annual report 2015

Southern Hemisphere
Mining Limited
ACN 140 494 784

SOUTHERN HEMISPHERE
mining limited
ASX : SUH

Index

Managing Director's Letter

Dear Fellow Shareholder,

The 2015 financial year was challenging for the junior resources sector and Southern Hemisphere was no exception. Following the successful implementation of an extensive strategic review, we believe we will be able to rebuild shareholder value by realising the significant potential of the Llahuin Project.

The focus of the Company is the Llahuin Project located on the lower Coastal Cordillera of Chile.

At Llahuin, we have defined a substantial copper-gold resource (**149Mt @ 0.41%Cu Eq**). 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

Llahuin does need higher grade feed in the early years of production to pay back the project capital cost. To this end, we performed detailed mapping, sampling and due diligence on properties around Llahuin. Two areas emerged from this work: the **Llanos Cluster** and **Los Rulos**.

The **Llanos Cluster**, centred just 4km from the Llahuin Central Porphyry, demonstrates several indications of being a mineralised porphyry system with the potential for higher grade feed. In the immediate Llanos Cluster area, we identified and mapped 4 operating small scale mines.

The key challenge in Chile is assembling contiguous packages of concessions. The Llanos Cluster is a jigsaw puzzle of concessions, with important areas controlled by several groups. The Company set about engaging with these groups.

Some 20km away from Llahuin, an outstanding prospect called Polvareda 1 was identified to have strong geological indicators. Due to its prospectivity and its distance from Llahuin, a separate joint venture was entered into with Lundin Mining to hold this prospect; the **Los Rulos** joint venture.

The joint venture acquired the areas around the Polvareda 1 prospect and entered into negotiations with the Polvareda 1 owner. When negotiations stalled, the joint venture drill tested the acquired areas and revealed complex geology and distribution of grades within the highly altered IOCG system.

The acquisition of Polvareda 1 would have allowed the joint venture to progress straight to resource drilling, instead it was left to unlock a complex geological model.

At Llanos, after extended negotiations, significant progress was made with adjacent landowners. This progress culminated in the acquisition of the Gomila prospect, the first prospect within the Llanos Cluster.

Prior to this development, Lundin Mining withdrew from the Llahuin Project farm-in arrangement to focus on their material Candelaria Project investment. As a result, we regained a 100% interest in Llahuin.

With our position secured in the Llanos Cluster, we began to actively market and pursue a new farm-in or other arrangement with interested parties for our 100% interest in the combined Llahuin/Llanos Project.

We have signed confidentiality agreements with several companies and will look to maximise the committed expenditure and drilling metres solely funded by the new partner. A decision is expected in the coming months.

Separately, we are working with Chilean venture capital fund EPG Exploration Partners. EPG delivered ~$600k of exploration expenditure in the last quarter at the Juan Soldado Project, significantly more exploration than most of our peers in the junior resources sector. Although these results were muted, EPG will again deliver for us this quarter with exploration at the Mantos Grandes Project. EPG have decided to concentrate on the northern area of the Project called the **Verde porphyry**, which is largely untested.

The Chilean venture capital funds are an interesting contrast to the co-funded government grants in Australia. Partially funded by the Chilean government, the venture capital funds are run by experienced mining finance professionals who also put some of their own funds at risk. As a result, only projects with genuine potential are funded and so EPG's involvement with us can be considered a tacit third party endorsement of our concession holdings.

Lastly, I thank shareholders for their support. We have an excellent project at Llahuin which will be a mine one day. I am determined that Southern Hemisphere's shareholders will see some of that value.

Yours faithfully,

T. Tennant

Trevor Tennant
Managing Director

Corporate Governance Statement

Our approach to corporate governance

(a) Framework and approach to corporate governance and responsibility

The Board of Directors (“Board”) of Southern Hemisphere Mining (“the Company) is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In continuing its commitment to best practice governance standards, the Board will:

i. review and improve its governance practices; and
ii. monitor developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

(b) Compliance with the ASX Corporate Governance Principles and Recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company’s website (www.shmining.com.au) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant disclosures can be found.

The Company’s corporate governance policies and charters are available at the Company’s website.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision. This Governance Statement describes Southern Hemisphere Mining Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

2. Date of this statement

This statement reflects our corporate governance policies and procedures during the year ended 30 June 2015.

Review of Operations

The Company holds numerous prospective copper/gold project areas. The Company's focus is the Coquimbo Region of Central Chile where the Company holds the **Llahuin Copper-Gold Project**.

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

The Llahuin Project is located 17 km south of Combarbala and 56 km from the coast and Pan American Highway, on the lower Coastal Cordillera (1,300m elevation).

The Company commenced drilling in June 2011 and identified three distinct zones of mineralisation, namely the Central Porphyry Zone, the Cerro de Oro Zone and the Ferrocarril Zone. The main target has been the Central Porphyry, which contains the bulk of the currently defined Llahuin Project Resources.

Llahuin Project Resources

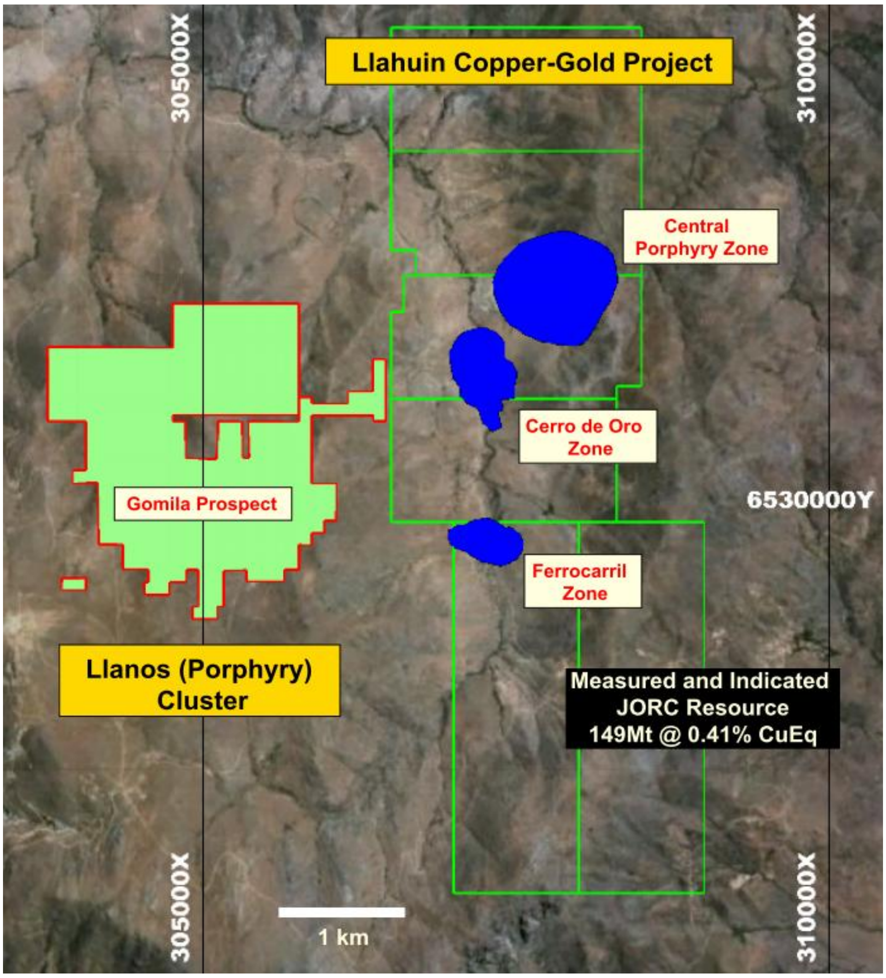
On July 3, 2013, the Company announced an updated resource estimate for the Llahuin Project which was based on 54,520m of drilling. The independent estimate was reported in accordance with the JORC Code (2004).

The Measured and Indicated Resource totals **149 million tonnes with a grade of 0.41% Cu equivalent**. Inferred Resources of 20 million tonnes with a grade of 0.36% Cu equivalent were also identified. A total of 33,732m of Reverse Circulation ("RC") drilling in 188 holes and 20,788m of diamond core drilling in 59 holes were used for the resource estimation. Refer to the Mineral Resources Statement in the Shareholder Information section of this Annual Report.

New Acquisition: Gomila Prospect (Llanos Cluster)

On May 7, 2015, the Company announced it had secured a property intended to add higher grade feed to the Llahuin Copper-Gold Project: the 'Gomila Prospect.

