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16 May 2011

Australian Securities Exchange
Level 8
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir/Madam

Quarterly Management Discussion and Analysis ("MD&A")

Please refer below for the March 2011 quarter MD&A of Southern Hemisphere Mining Limited, as issued in Canada.

This MD&A should be read in conjunction with the corresponding unaudited consolidated interim financial statements for the three and nine month periods ended March 31, 2011.

Yours faithfully
SOUTHERN HEMISPHERE MINING LIMITED

DHall

Derek Hall
Company Secretary

SOUTHERN HEMISPHERE MINING LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED MARCH 31, 2011

(All amounts stated in Canadian dollars, unless otherwise indicated)

This MD&A contains certain "Forward-Looking Statements", which are prospective and reflect management's expectations regarding Southern Hemisphere Mining Limited's ("SHM", "Southern Hemisphere" or the "Company") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included herein, including without limitation statements regarding potential mineralization and reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of SHM are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from SHM's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. SHM undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

SOUTHERN HEMISPHERE MINING LIMITED

Background

This discussion and analysis of the interim consolidated operating results and financial condition is prepared as at May 15, 2011, and should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes for the three month and nine month periods ended March 31, 2011 of the Company. Those interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). This management discussion and analysis ("MD&A") has been prepared in Canadian dollars, except where otherwise indicated by reference to United States of America dollars ("US"), Australian dollars ("AUD") or Chilean pesos ("CLP"). Additional information relevant to the Company's activities can be found on SEDAR at sedar.com.

Company Overview

The Company's common shares trade on the Toronto Stock Exchange – Venture ("TSX-V") under the symbol "SH" and on the Australian Securities Exchange ("ASX") under the symbol "SUH".

The Registered Office of the Company is located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, Canada V6E 4E6. Operations are managed from the Company's office located at Suite 7, 1200 Hay Street, West Perth, Western Australia, Australia. The Company also maintains an office in Santiago, Chile.

The Company is a resource, exploration and mine development company focused on properties in Chile with the stated strategy of creating shareholder value through the discovery and exploitation of mineral deposits.

The Company has previously identified Los Pumas, a manganese project located in northern Chile, as having potential for development and also has 13 exploration projects, principally prospective for porphyry style copper/copper-gold targets at:

- Chitigua, which is north of the city of Calama, and Meteoritica and Carbonera which are north of BHP's Spence mine.
- A Central Cluster of concessions, which are within a 50 kms radius of each other to the north and the south of the provincial capital of La Serena.
- The Mantos Grandes project near the town of Ovalle, and the Cunlagua and Las Santas projects close to Antofagasta Mineral's Los Pelambres mine.
- The San Jose project that is east of the city of Chillan.

In addition, the Company recently completed the acquisition of a number of mining concessions which are considered prospective for the production of iron sands.

Corporate Update

On February 2, 2011, the Company announced positive Preliminary Assessment results for the Los Pumas Project, which were predicated on the basis of a sale price, substantially higher than recently reported prices for manganese sales into China and a USD/CLP foreign exchange rate higher than current rates.

On January 26, 2011, the Company announced the withdrawal of its Los Pumas Manganese Environmental Impact Declaration to be replaced by an Environmental Impact Statement, approval of which is expected during the third quarter of 2011. This will delay the finalisation of the Feasibility Study, which awaits a resource model, pit optimisation and design, and final capital and operating cost estimates.

The Company is currently focusing on its exploration activities on the Central Cluster of copper/gold prospects near La Serena, which include the Tres Cruces, Santa Gracia, Romeral and El Arrayan projects and on the Chitigua project, north of Calama.

