

annual report 2016

Southern Hemisphere
Mining Limited

ACN 140 494 784



**SOUTHERN
HEMISPHERE**
mining limited

ASX : SUH

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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.

Date of this statement

This statement reflects our corporate governance policies and procedures as at June 30, 2016.

Review of Operations

The Company holds prospective copper/gold project areas in Chile, South America. By the end of the financial year, the Company's portfolio was reduced to two key holdings: the **Llahuin Copper-Gold Project** and the **Rincon 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.

Outlook

The Company is marketing the Llahuin Project to potential farm-in partners to fund large scale exploration. As a result, the Llahuin Project is currently the subject of confidentiality agreements signed with globally diversified resource companies. The Company continues to pursue these opportunities.

Other Projects

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. EPG completed ~1,000m of drilling at Mantos Grandes during the period. Results were technically interesting but not economically viable.

The Company owns plant and land at Mantos Grandes and intends to realise this value apart from the Project which was ultimately relinquished.

Rincon Copper-Gold Project

The Rincon Project is a copper opportunity with similarities and along strike from world class mines in the high Andes Mountains. The Company is also marketing this project for sale or joint venture.

Directors' Report

For the year ended June 30, 2016, 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, 2016 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:

Mr Douglas Young	Non-Executive Chairman (appointed 1 June 2016)
Mr Brian Beresford	Non-Executive Director (appointed 1 June 2016)
Mr Trevor Tennant	Managing Director
Dr John Tarrant	Independent Non-Executive Chairman (resigned 1 June 2016)
Mr James Pearson	Non-Executive Director – Alternate (resigned 1 June 2016)
Mr Andrés Hevia	Independent Non-Executive Director (resigned 1 January 2016)

Mr Douglas Young (appointed 1 June 2016)

Mr Young has more than 30 years of corporate finance experience, covering mergers and acquisitions, debt and equity raisings in domestic and international financial markets, corporate restructuring and other corporate finance transactions.

Mr Brian Beresford (appointed 1 June 2016)

Mr Beresford is currently the Head of Corporate Finance at Euroz Securities Limited. Mr Beresford joined Euroz Securities Limited as an Executive Director almost 5 years ago from PwC, where he was a Partner and a member of PwC's corporate finance and M&A practice. He is a qualified lawyer with a Masters in Finance (London Business School) who has also worked for Arthur Andersen, Clayton Utz and GEM Consulting.

Dr John Tarrant (resigned 1 June 2016)

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 (resigned 1 June 2016)

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 (resigned 1 January 2016)

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.

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, 2016 12 Months \$	June 30, 2015 12 Months \$	June 30, 2014 12 Months \$
Income	22,912	259,878	564,722
Expenses (1)	(17,098,477)	(7,681,006)	(7,845,973)
Net loss	(17,075,565)	(7,421,128)	(10,394,265)
Dividends	-	-	-
Basic and diluted loss per share	(0.720)	(0.030)	(0.052)

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

During the year ended June 30, 2016 the Company reported a net loss of \$17,075,565 compared to a net loss of \$7,421,128 in the year ended June 30, 2015. Specific items of note during the year ended June 30, 2016 include: -

1. Impairment expense (mineral properties) (FY2016 \$16,358,961, FY2015: \$5,558,018): recognising that the Company has limited resources, all concession holdings apart from Llahuin and Rincon were not renewed.

The Company does have a claim over the relinquished concessions until another party establishes title. Ultimately the focus will be realising value for the retained projects which do have parties engaged in due diligence.

2. Salaries and wages (FY2016: \$450,689, FY2015: \$1,238,442): 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.
3. Other income (FY2016: \$22,912, FY2015: \$259,878). 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	4	4	1	1
Mr T Tennant	4	4	N/A	N/A
Mr J Pearson	4	4	N/A	N/A
Mr A Hevia	4	4	1	1
Mr D Young	N/A	N/A	N/A	N/A
Mr B Beresford	N/A	N/A	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	7,560,087	-
Mr D Young	881,985	-
Mr B Beresford	351,685	-
Total	8,793,757	-

Director Benefits

Since June 30, 2016, 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, there are no unissued shares of the Group under option.

