



SOUTHERN HEMISPHERE COMPLETES US\$35M FARM-IN AGREEMENT AND US\$5M SHARE PLACEMENT WITH LUNDIN MINING

Lundin acquires 11.5% stake at ~47% premium to last market price

Highlights:

- ❖ Lundin Mining (TSX: LUN, OMX: LUMI), a ~C\$3 billion global base metals group, to spend up to US\$35M to earn up to 75% of the Llahuin Copper-Gold Project over a maximum six-year period.
- ❖ Lundin Mining acquires a strategic 11.5% stake in Southern Hemisphere through a US\$5M share placement at C\$0.25 a share, representing a ~47% premium to last market price of SUH shares.
- ❖ Farm-in by Lundin Mining to form an incorporated joint venture and completion of the share placement, delivers major benefits to SUH and validates the Company's work at the Llahuin Copper/Gold Project over the past 15 months.
- ❖ Initial joint venture budget provides for an accelerated drilling campaign at Llahuin.

Southern Hemisphere Mining Limited (ASX: SUH, TSX-V: SH) ("Southern Hemisphere" or the "Company") is pleased to announce that it has completed the recently announced strategic agreement with global base metals miner Lundin Mining Corporation ("Lundin"), marking a pivotal milestone in its ongoing development as a South American-focused copper-gold company.

Under the agreement terms, announced on 16 October 2012, Toronto-listed Lundin will spend up to US\$35 million on exploration at Southern Hemisphere's flagship Llahuin Copper-Gold Project ("Llahuin Project") in central Chile to earn a direct stake of up to 75 per cent over a maximum six-year period.

Lundin has also taken a strategic 11.5% per cent stake in Southern Hemisphere through a US\$5 million share placement at C\$0.25 a share on the TSX-V. This represents a ~47% premium over Southern Hemisphere's current market price.



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Lundin is a diversified Canadian base metals miner with operations in Portugal, Sweden, Spain and Ireland producing copper, zinc, lead and nickel.

In addition, Lundin holds a development project pipeline which includes an expansion at its Neves-Corvo mine in Portugal and an equity stake in the world class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo, which is currently undergoing a major expansion.

Southern Hemisphere's Managing Director, Mr Trevor Tennant, said the agreement would bring a host of benefits for the Company and the Llahuin Project. He continued:

***“This is a significant event for Southern Hemisphere. Lundin is a ~C\$3 billion company and its extensive experience in exploration, mine development and mine operations, as well as its immense financial standing, brings major benefits and validates our work at the Llahuin Copper-Gold Project over the past 15 months. Our joint venture partnership with Lundin shows our shareholders a clear path forward with the Llahuin Project.*”**

***“The Llahuin joint venture with Lundin Mining is and will remain our key focus but we are also aware of other copper-gold opportunities within the Coquimbo Region of central Chile which may provide additional future opportunities for Southern Hemisphere.”*”**

Figure 1 – Llahuin Valley located within the Coquimbo Region of Central Chile



Llahuin Farm-in

Under the executed agreement, Lundin will fund the Llahuin Project expenditures in stages with an initial commitment of US\$3 million to be spent within three years from 1 November 2012.

A further US\$3 million from the proceeds of the placement to Lundin Mining is to be spent by the Company on the Llahuin Project, providing a total initial committed expenditure of US\$6 million.

After the total initial expenditure commitment is completed, Lundin has the option to sole fund a further US\$10 million towards Llahuin Project expenditures within three years from 1 November 2012 to earn a cumulative undivided 51% interest in the Project.

After completing this earn-in, Lundin has the option to sole fund an additional US\$10 million within one year to earn a further 14 per cent interest for a total undivided 65 per cent interest in the Llahuin Project.

Following this earn-in, Lundin Mining has the option to sole fund the last additional earn-in by spending a further US\$12 million, within three years of obtaining a 51% interest, to earn an additional 10 per cent interest in the Project for a total undivided 75 per cent interest in the Llahuin Project.