Previous Financings

On October 27, 2010, the Company announced the successful completion of a capital raising which was approved by shareholders. The capital raising, comprising the issue of approximately 47.6 million new fully paid ordinary shares at a price of AUD$0.42 per share to raise AUD$20 million before costs, was made to institutional and sophisticated investors in three tranches. Proceeds relating to the final tranche totalling net proceeds of $5,578,655 were received during the period. These funds are intended to fund a 2 year exploration program on the Company's copper / gold concessions as well as front end engineering on the Los Pumas Manganese project and exploration of the Company's iron sands projects. The progress of the Company with respect to these milestones is set out in the "Project Update" below. The funds applied to date have been used for these purposes and are detailed in Note 6 of the March 31, 2011 unaudited consolidated interim financial statements.

Project Update

Minera Hemisferio Sur SCM ("MHS")

The Company's wholly owned Chilean subsidiary, MHS, holds the rights to five project areas being:

- *Los Pumas*
- *El Arrayan*
- *San Jose*
- *Las Santas*
- *Chanco*

The first project, Los Pumas, is a manganese opportunity. Its resource is the subject of exploitation tenements owned by MHS and is based on a low grade, shallow, manganese deposit.

The next three project areas are located within the Chile copper belt and exhibit the geological features typical of large porphyry copper-gold-molybdenum mineralization in that copper belt. These features include structures, rock types and age, as well as widespread alteration. The three projects show widespread copper and gold mineralization and in the past small scale mining has occurred on the concessions. Both the Las Santas and El Arrayan properties are located close to major porphyry copper mines, namely Los Pelambres and Andacollo respectively. These three projects were held by individuals or small companies over an extended period of time. Until recently, the concessions had variable amounts of un-coordinated and unsystematic exploration work undertaken on them, with the exception of Las Santas, which had small programs targeting selected areas.

During the previous period MHS took control of a group of concessions covering prospective iron sand deposits including Chanco. These concessions cover an area of 71 square kilometres of coastal and near coastal dunes in the vicinity of Constitution, Chile.

Los Pumas

The Los Pumas Manganese Project in northern Chile has been the main focus of the Company's exploration and development activities over the last two years. It is located 175 km inland from the Port of Arica and is a multiple layered tabular style occurrence with a surface expression over 3.6 km in length. It is the subject of a completed preliminary assessment and awaits environmental approvals and completion of final pit plans, ongoing testwork and feasibility studies.

The Company has undertaken several drilling campaigns on this project and at the end of June 2010 had completed 14,185 metres of Reverse Cycle ("RC") drilling in 482 holes. In addition to the RC drilling, 652 metres of diamond core drilling has been completed. A program of bulk sampling started in March 2010 with the commencement of the sinking of the first of a series of four winzes. The four winzes have been completed providing approximately 300 tonnes of sample material. Selected samples have been sent to Mintek in Johannesburg for beneficiation test work. Results from the beneficiation test work indicate that the bulk of the Los Pumas mineralisation is amenable to concentration using heavy media separation.

A Technical Report dated October 14, 2010, from Coffey Mining contained an estimate of the resource at Los Pumas. At a 4% Mn cut-off grade the measured resource was 7.71 million tonnes at a grade of 8.21% Mn, the indicated resource was 6.59 million tonnes at a grade of 7.42% Mn, which aggregates to a measured and indicated resource of 14.3 million tonnes at a grade of 7.85% Mn. Also reported was an inferred resource of 4.01 million tonnes at a grade of 6.77% Mn

During the last quarter Coffey Mining delivered an updated resource estimate as reported in the Company's news release of February 8, 2011. This resource estimate increased the total measured and indicated resources to 18.3 million tonnes at the slightly lower grade of 7.58% Mn consisting of a measured resource of 5.27 million tonnes at a grade of 7.39% Mn, and an indicated resource of 13.06 million tonnes at a grade of 7.65% Mn. Also reported was an inferred resource of 5.39 million tonnes at a grade of 8.59% Mn.

An easement agreement with the local community over the use of their land for the Project has been executed. Agreement has also been reached with the local community owners of land for the company to purchase water. The water agreement is still however the subject of examination by the judicial system in Chile.