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

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 deal with its other projects and review other opportunities in the resources sector.

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, 2016 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, 2015 to June 30, 2016, 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 Australia Partners, the Group's auditor, did not provide any non-audit services during the financial year.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended June 30, 2016 has been received and forms part of the Directors' Report for the financial year ended June 30, 2016.

Details of Key Management Personnel (KMP's)

- (i) Specified Directors
- Non-Executive Directors – Mr D Young (Chairman appointed – June 1, 2016)
Mr B Beresford (appointed – June 1, 2016)
Dr J Tarrant (Chairman resigned – June 1, 2016)
Mr A Hevia (resigned – January 1, 2016)
Mr J Pearson (Alternative director resigned – June 1, 2016)
- Executive Director Mr T Tennant (Managing Director)
- (ii) Specified Executives
- Company Secretary / CFO Mr D Hall
(Mr D Hall is no longer considered as key management personnel in the current year)

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 *
2016	179,399	522,827	0.025
2015	789,058	16,639,604	0.105
2014	445,038	25,117,746	0.615
2013	5,116,530	32,926,966	0.835
2012	9,299,309	33,490,610	1.336

* The share price is based on post consolidation basis of 15 to 1.

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)(B)		Short-term Salary and fees \$	Post Employment Superannuation \$	Share-based Payment Options and Rights \$	Total \$	Options Value As % of Total remuneration
Non-Executive Directors						
Dr J Tarrant	2016	18,750	1,772	-	20,522	-
	2015	50,000	4,750	-	54,750	-
Mr A Hevia	2016	15,000	-	-	15,000	-
	2015	33,320	-	-	33,320	-
Mr D Young	2016	-	-	-	-	-
Mr B Beresford	2016	-	-	-	-	-
Mr P McRae	2015	19,375	-	-	19,375	-
Mr A Richards	2015	28,333	2,692	-	31,025	-
Mr J Pearson	2016	15,417	1,455	-	16,872	-
	2015	114,132	10,330	-	124,462	-
Executive Directors						
Mr T Tennant, MD	2016	62,515	4,964	-	67,479	-
	2015	266,514	14,935	-	281,449	-
Executives						
Mr D Hall, CFO/CoSec *	2015	149,185	13,659	-	162,844	-
Total	2016	111,682	8,191	-	119,873	-
	2015	660,859	46,366	-	707,225	-

A - During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.

B - During the financial year, shares to the value of \$188,764 were granted in lieu of cash salaries. Of this amount, \$79,807 is included in the current year figure above. As at June 30, 2016, the value of shares accrued for Director salaries was \$nil (2015:\$108,957).

* - Mr D Hall is no longer considered as key management personnel in the current year.

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, 2015	Granted as Compensation	Purchased	Exercised	Lapsed During Period	Held at June 30, 2016	Vested During Year	Vested and Exercisable June 30, 2016
Directors								
Mr T Tennant	4,281,782	-	-	-	(4,281,782)	-	-	-
Mr J Pearson*	1,705,240	-	-	-	(1,705,240)	-	-	-
Dr J Tarrant*	160,443	-	-	-	(160,443)	-	-	-
Mr A Hevia*	-	-	-	-	-	-	-	-
Mr D Young	n/a	-	-	-	-	-	-	-
Mr B Beresford	n/a	-	-	-	-	-	-	-
Total	6,147,465	-	-	-	(6,147,465)	-	-	-

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, 2015	15:1 Consolidation	Acquired during the year	Balance on resignation/appointment	Held at June 30, 2016
Directors					
Mr T Tennant	28,276,056	(26,390,986)	5,675,017		7,560,087
Mr J Pearson*	12,811,795	(11,957,675)	321,001	(1,175,121)*	n/a
Dr J Tarrant*	320,887	(299,495)	208,664	(230,056)*	n/a
Mr A Hevia*	100,000	(93,333)	116,667	(123,334)*	n/a
Mr D Young**	n/a	-	-	881,985**	881,985
Mr B Beresford**	n/a	-	-	351,685**	351,685
Total	41,508,738	(38,741,489)	6,321,349	(294,841)	8,793,757

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

**Appointed post opening reporting date.

Other transaction with KMPs

- During the year, Mr T Tennant provided a loan of \$171,000 to the company. Repayments during the year included \$100,000 by issuing of shares and \$69,000 in cash. As of June 30, 2016, loan payable amount owing to Mr T Tennant is \$2,000.
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Rights Issue completed on June 3, 2016. During the year, the Company paid \$51,102 to Euroz as an underwriting fee. Euroz holds 12,775,537 shares in the Company.
- During the year, Euroz provided a loan of \$36,000 to the Company which is fully repaid in cash before June 30, 2016.

