

# **SOUTHERN HEMISPHERE MINING LIMITED**

## **ACN 140 494 784**

### **PROSPECTUS**

**For the non-renounceable pro-rata rights issue of approximately 49,706,590 New Shares, on the basis of 1 New Share for every 4 Shares held at an issue price of 4.5 cents per New Share, to raise approximately \$2,236,796 and 1 free New Option for every 2 New Shares subscribed for under the Prospectus.**

**Offer closes at 5:00pm WST on 7 March 2014**

**Underwriter  
Euroz Securities Limited**

This document is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer. You should read the entire document including the Entitlement and Acceptance Form. If after reading this Prospectus you have any questions about the Offer or this Prospectus, you should speak to your professional adviser.

The New Shares and New Options offered by this Prospectus should be considered highly speculative.

## IMPORTANT NOTICE

This Prospectus is dated 6 February 2014 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary. In this Prospectus, the words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for quotation of the New Shares and New Options will be made to ASX within 7 days after the date of this Prospectus.

We are an ASX listed company whose Shares are granted official quotation by ASX. In preparing this Prospectus regard has been had to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

It is important that you carefully read this Prospectus in its entirety before deciding to invest in New Securities and, in particular, that you consider the risk factors outlined in Section 3 of this Prospectus that could affect our performance or the value of an investment in the Company. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Directors or by us. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then, only to the extent so required.

The Offer is made in Australia and New Zealand only. This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. We will take the return of a duly completed Entitlement and Acceptance Form as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The New Securities offered under this Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or the securities laws of any state or other jurisdiction in the United States. Accordingly the New Shares and New Options and may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which the Company has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S Securities Act and any other applicable state securities laws.

The Corporations Act prohibits any person passing on to another person an application form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version of this Prospectus. Please contact us if you wish to obtain a hard copy of this Prospectus free of charge.

A copy of this Prospectus can be downloaded from our website at [www.shmining.com.au](http://www.shmining.com.au). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Dr John Tarrant (Non Executive Chairman)  
Mr Trevor Tennant (Managing Director)  
Mr James Pearson (Executive Director)  
Mr Andrew Richards (Non Executive Director)  
Mr Paul McRae (Non Executive Director)  
Mr Andrés Hevia Hormázabal  
(Non Executive Director)

### **COMPANY SECRETARY**

Mr Derek Hall

### **OFFICES**

#### **Registered Office**

Suite 7, 1200 Hay Street  
West Perth, Western Australia, 6005

#### **Chilean Office**

Minera Hemisferio Sur SCM  
Office 41, Zurich 255  
Las Condes, Santiago, Chile

### **SOLICITORS**

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe, Western Australia, 6011

### **UNDERWRITER**

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

### **SHARE REGISTRY\***

Computershare Investor Services Pty Limited  
Level 2, 45 St George's Terrace  
Perth, Western Australia, 6000

Tel: 1300 787 272 (within Australia)  
+61 8 9415 4000 (outside Australia)

\* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in the Prospectus.

## TABLE OF CONTENTS

<b>1.</b>	<b>INVESTMENT OVERVIEW .....</b>	<b>1</b>
<b>2.</b>	<b>REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY .....</b>	<b>5</b>
2.1	Background.....	5
2.2	Use of Funds.....	5
2.3	Effect on shareholders' equity and cash reserves .....	6
2.4	Effect on capital structure.....	6
2.5	Pro forma Statement of financial position.....	7
<b>3.</b>	<b>RISK FACTORS.....</b>	<b>8</b>
3.1	Introduction.....	8
3.2	Specific Risks .....	8
3.3	General Investment Risks .....	11
<b>4.</b>	<b>DETAILS OF THE OFFER .....</b>	<b>12</b>
4.1	The Offer .....	12
4.2	How to accept the Rights Issue .....	13
4.3	Allotment and Quotation .....	14
4.4	Shortfall .....	15
4.5	Underwriting and sub-underwriting arrangements .....	16
<b>5.</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>19</b>
5.1	Rights attaching to New Shares .....	19
5.2	Terms of New Options .....	20
5.3	Transaction specific prospectus and continuous disclosure obligations .....	21
5.4	Market price of Shares.....	23
5.5	Board.....	23
5.6	Directors' Interests.....	24
5.7	Interests of experts and advisers.....	26
5.8	Expenses of the Offer .....	27
5.9	Consents .....	27
<b>6.</b>	<b>DIRECTORS' AUTHORISATION AND CONSENT .....</b>	<b>28</b>
<b>7.</b>	<b>GLOSSARY .....</b>	<b>29</b>

## 1. INVESTMENT OVERVIEW

---

Question	Response	Where to find more information
What is the Offer?	<p>We are offering to issue New Shares and New Options to Eligible Shareholders by a pro-rata non-renounceable rights issue.</p> <p>Under the Rights Issue, Eligible Shareholders may subscribe for 1 New Share for every 4 Shares held on the Record Date. Each Eligible Shareholder will also be entitled to 1 free New Option for every 2 New Shares subscribed for under the Prospectus.</p>	Section 2.1
What is the Issue Price for the New Shares?	The issue price is 4.5 cents per New Share. There is no issue price for the New Options.	Section 2.1
What are the terms of the New Options?	The New Options have an exercise price of 4.5 cents and an expiry date of 7 March 2016. The full terms of the New Options are set out in Section 5.2. Application will be made for quotation of the New Options.	Section 5.2
Who is an Eligible Shareholder?	The Offer is made to Eligible Shareholders only. An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand on the Record Date.	Section 4.1(a)
How many New Securities will be issued?	<p>The number of New Securities that will be issued at Full Subscription under the Offer is 49,706,590 New Shares and 24,853,295 New Options.</p> <p>Where Option holders who reside in Australia or New Zealand exercise their Options before the Record Date, they will be entitled to participate in the Offer. This will increase the maximum number of New Shares and New Options that may be issued under the Offer.</p>	Section 2.1
What is the amount that will be raised under the Offer?	Based on the Share capital structure of the Company, the amount that may be raised under the Prospectus at Full Subscription is \$2,236,796 before expenses. If existing Option holders exercise their Options before the Record Date so as to participate in the Offer, the amount raised under the Offer may increase.	Section 2.1
Is the Offer underwritten?	<p>The Offer is underwritten by the Underwriter (Euroz Securities Limited) for the Underwritten Amount of \$2,236,796 on the terms and conditions of the Underwriting Agreement. The Underwriter is not a related party of the Company.</p> <p>We have entered into the Underwriting Agreement with the Underwriter. The material terms of the Underwriting Agreement and possible effect of the underwriting and sub-underwriting</p>	Section 4.5