On August 3, 2010, following the advice of the Corporation's environmental consultants, the Company lodged an Environmental Impact Declaration with the Region XV Committee in Arica, However, following recent successful challenges by indigenous communities in the Chilean Supreme Court, of other parties' approved Environmental Impact Declarations, it was decided that it would be prudent for the Company to withdraw its Environmental Impact Declaration and substitute it with an Environmental Impact Statement. The Company is working closely with and has received assurance from the Region XV Authorities that they will provide every assistance to expedite their review of the Company's Environmental Impact Statement, approval of which is expected during the third quarter of 2011. This will delay the finalisation of the Feasibility Study.

El Arrayan

The El Arrayan Project concessions are located in the Province of Elqui, which is part of Chile's Region IV, and are only 37km south east from the regional capital of La Serena and neighbouring major Port of Coquimbo. The concession area covers approximately 64 sq kms and is part of the Central Cluster. The Project lies just 15km north-northeast from the Andacollo porphyry copper mine, which is owned by Teck Cominco.

The El Arrayan Project lies within the Coastal Cordillera of north-east Chile in a north-northwest trending structural corridor, that extends for some 150km from south of Andacollo to Los Choros Creek in the north.

As previously reported on February 17, 2011 and April 15, 2011, a 10 hole RC drilling program at the El Arrayan project area was completed during the March quarter of 2011. Six of the ten holes intersected copper oxides within an andesitic host rock.

San Jose

Minimal activities were carried out on the San Jose project in the quarter.

Las Santas

Minimal activities were carried out on the Las Santas project in the quarter.

Chanco

The Company received shareholder approval at shareholder meetings on November 25, 2010 and April 18, 2011 to complete the purchase of the iron sands properties by issuing 1,301,700 shares of the Company to the vendor, Centralian Mining Pty Ltd. This was a related party transaction.

The iron sands Project includes three tenement areas located over a distance of 175 kms along the Chilean coast including coastal dunes and inland backdunes, with the locations centered on the districts of Chanco in the south, Constitution in the center and Litueche in the north.

Preliminary investigations suggest magnetite concentrates have high contaminant levels and titanium levels are also high and may limit use as a steel feedstock. Further beneficiation appears necessary to produce titaniferous magnetite approaching suitable specifications for steel making.

Further exploration is justified to examine the overall heavy mineral grades, the mineral assemblage, and the iron content of magnetite concentrates. Initial samples have been taken and testwork is underway in China.

Sociedad Servicios E Inversiones Futuro Limitada

The Company's wholly owned Chilean subsidiary Sociedad Servicios E Inversiones Futuro Limitada holds the legal title to concessions known as the Mantos Grandes project.
In the last quarter of 2010, as part of preparatory exploration field work prior to the commencement of drilling, Southern Hemisphere undertook sampling of underground galleries at the La Demonia site at the Mantos Grandes Project, which is located 85kms by road from the city of Ovalle and approximately 90kms south-east of La Serena.

Underground galleries at the La Demonia site were assessed and channel samples taken along the wall and backs of these headings, which are approximately 35 metres below the surface. These samples were submitted to Andes Analytical Assay Laboratory for analysis.

The assay results produced a length weighted average grade from the samples of 4.58 g/t Au and 1.56% Cu. The highest copper grade was recorded from sample D20, which contained 4.58% Cu over a four metre interval and the highest gold grade was 14.0 g/t Au over a three metre interval. Full sampling results were included in announcement dated November 11, 2010.

Minera Panamericana SCM

The Company's wholly owned Chilean subsidiary Minera Panamericana SCM ("MPA") holds legal title to a number of concessions which includes the Chitigua, Santa Gracia, and Chacay projects.

Chitigua

The Chitigua project is located on the highly prospective western fault, north of the El Abra mine and south of the Quebrada Blanca Mine. This metallogenic zone includes the Chuquicamata and Escondida mines.