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.

Voting and comments made at the company's 2015 Annual General Meeting ('AGM')

At the 2015 AGM, 76% of the votes received supported the adoption of the remuneration report for the year ended June 30, 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional information

The earnings of the consolidated entity for the five years to June 30, 2016 are summarised below:

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Sales revenue	-	-	-	-	-
EBITDA	(17,050,640)	(7,391,336)	(10,361,132)	(7,706,383)	(3,206,727)
EBIT	(17,075,565)	(7,421,128)	(10,394,265)	(7,753,239)	(3,241,857)
Loss after income tax	(17,075,565)	(7,421,128)	(10,394,265)	(7,753,239)	(3,241,857)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Share price at financial year end (\$)*	0.025	0.105	0.615	0.835	1.336
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.720)	(0.03)	(0.053)	(0.043)	(0.022)

* The share price is based on post consolidation basis of 15 to 1.

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.

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

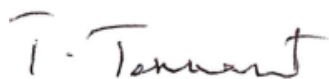
Unlisted options refer to options over ordinary shares of Southern Hemisphere Mining Limited, which are exercisable on a one-for-one basis under the Share Option Plan.

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 or expired during the year.

At the year-end there are no outstanding Unlisted options.

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



Trevor Tennant,
Managing Director
September 27, 2016

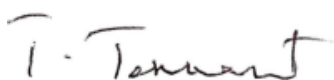
Directors' Declaration

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



Trevor Tennant,
Managing Director
September 27, 2016

RSM Australia Partners

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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 2016, 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 AUSTRALIA PARTNERS



DAVID WALL
Partner

Perth, WA
Dated: 27 September 2016

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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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 2016, 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 opinions.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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 2016 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).

Report on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.



RSM AUSTRALIA PARTNERS



DAVID WALL
Partner

Perth, WA
Dated: 27 September 2016

Consolidated Statements of Financial Position

(Expressed in Australian Dollars)

As at	Note	June 30, 2016 \$	June 30, 2015 \$
Assets			
Current Assets			
Cash and Cash Equivalents	16	640,757	92,349
Other Assets	19	3,383	169,626
		644,140	261,975
Non-current Assets			
Plant and Equipment	4	19,263	61,329
Exploration and Evaluation Assets	5	-	16,572,309
		19,263	16,633,638
Total Assets		663,403	16,895,613
Liabilities			
Current Liabilities			
Trade and Other Payables		40,610	35,059
Other Liabilities		3,166	17,346
Employee Benefits	20	96,800	203,604
		140,576	256,009
Total Liabilities		140,576	256,009
Net Assets		522,827	16,639,604
Equity			
Common Shares	6	49,752,841	48,391,579
Share Based Payments Reserve		3,270,843	3,270,843
Foreign Currency Translation Reserve		810,098	1,212,572
Accumulated Losses	21	(53,310,955)	(36,235,390)
Total Equity		522,827	16,639,604

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, 2016
\$

 June 30, 2015
\$

Continuing Operations

Interest income		2,237	27,364
Other income	3	20,675	232,514
Depreciation		(24,925)	(29,792)
Office and administration		(164,732)	(352,625)
Professional fees		(52,488)	(164,638)
Employee benefits expense	3	(450,689)	(1,238,442)
Impairment expense (mineral properties)	5	(16,358,961)	(5,558,018)
Impairment expense (other assets)		(164,670)	(398,838)
Gain for debt equity swap		117,988	-
Foreign exchange gain (loss)	5	-	61,347
(Loss) before income tax		(17,075,565)	(7,421,128)
Income tax expense	11	-	-
(Loss) after income tax for the year		(17,075,565)	(7,421,128)
Other comprehensive income- Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(402,474)	(1,057,015)
Total comprehensive (loss) for the year		(17,478,039)	(8,478,143)
Basic and diluted loss per share	8	(0.720)	(0.030)