Question	Response	Where to find more information
	arrangements upon control are summarised in Section 4.5.	
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise funds for:</p> <ul style="list-style-type: none"> <li>• Exploration and development of the Company's projects in Chile including acquisition and exploration costs for the Armandino, Polvareda 2 and Guayacan prospects within the Los Rulos joint venture project.</li> <li>• General working capital.</li> <li>• Payment of the costs of the rights issue process including the underwriting fee.</li> </ul> <p>A budget of how we intend to use the funds is set out in Section 2.2. As with any budget, new circumstances may change the way we apply the funds.</p>	Section 2.2
What is the effect of the Offer?	<p>The effect of the Offer is to:</p> <ul style="list-style-type: none"> <li>• Increase the number of Shares and Options on issue.</li> <li>• Increase our cash reserves by up to approximately \$2,236,796 before the costs of the Offer.</li> </ul>	Section 2.3
What are the risks of a further investment in the Company?	<p>The Rights Issue should be considered highly speculative. Before deciding to subscribe under the Offer, you should consider the risk factors set out in this Prospectus and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are:</p> <ul style="list-style-type: none"> <li>• Exploration and development risk – Resource exploration and development is by its nature a high risk undertaking. There is no assurance that the Company's activities on its projects will result in a commercially viable operation.</li> <li>• Joint Venture risk – the three key focus projects of the Company are the Los Rulos, Llahuin and Mantos Grandes projects which are the subject of joint ventures. Each joint venture features earn-in option arrangements and the Company is reliant upon the joint venture partners completing the earn-in option terms and the Company thereafter maintaining a good relationship so as to effectively develop the projects.</li> <li>• Copper and gold price – The Company projects are largely prospective for copper and/or copper-gold. Adverse fluctuations in the copper or gold price may detrimentally affect the Company</li> <li>• Future capital needs and additional funding – The Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all which would prejudice the development of projects and the viability</li> </ul>	Section 3

Question	Response	Where to find more information
	<p>of the Company.</p> <ul style="list-style-type: none"> <li>• Reliance on key personnel - The Company's success largely depends on the core competencies of its Directors and management (including Trevor Tennant as the managing director) and their familiarisation with, and ability to operate in, the resource industry in Chile and the Company's ability to retain its key executives.</li> <li>• Environmental – The Company's projects are subject to environmental approval for most exploration and exploitation activities. Development of the projects is subject to satisfying environmental guidelines.</li> </ul>	
<p>How do I accept my entitlement under the Offer?</p>	<p>All Eligible Shareholders are entitled to subscribe for New Shares and New Options under the Offer. If you wish to make an Application in respect to your Entitlement, you must complete the Entitlement and Acceptance Form that accompanies this Prospectus.</p> <p>You may accept all or part of your Entitlement.</p> <p>If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement will lapse.</p>	<p>Section 4.2</p>
<p>What happens if Eligible Shareholders don't accept their Entitlement?</p>	<p>Any Entitlement not accepted will form the Shortfall.</p> <p>The Underwriters must apply for the Shortfall Shares up to the Underwritten Amount in accordance with the terms of the Underwriting Agreement. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.</p> <p>The Directors, Trevor Tennant, James Pearson and John Tarrant or entities associated with them are sub-underwriting on the same terms as other sub-underwriters. Details of this sub-underwriting are set out in Section 4.5.</p> <p>Eligible Shareholders are entitled to apply for Shortfall Securities. The Shortfall Securities will be placed at the discretion of the Directors in consultation with the Underwriter.</p>	<p>Sections 4.4 and 4.5</p>

Question	Response	Where to find more information
What are the key dates of the Offer?	Prospectus lodged with ASIC and ASX	6 February 2014
	Appendix 3B lodged with ASX	6 February 2014
	Notice sent to Optionholders	6 February 2014
	Notice sent to Shareholders	10 February 2014
	"Ex" date (date from which securities trade on ASX without the entitlement to participate in the Offer)	11 February 2014
	Record Date (to determine eligibility of Shareholders to participate in the Offer)	17 February 2014
	Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	21 February 2014
	Closing Date	7 March 2014
	Deferred settlement trading commences	11 March 2014
	ASX notified of under-subscriptions	13 March 2014
	Issue date	18 March 2014
	Deferred settlement trading ends	18 March 2014
	New Securities commence normal trading on ASX.	19 March 2014
	Please note that these dates are subject to change. We reserve the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.	



## 2. REASON FOR THE RIGHTS ISSUE AND EFFECT ON THE COMPANY

### 2.1 Background

We listed on ASX on 5 January 2010. The Company is a resource exploration and development company with projects in Chile largely prospective for copper and/or copper-gold.

We are making this Offer which consists of a pro-rata non-renounceable rights issue of approximately 49,706,590 New Shares to Eligible Shareholders. The Offer is made on the basis of 1 New Share for every 4 Shares held by Eligible Shareholders on the Record Date at an issue price of 4.5 cents per New Share and 1 free New Option for every 2 New Shares subscribed for under the Prospectus ("**Rights Issue**"). On this basis, the Rights Issue will seek to raise up to approximately \$2,236,796.