Gomila Prospect in relation to the Llahuin Copper-Gold Project



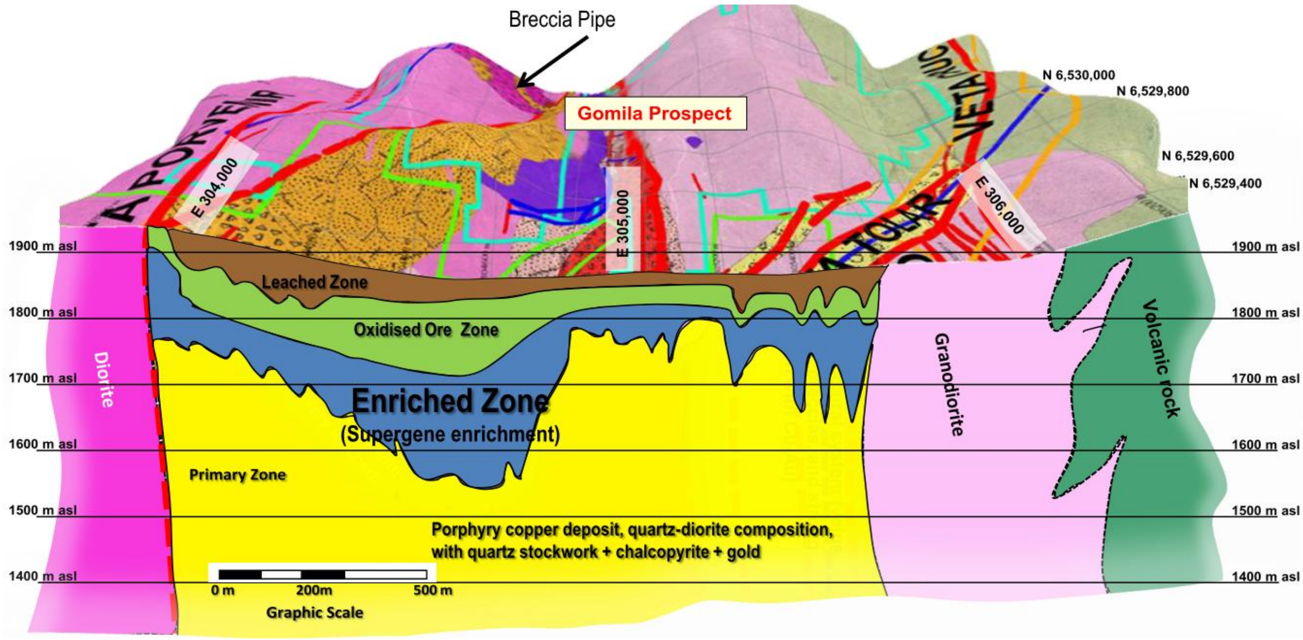
Gomila is part of the **Llanos Cluster** of concessions which is centred 4km south-west of the Llahuin Central Porphyry Zone in the Coquimbo region of Chile.

The Llanos Cluster demonstrates several indications of hosting a mineralised porphyry system including:

1) *Large hydrothermal breccia pipe*
2) *Gossan*
3) *Mineralisation*

A supergene zone at Llanos could deliver the higher grade feed required for a significant copper-gold mine. On top of the supergene zone appears to be the leached and oxidised zones typical of porphyry copper deposits. Underneath these is the primary zone which, if the interpretation is accurate, would add significant tonnage to the resource at Llahuin. Below is a geological interpretation of this information, overlaid on a cutaway of the Llanos Cluster.

Llanos Cluster - Geological Section interpretation



Llahuin Project Farm-in with Lundin Mining Corporation ("Lundin Mining")

On November 1, 2012 the Company executed to a farm-in agreement with global base metals miner Lundin Mining. Per the agreement, Lundin Mining had the option to spend $35 million in stages on exploration at the Llahuin Project to earn a direct stake of up to 75% over a maximum six-year period.

Since 2012, Lundin Mining have funded more than US$7M of exploration and related works at the Llahuin Project. On April 1, 2015, the Company announced that Lundin Mining had elected not to proceed further with the farm-in arrangement and their deemed interest in the Project reverted back to Southern Hemisphere at no cost.

Outlook

With its footprint secured in the Llanos Cluster, the Company is pursuing a farm-in or other arrangement with interested parties on the newly combined 100% interest in the Llahuin/Llanos Project. In this regard, the Company has signed confidentiality agreements with a number of companies and will be looking to maximise the committed expenditure and drilling metres solely funded by any incoming partner.

Other Projects

In addition to the Llahuin Project, the Company has a portfolio of other Projects which are prospective for copper, gold and other commodities. The Company has adopted an entrepreneurial approach to its concession holdings, seeking to farm-out or otherwise deal these projects whilst retaining exposure to any exploration upside.

Los Rulos Copper-Gold Project (~270 km north of Santiago, Chile)

On November 13, 2013 the Group entered into a 50/50 Joint Venture ("Los Rulos JV") with Lundin Mining Corporation which acquired option interests and concessions in the Los Rulos area, 20km west of Llahuin.

Drilling Program

A 2,500m drilling program was completed which tested the Armandino, Polvareda 2 and El Che prospects.

The drilling program revealed complex geology and the presence of numerous folds and faults which make targeting of the mineralised units difficult.

Ultimately, drilling was paused to allow for the completion of negotiations over an adjacent key property, the Polvareda 1 Prospect. The joint venture is yet to reach an agreement with the owner of this prospect and future work is not planned until agreement is reached.

Mantos Grandes Copper-Gold Project (~400km north east of Santiago, Chile)

The Mantos Grandes Project is located 80 km from Ovalle; the capital of Limari Province.

On June 24, 2015 the Company entered into a farm-in option agreement on the Project with Chilean venture fund EPG Exploration Partners. Under the terms of the agreement, EPG Exploration has the option, within two years of signing the agreement, to sole fund USD$1.2 million of exploration and associated works at the 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$1.75 million worth of deemed expenditure in Phase 2.

The exploration program at Mantos Grandes will be managed by EPG which has an experienced mining and investment team in Chile.

Southern Hemisphere also worked with EPG on the Juan Soldado IOCG Project. EPG completed ~$600k of exploration expenditure at this Project during the period including more than 1,000m of drilling. Although results are yet to be fully analysed, it is understood the results were technically interesting rather than economic. The focus of our work with EPG is now Mantos Grandes, more specifically the northern Verde porphyry area. Drilling at the Verde porphyry commenced in September 2015.

Directors' Report

For the year ended June 30, 2015, the Directors present their Report together with the consolidated financial statements of the Group comprising of Southern Hemisphere Mining Limited and its subsidiaries for the financial year ended June 30, 2015 and the auditor's report thereon.

Director Information

The details of the Directors of Southern Hemisphere Mining Limited during the financial year and to the date of this Annual Report are as follows:

Dr John Tarrant	Independent Non-Executive Chairman
Mr Trevor Tennant	Managing Director
Mr James Pearson	Non-Executive Director - Alternate
Mr Andrés Hevia	Independent Non-Executive Director

Dr John Tarrant
Dr John Tarrant is a Professor of Law at the University of Western Australia. Dr Tarrant has a distinguished academic career including a doctorate of Juridical Science, two Master's degrees, four Bachelor Degrees and six Postgraduate qualifications.

Dr Tarrant has significant experience gained over 20 years from multiple disciplines including accounting, financial services and mining entrepreneurial roles.

Mr Trevor Tennant
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.

Mr James Pearson
Mr James Pearson is a mining engineer with nearly 30 years' experience in the mining and civil engineering construction industries. He is a past director of OM Holdings Limited and Haddington Resources Limited.

Mr Pearson is the principal of Featly Pty Limited, a private company that provides mining consulting services. Mr Pearson has experience in the development and operation of a variety of mining operations including coal, gold, manganese and iron ore operations.

Mr Andrés Hevia
Mr Andrés Hevia has over 30 years' experience within the South American mining industry, with much of this time focused on copper mine development and technical activities for major Chilean copper mining companies.

Senior positions held include Head of Resource Planning and Development at Escondida, the world's largest copper mine, and Latin America Business Development Manager for Billiton (now BHP Billiton). Mr Hevia holds a Civil Mining Engineer degree from Universidad de Chile and an MBA from Universidad del Desarrollo.