The Chitigua concession covers an area of 202 sq kms and is located 90 km north of Calama. Access is via the city of Calama that services Codelco's Chuquicamata, RT, MM and Gaby mines and the El Abra mine.

The Company awaits results of a recently completed 420m diamond drill hole and has commenced an RC drill program on this project. The drill target covers a strike length of 10kms that has been mapped along a contact between a tertiary diorite intrusive and an older granitic batholith.

Extensive copper mineralisation occurs along this contact and one area that is being tested is a biotite breccia zone that shows extensive copper oxide mineralisation on surface.

Santa Gracia

The Santa Gracia project covers a concession area of 35 sq kms and is part of the Central Cluster of concessions close to the city of La Serena. These concessions cover two artisanal mines, La Cuyana and San Sebastian, which exploited a copper porphyry. A drilling program comprising 12 holes has commenced to test the further extent of this porphyry occurrence.

El Chacay

The El Chacay gold project covers an area of 88 sq kms and is contiguous with the Santa Gracia concessions. The project is located30 km from the city of La Serena.

Extensive near-surface artisanal mining activities have been undertaken in the area with selective exploitation of high-grade veins. The Company is testing the opportunity for a large tonnage, low grade gold resource in this area.

Two near-surface trenches have been excavated using a bulldozer and channel samples extracted over the entire lengths of these trenches. The second trench returned the most encouraging results with the whole trench having a cross strike distance of 36.4m averaging a grade of 0.33g/t.

Full trenching sample analysis results were included in an announcement dated April 15, 2011.

Minera America del Sur SCM

The Company's wholly owned Chilean subsidiary Minera America del Sur SCM ("MAS") holds legal title to a number of concessions, which include the Tres Cruces, Cunlagua and Romeral projects,

Tres Cruces

The Tres Cruces project is located on concessions covering an area of approximately 60 sq kms and is situated 73 kms from the provincial capital of La Serena. It is part of the Central Cluster and is situated within the Coastal Cordillera of north–central Chile. Drill pads have been prepared and a drilling programme has commenced.

During the quarter there was minimal activity on the other MAS projects, being Carboneras, Meteoritica, Romeral and Cunlagua projects.

Future Developments

The main focus of the Company in the coming months will be to progress the exploration and drilling programmes at the Central Cluster of copper/gold prospects near La Serena which includes Tres Cruces, Santa Gracia, Romeral and El Arrayan projects and on the Chitigua project.

Also the Company will progress the Environmental Impact Statement, approval of which is expected during the third quarter of 2011 and also finalise the Feasibility Study, which awaits a final resource model and process plant capital and operating cost estimates.

Selected Financial Data

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company.

Results of Operations:

	March 31, 2011 (3 months) $	**March 31, 2010 (3 months) $**
Income	227,076	64,449
Expenses *(1)*	567,276	892,957
Net loss	340,200	828,508
Dividends per share	Nil	Nil
Basic and diluted loss per share	(0.002)	(0.008)

(1) *Expense are shown net of foreign exchange differences*

During the three months ended March 31, 2011 the Company reported a net loss of $340,200 compared to a net loss of $828,508 in the corresponding 2010 period. Specific expenses of note during the three months ended March 31, 2011 include: - 1) Salaries & Wages ($334,208) which have increased as a result of the strengthening of corporate staff levels in Australia. The increase is primarily attributable to engaging two of the directors as full time employees effective from the date of the Company's listing on the ASX. The expense is materially consistent with the December 2010 quarter. 2) Professional fees ($58,375) including tax advice and tenement manager costs. 3) Legal Fees ($57,188) increasing as a result of the advice sought during the three tranche raising conducted in Australia and Canada and associated filings, dual compliance obligations and various ad hoc matters during the course of the Los Pumas feasibility study. 4) Investor Relations ($87,263) associated with dual listing on the ASX and TSX-V and filing fees for the recent capital raising.