We will have 198,826,360 Shares and 4,200,000 Options on issue at completion of the Placement. Option holders with an address in Australia or New Zealand may exercise their Options before the Record Date and participate in the Offer. In this event, the number of New Shares and New Options to be issued under this Prospectus and the funds raised as a result of the Rights Issue will increase.

### 2.2 Use of Funds

We are seeking to raise a total of up to approximately \$2,236,796 from this Rights Issue. Presented below is how the Company intends to use its current funds at the date of this Prospectus and the proceeds of the Offer at Full Subscription:

<b>Funds Available</b>	<b>Full Subscription</b>
Cash on hand at completion of the Placement	\$1,450,000
Funds raised under the Offer <sup>1</sup>	\$2,236,796
<b>Total funds available</b>	<b>\$3,686,796</b>
<b>Use of Funds</b>	
Acquisition and exploration costs for the Armandino, Polvareda 2 and Guayacan prospects within the Los Rulos joint venture project <sup>2</sup>	\$1,500,000
Explore, develop and maintain other Company projects in Chile <sup>2</sup>	\$450,000
General working capital <sup>3</sup>	\$1,516,796
Estimated expenses of the Offer including Underwriting fee <sup>4</sup>	\$220,000
<b>Total</b>	<b>\$3,686,796</b>

1. The table assumes that none of the existing Option holders exercise their Options before the Record Date and participate in the Offer. In the event that more funds are raised than \$2,236,796, we will allocate those additional funds to general working capital.
2. The Company is the operator of the Los Rulos, Llahuin and Mantos Grandes projects. Moneys spent by the Company on the Los Rulos project (estimated above to be \$1,500,000) is required to be matched by the joint venture partner (estimated to be \$1,500,000). The Llahuin and Mantos Grandes projects are funded by the

Company's joint venture partners. The Company anticipates funding on these projects by the joint venture partners of approximately \$400,000 in the next 12 months.

3. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
4. The items of expenses associated with the Offer are set out in Section 5.8.
5. The table is a statement of our proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

### 2.3 Effect on shareholders' equity and cash reserves

The principal effects of the Rights Issue on the Company will be to:

- (a) increase the total number of Shares and Options on issue (see Section 2.4); and
- (b) increase our cash reserves at Full Subscription by approximately \$2,236,796, before taking into account the expenses of the Offer (see Section 2.5).

A pro forma statement of financial position, which that contains further information about the effect of the Rights Issue on the Company, is provided in Section 2.5.

### 2.4 Effect on capital structure

Assuming that all New Shares and New Options offered under the Rights Issue are issued and no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital at completion of the Placement will be as shown in the following table:

<b>Shares</b>	<b>Full Subscription</b>
Existing Shares	198,826,360
New Shares issued under Rights Issue	49,706,590
<b>Total Shares on issue after completion of the Rights Issue</b>	<b>248,532,950</b>
<b>Options</b>	
Existing Options (exercise price 21 cents expiring 31 December 2014)	4,200,000
Options to be issued under Placement (exercise price 4.5 cents expiring 7 March 2016) <sup>1</sup>	12,966,936
New Options issued under Rights Issue (exercise price 4.5 cents expiring 7 March 2016)	24,853,295
<b>Total Options on issue after completion of the Rights Issue</b>	<b>42,020,231</b>

1. The issue of Options as part of the Placement is subject to Shareholder approval at a meeting to be held on or about 10 March 2014.

## 2.5 Pro forma Statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma statement of financial position has been prepared based on the unaudited statement of financial position as at 30 September 2013. The pro forma statement of financial position shows the effect of the Rights Issue as if it had been made on 30 September 2013 based on the following assumptions:

- (a) The issue of 49,706,590 New Shares under the Offer at Full Subscription at an issue price of 4.5 cents each to raise \$2,236,796 before expenses and the issue of 24,853,295 New Options for free.
- (b) Estimated expenses of the Offer at Full Subscription of \$220,000.
- (c) The issue of 25,933,873 New Shares under the Placement at an issue price of 4.5 cents each to raise \$1,167,024 before expenses and the issue of 12,966,936 Options for free.
- (d) Estimated expenses of the Placement of \$75,000.

	30-Sep-13 (Unaudited)	30-Sep-13 Pro forma (Adjustments)	30-Sep-13 Pro forma (Full Subscription)
	\$	\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	1,328,158	3,108,821	4,436,979
Trade and other receivables	167,840	-	167,840
<b>Total current assets</b>	<b>1,495,998</b>	<b>3,108,821</b>	<b>4,604,819</b>
<b>Non-current</b>			
Plant and equipment	85,822	-	85,822
Exploration and evaluation expenditure	29,523,079	-	29,523,079
<b>Total non-current assets</b>	<b>29,608,901</b>	<b>-</b>	<b>29,608,901</b>
<b>Total assets</b>	<b>31,104,899</b>	<b>3,108,821</b>	<b>34,213,720</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	225,279	-	225,279
Other liabilities	106,727	-	106,727
<b>Total current liabilities</b>	<b>332,006</b>	<b>-</b>	<b>332,006</b>
<b>Total liabilities</b>	<b>332,006</b>	<b>-</b>	<b>332,006</b>
<b>Net assets</b>	<b>30,772,893</b>	<b>3,108,821</b>	<b>33,881,714</b>
<b>Equity</b>			
Contributed equity	43,371,912	3,108,821	46,480,733
Reserves	7,032,527	-	7,032,527
Retained earnings	-19,631,546	-	-19,631,546
<b>Total equity</b>	<b>30,772,893</b>	<b>3,108,821</b>	<b>33,881,714</b>

### **3. RISK FACTORS**

---

#### **3.1 Introduction**

An investment in the securities the subject of this Prospectus is highly speculative as the Company is a resource exploration and development company with projects in Chile largely prospective for copper and/or copper-gold.

