

SOUTHERN HEMISPHERE MINING LIMITED

ACN 140 494 784

OFFER DOCUMENT

For a fully underwritten pro rata renounceable rights issue to Eligible Shareholders on the basis of two (2) New Shares for every one (1) existing Share held by Eligible Shareholders registered at 5pm (WST) on 4 May 2016 (the **Record Date**) at an issue price of \$0.02 each to raise up to approximately \$851,700 (before costs) (**Offer**).

The Offer opens on 9 May 2016 and closes at 5:00pm (WST) on 18 May 2016 (unless it is lawfully extended). Valid acceptances must be received before that time.

The Offer is conditionally underwritten by Euroz Securities Limited (the **Underwriter**). Refer to Section 3.9 for details regarding the terms of the Underwriting Agreement and applicable conditions.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the Shares offered by this document.

The Shares offered by this Offer Document should be considered as speculative.

1. IMPORTANT INFORMATION

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

1.1 This document is not a prospectus

This Offer Document is dated 28 April 2016, has been prepared by Southern Hemisphere Mining Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in section 5 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order 08/35. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.4 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand (**Ineligible Shareholders**). It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of Ineligible Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. The New Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

Further detail in relation to foreign jurisdictions is set out in this Offer Document.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

1.5 Nominee for foreign holders

Pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Euroz Securities Limited (**Nominee**), to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Pursuant to the arrangement with the Nominee, the Company will transfer to the Nominee the rights that would otherwise be issued to the Ineligible Shareholders who either accept the offer or are otherwise entitled to acquire such rights under the Offer and the Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company (or its share registry). The Company will then distribute to each of those Ineligible Shareholders their proportion of the proceeds of the sale net of expenses.

1.6 Notice to nominee holders and custodians

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

1.7 Forward-looking statements

This Offer Document contains forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially

1.8 Privacy Act

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

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

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

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

2. CORPORATE DIRECTORY

Current Directors

Dr John Tarrant – Non-Executive Chairman
Mr Trevor Tennant – Managing Director
Mr James Pearson – Non-Executive Director

Proposed Directors**

Mr Douglas Young
Mr Brian Beresford

Company Secretary

Mr Derek Hall

Registered Office

Level 1, 127 Cambridge St
West Leederville WA 6005

Telephone: + 61 8 9481 2122

Email: admin@shmining.com.au

Website: www.shmining.com.au

ASX Code

SUH

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, Western Australia 6000

Shareholder queries:

Within Australia: 1300 850 505

Outside Australia: +61 (03) 9415 4000

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Underwriter

Euroz Securities Limited
Level 18, Alluvion
58 Mounts Bay Road
Perth WA 6000

Telephone: +61 8 9488 1400

Website: www.euroz.com

Auditor*

RSM Bird Cameron
8 St Georges Terrace
Perth, Western Australia 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

** As noted in the ASX announcement issued in connection with this Offer Document, upon completion of the Offer, the new Board of the Company will consist of Mr Trevor Tennant as managing director, Mr Doug Young as non-executive chairman and Mr Brian Beresford as non-executive director.

3. DETAILS OF THE OFFER

3.1 The Offer

The Offer is being made as a renounceable rights issue of two (2) New Shares for every one (1) existing Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.02 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 3.6 of this Offer Document, a maximum of approximately 42,585,122 Shares will be issued pursuant to this Offer to raise approximately \$851,700 (before expenses of the Offer).

3.2 Terms of New Shares

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

3.3 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$851,700 (before expenses of the Offer).

The Company intends to apply the funds raised under the Offer to:

- (a) maintaining tenure of the Company's mining concessions in Chile which will allow the Company to seek farm-in or other arrangements to add value to the concessions;
- (b) the assessment of potential acquisition opportunities with a principal focus on the resources sector; and
- (c) general working capital expenses, including corporate administration and operating costs.

3.4 Indicative Timetable of the Offer

Event	Date
Announcement of Rights Issue	28 April 2016
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX	28 April 2016
Notice sent to security holders	2 May 2016
Trading of Entitlements commences	3 May 2016
Ex date	3 May 2016
Record Date for determining Entitlements	4 May 2016
Offer Document sent out to Eligible Shareholders, Company announces this has been completed and Offer Opening Date	9 May 2016
Trading of Entitlements ends	11 May 2016
New Shares quoted on a deferred settlement basis	12 May 2016
Last day to extend the Closing Date	13 May 2016

Closing Date*	18 May 2016
ASX notified of under subscriptions	23 May 2016
Issue date/New Shares entered into Shareholders' security holdings	25 May 2016
Quotation of New Shares issued under the Offer	26 May 2016

* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

3.5 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

3.6 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is as follows:

Shares	Number
Shares currently on issue	21,292,561
New Shares offered pursuant to the Offer ¹	42,585,122
Total Shares on issue after completion of the Offer¹	63,877,683

Notes:

1. Assumes no further Shares are issued prior to the Record Date.
2. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.