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 Losses \$	Total \$
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)	-	-	(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
Net Loss for the year	-	-	-	(17,075,565)	(17,075,565)
Foreign currency translation	-	-	(402,474)	-	(402,474)
Total Comprehensive (Loss)	-	-	(402,474)	(17,075,565)	(17,478,039)
Conversion of director's loan	100,000	-	-	-	100,000
Liability extinguished via share issue	188,764	-	-	-	188,764
Gain for debt equity swap	(117,988)	-	-	-	(117,988)
Share issued, net of transaction costs	1,190,486	-	-	-	1,190,486
Balance – June 30, 2016	49,752,841	3,270,843	810,098	(53,310,955)	522,827

See accompanying Notes to the consolidated financial statements

Consolidated Statements of Cash Flows

For the Year Ended

	Note	June 30, 2016 \$	June 30, 2015 \$
Cash provided by (used in)			
Operating activities:			
Payments to suppliers and employees		(584,057)	(1,432,917)
Interest received		2,237	27,364
	16	(581,820)	(1,405,553)
Investing activities:			
Payments for exploration and evaluation assets		(179,400)	(789,058)
Proceeds of sale from/ (Payment for) property, plant and equipment		17,141	(9,660)
		(162,259)	(798,718)
Financing activities:			
Proceeds of borrowings from related parties		207,000	-
Repayment of borrowings from related parties		(105,000)	-
Issuance of common shares		1,267,098	-
Costs of share issuance		(76,611)	-
		1,292,487	-
Effect of exchange rates on cash and cash equivalents		-	28,498
Increase/(Decrease) in cash and equivalents		548,408	(2,175,773)
Cash and cash equivalents, beginning of year		92,349	2,268,122
Cash and cash equivalents, end of year		640,757	92,349

See accompanying Notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

For the years ended June 30, 2016 and June 30, 2015

(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, 2016 was authorised for issue in accordance with a resolution of the Directors on September 27, 2016.

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, 2016 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).

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 Consolidated Entity incurred a net loss of \$17,075,565 and had net cash outflows from operating and investing activities of \$581,820 and \$162,259 respectively for the year ended June 30, 2016. Operations for the year have been funded by the issuance of capital and reduction of corporate overheads costs.

Notwithstanding the above, the Directors believe that it is reasonable foreseeable that the Consolidated Entity will be able to continue as a going concern, after consideration of the following factor:

- The Company has scaled down its operations during the year, including corporate overheads, in order to curtail expenditure and plan to conserve cash to meet projected expenditure as per approved budget.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

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").

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 its judgement in determining whether the Consolidated entity 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.

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:

Equipment- 10-20%

Computer Equipment and software 40%

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 corporate 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 costs 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, 2016 \$	June 30, 2015 \$
Management fee for Project operations	20,675	232,514
	20,675	232,514

Employee benefits expenses	June 30, 2016 \$	June 30, 2015 \$
Salary and wages	437,028	1,187,089
Superannuation and post-employment benefits	13,661	51,353
	450,689	1,238,442

4. Plant and Equipment

	June 30, 2016 \$	June 30, 2015 \$
Plant and equipment at cost	233,101	250,242
Accumulated depreciation	(213,838)	(188,913)
Total Net Book Value	19,263	61,329

Reconciliations		
Plant and equipment		
Opening book value	61,329	81,462
Additions	-	9,659
Disposals	(17,141)	-
Depreciation	(24,925)	(29,792)
Total Net Book Value	19,263	61,329

5. Exploration and Evaluation Assets

	June 30, 2016	June 30, 2015
	\$	\$
Carrying amount at beginning of period	16,572,309	22,764,272
Translation on change in presentation currency	(392,747)	(1,513,011)
Exploration costs written off	(16,358,961)	(5,558,018)
Foreign exchange gain (loss) on previous projects	-	61,347
Capitalised mineral exploration and evaluation	179,399	817,719
	-	16,572,309

* The Board assessed the Company's concession holdings and all projects apart from Llahuin and Rincon were relinquished. In recognition that the Company does not intend to perform further work on the remaining two projects, the carrying value of these projects was also impaired in full.