There are a number of factors that may have a material impact on our future operating and financial performance. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Prospectus, and all other relevant material including our public announcements and reports.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the resource industry and having operations in Chile. The general investment risks below are some of the risks to the Company of a general economic nature.

#### **3.2 Specific Risks**

##### **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.

##### **Joint Ventures**

The three key focus projects of the Company are the Los Rulos, Llahuin and Mantos Grandes projects which are the subject of joint ventures. Each joint venture features earn-in option arrangements and the Company is reliant upon the joint venture partners completing the earn-in option terms and the Company thereafter maintaining a good relationship as to effectively develop the projects.

##### **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 offtake 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.

## **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 Prospectus 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 according 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 projects and it may impact on the Company's ability to continue as a going concern.

## **Reliance on Key Personnel**

The Company's success largely depends on the core competencies of its Directors and management (including Trevor Tennant as the managing director) and their familiarisation with, and ability to operate in, the resource industry in Chile and the Company's ability to retain its key executives.

## **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. As announced on 6 December 2013 Environmental Impact Statement assessment on the Los Pumas project is the subject of an appeal in the Supreme Court of Chile. The Company is not a party to these proceedings.

## **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 including changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

## **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 and equipment, cost overruns,

risk of access to the required level of funding, risks 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.

### **Resource Estimations**

Resource estimates are expressions of judgment 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.

### **Licence 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). 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.

### **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.

### **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 and volcanic events.

## **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 results 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.

## **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in other resource projects, most likely in Chile. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

### **3.3 General Investment Risks**

#### **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.

#### **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Chile and Australia, interest rates and the rate of inflation.

#### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practices and government policies in countries in which the Company operates may adversely affect the financial performance of the Company.

#### **Litigation Risk**

Litigation risks to the Company include, but are not limited to, contractual disputes, personal injury claims and employee claims. If any claim were to be pursued and be successful it may adversely impact the Company. As at the date of this Prospectus, there are no material legal proceedings against the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## **4. DETAILS OF THE OFFER**

---

### **4.1 The Offer**

#### **(a) Overview**

All Eligible Shareholders are entitled to participate in the Rights Issue. You are an Eligible Shareholder if you are a Shareholder with a registered address in Australia or New Zealand on the Record Date. The Record Date is 5.00pm WST, 17 February 2014.

As an Eligible Shareholder you are entitled to subscribe for 1 New Share for every 4 Shares held on the Record Date at the issue price of 4.5 cents per New Share. You are also entitled to one free New Option for every 2 New Shares subscribed for.

When calculating your Entitlement, we will round down fractions to the nearest whole number.

The Company's Share Registry must receive your Entitlement and Acceptance Form by the Closing Date (being 5.00pm WST on 7 March 2014).

The Offer is non-renounceable. This means that you may not sell or transfer all or part of your Entitlement. The Offer will lapse if you do not accept your Entitlements by the Closing Date.

#### **(b) Minimum Subscription**

Minimum Subscription under the Rights Issue is \$2,236,700.

No New Securities will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application moneys to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application moneys.

#### **(c) Offer is underwritten**

The Offer is underwritten by the Underwriter to the Underwritten Amount on the terms of the Underwriting Agreement. The Underwriter is not a related party of the Company. Further information about the underwriting and Underwriting Agreement is set out in Section 4.5.

#### **(d) Rights attaching to New Shares and terms of New Options**

A summary of the rights attaching to the New Shares and the terms of the New Options are set out in Sections 5.1 and 5.2.

#### **(e) Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares and New Options. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility



with respect to the taxation consequences connected with the Rights Issue or the New Shares and New Options.

## 4.2 How to accept the Rights Issue

### (a) Action required by Eligible Shareholders

Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Prospectus sent to you. To subscribe to the Rights Issue, you must complete this form in accordance with the instructions.

You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

You may pay by cheque or by BPAY.

If you pay by cheque, please make the cheque payable to "Southern Hemisphere Mining Limited – Rights Issue Account" and cross it "Not Negotiable". Completed Entitlement and Acceptance Forms (and a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below.

Postal address: Southern Hemisphere Mining Limited  
c/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne Vic 3001

Delivery address: Southern Hemisphere Mining Limited  
c/- Computershare Investor Services Pty Limited  
Level 2  
45 St George's Terrace  
Perth WA 6000

If you pay by BPAY, please follow the procedure set out in the Entitlement and Acceptance Form. You do not have to send us a completed Entitlement and Acceptance Form if you pay by BPAY. It is your responsibility to ensure that we receive your payment by the Closing Date. We do not accept any responsibility for incorrectly completed BPAY payments.

We must receive your Entitlement and Acceptance Form by the Closing Date. If we receive your Entitlement and Acceptance Form after the Closing Date, we may, at our discretion, accept or reject your Application. If we reject your Application, you will receive a refund in full of any payment of Application Money without interest.

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Prospectus and in the Entitlement and Acceptance Form, for the number of New Shares and New Options specified in the Form.

We will hold your Application Money on trust until we issue the New Shares and New Options to you in accordance with the Corporations Act. We will retain any interest earned on the Application Money, whether or not the New Shares and New Options are issued to you.

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your professional adviser for assistance.

(b) **Excluded Shareholders**

The Offer under the Rights Issue is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is not situated in Australia or New Zealand). The Rights Issue does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In making this decision, the Directors have taken into account the small number of overseas Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

If you reside in New Zealand you should speak to your professional advisers as to whether any government or other consents are required or other formalities need to be observed, to enable you to exercise your Entitlements under the Rights Issue.

No party by this Offer will increase their relevant interest in Shares to greater than 20%. The Company will not be appointing a nominee for Excluded Shareholders to acquire and then sell the New Securities that would otherwise be offered to the Excluded Shareholders and then distributing any net proceeds.