As the Company is in the exploration stage of evaluating mineral interests it has no revenue. Interest income is generated from cash on deposit with financial institutions. Funds held during the period increased significantly with the completion of the capital raising and so interest income also rose.

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters:

	30 Mar 11 **$**	**31 Dec 10** **$**	**30 Sep 10** **$**	**30 Jun 10** **$**	**31 Mar 10** **$**	**31 Dec 09** **$**	**30 Sep 09** **$**	**30 Jun 09** **$**
Income	227,076	53,459	43,363	67,522	64,449	18,911	11,733	7,787
Expenses	567,276	605,826	666,426	341,949	892,957	360,393	144236	131,532
Net Loss	340,200	552,367	623,063	247,427	828,508	341,482	132,503	123,745
Basic and diluted loss per share	(0.002)	(0.005)	(0.006)	(0.005)	(0.008)	(0.005)	(0.002)	(0.002)

Financial Condition:

	March 31, 2011 **$**	**June 30, 2010** **$**
Working capital	14,375,606	3,906,342
Total assets	32,411,179	17,390,770
Total liabilities	1,177,697	174,799
Accumulated deficit	(5,424,973)	(4,249,543)

Mineral exploration costs comprise the bulk of the Company's expenditures. The cumulative costs of exploration expenditures capitalised for each project are set out in Note 6 of the March 31, 2011 unaudited consolidated interim financial statements. Details of exploration activities conducted during the period are described in "Project Update" in this MD&A.

Liquidity and Capital Resources:

At March 31, 2011, the Company had a net working capital balance of $16,977,952 including cash and cash equivalents of $17,791,527. The following table summarizes the Company's cash and cash equivalents on hand, cash flows and contributed surplus for the three months ended March 31 2011 and March 31 2010.

	March 31, 2011 $	**March 31, 2010 $**
Cash and cash equivalents	17,791,527	6,108,283
Cash used in operating activities	718,333	716,822
Cash used in investing activities	1,807,331	1,743,406
Cash used in / (provided by) financing activities	(5,559,243)	359,926

The Company believes that it currently has sufficient financial resources to conduct anticipated exploration programs and meet anticipated corporate administration costs for the upcoming twelve months. However, exploration activities may change due to ongoing results and recommendations, or the Company may acquire additional properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has no debt and has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financing should the need arise.

Dividends

The Company has not paid any dividends in the past and does not anticipate paying dividends in the near future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Policies

Please refer to the audited consolidated financial statements as at and for the year ended June 30, 2010 posted on SEDAR for a complete description of the Company's critical accounting policies.

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly listed companies to use IFRS, replacing Canadian GAAP. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The effective date for the Company will be July 1, 2011 however it will require the restatement for the June 30, 2011 financial information for comparative purposes.

The Company has developed an IFRS changeover plan which addresses key areas such as accounting policies, financial reporting, information systems, disclosure controls and procedures and other business activities. As part of this changeover plan, the Company is currently identifying differences in accounting policies on an ongoing basis as compared to choices that are in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards.

The Company has not yet finalized its determination of the potential impacts of the differences between GAAP and IFRS, however due to the Company being in the exploration stage, it is not anticipated that the required changes in accounting policies will materially impact on the Company's financial operating results, though there may be an impact in terms of disclosure and presentation.

The Company reviewed its existing accounting system along with its internal and disclosure control process and concluded that they would not need significant modification as a result of the Company's conversion to IFRS.

The Company has determined that it would rely on certain exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" as of the transition date. Under IFRS 1, the IFRS standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company intends to apply the following exemptions to its opening balance sheet.

1) Business Combinations
   IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combination retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and will apply IFRS 3 to business combinations that occurred on or after July 1, 2011. There is no adjustment required to the financial statements on the transition date.