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Principal Activities

During the year, the Consolidated Entity was involved in mineral exploration in Chile, South America.

Results of Operations

The following selected financial information is derived from the current and previous Financial Statements.

	June 30, 2015 12 Months $	June 30, 2014 12 Months $	June 30, 2013 12 Months $
Income	259,878	564,722	638,211
Expenses (1)	(7,681,006)	(7,845,973)	(7,598,914)
Net loss	(7,421,128)	(10,394,265)	(6,960,703)
Dividends	-	-	-
Basic and diluted loss per share	(0.030)	(0.052)	(0.042)

(1) Expenses are shown net of foreign exchange differences.

During the year ended June 30, 2015 the Company reported a net loss of $7,421,128 compared to a net loss of $10,394,265 in the year ended June 30, 2014.

Specific items of note during the year ended June 30, 2015 include: -

1. Impairment expense (mineral properties) (FY2015 $5,558,018, FY2014: $8,500,341): following a review of the Company's concession holdings, 139 concessions were relinquished across all projects. Three projects: Carboneras, Meteoritica and San Jose were entirely relinquished and associated values written off accordingly.

   In the Los Rulos Project, the Joint Venture opted to discontinue the Armandino and Guayacan option agreements.

   The Company will continue to critically review its concession holdings on a regular basis.

2. Tax credits recognised within the Chilean subsidiaries as a result of exploration activities are written off as recoverability of such credits is generally only possible against profitable operations. During the period, the Company earned management fees in Chile and was able to use tax credits rather than paying tax on this income. The amount of credits accrued during the period outstripped the use of tax credits, hence there was a net write down of $398,838 (net gain FY2014: $145,220).

3. Salaries and wages (FY2015: $1,238,442, FY2013: $1,621,346): Following a review of the Company's structure, material cost savings were implemented across both the Australian and Chilean offices including a reduction in the Board to four directors.

4. Other income (FY2014: $259,878 FY2013: $564,722). The bulk of this amount ($232,514) was received in management fees for acting as operator in joint operations with the Company's partners on the Los Rulos, Llahuin and Mantos Grandes Projects. Significantly less exploration was funded by joint venture partners across these projects during the current year as compared to previous years. As the management fees are calculated as a percentage of the exploration spend, the management fees received were also less.

Dividends

No dividends were paid or declared since the end of the previous year. The Directors do not recommend the payment of a dividend.

Indemnification and Insurance of Directors and Officers

During the financial year, the Consolidated Entity maintained an insurance policy which indemnifies the Directors and officers of Southern Hemisphere in respect of any liability incurred in connection with the performance of their duties as Directors or officers of the Consolidated Entity. The Consolidated Entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Dr J Tarrant	15	15	2	2
Mr T Tennant	15	15	N/A	N/A
Mr J Pearson	13	15	N/A	N/A
Mr A Richards	12	12	1	2
Mr A Hevia	14	15	2	2
Mr P McRae	7	11	N/A	N/A

A - *Number of meetings attended* **B** - *Number of meetings held during the time the Director held office during the year*

Directors' Interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this Report is as follows:

Director	Ordinary Shares	Options Over Ordinary Shares
Mr T Tennant	28,276,056	4,281,782
Mr J Pearson	12,811,795	1,705,240
Dr J Tarrant	320,887	160,443
Mr A Hevia	100,000	-
Total	**41,508,738**	**6,147,465**

Director Benefits

Since June 30, 2015, no Director of the Consolidated Entity has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the Consolidated Entity with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Options granted to Directors and Executives of the Company

No options were granted during the current period.

Unissued shares under Option

At the date of this Report unissued shares of the Group under option are:

Expiry Date	Exercise Price	Number at 1/7/2014	Date issued	Lapsed/Expired	Exercised	Number at 30/6/2015
Listed options 7/3/2016	AUD$0.045	37,820,208	18/3/2014	-	-	37,820,208

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares Issued on the Exercise of Options

No shares were issued on the exercise of options during the year.

Company Secretary

Mr Derek Hall was appointed to the position of Company Secretary in October 2010. Mr Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of the Institute of Chartered Secretaries and Administrators.

Significant Changes in the State of Affairs

There were no other significant changes to the state of affairs, subsequent to the end of the reporting period, other than what has been reported in other parts of this Report.

Matters Subsequent to the End of the Financial Year

The Company completed a rights issue offer on July 1, 2015 raising $415,395. Apart from this no material subsequent events occurred between the end of the financial year and the date of this Report.

Likely Developments and Expected Results of Operations

The main focus of the Company is development of the Llahuin Copper-Gold Project with a joint venture partner. The Company will look to farm-out or otherwise deal with its other projects.

Environmental Issues

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 June 30, 2015 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 compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period, July 1, 2014 to June 30, 2015, the Directors have assessed that there are no current reporting requirements but may be required to do so in the future.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings.

The Consolidated Entity was not a party to any such proceedings during the year.

Non-Audit Services

During the year, RSM Bird Cameron Partners, the Group's auditor, did not provide any non-audit services during the financial year.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended June 30, 2015 has been received and forms part of the Directors' Report for the financial year ended June 30, 2015.

Details of Key Management Personnel (KMP's)

(i) Specified Directors

Non-Executive Directors –	Dr J Tarrant (Chairman) Mr A Hevia Mr J Pearson (Alternative director to Mr A Hevia) Mr P McRae (resigned – April 1, 2015) Mr A Richards (resigned – May 1, 2015)
Executive Director	Mr T Tennant (Managing Director)

(ii) Specified Executives

Company Secretary / CFO	Mr D Hall

Principles 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.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The Company's remuneration policy seeks to align Directors' and executives' objectives with shareholders and business, whilst recognising the exploration stage of the Company.

The following table shows some key performance data of the group for the last 5 years on ASX, together with the share price at the end of the respective financial years.

	Exploration & Evaluation Expenditure $	Net Assets $	$AUD Share Price at Year End
2015	789,058	16,642,193	0.009
2014	445,038	25,117,746	0.07
2013	5,116,530	32,926,966	0.08
2012	9,299,309	33,490,610	0.12
2011	7,594,995	38,941,939	0.28

Directors' and Executive Officers' Remuneration – Audited

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other key management personnel ("KMP") of the Consolidated Entity are:

KMP (A)		Short-term Salary and fees $	Post Employment Superannuation $	Share-based Payment Options and Rights $ (B)	Total $	Options Value As % of Total remuneration
Non-Executive Directors						
Dr J Tarrant (Chairman)	2015	50,000	4,750	-	54,750	-
	2014	51,667	4,779	-	56,446	-
Mr A Hevia	2015	33,320	-	-	33,320	-
	2014	40,000	-	-	40,000	-
Mr P McRae	2015	19,375	-	-	19,375	-
	2014	30,000	-	-	30,000	-
Mr A Richards	2015	28,333	2,692	-	31,025	-
	2014	23,333	2,158	-	25,491	-
Mr D Craig	2014	25,000	2,312	-	27,312	-
Executive Directors						
Mr T Tennant, MD	2015	266,514	14,935	-	281,449	-
	2014	321,099	28,901	-	350,000	-
Mr J Pearson, Non-Executive from May 1, 2015	2015	114,132	10,330	-	124,462	-
	2014	120,739	10,582	-	131,321	-
Executives						
Mr D Hall, CFO/CoSec	2015	149,185	13,659	-	162,844	-
	2014	166,520	14,817	-	181,337	-
Total	**2015**	**660,859**	**46,366**	**-**	**707,225**	
	2014	**778,358**	**63,549**	**-**	**841,907**	

A - During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.
B - The fair value of any options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

Options and Rights over Equity Instruments

The movement during the reporting period in the number of options over ordinary shares in Southern Hemisphere held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at June 30, 2014	Granted as Compensation	Purchased	Exercised	Lapsed During Period	Held at June 30, 2015	Vested During Year	Vested and Exercisable June 30, 2015
Directors								
Mr T Tennant	4,981,782	-	-	-	(700,000)	4,281,782	-	4,281,782
Mr J Pearson	2,105,240	-	-	-	(400,000)	1,705,240	-	1,705,240
Dr J Tarrant	310,443	-	-	-	(150,000)	160,443	-	160,443
Mr A Hevia	150,000	-	-	-	(150,000)	-	-	-
Mr P McRae*	-	-	-	-	-	-	-	n/a
Mr A Richards*	-	-	-	-	-	-	-	n/a
Executives								
Mr D Hall	400,000	-	-	-	(400,000)	-	-	-
Total	**7,947,465**	**-**	**-**	**-**	**(1,800,000)**	**6,147,465**	**-**	**6,147,465**