(c) **New Zealand offer restrictions**

The New Shares and New Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### 4.3 **Allotment and Quotation**

(a) **Allotment of New Shares and New Options**

The New Shares and New Options issued pursuant to the Rights Issue will be allotted as soon as practicable after the Closing Date. We will allot the New Shares and New Options on the basis of your Entitlement.

Pending the allotment and issue of New Shares and New Options or payment of refunds under this Prospectus, we will hold all Application Money on trust for you in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold.

No securities will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

(b) **Quotation by ASX**

We intend to apply to ASX for quotation of the New Shares and New Options within

7 days of the date of this Prospectus. One of the quotation conditions for a class of securities that is not already quoted (such as the New Options) is that there are 50 holders with a marketable parcel. If the ASX accepts our application, quotation of the New Shares and New Options will commence after the allotment of the New Shares and New Options.

If any New Shares and New Options are not granted quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not issue those New Shares and New Options and the Application Money in respect of those New Shares and New Options will be refunded to you without interest within the time prescribed by the Corporations Act.

(c) **Holding Statements**

We participate in the security transfer system known as CHESS. CHESS is operated by ASX Settlement Pty Ltd (ACN 008 504 532) (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS you will not receive a share certificate. You will receive a holding statement setting out the number of New Shares issued to you under this Prospectus. If you are broker sponsored, ASX Settlement will send you a CHESS statement.

**4.4 Shortfall**

Any New Shares and New Options under the Rights Issue that are not applied for will form the Shortfall Securities.

Under this Prospectus, the Company offers to issue the Shortfall Securities to parties (which may include investors other than Eligible Shareholders) at the same price (4.5 cents each) as the New Shares offered under the Rights Issue. The Offer to issue Shortfall Securities is a separate offer under the Prospectus.

Shareholders may apply for any Shortfall Securities by completing the relevant Shortfall Shares section in the Entitlement and Acceptance Form and sending it to the Company's share registry (refer to Section 4.2(a) above) with payment by cheque or by BPAY on the same terms as in Section 4.2(a).

The Shortfall Securities may be placed at the discretion of Directors in consultation with the Underwriter within 3 months of the Closing Date.

Application for Shortfall with moneys does not guarantee any allotment of any Shortfall Securities. The Company in consultation with the Underwriter may determine that an applicant for Shortfall Securities will receive a lesser number of Shortfall Securities than the number applied for or may reject an application for Shortfall Securities. All application moneys in relation to which Shortfall Securities are not allocated will be returned without interest.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall Securities. No related party may take up Shortfall without prior Shareholder approval. The Directors of the Company will not apply for any Shortfall as Shortfall applicants.

The Directors, Trevor Tennant, James Pearson and John Tarrant or entities associated with them are sub-underwriting as set out in Section 4.5(c). Applications for Shortfall by Eligible

Shareholders will be dealt with in priority to the allotment of Shortfall Securities to these related party sub-underwriters.

#### 4.5 **Underwriting and sub-underwriting arrangements**

##### (a) **The Underwriter**

The Underwriter is appointed under the Underwriting Agreement to underwrite the Rights Issue up to the Underwritten Amount. The Underwriter is not a related party and has no current relevant interest in Shares.

In the event of a Shortfall, the Directors are not aware of any reason why the Underwriter would not be in a position to meet its financial obligations to subscribe for the Shortfall in accordance with the Underwriting Agreement.

##### (b) **Underwriting Agreement**

The Underwriting Agreement was negotiated on an arm's length basis. The parties to the agreement are the Company and the Underwriter.

Under and subject to the terms of the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares up to the Underwritten Amount on the Issue Date.

We must on the Issue Date pay the Underwriter a management fee of 1% of the proceeds of the Offer and an underwriting fee of 5% of the proceeds of the Offer (being a fee of 6% in total excluding GST). We are further required to reimburse the Underwriter for all reasonable out-of-pocket expenses.

Under the Underwriting Agreement we are required to make the Offer in accordance with all relevant regulatory requirements and we have given various extensive representations and warranties to the Underwriter, which are customary for an agreement of this nature.

The underwriting obligation of the Underwriter is conditional upon ASX not denying quotation of the New Securities, the Company delivering a certificate at the close of the Offer confirming compliance with its obligations under the Underwriting Agreement, warranties and representations made and regulatory compliance matters and the Underwriter not having terminated its obligations as a result of a termination event (described below) having occurred. The failure of the Underwriter to appoint sub-underwriters is not a termination event and will not relieve the Underwriter of its obligations.

As is normal for underwriting agreements of this nature, the Underwriter has a wide discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the Issue Date. The more significant termination events are: a fall in indices event allowing the Underwriter to terminate its obligations if either of the S&P/ASX 300 Metals & Mining Index or the ASX All Ordinaries Index is at or lower than 90% of the level of that index on 28 January 2014; where an adverse change occurs in respect of the Company or its assets, financial position, performance or prospects which has a material adverse effect; an insolvency event occurring in relation to the Company or any of its related bodies corporate; the Company being required to issue a supplementary prospectus to comply with section 719 of the Corporations Act; ASIC

taking formal action in relation to this Prospectus; or the Shares being suspended from trading on ASX.

As is also normal for underwriting agreements of this nature, the Company has agreed to indemnify the Underwriter (including its affiliates, officers, employees, advisers and related bodies corporate) ("Indemnified Parties") for any damages, losses, costs, expense or liabilities arising in connection with, among other things, the Rights Issue, the Prospectus, associated public documents, a breach by the Company of its obligations under the Underwriting Agreement or any of the Company's representations and warranties in the Underwriting Agreement being untrue or incorrect. The indemnity will not apply where prohibited by applicable law or where the damages, losses, costs, expense or liabilities result primarily from the fraud, wilful misconduct or recklessness of an Indemnified Party except to the extent it is caused or contributed to by the Company.

