or an agreement may be on unfavourable terms.

### Copper, Gold and Commodity Price Volatility

It is anticipated that any revenues derived from mining will be derived from the sale of copper and gold. Consequently, any future earnings are likely to be closely related to the price of copper and gold and the terms of any offtake agreements which it enters into.

Copper, gold and metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for copper, gold and metals, forward selling by producers and production cost levels in mineral producing regions.

Moreover, copper, gold and metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the relevant commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### Future Capital Needs and Additional Funding

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Offer Memorandum and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

### Reliance on Key Personnel

The Company's success largely depends on the core competencies of its Directors and management (including Trevor Tennant as the managing director) and their familiarisation with, and ability to operate in, the resource industry in Chile and the Company's ability to retain its key executives.

## **Environmental**

The Company's projects are subject to laws and regulations regarding environmental matters for exploration and exploitation activities including obtaining the approval of an Environmental Impact Study or Assessment depending on location and impacts. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

## **Sovereign Risk**

The projects of the Company are located in Chile. Chile is a representative democracy. Commodity exports, and copper in particular, make up a significant proportion of gross domestic product. The political conditions in Chile are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company including changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

## **Development and Mining**

Possible future development of a mining operation at any of the Company's projects is dependent on, and may be affected by, a number of factors including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding, risks associated with any joint venture operations and contracting risks from third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

## **Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. They are also influenced by the recoverability of the value component from the defined resource.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

## **Licence (concession) application and renewal risk**

The licence interests of the Company are held in Chile. The licences in which the Company has an interest or may have an interest are subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each licence is at the discretion of the relevant government authority. Additionally, licences are subject to a number of specific legislative conditions. The inability to meet these conditions could affect the standing of a licence or restrict its ability to be renewed.

If a licence is not renewed or granted, the Company may suffer significant damage through the loss of opportunity to develop and discover mineral resources on that licence.

## **Exchange Rate Risk**

Commodities are principally sold throughout the world in United States dollars. The Company's future revenue so far as concerns its operations in Chile are likely to be in United States dollars whilst its costs will be payable in either Chilean pesos or Australian dollars.

The exchange rates between the various currencies are affected by numerous factors beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

### **Seismic Risk**

Chile lies adjacent to the convergent boundary between the Nazca and South American tectonic plates. As such it is subject to frequent seismic activity and is home to numerous active volcanoes. The Company's projects are potentially at risk from future seismic and volcanic events.

### **Insurance Risk**

The Company, where economically feasible, insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance (if obtained) may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and development is not always available and where available the costs can be prohibitive.

### **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in other resource projects, most likely in Chile. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

### **Securities Investments and Share Market Conditions**

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors nor any other person warrant the future performance of the Company, or any return of an investment in the Company.

### **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Chile and Australia, interest rates and the rate of inflation.

### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in countries in which the Company operates may adversely affect the financial performance of the Company.

### **Litigation Risk**

Litigation risks to the Company include, but are not limited to, contractual disputes, personal injury claims and employee claims. If any claim were to be pursued and be successful it may adversely impact the Company. As at the date of this Offer Memorandum, there are no material legal proceedings against the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.



## FURTHER INFORMATION

### **Withdrawal of the Offer**

Southern Hemisphere reserves the right to withdraw all or part of the Offer and this Offer Memorandum at any time, subject to applicable laws, in which case Southern Hemisphere will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Offer has occurred, Southern Hemisphere may only be able to withdraw the Offer with respect to New Shares to be issued under the Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Southern Hemisphere will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Southern Hemisphere.

### **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Memorandum. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Memorandum.

### **Privacy Act**

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that held about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Memorandum.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

### **Notice to Nominees and Custodians**

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **Governing Law**

This Offer Memorandum, the Offer and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer are governed by the law of Western Australia, Australia. Each Eligible Shareholder who has applied to subscribe for New Shares in accordance with this Offer Memorandum submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

### **Enquiries concerning Offer Memorandum**

Enquiries relating to this Offer Memorandum should be directed to the Company on +61 8 9481 2122.

## GLOSSARY

<b>Applicant</b>	A person who submits and Entitlement and Acceptance Form.
<b>Application</b>	An application for New Shares under the Offer.
<b>Application Money</b>	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
<b>ASX</b>	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates.
<b>Board</b>	The Board of Directors.
<b>Closing Date</b>	The time and date at which the Offer expires, being 5.00pm WST, 12 June 2015, subject to the Company varying this date in accordance with the Listing Rules.
<b>Company or Southern Hemisphere</b>	Southern Hemisphere Mining Limited (ACN 140 494 784).
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Director</b>	A director of the Company.
<b>Eligible Shareholders</b>	Shareholders with a registered address in Australia or New Zealand at the Record Date.
<b>Entitlement</b>	The entitlement to subscribe for New Shares under the Offer.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form accompanying this Offer Memorandum, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
<b>Excluded Shareholder</b>	A Shareholder whose registered address is not in Australia or New Zealand.
<b>Issue Date</b>	The date of issue of New Shares to Eligible Shareholders under the Offer.
<b>Issue Price</b>	\$0.01 (or 1.0 cent) per New Share, being the price payable to subscribe for each New Share.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>New Shares</b>	The Shares to be issued pursuant to the Offer.
<b>Offer</b>	The pro-rata non-underwritten, non-renounceable offer to Eligible Shareholders of 1 New Share for every 3 Shares held by Eligible Shareholders on the Record Date.
<b>Offer Memorandum</b>	This memorandum under which the Offer is being made.
<b>Option</b>	An option to subscribe for a Share.
<b>Record Date</b>	The time and date for determining an Eligible Shareholder's entitlement to participate in the Offer, being 5.00pm WST, 28 May 2015.
<b>Right</b>	A right under the Offer to apply for your Entitlement.
<b>Share</b>	A fully paid ordinary share in the issued capital of the Company.
<b>Share Registry</b>	Computershare Investor Services Pty Ltd.
<b>Shareholder</b>	Registered holder of Shares.
<b>Shortfall</b>	Shares not applied for under the Offer before the Closing Date.
<b>Shortfall Shares</b>	New Shares constituting the Shortfall.
<b>WST</b>	Western Standard Time.
<b>\$</b>	Australian dollars unless otherwise stated.