	Held at June 30, 2013	Granted as Compensation	Purchased	Exercised	Lapsed During Period	Held at June 30, 2014	Vested During Year	Vested and Exercisable June 30, 2014
Directors								
Mr T Tennant	700,000	-	4,281,782	-	-	4,981,782	350,000	4,981,782
Mr J Pearson	400,000	-	1,705,240	-	-	2,105,240	200,000	2,105,240
Dr J Tarrant	150,000	-	160,443	-	-	310,443	75,000	310,443
Mr A Hevia	150,000	-	-	-	-	150,000	75,000	150,000
Mr P McRae	-	-	-	-	-	-	-	-
Mr A Richards	-	-	-	-	-	-	-	-
Mr R Billingsley*	150,000	-	-	-	(150,000)	-	-	n/a
Mr D Craig*	400,000	-	-	-	(400,000)	-	-	n/a
Executives								
Mr D Hall	400,000	-	-	-	-	400,000	200,000	400,000
Total	**2,350,000**	**-**	**6,147,465**	**-**	**(550,000)**	**7,947,465**	**900,000**	**7,947,465**

No options were granted as compensation during the current period or the prior period. Purchased options have no vesting conditions.
*Retired as Director during period, reflected as nil balance at period end.

Ordinary Share Holdings

The movement during the reporting period in the number of ordinary shares in Southern Hemisphere held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at June 30, 2014	Granted as Compensation	Movement	Held at June 30, 2015
Directors				
Mr T Tennant	28,276,056	-	-	28,276,056
Mr J Pearson	12,811,795	-	-	12,811,795
Dr J Tarrant	320,887	-	-	320,887
Mr A Hevia	100,000	-	-	100,000
Mr P McRae*	-	-	-	n/a
Mr A Richards*	-	-	-	n/a
Executives				
Mr D Hall	-	-	-	-
Total	**41,508,738**	**-**	**-**	**41,508,738**

*Retired as Director during period, reflected as nil balance at period end.

	Held at June 30, 2013	Granted as Compensation	Movement	Held at June 30, 2014
Directors				
Mr T Tennant	19,712,489	-	8,563,567	28,276,056
Mr J Pearson	9,401,314	-	3,410,481	12,811,795
Dr J Tarrant	-	-	320,887	320,887
Mr A Hevia	100,000	-	-	100,000
Mr P McRae	-	-	-	-
Mr A Richards	-	-	-	-
Mr D Craig*	80,000	-	(80,000)*	n/a
Executives				
Mr D Hall	-	-	-	-
Total	**29,293,803**	**-**	**12,214,935**	**41,508,738**

*Retired as Director during period, reflected as nil balance at period end.

Service Contracts

The details of service agreements between the Company and its KMP are as follows:

Mr T Tennant

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 6 months by either party. The Company may elect to pay 6 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Mr D Hall

- Term of agreement: in effect until terminated in accordance with the agreement.
- Termination notice period: 3 months by either party. The Company may elect to pay 3 months base salary and superannuation in lieu of notice.
- Additional termination benefits: statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

Non-Executive Directors

- Term of agreement: in effect until terminated in accordance with the agreement.
- Contracted on annual fixed remuneration plus statutory superannuation.
- Non-Executive Directors are not entitled to a retirement allowance.
- Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2011 AGM, is not to exceed AUD$500,000 per annum.

Fair value of Unlisted Options Issued under the Employee Share Option Plan

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 in accordance with the terms of their issue and 3,650,000 Unlisted options expired during the year. The expired options had nil value.

At the year end there are no outstanding Unlisted options.

Other transaction with KMP's

Apart from the details disclosed, 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.

Balance outstanding with KMP's

In December 2014, the Directors agreed to accrue their fees as shares in lieu of cash payment, at the same price as the next capital raising. Subject to shareholder approval, the shares will be issued to the Directors using the 1c share price of the Rights Issue Offer completed on July 1, 2015. As at June 30, 2015, the value of shares accrued for Directors was $108,957 and forms part of the Short term benefits amount disclosed.

This Directors' Report is made out in accordance with a resolution of the Directors:

John Tarrant,
Chairman
September 30, 2015

Directors' Declaration

The Directors of the Company declare that:

1. 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;
2. in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2(a) to the financial statements;
3. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity; and
4. The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

John Tarrant,
Chairman
September 30, 2015

RSM Bird Cameron Partners

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Southern Hemisphere Mining Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

David Wall

DAVID WALL
Partner

Perth, WA
Dated: 30 September 2015

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

Report on the Financial Report

We have audited the accompanying financial report of Southern Hemisphere Mining Limited, which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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.

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 the 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 and fair presentation of the financial report 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. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RSM Bird Cameron Partners

Independence

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

Opinion

In our opinion:

(a) 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 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the company and consolidated entity incurred net losses of $8,416,797 and $7,421,128 respectively and the consolidated entity had cash outflows from operating and investing activities of $1,405,553 and $798,718, respectively during the year ended 30 June 2015. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Southern Hemisphere Mining Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

David Wall.

DAVID WALL
Partner

Perth, WA
Dated: 30 September 2015

Consolidated Statements of Financial Position

(Expressed in Australian Dollars)

As at	Note	June 30, 2015 $	June 30, 2014 $
Assets			
Current Assets			
Cash and Cash Equivalents	**16**	92,349	2,268,122
Other Assets	**19**	169,626	132,129
		261,975	**2,400,251**
Non-current Assets			
Property, Plant and Equipment	**4**	61,329	81,462
Exploration and Evaluation Assets	**5**	16,572,309	22,764,272
		16,633,638	**22,845,734**
Total Assets		**16,895,613**	**25,245,985**
Liabilities			
Current Liabilities			
Trade and Other Payables		35,059	21,062
Other Liabilities		17,346	44,798
Employee Benefits	**20**	203,604	62,378
		256,009	**128,238**
Total Liabilities		**256,009**	**128,238**
Net Assets		**16,639,604**	**25,117,747**
Equity			
Common Shares	**6**	48,391,579	48,391,579
Share Based Payments Reserve		3,270,843	3,270,843
Foreign Currency Translation Reserve		1,212,572	2,269,587
Accumulated Losses	**22**	(36,235,390)	(28,814,262)
Total Equity		**16,639,604**	**25,117,747**

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Profit or Loss and other Comprehensive Income

For the Year ended	Note	June 30, 2015 $	June 30, 2014 $
Continuing Operations			
Interest income		27,364	45,111
Other income	3	232,514	519,611
Depreciation		(29,792)	(33,133)
Office and administration		(352,625)	(537,003)
Professional fees		(164,638)	(366,224)
Employee benefits expense	3	(1,238,442)	(1,621,346)
Impairment expense (mineral properties)	5	(5,558,018)	(8,500,341)
Impairment expense (other assets)		(398,838)	145,220
Foreign exchange gain (loss)	5	61,347	(46,160)
(Loss) before income tax		**(7,421,128)**	**(10,394,265)**
Income tax expense	11	-	-
(Loss) after income tax for the year		**(7,421,128)**	**(10,394,265)**
Other comprehensive income- Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(1,057,015)	(518,350)
Total comprehensive (loss) income for the year		**(8,478,143)**	**(10,912,615)**
Basic and diluted loss per share	8	(0.030)	(0.053)

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Changes in Equity

	Common Shares $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Deficit $	Total $
Balance – June 30, 2013	**45,288,184**	**3,270,843**	**2,787,937**	**(18,419,997)**	**32,926,966**
Net loss for the year	-	-	-	(10,394,265)	(10,394,265)
Foreign currency translation	-	-	(518,349)	-	(518,349)
Total Comprehensive (loss) income	**-**	**-**	**(518,349)**	**(10,394,265)**	**(10,912,614)**
Shares issued pursuant to private placement (Note 6a)	1,167,024	-	-	-	1,167,024
Shares issued pursuant to Rights Issue (Note 6b)	2,236,797	-	-	-	2,236,797
Issue costs – private placement and Rights Issue	(300,426)	-	-	-	(300,426)
Balance – June 30, 2014	**48,391,579**	**3,270,843**	**2,269,587**	**(28,814,262)**	**25,117,747**
Net Loss for the year	-	-	-	(7,421,128)	(7,421,128)
Foreign currency translation	-	-	(1,057,015)	-	(1,057,015)
Total Comprehensive (loss) income	**-**	**-**	**(1,057,015)**	**(7,421,128)**	**(8,478,143)**
Balance – June 30, 2015	**48,391,579**	**3,270,843**	**1,212,572**	**(36,235,390)**	**16,639,604**