(c) **Sub-Underwriting**

The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. Each sub-underwriter will not by its sub-underwriting increase its relevant interest in Shares to 20% or more.

The related parties who have agreed to sub-underwrite are the Directors, Trevor Tennant, James Pearson and John Tarrant or entities associated with them. They are each sub-underwriting on the same terms as other sub-underwriters including being paid a fee from the Underwriter of 2.5% of the amount sub-underwritten. The Company considers these arrangements to be on reasonable arms length terms. An entity associated with Mr Tennant is sub-underwriting 6,182,989 New Shares and 3,091,494 New Options. An entity associated with James Pearson is sub-underwriting 2,447,805 New Shares and 1,223,902 New Options. Dr Tarrant or entities associated with him are sub-underwriting 555,556 New Shares and 277,778 New Options.

The Underwriter is responsible for fees payable to sub-underwriters.

(d) **Mandate Agreement**

Prior to the Underwriting Agreement, the Company entered into the Mandate Agreement with the Underwriter. By this agreement, the Underwriter agreed to act as lead manager to the Placement. Under the agreement the Company agrees that the Underwriter has a right of first refusal until 19 January 2015 to act as the Company's exclusive lead manager for any equity capital raising and to act as the Company's exclusive corporate advisor in relation to takeover response advice upon a takeover offer announcement.

(e) **Effect on control**

By the Offer no party will increase their relevant interest in Shares to greater than 20%. The positions of the Underwriter and Trevor Tennant, a substantial shareholder and sub-underwriter are addressed below.

The Underwriter currently has no relevant interest in Shares.

Under the Underwriting Agreement, the Underwriter is obliged to subscribe for all of the Shortfall Shares up to the Underwritten Amount (maximum of 49,706,590 Shares as at the date of this Prospectus). In the event that the Underwriter is

required to subscribe for all of the Shortfall Shares up to the Underwritten Amount, the relevant interest of the Underwriter will be 20% at Full Subscription. The Underwriter has appointed sub-underwriters to subscribe for the Shortfall up to the Underwritten Amount. No sub-underwriter by its sub-underwriting will increase its voting power in Shares to 20% or more.

Trevor Tennant has a current relevant interest in 19,712,489 Shares representing a 9.91% interest in the current Shares in the Company. Trevor Tennant and his associates will subscribe for all the New Shares (4,928,122) and New Options (2,464,061) the subject of their Entitlement. An entity associated with Trevor Tennant will sub-underwrite 6,182,289 New Shares and 3,091,494 New Options.

In the event that all the sub-underwriting is called upon, Trevor Tennant and his associates will have a relevant interest in 30,823,600 Shares. Thereby, on this basis at Full Subscription, Trevor Tennant will have a relevant interest of 12.40% in the Shares of the Company.

## **5. ADDITIONAL INFORMATION**

---

### **5.1 Rights attaching to New Shares**

The rights attaching to ownership of Shares in the Company (including the New Shares) are:

- (a) set out in the Company's Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

A summary of the more significant rights attaching to Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

#### **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid or credited (excluding amounts paid in advance) on the relevant share bears to the total amounts paid and payable (including amounts credited) on that share. Voting may be in person or by proxy, attorney or representative.

#### **Dividends**

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share (including amounts credited) bears to the total amount paid or payable (including amounts credited) on that share. All shares currently on issue and the shares to be issued under this Prospectus are fully paid shares.

#### **Future Issues of Securities**

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

#### **Transfer of Shares**

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by the Board.

#### **Meetings and Notices**

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to

shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

### **Election of Directors**

There must be a minimum of three Directors. At every annual general meeting one third of the Directors (rounded down to the nearest whole number) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the managing director.

### **Amendment of Constitution**

The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of Shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

### **Predominance of Listing Rules**

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## **5.2 Terms of New Options**

The terms of the issue of the New Options are:

- (a) Each Option entitles the holder to one Share in the capital of the Company.
- (b) The Options may be exercised at any time prior to 5.00pm WST on 7 March 2016.
- (c) The exercise price of the Options is 4.5 cents each.
- (d) Application will be made for the Options to be quoted and the Options will be freely tradeable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.



- (f) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX within 7 business days after the date of issue of all Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure, for the purposes of determining entitlements to any issue, that the Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (h) If on or prior to the expiry date the Company makes a bonus issue of securities to holders of Shares in the Company, then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that bonus issue if the Options had been exercised before the record date for the bonus issue.
- (i) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

### 5.3 Transaction specific prospectus and continuous disclosure obligations

We are a disclosing entity under the Corporations Act and therefore are subject to regular reporting and disclosure obligations. Under those obligations, we are required to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to ASX any information held by us which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

As this Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act, it is required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. This Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses or prospects on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request:
- (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged with ASIC after lodgement of the annual financial report and before lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of this Prospectus with ASIC.

We lodged our latest annual report with ASX on 20 September 2013. Since then, we have made the following announcements to ASX, shown in the table below.

