

**ASX RELEASE**

MARCH 14, 2016



## Half Year Report

Southern Hemisphere Mining Limited

ACN 140 494 784

December 31, 2015



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In this Half Year Report all amounts are stated in Australian dollars unless otherwise indicated.

The Directors submit herewith the financial report of Southern Hemisphere Mining Limited ("Company") and its subsidiaries (the "Group") for the half year ended December 31, 2015.

### **Directors**

The names of the directors of the Company during or since the end of the half-year are:

Dr John Tarrant

Mr Trevor Tennant

Mr James Pearson

Mr Andres Hevia (resigned effective 1 January 2016)

### **Review of Operations**

During the half year ended December 31, 2015, the Group incurred a loss of \$605,384 (half year December 31, 2014: loss of \$800,920).

All the Group's Projects are in Chile and its exploration activities are managed from its Santiago office. During the six month period, the Company focussed on marketing the Llahuin Copper-Gold Project to interested parties. This process is ongoing.

During the period, the Company continued to reduce its administrative costs and review its concession position for potential savings.

### **Events subsequent to reporting date**

There have been no other events subsequent to the reporting date that are expected to have material impact on the financial position or performance of the Group.

### **Auditor's independence declaration**

The Auditor of the Company, RSM Australia Partners has provided a written declaration of their independence to the Board under the Corporations Act 2001 and this is included in page 4 of this report.

Signed in accordance with a resolution of the directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



---

John Tarrant, Chairman  
March 14, 2016

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Southern Hemisphere Mining Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature of "RSM" in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "D J Wall".

D J WALL  
Partner

Perth, WA  
Dated: 14 March 2016

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

We have reviewed the accompanying half-year financial report of Southern Hemisphere Mining Limited which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Southern Hemisphere Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, 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 review report.

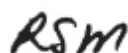
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Hemisphere Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Emphasis of Matter*

Without qualifying our conclusion, we draw attention to Note 2 to the financial statements, which indicates that the consolidated entity incurred a loss of \$605,384 and had net cash outflows from operating and investing activities of \$466,783 and \$109,504 respectively, during the half-year ended 31 December 2015. The ability of the Consolidated Entity to continue as a going concern is dependent on a combination of a number of factors, the most significant of which is the ability of the company to raise additional funds in the following 12 months through issuing additional shares. These financial conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



RSM AUSTRALIA PARTNERS



D J WALL  
Partner

Perth, WA  
Dated: 14 March 2016

## Directors' Declaration

The Directors of the Company declare that:

- a) 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; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards AASB 134: *Interim Financial Reporting* and giving a true and fair view of the financial position as at 31 December 2015 and its performance for the financial half-year ended on that date of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



---

John Tarrant, Chairman  
March 14, 2016

**Southern Hemisphere Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the Half Year ended December 31, 2015**

(Expressed in Australian Dollars)

	Note	Consolidated December 31, 2015 \$	Consolidated December 31, 2014 \$
<b>Continuing operations</b>			
Interest income		1,655	21,641
Other income	3	14,218	151,744
Depreciation		(14,614)	(15,241)
Office and administration		(93,071)	(183,854)
Professional fees		(16,550)	(93,500)
Employee benefits expense	3	(397,654)	(681,710)
Impairment expense (mineral properties)		(144,689)	-
Foreign exchange gain / (loss)		45,321	-
<b>Loss before tax</b>		<b>(605,384)</b>	<b>(800,920)</b>
Income taxes		-	-
<b>Loss for the period</b>		<b>(605,384)</b>	<b>(800,920)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(901,771)	(775,336)
<b>Total comprehensive (loss) income for the half year</b>		<b>(1,507,155)</b>	<b>(1,576,256)</b>
Basic and diluted loss per share (cents)		<b>(0.25)</b>	<b>(0.006)</b>

To be read in conjunction with the notes to the consolidated financial statements.



**Southern Hemisphere Mining Limited****Statement of financial position****As at December 31, 2015**

(Expressed in Australian Dollars)

		<b>Consolidated December 31, 2015 \$</b>	<b>Consolidated June 30, 2015 \$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		28,361	92,349
Other assets		199,602	169,626
		<u>227,963</u>	<u>261,975</u>
<b>Non-current Assets</b>			
Property, plant and equipment		42,806	61,329
Exploration and evaluation assets	4	15,648,261	16,572,309
		<u>15,691,067</u>	<u>16,633,638</u>
<b>Total Assets</b>		<u>15,919,030</u>	<u>16,895,613</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		29,365	35,059
Other liabilities		4,518	17,346
Employee benefits		117,114	203,604
		<u>150,997</u>	<u>256,009</u>
<b>Total Liabilities</b>		<u>150,997</u>	<u>256,009</u>
<b>Net Assets</b>		<u>15,768,033</u>	<u>16,639,604</u>
<b>Equity</b>			
Issued shares	5	49,027,163	48,391,579
Share based payments reserve		3,270,843	3,270,843
Foreign currency translation reserve		310,801	1,212,572
Accumulated losses		(36,840,774)	(36,235,390)
<b>Total Equity</b>		<u>15,768,033</u>	<u>16,639,604</u>

To be read in conjunction with the notes to the financial statements.