Lundin Mining – Share Placement

Lundin has subscribed for 19,800,000 fully paid Southern Hemisphere shares at a price of C\$0.25 per share for a total investment of US\$5 million. US\$3 million of the placement is to be spent by the Company on the Llahuin Project.

Llahuin Project

The Llahuin Project is located within the Coquimbo region of central Chile, approximately 250km north of Santiago and 17km south of the mining town of Combarbala. The Project is at an altitude of 1,300m, situated on the coastal cordillera and is approximately 56km from the Pacific Ocean.

Minera Panamericana SCM, a 100%-owned Chilean subsidiary of the Company, has completed option arrangements to obtain ownership of all six Amapola licenses, covering a total area of 13.72sq km, which encompass the three Project zones of interest – namely the Central Porphyry Zone, Cerro de Oro Zone and Ferrocarril Zone.

Minera Panamericana SCM also holds purchase option agreements for prospective Llahuin satellite copper project areas at La Colina 2 and Mina San Francisco, which are located within a 15km radius of Llahuin (see 6 March 2012 and 26 April 2012 ASX and TSX-V News Releases for full details).

Drilling at the Llahuin Project commenced in June 2011 and 33,812m has been completed within a 15 month period. Mineralisation commences at surface and remains open at depth. The recent focus has been on a higher grade core within the Central Porphyry Zone

A resource upgrade was reported in September 2012. It contained a Measured and Indicated resource of 145Mt grading 0.40% Cu equivalent with an additional 17Mt grading 0.33% Cu equivalent in the Inferred Category (refer to the Table below). The Company continues its diamond core drilling campaign at the Llahuin Project, which will now be accelerated with the completion of the Lundin Mining share placement and farm-in arrangements.



TOTAL MEASURED RESOURCES					
Cu Equiv % Cutoff	Tonnes million	Cu %	Au g/t	Mo %	Cu Equiv %
0.28	88.9	0.33	0.09	0.006	0.42
Contained metal		294,457t	254,783oz		

TOTAL INDICATED RESOURCES					
Cu Equiv % Cutoff	Tonnes million	Cu %	Au g/t	Mo %	Cu Equiv %
0.28	56.0	0.25	0.11	0.005	0.35
Contained metal		141,193t	204,397oz		

TOTAL MEASURED AND INDICATED RESOURCES					
Cu Equiv % Cutoff	Tonnes million	Cu %	Au g/t	Mo %	Cu Equiv %
0.28	144.9	0.30	0.10	0.006	0.40
Contained metal		435,650t	459,180oz		

TOTAL INFERRED RESOURCES					
Cu Equiv % Cutoff	Tonnes million	Cu %	Au g/t	Mo %	Cu Equiv %
0.28	16.7	0.27	0.06	0.004	0.33

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Competent Person / Qualified Person Statement

Mr Trevor Tennant, Managing Director of Southern Hemisphere Mining Limited, is a Fellow of the Australasian Institute of Mining and Metallurgy, is a 'Competent Person' as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and is a 'Qualified Person' under National Instrument 43-101 - 'Standards of Disclosure for Mineral Projects'.

Mr Tennant has reviewed the design and conduct of this resource drilling campaign, supervised the preparation of the technical information in this release and has the relevant experience and competence of the subject matter.

Mr Tennant consents to the inclusion of exploration results and other such information in this News Release in the form and context in which it appears.

About Southern Hemisphere Mining Limited

Southern Hemisphere Mining Limited is listed on the Australian Stock Exchange (ASX Code "SUH") and the Toronto Stock Exchange –Venture (TSX-V Code "SH"). Southern Hemisphere has accumulated a diverse portfolio of assets in **Chile, South America**. The Company's focus is the **100% owned Llahuin Copper-Gold Project** where the objective is to build a bulk tonnage **Copper/Gold operation**. The Company also holds the **100% owned Chitigua Project**, a 172 km² property located on the prestigious Western Fault which hosts Chile's largest copper porphyry deposits.

Further details on Southern Hemisphere can be found at www.shmining.com.au