<b>Date</b>	<b>Description of Announcement</b>
20/09/2013	Annual Information Form – 2013
20/09/2013	Management Discussion and Analysis – June 30, 2013
27/09/2013	SUH expanding Chile projects – Resources Rising Stars articles
27/09/2013	CXB: Mantos Grandes Farm-in Commencement, Appendix 3B and 3Y
27/09/2013	Change of Domicile & Reorganisation of Capital
30/09/2013	Project Farm-in Update – Mantos Grandes Copper/Gold Project
01/10/2013	Shareholder update – Reorganisation of Capital
02/10/2013	CXB: Board Restructure to Service Chilean Copper/Gold Project
02/10/2013	SUH trading as SUHDA until October 17, 2013
14/10/2013	Ceasing to be a substantial holder
17/10/2013	Completion of Re-organisation of Capital
22/10/2013	Notice of General Meeting/Proxy Form
29/10/2013	Voluntary Delisting from Toronto Stock Exchange – Venture
06/11/2013	Interim Financial Statements – September 30, 2013
06/11/2013	Management Discussion and Analysis – September 2013
13/11/2013	Amended Share Trading Policy
19/11/2013	New Lundin Joint Venture – Los Rulos
19/11/2013	Company Presentation – November 2013

<b>Date</b>	<b>Description of Announcement</b>
22/11/2013	2013 AGM Results
29/11/2013	Research Report
02/12/2013	Board Changes
03/12/2013	Sampling Results – Los Rulos JV Copper/Gold Projects
06/12/2013	Los Pumas Manganese Project – EIS update
12/12/2013	CXB: Drilling to Commence at Mantos Grandes
20/12/2013	New Prospect Acquisition – Los Rulos JV Copper/Gold Project
08/01/2014	CXB: Drilling Commence at Mantos Grandes Copper/Gold Deposit
09/01/2014	Drilling to Commence – Mantos Grandes Copper/Gold Project
29/01/2014	Trading Halt
30/01/2014	Joint Venture Update – Chitigua Copper Project
31/01/2014	Suspension from Official Quotation
03/02/2014	Placement and Rights Issue
03/02/2014	Reinstatement to Official Quotation
03/02/2014	Company Presentation – February 2014

#### 5.4 **Market price of Shares**

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were :

	<b>Price</b>	<b>Date</b>
Highest	10.0 cents	10 December 2013
Lowest	4.3 cents	6 November 2013
Latest	5.1 cents	5 February 2014

#### 5.5 **Board**

The Board consists of:

- Dr John Tarrant (Non Executive Chairman)
- Trevor Tennant (Managing Director)

- James Pearson (Executive Director)
- Andrew Richards (Non Executive Director)
- Paul McRae (Non Executive Director)
- Andrés Hevia Hormázabal (Non Executive Director)

Messrs Tarrant, Richards and Hormázabal are independent directors.

## 5.6 Directors' Interests

### (a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director holds, or has held at any time during the last two years, any interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him or her to become, or to qualify as, a Director or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

### (b) Interests in and fees in relation to securities

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in the table below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue. The table below does not include the New Shares and New Options that the Directors may subscribe for under the Offer or are the subject of sub-underwriting arrangements.

Director	Number of Shares	Number of Options
Dr John Tarrant <sup>1 and 2</sup>	-	150,000
Trevor Tennant <sup>3 and 4</sup>	19,712,489	700,000
James Pearson <sup>5 and 6</sup>	9,401,314	400,000
Andrew Richards	-	-
Paul McRae	-	-
Andrés Hevia Hormázabal <sup>7</sup>	100,000	150,000

Notes:

1. Options held directly comprise 150,000 Options exercisable at 21 cents expiring 31 December 2014.
2. Dr Tarrant or entities associated with him are sub-underwriting 555,556 New Shares and 277,778 New Options in accordance with Section 4.5(c). The fee for sub-underwriting is \$625 (25% of the amount sub-underwritten of \$25,000).
3. Shareholding comprises 2,105,736 Shares held directly; 7,883,294 Shares held indirectly by Skylife Nominees Pty Ltd of which Mr Tennant is a director; 3,862,880 Shares held indirectly by Mr Tennant as trustee for Trevor Tennant Family Trust; 2,396,540 Shares held indirectly by Trevor Tennant Family Trust of which Mr Tennant is a member; and 3,646,039 Shares held by Trevor Tennant Superfund of which Mr Tennant is a beneficiary. Options held directly comprise 700,000 Options exercisable at 21 cents expiring 31 December 2014.
4. Mr Tennant has given commitments to us that he and his associates will subscribe for all the New Shares (4,928,122) and New Options (2,464,061) the subject of their Entitlement. An entity associated with Trevor Tennant is sub-underwriting 6,182,989 New Shares and 3,092,494 New Options in accordance with Section 4.5(c). The fee for sub-underwriting is \$6,955 (2.5% of the amount sub-underwritten of \$278,235).
5. Shareholding comprises 1,791,873 Shares held directly; 4,330,496 Shares held indirectly by Featly Pty Ltd of which Mr Pearson is a director; 1,593,440 Shares held by Featly Pty Ltd as trustee for the Featly Superannuation Fund of which Mr Pearson is a director; 1,414,755 Shares held by Jarberg Investments Pty Ltd of which Mr Pearson is a director; 270,750 Shares held by Featly Pty Ltd Superannuation Fund of which Mr Pearson is a beneficiary; Options held indirectly by Featly Pty Ltd Superannuation Fund comprise 400,000 Options exercisable at 21 cents expiring 31 December 2014.
6. Mr Pearson has given commitments to us that he and his associates will subscribe for 1,996,440 New Shares and 998,320 New Options the subject of their Entitlement. An entity associated with James Pearson is sub-underwriting 2,447,805 New Shares and 1,223,902 New Options in accordance with Section 4.5(c). The fee for sub-underwriting is \$2,754 (2.5% of the amount sub-underwritten of \$110,151).
7. Shareholding comprises 100,000 Shares held directly; Options held directly comprise 150,000 Options exercisable at 21 cents expiring 31 December 2014.

(c) **Remuneration of Directors**

Dr John Tarrant is currently paid \$60,000 per annum as a non executive chairman fee. In the two years prior to the date of this Prospectus Mr Tarrant has received a total remuneration of approximately \$93,000.

Mr Trevor Tennant is currently paid \$350,000 per annum as managing director inclusive of statutory superannuation. In the two years prior to the date of this Prospectus Mr Tennant received a total remuneration of approximately \$720,000.