6. Share Capital

Unlimited number of authorised common shares with no par value.

	Number of Shares	\$
Balance, June 30, 2014	248,532,950	48,391,579
Balance, June 30, 2015	248,532,950	48,391,579
Share issued pursuant to Rights Issue (a)	41,539,548	415,395
Costs of Rights Issue	-	(6,269)
Accrued Salaries Issue	12,646,000	126,460
Director loan repayment	16,666,667	100,000
Share Consolidation	(298,092,604)	-
Accrued Salaries Issue	1,246,078	62,304
Share issued pursuant to Rights Issue (b)	42,585,122	851,702
Costs of Rights Issue	-	(70,342)
Gain for debt equity swap	-	(117,988)
Balance, June 30, 2016	65,123,761	49,752,841

- On July 2, 2015, the Company completed a Rights Issue of 41,539,548 common shares of the Company. Total gross proceeds raised from the Rights Issue were \$415,395. Transaction costs incurred for the Rights Issue totalled \$6,269.
- As approved at the Company's 2015 Annual General Meeting: 12,646,000 shares were issued to Directors in lieu of salaries to the value of \$126,460; 16,666,667 shares were issued to Mr T Tennant in repayment of a loan made to the Company by Mr T Tennant of \$100,000; and approval was received to consolidate the capital of the Company on a 15:1 basis.
- On June 3, 2016, the Company completed a Rights Issue of 42,585,122 common shares of the Company. Total gross proceeds raised from the Rights Issue were \$851,702. Transaction costs incurred for the Rights Issue totalled \$70,342. The Company also issued 1,246,078 shares in lieu of salaries totalling \$62,304 under the approved Director fee plan.

There were no listed options over ordinary shares in the company at June 30, 2016 (2015: 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. 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 (2015 - \$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, 2016 was 23,707,933 (2015: 248,532,950) 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, 2016 and 2015, 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, 2016, the Company had no shares in escrow.

10. Share Based Compensation

No options were granted during the current period (2015: \$nil).

There are no outstanding and exercisable options issued under employee compensation plans as at June 30, 2016.

11. Income Taxes

	June 30, 2016	June 30, 2015
	\$	\$
Net loss for accounting	(17,075,565)	(7,421,128)
Expected tax rate	28.5%	30.0%
Expected tax recovery at statutory rates	(4,866,536)	(2,226,338)
Non deductible expenses	4,628,677	1,667,405
Unrecognised benefit of revenue losses	237,859	558,933
Deferred income tax expense (recovery)	-	-
Revenue losses carried forward	1,166,307	928,448
Unrecognised deferred tax asset	(1,166,307)	(928,448)
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, 2016	June 30, 2015
	\$	\$
Current assets	-	-
Total assets	7,789,012	25,141,605
Current liabilities	-	-
Total liabilities	(7,266,185)	(8,502,001)
Issued capital	49,870,829	48,391,579
Reserves	3,209,496	3,209,496
Accumulated losses	(52,557,498)	(34,961,471)
Total equity	522,827	16,639,604

Financial Performance	June 30, 2016	June 30, 2015
	\$	\$
Loss for the year	(17,596,027)	(8,416,797)
Other comprehensive income/ (loss)	-	(61,347)
Total comprehensive income (loss)	(17,596,027)	(8,478,144)

Contingent Liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at June 30, 2016 or 2015.

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, 2016 or 2015.

13. Warrants

As at June 30, 2016, 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, 2016 and 2015 are as follows:

	June 30, 2016	June 30, 2015
	\$	\$
Short term benefits	111,682	660,859
Post-employment benefits	8,191	46,366
	119,873	707,225

During the financial year, shares to the value of \$188,764 were granted in lieu of cash salaries. Of this amount, \$79,807 is included in the current year figure above. As at June 30, 2016, the value of shares accrued for Director salaries was \$nil (2015:\$108,957).

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.