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Cash Flows

For the Years Ended	Note	June 30, 2015 $	June 30, 2014 $
Cash provided by (used in)			
Operating activities:			
Payments to suppliers and employees		(1,432,917)	(2,205,035)
Interest received		27,364	45,111
	16	**(1,405,553)**	**(2,159,924)**
Investing activities:			
Payments for exploration and evaluation assets		(789,058)	(445,038)
Payment for property, plant and equipment		(9,660)	(30,666)
		(798,718)	**(475,704)**
Financing activities:			
Issuance of common shares		-	3,403,821
Costs of share issuance		-	(300,426)
		-	**3,103,395**
Effect of exchange rates on cash and cash equivalents		28,498	18,948
(Decrease) Increase in cash and equivalents		**(2,175,773)**	**486,715**
Cash and cash equivalents, beginning of year		2,268,122	1,781,407
Cash and cash equivalents, end of year		**92,349**	**2,268,122**

See accompanying Notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

For the years ended June 30, 2015 and June 30, 2014
(Expressed in Australian Dollars unless otherwise stated)

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 Level 1, 127 Cambridge Street, West Leederville, Western Australia. The Group also maintains an office in Santiago, Chile. The financial report of the Group for the year ended June 30, 2015 was authorised for issue in accordance with a resolution of the Directors on September 30, 2015.

2. Basis of Preparation and Significant Accounting Policies

a) Statement of Compliance

These consolidated financial statements as at and for the year ended June 30, 2015 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).

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

Assessment of the expected impacts of these standards and interpretations is ongoing, however it is expected that there will be no significant changes in the Group's accounting policies.

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current reporting period. The following Standards and Interpretations were applicable for the current financial year:

Standard/Interpretation	Impact on the financial statements
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the financial statements
AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	The application of these amendments does not have any material impact on the disclosures in the Group's financial statements.
AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)	The application of these amendments does not have any material impact on the disclosures in the Group's financial statements.

b) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Group is 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.

Going Concern
The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Company and Consolidated Entity incurred a net loss of $8,416,797 and $7,421,128 respectively and the consolidated entity had net cash outflows from operating and investing activities of $1,405,553 and $798,718 respectively for the year ended 30 June 2015. As at that date, the Consolidated Entity had accumulated losses of $36,235,390. Operations for the year ended June 30, 2015 have been funded by the issuance of capital, farm-out of mineral properties and acting as operator in mineral property farm-in arrangements.

These conditions indicate significant uncertainty as to whether the Company and Consolidated Entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe that the Company and Consolidated Entity will be able to continue as going concerns, after consideration of the following factors:

- The Company plans to issue additional shares in the next 12 months under the *Corporation Act 2001* This strategy has proven to be successful in the past;
- As disclosed in the Note 25, subsequent to year end, the Company completed a rights issue, which raised $415,395;
- The Company has established a number of strategies to obtain the greatest benefit from its exploration assets, including the potential sale of some of the tenements or joint venture farm-in/out of mineral properties disclosed in Note 5 to generate cash inflows; and
- The Company plans to scale down its operations during the next 12 months, including corporate overheads, in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the Company and Consolidated Entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of 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 Company and Consolidated Entity not continue as going concerns.

c) Basis of Consolidation

The Company's consolidated financial statements include Southern Hemisphere Mining Limited and its subsidiaries, all of which are wholly owned apart from Minera Los Rulos SCM which is 50% owned.

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:

- 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.

d) 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).

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.

e) Change in presentation currency

From 1 July 2014, the Group changed the currency in which it presents its consolidated financial statements from United States dollars ("USD") to Australian dollars ("AUD"). The change has no impact on the net results of the consolidated entity other than presentation in AUD instead of USD. The Directors consider the change in presentation currency will provide its predominately Australian shareholders with a more consistent and meaningful presentation of the Group's financial position and activities. To effect the change in presentation currency, the USD functional currency assets and liabilities at 30 June 2014 were converted at the spot rate of AUD$1:USD$0.9439 on the reporting date; revenue and expenses for the six month period ended December 31, 2013 were converted at the average exchange rate of AUD$1:USD$0.9213 for the reporting period, or at the exchange rates ruling at the date of the transaction to the extent practicable and equity balances were converted at applicable historical rates.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of three months or less at the date of purchase.

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.

Critical Accounting Estimates

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.

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.

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.

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.

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.

Critical Accounting Judgements

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.

Going Concern
As described in Note 2(b), management uses it judgement in determining whether the Company is able to continue as a going concern.

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.

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.

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.

Impairment of Financial Assets

All financial assets except for those at fair value through profit or loss are subject to review for impairment at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets are impaired. Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Financial Liabilities

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.

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) Income Taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income due to items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the period in the relevant tax jurisdiction.

The Company is subject to income taxes in various jurisdictions and subject to various rates and rules of taxation. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company’s current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences to the extent that it is probable taxable profits will be available against which those deductible temporary differences can be utilised.

j) Loss per Common Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share, according to the treasury stock method, assumes that any proceeds from the exercise of dilutive share options and warrants would be used to repurchase common shares at the average market price during the year, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share reflects the potential dilution of securities. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the results would be anti-dilutive.

k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

l) Revenue Recognition

Interest and other income is recorded on an accrual basis, as earned.

m) Share Based Compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company estimates the number of forfeitures likely to occur on grant date and reflects this in the share-based payment expense revising for actual experiences in subsequent periods.

Equipment	10 - 20%
Computer Equipment and Software	40%

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The Company's share based compensation plan is described in Note 10.

n) Property, Plant and Equipment

Property, plant and equipment are carried at cost less any recognised impairment loss and accumulated depreciation. Items are depreciated using the declining balance method at the following rates per annum:

o) Exploration and Evaluation Assets

Exploration and evaluation expenditures are measured using the cost model. Direct property acquisition costs, field exploration and field supervisory costs relating to specific properties are deferred until the properties to which they relate are brought into production, at which time they will be amortised on a unit of production basis, or until the properties are abandoned, sold or allowed to lapse, at which time they will be written off.

Costs include the cash consideration paid and the fair value of the shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. Costs incurred for administration and general exploration that are not project specific, are charged to operations.

The recorded amounts for acquisition costs of properties and their related capitalised exploration and development expenses represent actual expenditures incurred and are not intended to reflect present or future values. The Company, however, reviews the capitalised costs on its properties on a periodic, at least on an annual basis and will recognise impairment in value based upon the stage of exploration and/or development, work programs proposed, current exploration results and upon management's assessment of the future profitability of each property, or from the sale of the relevant property.

The recovery of costs of mining claims and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds of disposition of such properties.

p) 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. 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.

q) Related Party Transactions

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.

r) 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.

s) Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

t) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

u) Trade and other payables

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.

3. Revenue and Expenses

Other Income	June 30, 2015 $	June 30, 2014 $
Management fee for Project operations	232,514	397,281
Option payments for mineral properties	-	122,330
	232,514	**519,611**

Employee benefits expenses	June 30, 2015 $	June 30, 2014 $
Salary and wages	1,187,089	1,545,570
Superannuation and post-employment benefits	51,353	75,776
	1,238,442	**1,621,346**

4. Plant and Equipment

	June 30, 2015 $	June 30, 2014 $
Plant and equipment at cost	250,242	240,582
Accumulated depreciation	(188,913)	(159,120)
Total Net Book Value	**61,329**	**81,462**

Reconciliations		
Plant and equipment		
Opening book value	81,462	82,061
Additions	9,660	32,533
Disposals	-	-
Depreciation	(29,792)	(33,133)
Total Net Book Value	**61,329**	**81,462**

5. Exploration and Evaluation Assets

	June 30, 2015 $	June 30, 2014 $
Carrying amount at beginning of period	22,764,272	31,259,956
Translation on change in presentation currency	(1,513,012)	(440,381)
Exploration costs written off	(5,558,018)	(8,500,341)
Foreign exchange gain (loss) on previous projects	61,348	-
Capitalised mineral exploration and evaluation	817,719	445,038
	16,572,309	**22,764,272**

* The Board assessed the Company's concession holdings and further reductions on the prior year were made. The projects Carboneras, Meteoritica and San Jose were relinquished entirely.