The Company has no other issued capital.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.7 Effect of the Offer on control and voting power in the Company

If all Eligible Shareholders take up their full Entitlement, each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same and there will be no effect on the control of the Company.

If an Eligible Shareholder does not take up all of its Entitlement, their percentage ownership interest (and voting power) in the Company will be diluted. The proportional ownership (and voting power) of Shareholders who are not eligible to participate in the Offer will be diluted because such Shareholders are not entitled to take up New Shares under the Offer.

Examples of how the dilution may impact Shareholders who do not participate in the Offer are set out as follows:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	500,000	2.35%	1,000,000	500,000	0.78%
Shareholder 2	250,000	1.17%	500,000	250,000	0.39%
Shareholder 3	100,000	0.47%	200,000	100,000	0.16%
Shareholder 4	50,000	0.23%	100,000	50,000	0.09%

Notes:

1. This is based on a share capital of 21,292,561 Shares at the date of this Offer Document.

3.8 Underwriting

The Offer is fully underwritten by Euroz Securities Limited (the **Underwriter**) on the terms and conditions of the underwriting agreement between the Underwriter and the Company (the **Underwriting Agreement**). A summary of the material terms of the Underwriting Agreement is set out below.

The Underwriter will ensure that no person (including the Underwriter) will be issued Shares through underwriting or sub-underwriting the Offer or otherwise if such issue will result in their voting power in the Company, in aggregate with the voting power of their associates, increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

If there is any Shortfall under the Offer, the New Shares forming the Shortfall (the **Shortfall Shares**) will be allocated by the Underwriter as follows:

- (a) firstly to the Underwriter (or its nominee), for the number of Shortfall Shares such that, upon completion of the Offer, the Underwriter (or its nominee) will hold a relevant interest equal to 19.99% in the Company (the **Underwriter Allocation**); and
- (b) secondly, and to the extent of any remaining Shortfall Shares, to sub-underwriters of the Offer in the proportions determined by the Underwriter.

The Shortfall Shares will be issued on the same terms as the New Shares are issued under the Offer.

In the event that the number of Shortfall Shares is less than the number of Shares required to complete the Underwriter Allocation, the Company will issue to the Underwriter (or its nominee) such number of Shares that is equal to the difference between the Underwriter Allocation and the Shortfall Shares at an issue price of \$0.02 per Share and otherwise on the same terms as Shares issued under the Rights Issue (the **Top-Up Placement**). The Company will complete the Top-Up Placement as soon as practicable after completion of the Offer. The Underwriter will not acquire a relevant interest (of itself and together with its associates) of 19.99% or more in the Company.

3.9 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Offer for 42,585,122 Shares (**Underwritten Shares**) in consideration of which the Company has agreed to pay the Underwriter an underwriting fee equal to 6% of the value of the Underwritten Shares.

The Underwriting Agreement provides that the Underwriter has the sole right to nominate and determine the allocation of Shortfall Shares and will ensure that no person will acquire a holding of Shares of, or increase their holding to, an amount in excess of 20% of all the Shares on issue upon completion of the Offer.

The Underwriting Agreement is conditional upon the following conditions precedent being satisfied or waived by the Underwriter (in its absolute discretion):

- (a) the Company releasing a section 708AA notice to ASX on or before the date the Offer is announced on the ASX;
- (b) the Company sending the Offer Document to Shareholders on or before the ASX approved dispatch date;
- (c) the Underwriter securing binding and firm commitment letters with sub-underwriters to sub-underwrite 100% of the Offer, to the Underwriter's sole satisfaction;
- (d) the Underwriter's underwriting and allocation committee (the **Committee**) approving the terms of the Underwriting Agreement and the Underwriter's obligations pursuant to the Underwriting Agreement;
- (e) the Underwriter confirming in writing to the Company that it is satisfied with the conduct of Company's due diligence enquiries in relation to the Offer Document; and
- (f) the Company providing a Shortfall notice and closing certificate to the Underwriter pursuant to the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(despatch of Offer Document)** the Company does not despatch the Offer Document to Shareholders on the ASX approved dispatch date or the Offer Document or the Offer is withdrawn by the Company;
- (b) **(ASIC enquiry)** the Offer is prevented from proceeding by reason of:
 - (i) an order made by ASIC or ASX; or
 - (ii) there is an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company; or
 - (iii) ASIC determines that either the offer to subscribe for Shares or the issue of Shares pursuant to the Offer requires a prospectus;
- (c) **(Offer Document misleading)** a statement contained in the Offer Document is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Document omits any information it is required to contain (having regard to the provisions of section 708AA of the Corporations Act and any other applicable requirements);
- (d) **(lodgement of cleansing notice)** the Company fails to lodge with the ASX the section 708AA Notice on the day the Offer is announced on the ASX;