Other transactions with KMPs

- During the year, Mr T Tennant provided a loan of \$171,000 to the company. Repayments during the year included \$100,000 by issuing of shares and \$69,000 in cash. As of June 2016, loan payable amount owing to Mr T Tennant is \$2,000.
- Both Mr D Young and Mr B Beresford are directors of Euroz Securities Limited ("Euroz"). Euroz acted as lead broker for the Company's Rights Issue completed on June 3, 2016. During the year, the Company paid \$51,102 to Euroz as an underwriting fee in relation to this Rights Issue. Euroz holds 12,775,537 shares in the Company.
- During the year, Euroz provided a loan of \$36,000 which is fully repaid in cash before June 30, 2016.

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, 2016		
Impact of a 10% strengthening of the AUD on net loss	4,666	4,666
Impact of a 10% weakening of the AUD on net loss	(4,666)	(4,666)
June 30, 2015		
Impact of a 10% strengthening of the USD on net loss	4,356	4,356
Impact of a 10% weakening of the USD on net loss	(4,356)	(4,356)

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, 2016, the Company had a cash balance of \$640,757 (June 30, 2015 - \$92,349) and working capital of \$503,564 (June 30, 2015 - \$5,966). The Company reduced its operations effectively to meet its current obligations and completed a Rights Issue Offer which raised \$851,702. 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, 2016 \$	June 30, 2015 \$
Cash on hand and balances with banks	640,757	92,349
Cash held on term deposit	-	-
	640,757	92,349

Reconciliation of Net Cash used in Operating Activities to Operating Loss after Income Tax

(Loss) for the year	(17,075,565)	(7,421,128)
Depreciation	24,925	29,792
Impairment expenses (mineral properties)	16,358,961	5,558,018
Impairment expenses (other)	164,670	398,838
Liability extinguished via shares	62,304	-
Gain for debt equity swap	(117,988)	-
Foreign exchange gain (loss)	-	(61,347)
Net cash flows from operating activities before change in assets and liabilities	(582,693)	(1,495,827)
Change in assets and liabilities during the financial year		
Other current assets	1,574	(37,499)
Payables	(701)	127,773
Net cash outflow from operating activities	(581,820)	(1,405,553)

Non cash investing and financing activities

The following shares were issued during the year and not included in financing and investing activities;
- 16,666,667 shares issued on conversion of director's loan (\$100,000).

17. Commitments

In order to maintain its current concession holdings, the Company must make annual payments of approximately \$30,000 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, 2016 \$	June 30, 2015 \$
Within one year	-	25,307

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, 2016 amounted to \$522,827 (June 30, 2015 - \$16,639,604).

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, 2016	June 30, 2015
	\$	\$
Other receivables	3,383	169,626
	3,383	169,626

20. Employee Benefits

	June 30, 2016	June 30, 2015
	\$	\$
Annual leave accrual	44,397	48,253
Payroll accrual	52,403	155,352
	96,800	203,605

21. Equity- Accumulated losses

	June 30, 2016	June 30, 2015
	\$	\$
Accumulated losses at beginning of year	(36,235,390)	(28,814,262)
Loss for the year	(17,075,565)	(7,421,128)
Accumulated losses at end of year	(53,310,955)	(36,235,390)

22. Auditors Remuneration

Remuneration of the auditor for:

	June 30, 2016	June 30, 2015
	\$	\$
Audit and Review Services		
Auditing and reviewing of financial reports		
- RSM Australia Partners	24,500	15,000
- Deloitte Touche Tohmatsu	-	13,000
Other regulatory audit services		-
	24,500	28,000
Remuneration to auditor- Other Services – taxation and compliance	-	-

23. Investments in Controlled Entities

Name of Entity	Incorporated	Equity Holding	
		2016 (%)	2015 (%)
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%	100%
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. Contingent liabilities

The Group had no contingent liabilities as at June 30, 2016.

25. Subsequent Events

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to June 30, 2016.