The future realisation of these non-current assets is dependent on further exploration and funding necessary to develop the resources or realise value through sale.

A Chilean VAT receivable balance was written off as an impairment expense to the net value of $398,838 as recovery of this asset is uncertain.

6. Share Capital

Unlimited number of authorised common shares with no par value.

	Number of Shares	$
Balance, June 30, 2013	**172,892,487**	**45,288,184**
Share issued pursuant to private placement (a)	25,933,873	1,167,024
Share issued pursuant to Rights Issue (b)	49,706,590	2,236,797
Costs of private placement and Rights Issue	-	(300,426)
Balance, June 30, 2014	**248,532,950**	**48,391,579**
Balance, June 30, 2015	**248,532,950**	**48,391,579**

a) On February 7, 2014, the Company conducted a private placement to sophisticated and professional investors of 25,933,873 common shares of the Company. Total gross proceeds raised from the private placement were $1,167,024.

b) On March 7, 2014, the Company conducted a follow-on Rights Issue on the same terms as the private placement completed on February 7, 2014. Under the Rights Issue, 49,706,590 common shares of the Company were issued for total gross proceeds of $2,236,797. Transaction costs incurred for the placement and Rights Issue totalled $300,426.

There were 37,820,208 listed options over ordinary shares in the company at June 30, 2015 (2014: 37,820,208)

7. Segment Information

The Company operates in one single operating segment, being exploration activities in Chile.

The results and financial position are prepared for the Board on a basis consistent with the AASBs, and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made.

The Group is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located. Operating revenues of approximately $nil (2014 - $Nil) are derived from a single external customer.

8. Loss per Share

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the year ended June 30, 2015 was 248,532,950 (2014: 198,713,861) for the purpose of calculating the basic and diluted loss per share. As a result of the net losses for the years ended June 30, 2015 and 2014, the exercise of all outstanding options has been excluded from the calculation of diluted loss per share given their anti-dilutive nature.

9. Escrowed Shares

At June 30, 2015, the Company had no shares in escrow.

10. Share Based Compensation

Under the terms of a share option plan initially approved by shareholders on November 1, 2006, and re-approved on November 22, 2013, the Company may grant incentive share options numbering up to 10% of the number of issued and outstanding common shares of the Company to its officers, Directors, employees and consultants, for the purchase of common shares of the Company. Share options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and expire 90 days after the termination of employment or contracting arrangement of the option holder.

Vesting of options may be at the time of granting of the option or over a period as set out in each option agreement. Once approved and vested, options are exercisable at any time until expiry, unless subject to a restriction agreement. The Company records the share based compensation expense over the vesting period of the options granted. No options were granted during the current period.

No options were exercised, 3,650,000 options expired and no options lapsed during the year in accordance with the terms of their issue.

	Number of Options	Weighted Average Exercise Price $AUD
Balance at June 30, 2013	**4,200,000**	**0.21**
Options lapsed – March 5, 2014	(550,000)	0.21
Balance at June 30, 2014	**3,650,000**	**0.21**
Options expired – December 31, 2014	(3,650,000)	0.21
Balance at June 30, 2015	**-**	**-**

There are no outstanding and exercisable options issued under employee compensation plans as at June 30, 2015.

11. Income Taxes

	June 30, 2015 $	June 30, 2014 $
Net loss for accounting	(7,421,128)	(10,394,265)
Expected tax rate	30.0%	30.0%
Expected tax recovery at statutory rates	(2,226,338)	(3,118,280)
Share based compensation	-	-
Unrecognised benefit of revenue losses	2,226,338	3,118,280
Deferred income tax expense (recovery)	**-**	**-**
Revenue losses carried forward	10,763,407	8,537,069
Share issuance costs	-	-
Unrecognised deferred tax asset	(10,763,407)	(8,537,069)
Deferred income tax assets (liability)	**-**	**-**

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.

12. Parent Entity Disclosures

Financial Position	June 30, 2015 $	June 30, 2014 $
Current assets	-	-
Total assets	**25,141,605**	**32,822,769**
Current liabilities	-	-
Total liabilities	**(8,502,001)**	**(7,705,022)**
Issued capital	48,391,579	48,391,579
Reserves	3,209,496	3,270,843
Accumulated losses	(34,961,471)	(26,544,674)
Total equity	**16,639,604**	**25,117,747**

Financial Performance	June 30, 2015 $	June 30, 2014 $
Loss for the year	(8,416,797)	(15,845,372)
Other comprehensive income/ (loss)	(61,347)	-
Total comprehensive income (loss)	**(8,478,144)**	**(15,845,372)**

Contingent Liabilities of the Parent Entity
The parent entity did not have any contingent liabilities as at June 30, 2015 or 2014.

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 June 30, 2015 or 2014.

13. Warrants

As at June 30, 2015, the Company had no outstanding and exercisable warrants.

14. Related Parties

Key Management Personnel Compensation

The remuneration of Directors and other members of key management personnel during the years ended June 30, 2015 and 2014 are as follows:

	June 30, 2015 $	June 30, 2014 $
Short term benefits	660,859	778,358
Post-employment benefits	46,366	63,549
	707,225	**841,907**

In December 2014, the Directors agreed to accrue their fees as shares in lieu of cash payment, at the same price as the next capital raising. Subject to shareholder approval, the shares will be issued to the Directors using the 1c share price of the Rights Issue Offer completed on July 1, 2015. As at June 30, 2015, the value of shares accrued for Directors was $108,957 (2014:$nil) and forms part of the Short term benefits amount disclosed.

Individual Directors and Executives Compensation Disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed, 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 involving Directors' interests existing at year end.

15. Financial Instruments and Risk Management

Fair value

The carrying value of the Company's financial instruments, including cash and cash equivalents, other assets, other liabilities, employee benefits and trade and other payables approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities approximate their carrying amount on account of the short maturity cycle.

Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data.

$ As at Financial Year end	Hierarchy Level (if applicable)
Financial assets:	
Cash and cash equivalents	1

Risk Disclosures

The main risks the Company's financial instruments are exposed to are credit risk, foreign currency risk, interest rate risk and liquidity risk, each of which is discussed below.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. As the Company has yet to commence mining operations, it has no major exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset in the statements of financial position.

The Company's cash is held in an Australian financial institution and a Chilean financial institution, both of which are considered to have high creditability. The Company believes that it has no major credit risk.

Interest Rate Risk

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 Company has cash balances in bank accounts and short term deposits. Due to the short-term nature of these financial instruments, the Company believes that risks related to interest rates are not significant to the Company at this time.

Foreign Currency Risk

The Company 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 Company is exposed to foreign exchange risk through its CLP cash holdings at reporting date.

The table below summarises the impact of +/– 10% strengthening/weakening of the AUD against the CLP on the consolidated entities post tax profit for the year and equity. The analysis is based on a 10% strengthening/weakening of the AUD against the CLP at reporting date with all other factors remaining equal.

	Post tax profit $	Equity $
June 30, 2015		
Impact of a 10% strengthening of the AUD on net loss	4,356	4,356
Impact of a 10% weakening of the AUD on net loss	(4,356)	(4,356)
June 30, 2014		
Impact of a 10% strengthening of the USD on net loss	17,266	17,266
Impact of a 10% weakening of the USD on net loss	(17,266)	(17,266)

The Company has not entered into any agreements or used any instruments to hedge currency risks.

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.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has no income from operations apart from option payments and management fees and relies on equity fund raising to support its exploration program. Management prepares budgets and ensures funds are available prior to commencement of any such program. Should the need for further equity financing arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price. All obligations are due within the year.

As at June 30, 2015, the Company had a cash balance of $92,349 (June 30, 2014 - $2,268,122) and working capital of $5,966 (June 30, 2014 - $2,272,013). The Company reduced its operations effectively to meet its current obligations and subsequent to June 30, 2015 completed a Rights Issue Offer which raised $415,395. The Company has implemented further reductions which will allow it to continue to operate with minimal liquidity risk.