- (e) **(cleansing notice)** the section 708AA Notice is defective, or a supplementary statement is issued or is required to be issued under the Corporations Act (as modified by ASIC Class Order 08/35);
- (f) **(new circumstance)** an obligation arises on the Company to give ASX a notice in accordance with subsection 708AA(12) of the Corporations Act (as inserted by ASIC Class Order 08/35), in relation to a matter that the Underwriter reasonably considers to be adverse, or a new circumstance that the Underwriter reasonably considers to be adverse, arises or becomes known which, if known at the time of issue of the Offer Document and the section 708AA Notice would have been included in the Offer Document or the section 708AA Notice;
- (g) **(proceedings)** ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Document, or publicly foreshadows that it may do so;
- (h) **(unable to issue Underwritten Shares)** the Company is prevented from allotting and issuing the Underwritten Shares within the time required by the ASX approved timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government agency;
- (i) **(future matters)** any statement or estimate in the Offer Document which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (j) **(no quotation approval)** the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation, or approval is refused or not granted, other than subject to customary conditions, to the official quotation of the Shares on or before the date of their issue, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- (k) **(ASIC application)** an order is made under Section 1324B or any other provision of the Corporations Act in relation to the Offer Document;
- (l) **(Takeovers Panel)** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company as they relate to the Offer are unacceptable circumstances under Pt 6.10 of the Corporations Act;
- (m) **(authorisation)** any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (n) **(ASIC or ASX action)** the Offer is prevented from proceeding by reason of:
 - (i) an order made by ASIC or ASX; or
 - (ii) an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company;

- (o) **(insolvency event)** any of the insolvency events prescribed by the Underwriting Agreement occur;
- (p) **(offences by officers)** any of the following occurs:
 - (i) any regulatory body commences, or intends to take, any public action against an officer of any member of the Group in his or her capacity as an officer of that company;
 - (ii) any officer of any member of the Group is charged with an indictable offence; or
 - (iii) any officer of any member of the Group is disqualified from managing a corporation under the Corporations Act;
- (q) **(ASX quotation)** ASX makes any official statement to any person, or indicates to the Company or the Underwriter (whether or not by way of an official statement) that existing Shares will be suspended from quotation or the Company will be removed from the official list;
- (r) **(debts)** any member of the Group suspends payment of its debts generally or is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act;
- (s) **(change of management or Board)** a change in the senior management or the board of Directors occurs or is announced (other than with the approval of the Underwriter);
- (t) **(Constitution)** the Company alters or amends its Constitution without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (u) **(unauthorised issue)** any member of the Group issues or agrees to issue shares or convertible securities other than:
 - (i) as contemplated by the Offer;
 - (ii) any existing share purchase plan of that company;
 - (iii) pursuant to any incentive plan or scheme for the issue of securities to employees or officers of that company;
 - (iv) upon the conversion of convertible securities issued prior to the date of the Underwriting Agreement, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (v) **(compliance with regulatory requirements)** any member of the Group contravenes its constitution, the Corporations Act or any of the Listing Rules;
- (w) **(material adverse change)** except as otherwise advised to the Underwriter prior to the date of the Underwriting Agreement or otherwise disclosed to ASX, the occurrence of any material adverse change in the condition, business, operations, assets, liabilities, financial position and performance, profits, losses and prospects of the Group;