**Southern Hemisphere Mining Limited**  
**Statement of changes in equity**  
**For the Half Year ended December 31, 2015**  
(Expressed in Australian Dollars)

<b>Consolidated</b>	Issued shares	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance – June 30, 2014</b>	<b>48,391,579</b>	<b>3,270,843</b>	<b>2,269,587</b>	<b>(28,814,264)</b>	<b>25,117,747</b>
Net loss for the period	-	-	-	(800,920)	(800,920)
Foreign currency translation	-	-	(775,336)	-	(775,336)
<b>Total Comprehensive (loss) income</b>	<b>-</b>	<b>-</b>	<b>(775,336)</b>	<b>(800,920)</b>	<b>(1,576,256)</b>
<b>Balance – December 31, 2014</b>	<b>48,391,579</b>	<b>3,270,843</b>	<b>1,494,252</b>	<b>(29,615,184)</b>	<b>23,541,490</b>
<b>Balance – June 30, 2015</b>	<b>48,391,579</b>	<b>3,270,843</b>	<b>1,212,572</b>	<b>(36,235,390)</b>	<b>16,639,604</b>
Net loss for the period	-	-	-	(605,384)	(605,384)
Foreign currency translation	-	-	(901,771)	-	(901,771)
<b>Total Comprehensive (loss) income</b>	<b>-</b>	<b>-</b>	<b>(901,771)</b>	<b>(605,384)</b>	<b>(1,507,155)</b>
<b>Transactions with owners in their capacity as owners</b>					
Share issued, net of transaction costs	635,584	-	-	-	635,584
<b>Balance – December 31, 2015</b>	<b>49,027,163</b>	<b>3,270,843</b>	<b>310,801</b>	<b>(36,840,774)</b>	<b>15,768,033</b>

To be read in conjunction with the notes to the financial statements.

**Southern Hemisphere Mining Limited**  
**Statement of cash flows**  
**For the Half Year ended December 31, 2015**

(Expressed in Australian Dollars)

	<b>Consolidated December 31, 2015 \$</b>	<b>Consolidated December 31, 2014 \$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities:</b>		
Payments to suppliers and employees	(468,438)	(970,747)
Interest received	1,655	21,641
	<b>(466,783)</b>	<b>(949,106)</b>
<b>Investing activities:</b>		
Payments for exploration and evaluation assets	(113,412)	(406,176)
Payments for property, plant and equipment (net)	3,908	(9,660)
	<b>(109,504)</b>	<b>(415,836)</b>
<b>Financing activities:</b>		
Issuance of shares	515,395	-
Costs of share issuance	(6,269)	-
	<b>509,126</b>	<b>-</b>
Effect of exchange rates on cash and cash equivalents	3,173	23,654
<b>(Decrease) Increase in cash and equivalents</b>	<b>(63,988)</b>	<b>(1,341,288)</b>
Cash and cash equivalents, beginning of period	<b>92,349</b>	<b>2,268,122</b>
Cash and cash equivalents, end of period	<b>28,361</b>	<b>926,834</b>

To be read in conjunction with the notes to the financial statements.

**Southern Hemisphere Mining Limited**  
**Notes to the financial statements**  
**For the Half Year ended December 31, 2015**  
(Expressed in Australian Dollars)

**1. GENERAL INFORMATION**

Southern Hemisphere Mining Limited ("Southern Hemisphere" or the "Company") 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.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report and any public announcements made by Southern Hemisphere Mining Limited and its controlled entities during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing Rules.

**Basis of preparation**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

*New and Revised Accounting Standards*

In the half year ended December 31, 2015, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the annual reporting period beginning on or after 1 July 2015. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the entity's accounting policies.

**Going concern**

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the half year ended December 31, 2015, the Consolidated Entity has incurred a net loss of \$605,384 and had net cash outflows from operating and investing activities of \$466,783 and \$109,504 respectively. The ability of the Consolidated Entity to continue as a going concern is dependent on a combination of a number of factors, the most significant of which is the ability of the company to raise additional funds in the following 12 months through issuing additional shares.