16. Notes to the Statement of Cash Flows

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	June 30, 2015 $	June 30, 2014 $
Cash on hand and balances with banks	92,349	1,768,122
Cash held on term deposit	-	500,000
	92,349	**2,268,122**

Reconciliation of Net Cash used in Operating Activities to Operating Loss after Income Tax		
(Loss) for the year	(7,421,128)	(10,394,265)
Depreciation	29,792	33,133
Impairment expenses (mineral properties)	5,558,018	8,500,341
Impairment expenses (other)	398,838	(145,220)
Foreign exchange (gain) loss	(61,347)	46,160
Net cash flows from operating activities before change in assets and liabilities	**(1,495,827)**	**(1,959,851)**
Change in assets and liabilities during the financial year		
Other current assets	(37,499)	(49,632)
Payables	127,772	(150,441)
Net cash outflow from operating activities	**(1,405,553)**	**(2,159,924)**

Non cash investing and financing activities	There were no non cash investing and financing activities during the year.

17. Commitments

In order to maintain its current concession holdings, the Company must make annual payments of approximately $100,000 during the next 12 months to Chilean mining authorities.

The Company leases office premises in Australia and Chile under operating leases renewed on a month to month basis. Commitments for minimum lease payments in relation to operating leases are payable as follows:

	June 30, 2015 $	June 30, 2014 $
Within one year	25,307	70,415

18. Capital Disclosures

The Company's objective 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 Company considers its capital to be equity which comprises common shares, share based payments reserve, foreign currency translation reserve and accumulated deficit, which at June 30, 2015 amounted to $16,639,604 (June 30, 2014 - $25,117,747).

The mineral properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as required.

The Company 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.

There were no changes in the Company's approach to capital management during the current year.

19. Other Assets

	June 30, 2015 $	June 30, 2014 $
Other receivables	169,626	132,129
	169,626	**132,129**

20. Employee Benefits

	June 30, 2015 $	June 30, 2014 $
Annual leave accrual	48,253	43,740
Payroll accrual	155,352	18,638
	203,605	**62,378**

21. Equity- Accumulated losses

	June 30, 2015 $	June 30, 2014 $
Accumulated losses at beginning of year	(28,814,262)	(18,419,997)
Loss for the year	(7,421,128)	(10,394,265)
Accumulated losses at end of year	**(36,235,390)**	**(28,814,262)**

22. Auditors Remuneration

Remuneration of the auditor for:

Audit and Review Services	June 30, 2015 $	June 30, 2014 $
Auditing and reviewing of financial reports		
- RSM Bird Cameron Partners	15,000	-
- Deloitte Touche Tohmatsu	13,000	35,001
Other regulatory audit services	-	-
	28,000	**35,001**
Remuneration to auditor- Deloitte Touche Tohmatsu Other Services – taxation and compliance	-	3,865
Remuneration to PKF Chile, audit of subsidiaries	-	16,127

23. Investments in Controlled Entities

Name of Entity	Incorporated	Equity Holding	
		2015 (%)	2014 (%)
Southern Hemisphere Mining Pty Ltd(1)	Australia	100%	100%
Pan American Mining Pty Ltd(1)	Australia	100%	100%
South American Mining Pty Ltd(1)	Australia	100%	100%
Minera Hemisferio Sur SCM(2)	Chile*	100%	100%
Minera Pacifico Sur SCM(2)	Chile*	100%	100%
Minera Panamericana SCM(4)	Chile*	100%	100%
Sociedad Servicios Inversiones Futuro Limitada(4)	Chile*	100%	100%
Minera America del Sur SCM(5)	Chile*	100%	100%
Minera Llahuin SCM(6)	Chile*	99.99%	99.99%
Minera Mantos Grandes SCM(7)	Chile*	100%	99.99%
Joint Ventures:			
Minera Los Rulos SCM(3)	Chile*	50%	50%

*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, Pan American Mining Pty Ltd and South 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 and Minera Pacifico Sur SCM are wholly owned subsidiaries of Southern Hemisphere Mining Pty Ltd and the investment is held by Southern Hemisphere Mining Pty Ltd.

(3) Minera Los Rulos SCM is a 50% owned subsidiary of Minera Hemisferio Sur SCM, with the other 50% interest held by Lundin Mining.

(4) Minera Panamericana SCM and Sociedad Servicios Inversiones Futuro Limitada are wholly owned subsidiaries of Minera Hemisferio Sur SCM and the investment is held by Minera Hemisferio Sur SCM.

(5) Minera America del Sur SCM is wholly owned subsidiary of South American Mining Pty Ltd and the investment is held by South American Mining Pty Ltd.

(6) 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.

(7) Minera Mantos Grandes SCM is a 99.93% owned subsidiary of Minera Hemisferio Sur SCM, with the other 0.07% interest held by Southern Hemisphere 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.

24. Subsequent Events

On July 2, 2015, the Company completed a Rights Issue Offer which raised $415,395 on the issue of 41,539,548 new shares at a price of 1c per new share.

The Company has three months from the closing date of the Rights Issue Offer to place the corresponding shortfall.

Shareholder Information

The following is information required under the ASX Listing Rules and the Corporations Act 2001.

Top Shareholders

The names of the twenty largest shareholders as at August 28, 2015, who between them held 61.35% of the issued capital are listed below:

	Name of individual or entity	Total Number of Securities	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	29,660,017	10.23%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,228,934	10.08%
3	ICE COLD INVESTMENTS PTY LTD	13,333,334	4.60%
4	SKY LIFE NOMINEES PTY LTD <T TENNANT S/FUND A/C>	13,138,823	4.53%
5	ZERO NOMINEES PTY LTD	11,999,463	4.14%
6	FEATLY PTY LTD	10,203,948	3.52%
7	MR + MRS TENNANT <TENNANT SUPER A/C>	9,847,262	3.39%
8	MR GRANT RONALD MORGAN + MRS JENNY MORGAN	7,249,075	2.50%
9	MR + MRS WALDON <NODLAW INV EMPLOYEES S/F A/C>	7,000,000	2.41%
10	OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	6,666,667	2.30%
11	MR TREVOR TENNANT <TR TENNANT FAMILY A/C>	6,438,134	2.22%
12	MISS EMMA WALDON	4,925,000	1.70%
13	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	4,000,000	1.38%
14	MR TREVOR TENNANT <FAMILY A/C>	3,994,234	1.38%
15	LFR PTY LTD	3,600,000	1.24%
16	FEOH PTY LTD	3,500,000	1.21%
17	MR KEITH WILLIAM SHEPPARD <SHEPPARD FAMILY ACCT>	3,466,704	1.20%
18	ICE COLD INVESTMENTS PTY LTD <G & J BROWN SF A/C>	3,333,334	1.15%
19	MR + MRS WATKINS <THE WATKINS INVESTMENT A/C>	3,188,942	1.10%
20	FEATLY PTY LIMITED <FEATLY SUPER FUND A/C>	3,106,983	1.07%

Top Option Holders (quoted)

The names of the twenty largest Option holders as at August 28, 2015, who between them held 70.71% of the issued options are listed below:

	Name of individual or entity	Total Number of Securities	% of Issued Capital
1	ZERO NOMINEES PTY LTD	6,095,925	16.12%
2	OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	2,500,000	6.61%
3	MR + MRS TENNANT <TENNANT SUPER A/C>	2,192,723	5.80%
4	PALAZZO CORPORATION PTY LTD	1,550,000	4.10%
5	MR + MRS MORGAN	1,493,680	3.95%
6	MR KEITH SHEPPARD <SHEPPARD FAMILY ACCOUNT>	1,291,413	3.41%
7	ICE COLD INVESTMENTS PTY LTD	1,183,197	3.13%
8	FEOH PTY LTD	1,144,399	3.03%
9	RPK NOMINEES PTY LTD <R & C KANE SF A/C>	1,121,994	2.97%
10	SKY LIFE NOMINEES PTY LTD <T TENNANT S/F A/C>	985,411	2.61%
11	MR + MRS WALDON <NODLAW INV EMPLOYEES S/F A/C>	868,750	2.30%
12	HOWARTH SUPER PTY LTD <HOWARTH SF A/C>	850,000	2.25%
13	MR + MRS WATKINS <THE WATKINS INVESTMENT A/C>	789,170	2.09%
14	FEATLY PTY LTD	765,296	2.02%
15	FEATLY PTY LIMITED <FEATLY SUPER FUND A/C>	706,921	1.87%
16	ABN AMRO CLEARING NOMINEES <CUSTODIAN A/C>	676,754	1.79%
17	MR + MRS WALDON <BE & GW WALDON FAMILY A/C>	659,775	1.74%
18	MR ROBERT HIRZEL BLACK	635,056	1.68%
19	SUPER RAB PTY LTD <R A BLACK PERS S/F ACB A/C>	625,000	1.65%
20	TT NICHOLLS PTY LTD <SUPERANNUATION A/C>	600,000	1.59%

Distribution of Shareholders and their Holdings as at August 28, 2015

The Company's common shares trade on the ASX. The spread of the shareholders is as follows:

Ordinary Shares held	Total Number of Holders	Number of Shares
1 to 1,000	16	2,677
1,001 to 5,000	45	139,282
5,001 to 10,000	72	624,428
10,001 to 100,000	218	9,498,288
100,001 and over	196	279,807,823
Total	**547**	**290,072,498**

a) All shares rank equally.
b) The number of shareholders with a holding less than a marketable parcel (AUD$500) based on a market price of AUD $0.006 as at August 28, 2015 was 323.