2) IAS 27 – Consolidated and Separate Financial Statements
   In accordance with IFRS 1, if a company elects to apply IFRS 3 Business Combinations retrospectively, IAS 27 Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the

Company has also elected to apply IAS 27 prospectively. Therefore, there is no change to the financial statements on the transition date.

The Company will meet its IFRS reporting requirements for its transition date.

Critical Accounting Policies and Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Significant areas where management judgement is applied include recoverability of resource properties, valuation of options and warrants and the ability to continue as a going concern. In the opinion of management, all adjustments necessary for fair presentation of the results for the periods presented are reflected in the March 31, 2011 unaudited consolidated interim financial statements.

The Company's significant accounting policies are those that affect the financial statements and are summarized in the notes to the unaudited consolidated interim financial statements for the period ended March 31, 2011.

Transactions with Related Parties

1) During the nine months ended March 31, 2011 the Company had certain arrangements in place with related parties to provide administrative, accounting, and management services that the Company required. These services are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Company and the related parties.

   Andes Consulting Pty Ltd - $22,890

   Andes Consulting Pty Ltd is an Australian incorporated company controlled by a director and shareholder of the Company. Non-executive directors' fees are paid to the company on a monthly basis and consulting fees are paid as and when the Company uses the director controlled entity for management services.

2) The Company has purchased a number of tenements from Centralian Mining Pty Ltd, an Australian incorporated company controlled by directors Trevor Tennant, James Pearson and Eduardo Valenzuela. These tenements are considered prospective for the production of iron from sands. The consideration paid to Centralian Mining Pty Ltd under this agreement is $680,402 in the form of 1,301,700 shares in the Company and is reflected as a loan due to a related party in the Company's accounts. Subsequent to period end these shares have been issued to Centralian Mining Pty Ltd as announced on April 20, 2011.

Risks & Uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, not least are adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter this risk, as far as possible, by selecting exploration areas on the basis of their recognised geological potential to host economic deposits.

Nature of Mineral Exploration and Mining

The Company is engaged in a business that involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and the shares of the Company should be considered speculative in nature.

The business of exploring for manganese, gold and copper involves a high degree of risk. Few properties that are explored are ultimately developed into mines. Southern Hemisphere Mining Limited's properties are in the exploration or feasibility stage, and at present none of the Company's properties have a known commercial manganese, gold or copper deposit. Proposed exploration programs are an exploratory search for such deposits. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

In the event that the Company is fortunate enough to discover a manganese, gold or copper deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the deposit, the proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

The profitability of the Company's operations will be dependent, inter alia, on the market price of its products. Prices are affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand, and international currency exchange rates.

Additional risks relevant to the Company are set out in the December 2010 Management Discussion and Analysis and the Company's 2010 Annual Information Form

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without a par value. As at May 15, 2011 there were 152,525,821 issued and outstanding common shares. In addition, there were 9,439,913 stock options outstanding, at exercise prices ranging from $0.20 to $0.40 per share and 7,500,000 warrants and agents options outstanding at an exercise price of $0.40 per share. Details of common shares issued during the period are disclosed in full in Note 9 of the March 31, 2011 unaudited consolidated interim financial statements.

Escrowed Shares

At March 31, 2011, the Company had no shares in escrow on the TSX.

Licences and Permits, Laws and regulations

The activities of the Company require permits from various government authorities, and are subject to Chilean national and provincial laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety standards, mine safety standards and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. Southern Hemisphere Mining Limited draws on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with all regulatory bodies.

The Company believes that it holds all necessary licences to complete the exploration activities, and will receive all necessary permits under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licences and permits. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. To the extent such approvals are sought and not obtained, the Company's planned exploration and development activities may be delayed, curtailed, or cancelled entirely.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands on" knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

Internal Controls and Procedures over Financial Reporting

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. The Chief Executive Officer and the Chief Financial Officer have evaluated whether there were changes to the Company's ICFR during the nine month period ended March 31, 2011 that have materially affected, or that are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.