- (x) **(false information)** any information supplied by the Company or on its behalf of the Underwriter in respect of the Offer is or becomes false or misleading in any respect;
- (y) **(withdrawn Offer)** the Company notifies the Underwriter that it has withdrawn the Offer;
- (z) **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any other member of the European Union, Russia, Japan, North Korea, South Korea or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
- (aa) **(changes of laws)** there is passed by the parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts a new policy, any of which prohibits or regulates the Offer, capital issues or stock markets; or
- (bb) **(other)** any of the following occurs:
 - (i) general moratorium on commercial banking activities in Australia, the United States, the European Union or the United Kingdom is declared by the relevant central banking authority in any of those countries (or any member state of the European Union), or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading,

provided that, in respect of the events described in paragraphs (z), (aa) and (bb) above, the Underwriter may only terminate the Underwriting Agreement if there are reasonable and bona fide grounds for a person to believe and the Underwriter does believe that the event:

- (iii) could give rise to a liability of the Underwriter under, or could give rise to the Underwriter contravening, or being considered to be in contravention of, any law, regulation or rule;
- (iv) has or is likely to have a material adverse effect on the marketing, settlement or outcome of the Offer; or
- (v) has resulted in or is likely to result in a material adverse change in the financial position, performance or prospects of the Group from that which existed at the date of the agreement.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

3.10 Opening and Closing Dates

The Offer opens on the Opening Date, being 9 May 2016, and closes on the Closing Date, being 5:00pm (WST) on 18 May 2016 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

3.11 Issue and dispatch

New Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 3.4 of this Offer Document.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Company's share registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 3.4 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

3.12 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

3.13 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

3.14 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific

risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 of this Offer Document for further details.

3.15 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all application monies (without interest) within 28 days of giving such notice of withdrawal.

3.16 Taxation implications

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

3.17 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.shmining.com.au or the ASX www.asx.com.au.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

3.18 Enquiries concerning Offer Document

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

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form;
 - (ii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.02 per New Share); and
 - (iii) if you wish to sell the balance of your rights to subscribe for New Shares under the Offer, provide instructions to your stockbroker or trading platform regarding the Entitlement you wish to sell on ASX (refer to Section 4.2 below). If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

4.2 Selling all or part of your Entitlement

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for New Shares under the Offer may be traded on ASX. If you wish to sell all or part of your Entitlement on ASX, provide instructions to your stockbroker or trading platform regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 3 May 2016 and will cease on 11 May 2016.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

You may elect to transfer all or part of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is not an Eligible Shareholder or a person who would not be an Eligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased. Please contact the Company as soon as possible should you wish to transfer all or part of your Entitlement to another person other than on ASX.

4.3 Allow all or part of your Entitlement to lapse

Eligible Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

4.4 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

4.5 Application Form

If an Application Form is not completed correctly, the Company, in its absolute discretion, may reject it or treat it as valid. The Company's decision as to whether to accept or reject an Application Form or how to construe, amend or complete it is final.

4.6 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Southern Hemisphere Mining Limited" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

4.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

5. RISK FACTORS

5.1 Introduction

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

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

5.2 Copper, Gold and Commodity Price Volatility

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

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

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

5.3 Exploration

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

5.4 Joint Venture

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

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

5.5 Going concern

The Company's financial report for the half-year ended 31 December 2015 includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the half-year financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern.

5.6 Future capital needs and additional funding

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

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

5.7 Environmental

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

5.8 Sovereign risk

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

5.9 Development and mining

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

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

5.10 Resource estimations

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

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

5.11 Licence (concession) application and renewal risk

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

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

5.12 Exchange rate risk

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

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

5.13 Seismic risk

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

5.14 Insurance risk

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

5.15 Securities investments and share market conditions

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

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

6. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Closing Date means the closing date set out in Section 3.4 or such other date as may be determined by the Directors.

Company means Southern Hemisphere Mining Limited (ACN 140 494 784).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for two (2) New Shares for every one (1) Share held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Group means the Company and each related body corporate of the Company (as defined by section 50 of the Corporations Act).

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer or **Rights Issue** means the pro rata renounceable offer of New Shares at an issue price of \$0.02 each on the basis of two (2) New Shares for every one (1) Share held on the Record Date pursuant to this Offer Document.

Offer Document means this Offer Document.

Opening Date means the opening date set out in Section 3.4 of this Offer Document.

Option means an option to acquire a Share.

Record Date means the record date set out in Section 3.4 of this Offer Document.

Section means a section of this Offer Document.

Section 708AA Notice means the notice by the Company under section 708AA(2)(f) of the Corporations Act in relation to the Offer, as notionally modified by ASIC Class Order 08/35.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall means those New Shares under the Offer not applied for by Eligible Shareholders under their Entitlement.

Underwriter means Euroz Securities Limited (ACN 089 314 983).

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company, a summary of which is set out in Section 3.9.

US Person means a person who receives the Offer when they are located in either the United States of America.