Unquoted Securities as at August 28, 2015

There were no unquoted securities in the Company as at the date specified.

On-market Buy-back

There is no current on-market buy-back of the Company's securities in place.

Quotation

The Company's common shares are quoted as 'SUH' on ASX. The Company's listed options are quoted as 'SUHO' on ASX.

Substantial shareholders

The following interests were registered on the Company's register of Substantial Shareholders as at August 28, 2015:

Name of individual or entity	Total Number of Securities	% of Issued Capital
Trevor Tennant and associates	36,824,021	12.69%
Genesis Asset Managers	24,853,000	8.57%
Lundin Mining	19,800,000	6.83%
Ice Cold Investments Pty Ltd	18,333,335	6.32%
James Pearson and associates	16,610,809	5.73%

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*
Measured	112	0.31	0.12	0.008	0.42
Indicated	37	0.23	0.14	0.007	0.37
Measured plus Indicated	**149**	**0.29**	**0.12**	**0.008**	**0.41**
Inferred	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_2 %	Fe_2O_3%	Al %	K %	P %
Measured	5.27	7.39	57.85	2.78	5.62	2.88	0.05
Indicated	13.06	7.65	55	2.96	5.64	2.92	0.05
Measured plus Indicated	**18.34**	**7.58**	**55.82**	**2.91**	**5.62**	**2.91**	**0.05**
Inferred	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.

Concession Schedule

Belen (Putre, Chile)	Llahuin (Combarbala, Chile)	Mantos Grandes, Monte Patria, Chile
BELEN 9	AMAPOLA 3, 1 AL 20	MANTIS 7
BELEN1, 1 AL 10	AMAPOLA 4, 1 AL 18	MANTIS 8
BELEN 2, 1 AL 20	COLINA 2, 1 AL 30	MANTIS 9
BELEN 3, 1 AL 30	AMAPOLA I, 1 AL 300	MANTIS 10
BELEN 4, 1 AL 20	AMAPOLA II, 1 AL 300	MANTIS 11
BELEN 5 , 1 AL 30	**Llahuin, Option Agreements***	MANTIS 12
BELEN 6, 1 AL 8	LA ENCANTADORA I, 1 AL 36	MANTIS 13
BELEN II, I AL 10	LA ENCANTADORA II, 1 AL 18	MANTOS II 2
BELEN II, 11 AL 20	LA ENCANTADORA III, 1 AL 12	MANTOS II 4
Chitigua (Calama, Chile)	LA ENCANTADORA III A , 1 AL 8	MANTOS II 24
LEO III 20	LA ENCANTADORA IV, 1 AL 11	MANTOS III 16
LEO III 21	LA ENCANTADORA V 1	MANTOS III 17
LEO III 33	LA ENCANTADORA VI, 1 AL 8	MANTOS III 18
LEO III 38	LA ENCANTADORA AL 19	MANTOS III 19
CHITIGUA SUR ESTE 1 AL 5	**Los Pumas (Putre, Chile)**	MANTOS III 20
CHITIGUA 27, 1 AL 60	LOS PUMAS 5	MANTOS III 21
CHITIGUA 1, 1 AL 30	AWAHOU 1 AL 20	MANTOS 1, 1 AL 10
CHITIGUA 2, 1 AL 30	EMANUEL 1 AL 20	MANTOS 2, 1 AL 20
El Arrayan (Vicuna, Chile)	LLUTA I 1 AL 54	MANTOS 3, 1 AL 15
SIMON II 1	LLUTA II 1 AL 285	MANTOS 4, 1 AL 20
SAN JOSE II TRES	PUTRE 5, 1 AL 10	MANTOS 5, 1 AL 20
SAN ALFONSO II CUATRO	PUTRE 6, 1 AL 11	MANTOS 6, 1 AL 30
SAN JORGE TRES 1 AL 36	PUTRE I 1 AL 20	MANTOS 7, 1 AL 178
SAN JORGE CUATRO 1 AL 60	PUTRE 2 I AL 20	MANTOS 8, 1 AL 95
SUSAN 2, 1 AL 49	MG 3, 1 AL 30	MANTOS 9, 1 AL 30
Las Santas (Salamanca, Chile)	**Los Rulos (Canela, Chile)**	MANTOS 10, 1 AL 136
SANTA GUADALUPE 1 AL 39	COLIHUE 10	MANTOS 11, 1 AL 51
SANTA MACARENA 1 AL 40	COLIHUE 11	MANTOS 12, 1 AL 268
SANTA CAMILA 1 AL 27	COLIHUE12	MANTOS 13, 1 AL 99
SANTA ANA 17	COLIHUE 13	MANTOS 16 , 1 AL 10
Llahuin (Combarbala, Chile)	COLIHUE 14	MANTOS 17, 1 AL 10
EL ESPINO 8	COLIHUE 15	MANTOS 21, 1 AL 20
EL ESPINO 9	COLIHUE 22	MANTOS 21, 21 AL 30
EL ESPINO 11	COLIHUE 24	MANTOS 22, 1 AL 20
EL ESPINO 12	COLIHUE 25	FUTURO 5, 1 AL 60
EL ESPINO 13	COLIHUE 26	MANTOS GRANDES 1 AL 11
EL ESPINO 14	EL COLIHUE 1 1 AL 113	MANTOS CHICOS 1 AL 20
EL ESPINO 15	EL COLIHUE 1 41 AL 154	LA ESCONDIDA 1 AL 20
AMAPOLA III	EL COLIHUE 1 155 AL 210	**Rincon (Salamanca, Chile)**
AMAPOLA IV	EL COLIHUE 8 1 AL 6	RINCON 4
EL ESPINO 1 1 AL 300	**Los Rulos, Option Agreements***	RINCON 8
EL ESPINO 2 1 AL 200	POLVAREDA SEGUNDA 1 AL 48	RINCON 11
EL ESPINO 3 1 AL 200	**Mantos Grandes, Monte Patria, Chile**	RINCON 12
EL ESPINO 4 1 AL 200	MANTIS 1	RINCON 1 1 AL 30
EL ESPINO 5 1 AL 300	MANTIS 2	RINCON 2 1 AL 30
EL ESPINO 6 1 AL 300	MANTIS 3	RINCON 3 1 AL 30
EL ESPINO 1 AL 9	MANTIS 4	RINCON 5 1 AL 30
AMAPOLA 1, 1 AL 20	MANTIS 5	RINCON 6 1 AL 30
AMAPOLA 2, 1 AL 20	MANTIS 6	RINCON 7 1 AL 30

Rincon (Salamanca, Chile)	Romeral (La Higuera, Chile)	Santa Gracia (La Serena, Chile)
RINCON 9 1 AL 20 RINCON 10 1 AL 20	SOLADO II 1 SOLADO II 2 SOLADO II 3 SOLADO II 4 SOLADO 1, 1 AL 20	LA CUYANA 1 AL 5 SAN SEBASTIAN 1 AL 6 LAS PERDICES II 10 LEONOR II 2

a) All of the concessions listed above are located in Chile.

b) Apart from the Los Rulos concessions which are owned by 50% owned entity Minera Los Rulos SCM ("MLR") the Los Rulos option agreement entered into by MLR and the Gomila option agreement entered into by Minera Llahuin SCM ("MINLLA") (La Encantadora concessions), all of the concessions listed above are 100% owned by controlled subsidiaries Minera Hemisferio Sur SCM ("MHS"), Minera Pacifico Sur SCM ("MPS"), Minera America Sur SCM("MSAM"), Minera Panamericana SCM ("MPAM") and Minera Mantos Grandes SCM ("MMG") respectively.