Mr James Pearson is currently paid a base salary of \$104,000 per annum as an executive director inclusive of statutory superannuation based on a minimum

requirement of 26 eight hour days per calendar quarter. Services beyond the minimum requirement are charged at \$1,092.50 per eight hour day including statutory superannuation. In the two years prior to the date of this Prospectus Mr Pearson received a total remuneration of approximately \$450,000.

Mr Paul McRae is currently paid \$30,000 per annum as a non executive director's fee. In the two years prior to the date of this Prospectus Mr McRae received a total remuneration of approximately \$32,000.

Mr Andrés Hevia Hormázabal is currently paid \$40,000 per annum as a non executive director's fee. In the two years prior to the date of this Prospectus Mr Andrés Hevia Hormázabal received a total remuneration of approximately \$84,000.

Mr Andrew Richards joined the Board as a non executive director on 1 December 2013 and is currently paid \$40,000 per annum as a non executive director's fee. In the two years prior to the date of this Prospectus Mr Richards received a total remuneration of approximately \$4,000.

## 5.7 Interests of experts and advisers

Other than as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Other than as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Fairweather Corporate Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$25,000 (excluding GST) for these services. In the past two years, Fairweather Corporate Lawyers has been paid fees (excluding GST) of approximately \$78,000 by the Company.

Euroz Securities Limited is the Underwriter in relation to the Rights Issue and will be paid a total fee of 6% (excluding GST) of the proceeds of the Offer being \$135,000 at Full Subscription. In the past two years, Euroz Securities Limited has been paid approximately \$75,000 in respect of acting as lead manager to the Placement.

## 5.8 Expenses of the Offer

The expenses connected to the Rights Issue payable by the Company are estimated at approximately \$220,000 at Full Subscription. These estimated expenses include fees to be paid to the Underwriter, legal fees, ASX and ASIC fees and other miscellaneous expenses directly attributable to the Rights Issue.

## 5.9 Consents

Each of the following parties has given its written consent to be named in this Prospectus (as described below), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer in the form and context in which it is named.

Euroz Securities Limited has consented to being named as the Underwriter to the Offer in the form and context in which it is named.

Each party referred to above in this Section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus or any statements in or omissions from this Prospectus other than a reference to its name; and
- has not caused or authorised the issue of this Prospectus and does not make any offer of New Shares or New Options.

**6. DIRECTORS' AUTHORISATION AND CONSENT**

---

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 6 February 2014



.....  
Signed for and on behalf of Southern Hemisphere Mining Limited  
By Mr James Pearson  
Director



## 7. GLOSSARY

---

Where the following terms are used in this Prospectus they have the following meanings:

<b>Applicant</b>	A person who submits and Entitlement and Acceptance Form.
<b>Application</b>	An application for New Shares and New Options under the Rights Issue.
<b>Application Money</b>	The Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form.
<b>AFSL</b>	Australian Financial Services Licence.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) and the Australian Securities Exchange it operates
<b>Board</b>	The Board of Directors.
<b>Closing Date</b>	The time and date at which the Offer expires, being 5.00pm WST, 7 March 2014, subject to the Company varying this date in accordance with the Listing Rules.
<b>Company or Southern Hemisphere</b>	Southern Hemisphere Mining Limited (ACN 140 494 784).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth)
<b>Director</b>	A director of the Company for the time being.
<b>Eligible Shareholders</b>	Shareholders with a registered address in Australia or New Zealand at the Record Date.
<b>Entitlement</b>	The entitlement to subscribe for New Shares and New Options under the Rights Issue.
<b>Entitlement and Acceptance Form</b>	The entitlement and acceptance form attached to or accompanying this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer.
<b>Excluded Shareholder</b>	A Shareholder whose registered address is not in Australia or New Zealand.
<b>Full Subscription</b>	The maximum amount to be raised under the Offer being the sum of \$2,236,796 assuming no existing Options are exercised.

<b>Issue Date</b>	The date of issue of New Securities to Eligible Shareholders under the Rights Issue.
<b>Issue Price</b>	4.5 cents per New Share, being the price payable to subscribe for each New Share.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>Mandate Agreement</b>	The mandate agreement between the Company and the Underwriter dated 20 January 2014.
<b>Minimum Subscription</b>	The minimum amount to be raised under the Offer being the sum of \$2,236,700.
<b>New Options</b>	The Options offered under the Rights Issue.
<b>New Securities</b>	The New Shares and New Options.
<b>New Shares</b>	The Shares offered under the Rights Issue.
<b>Offer</b>	The offer to Eligible Shareholders of New Shares and New Options under the Rights Issue.
<b>Official List</b>	The official list of the ASX.
<b>Option</b>	An option to acquire a Share.
<b>Placement</b>	The placement of Shares at 4.5 cents per Share and, subject to Shareholder approval, free Options as announced on 3 February 2014.
<b>Prospectus</b>	This prospectus dated 6 February 2014.
<b>Record Date</b>	The time and date for determining an Eligible Shareholder's entitlement to participate in the Rights Issue, being 5.00pm WST, 17 February 2014.
<b>Rights Issue</b>	The pro-rata non-renounceable offer to Eligible Shareholders of 1 New Share for every 4 Shares held by Eligible Shareholders on the Record Date with 1 free New Option for every 2 New Shares subscribed for.
<b>Share</b>	A fully paid ordinary share in the issued capital of the Company.
<b>Shareholder</b>	Registered holder of Shares.
<b>Shortfall</b>	Securities not applied for under the Offer before the Closing Date.
<b>Shortfall Securities</b>	New Securities constituting the Shortfall.
<b>Underwriter</b>	Euroz Securities Limited (ACN 089 314 983) (AFSL 243302).

<b>Underwriting Agreement</b>	The underwriting agreement between the Company and the Underwriter dated on or about 3 February 2014.
<b>Underwritten Amount</b>	\$2,236,796.
<b>WST</b>	Western Standard Time.
<b>\$</b>	Australian dollars unless otherwise stated.