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

**Southern Hemisphere Mining Limited**  
**Notes to the financial statements**  
**For the half year ended December 31, 2015**  
(Expressed in Australian Dollars)

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Going concern (continued)**

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

- The Company plans to issue additional shares in the next 12 months under the *Corporations Act 2001*. This strategy has proven to be successful in the past;
- 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 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 Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

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

**3. REVENUE AND EXPENSES**

	December 31, 2015	December 31, 2014
<b>Other income</b>	<b>\$</b>	<b>\$</b>
Joint Venture and administration fees for Project operations under Company management	14,218	151,744
	<u>14,218</u>	<u>151,744</u>

**Employee benefits expenses**

	December 31, 2015	December 31, 2014
	<b>\$</b>	<b>\$</b>
Salary and wages	386,597	652,432
Superannuation and post-employment benefits	11,057	29,278
	<u>397,654</u>	<u>681,710</u>

**4. EXPLORATION AND EVALUATION ASSETS**

	December 31, 2015	June 30, 2015
<b>Projects</b>	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of period	16,572,309	22,764,272
Translation on change in presentation currency	(938,092)	(1,513,012)
Exploration costs written off	(144,689)	(5,558,018)
Foreign exchange gain /(loss) on previous projects	45,321	61,348
Capitalised mineral exploration and evaluation	113,412	817,719
<b>Carrying amount at end of period</b>	<u>15,648,261</u>	<u>16,572,309</u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to carrying value.

**Southern Hemisphere Mining Limited**  
**Notes to the consolidated financial statements**  
**For the half year ended December 31, 2015**

(Expressed in Australian Dollars)

**5. ISSUED CAPITAL**

**Fully paid ordinary shares**

	Number of shares	\$
<b>Balance, June 30, 2015</b>	<b>248,532,950</b>	<b>48,391,579</b>
Share issued pursuant to Rights Issue (a)	41,539,548	415,395
Costs of private placement and Rights Issue	-	(6,269)
Share issued in satisfaction of loan (b)	16,666,667	100,000
Share issued in lieu of salaries (c)	12,646,000	126,458
<b>Consolidation of shares on a 15:1 basis (d)</b>	<b>(298,092,604)</b>	<b>-</b>
<b>Balance, December 31, 2015</b>	<b>21,292,561</b>	<b>49,027,163</b>

- a) On July 2, 2015, the Company completed a Rights Issue which was subscribed up to 41,539,548 common shares of the Company. Total gross proceeds raised from the private placement were \$415,395. Transaction costs incurred for the Rights Issue totalled \$6,269.
- b) On October 26, 2015, the Company received a non-recourse loan from Managing Director Trevor Tennant of \$100,000. At the Company's 2015 AGM, shareholders approved the repayment of this loan with the issuance of 16,666,667 ordinary shares. The loan was converted to shares on 1 December 2015.
- c) At the Company's 2015 AGM, shareholders approved the grant of ordinary shares to directors and officers of 12,646,000 ordinary shares in lieu of salaries accrued. The shares were issued on 1 December 2015.
- d) At the Company's 2015 AGM, shareholders approved a 15:1 share consolidation which was effective 4 December 2015.

**Options over ordinary shares**

Expiry date	Exercise price (\$)	Balance at start of period	Issued during period	Exercised during period	Expired during period	Balance at end of period
7/3/2016	0.675*	2,521,423*	-	-	-	2,521,423*

\*post consolidated basis as approved at the Company's 2015 AGM

**6. RELATED PARTIES**

On October 26, 2015, the Company received a non-recourse loan from Managing Director Trevor Tennant of \$100,000. At the Company's 2015 AGM, shareholders approved the repayment of this loan with the issuance of 16,666,667 ordinary shares (pre-consolidation). This loan was converted to shares on 1 December 2015.

Other than the above, there has been no change in related party disclosure since the last annual reporting date.

**Southern Hemisphere Mining Limited**  
**Notes to the financial statements**  
**For the half year ended December 31, 2015**  
(Expressed in Australian Dollars)

**7. SEGMENT INFORMATION**

The results and financial position of the Company's single operating segment, exploration activities in Chile, 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.

**8. SUBSEQUENT EVENTS**

On January 15, 2016 the Company obtained a further non-recourse loan from Managing Director Trevor Tennant. The loan of up to \$50,000 is repayable in cash or shares and has an interest rate of 8%, with interest payments capitalised.

**9. DIVIDENDS**

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

**10. CONTINGENT LIABILITIES AND ASSETS**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.