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 31, 2016, who between them held 68.94% of the issued capital are listed below:

	Name of individual or entity	Total Number of Securities	% of Issued Capital
1	ZERO NOMINEES PTY LTD	14,259,456	21.90%
2	MR TREVOR TENNANT <THE TREVOR TENNANT S/F A/C>	5,156,710	7.92%
3	ICE COLD INVESTMENTS PTY LTD	2,666,667	4.09%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,449,264	3.76%
5	FEATLY PTY LTD	2,164,446	3.32%
6	CITICORP NOMINEES PTY LIMITED	2,140,824	3.29%
7	MR JAY EVAN DALE HUGHES <INKESE FAMILY A/C>	2,044,537	3.14%
8	NORVEST PROJECTS PTY LTD	2,000,000	3.07%
9	MR GRANT RONALD MORGAN + MRS JENNY MORGAN	1,449,816	2.23%
10	MR WALDON + MRS WALDON <NODLAW INV EMPLOYEES S/F A/C>	1,400,001	2.15%
11	OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	1,333,335	2.05%
12	GREATSIDE HOLDINGS PTY LTD	1,241,776	1.91%
13	MR GRANT RUSSELL POVEY	1,000,000	1.54%
14	CADEX PETROLEUM PTY LIMITED	897,818	1.38%
15	SKY LIFE NOMINEES PTY LTD <TREVOR TENNANT S/FUND A/C>	875,922	1.35%
16	FINSBURY CAPITAL PTY LTD <EMMA WALDON SUPER FUND A/C>	840,641	1.29%
17	MRS MELANIE JANE CHESSELL	814,309	1.25%
18	MR GRANT POVEY	760,996	1.17%
19	FEOH PTY LTD	700,002	1.07%
20	WESTRADE RESOURCES PTY LTD <SHEPPARD SUPER FUND A/C>	693,342	1.06%

Distribution of Shareholders and their Holdings as at August 31, 2016

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 - 1,000	149	69,994
1,001 - 10,000	204	856,119
10,001 - 100,000	96	3,517,688
100,001 - 1,000,000	64	22,373,128
1,000,001+	12	38,306,832
Total	525	65,123,761

- 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 \$0.036 as at August 31, 2016 was 372.

Unquoted Securities as at August 31, 2016

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.

Substantial shareholders

The following interests were registered on the Company's register of Substantial Shareholders as at August 31, 2016:

Name of individual or entity	Total Number of Securities	% of Issued Capital
Euroz Limited	12,775,537	19.62%
Trevor Tennant and associates	7,560,087	11.61%
Ice Cold Investments Pty Ltd	3,666,672	5.62%

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.

* 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)

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

Llhuin (Combarbala, Chile)	Llhuin, Option Agreements*	Rincon (Salamanca, Chile)
EL ESPINO 8	LA ENCANTADORA I, 1 AL 36	RINCON 4
EL ESPINO 9	LA ENCANTADORA II, 1 AL 18	RINCON 8
EL ESPINO 11	LA ENCANTADORA III, 1 AL 12	RINCON 11
EL ESPINO 12	LA ENCANTADORA III A, 1 AL 8	RINCON 12
EL ESPINO 13	LA ENCANTADORA IV, 1 AL 11	RINCON 1 1 AL 30
EL ESPINO 14	LA ENCANTADORA V 1	RINCON 2 1 AL 30
EL ESPINO 15	LA ENCANTADORA VI, 1 AL 8	RINCON 3 1 AL 30
AMAPOLA III	LA ENCANTADORA AL 19	RINCON 5 1 AL 30
AMAPOLA IV		RINCON 6 1 AL 30
EL ESPINO 1 1 AL 300		RINCON 7 1 AL 30
EL ESPINO 2 1 AL 200		RINCON 9 1 AL 20
EL ESPINO 3 1 AL 200		RINCON 10 1 AL 20
EL ESPINO 4 1 AL 200		
EL ESPINO 5 1 AL 300		
EL ESPINO 6 1 AL 300		
EL ESPINO 1 AL 9		
AMAPOLA 1, 1 AL 20		
AMAPOLA 2, 1 AL 20		
AMAPOLA 3, 1 AL 20		
AMAPOLA 4, 1 AL 18		
COLINA 2, 1 AL 30		
AMAPOLA I, 1 AL 300		
AMAPOLA II, 1 AL 300		

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

b) Apart the Gomila option agreement entered into by Minera Llhuin 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.