



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

Dear Sir/Madam

**Notice of Annual General Meeting**

Please find attached the Notice of Annual General Meeting, as mailed to shareholders of the Company.

The Annual General Meeting of the Company will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, November 22, 2013, 9am (Western Standard Time).

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D Hall'.

**Derek Hall**  
**Company Secretary**



ASX: SUH  
TSX-V: SH  
[www.shmining.com.au](http://www.shmining.com.au)

**AUSTRALIAN OFFICE**  
Suite 7, 1200 Hay Street  
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**CHILEAN OFFICE**  
Minera Hemisferio Sur SCM  
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**NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY MEMORANDUM  
AND  
MANAGEMENT INFORMATION CIRCULAR**

Southern Hemisphere Mining Limited

ACN 140 494 784

The Annual General Meeting of the Company will be held at The Celtic Club,  
48 Ord Street, West Perth, Western Australia on Friday, November 22, 2013  
9am (Western Standard Time)

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on + 61 8 9481 2122 or via email at [admin@shmining.com.au](mailto:admin@shmining.com.au)**



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## NOTICE OF ANNUAL GENERAL MEETING (“Notice”)

Notice is hereby given that an annual general meeting of shareholders of Southern Hemisphere Mining Limited (“**Company**”) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, November 22, 2013 at 9am (Western Standard Time) (“**Meeting**”).

The Explanatory Memorandum and Management Information Circular attached to this Notice provide additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Management Information Circular and the enclosed Proxy Form are part of this Notice.

The directors of the Company (“**Directors**”) have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as shareholders of the Company (“**Shareholders**”) on Wednesday, November 20, 2013 at 5.00pm (Western Standard Time).

## AGENDA

### 1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended June 30, 2013, which includes the Financial Report, the Directors' Report containing the Remuneration Report and the Auditor's Report.

### 2. Resolution 1 –Adoption of Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution with or without amendment:

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (Executive or otherwise) of the Company (“Key Management Personnel”) whose remuneration details are included in the Remuneration Report, or a closely related party of such person.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.



### **3. Resolution 2 –Election of Directors**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution with or without amendment:

*"That the number of Directors for the ensuing year be fixed at six (6) subject to such increases as may be permitted by the Constitution of the Company."*

#### **Resolution 2.1 –**

*"That Mr David Craig, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Non-Executive Director."*

#### **Resolution 2.2 –**

*"That Mr James Pearson, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as an Executive Director."*

#### **Resolution 2.3 –**

*"That Dr John Tarrant, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Non-Executive Director."*

#### **Resolution 2.4 –**

*"That Mr Andres Hevia, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Non-Executive Director."*

#### **Resolution 2.5 –**

*"That Mr Paul McRae, who retires in accordance with the Constitution and, being eligible, offers himself for election, be elected as a Non-Executive Director."*

### **4. Resolution 3 –Appointment of Auditors**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution with or without amendment:

*"That Deloitte Touche Tohmatsu, Chartered Accountants, be re-appointed as Auditors of the Company for the ensuing year and the Directors are authorised to fix their remuneration."*



## 5. Resolution 4 –Share Option Plans

To consider, and if thought fit, to pass the following resolution as an ordinary resolution with or without amendment:

*"That the Company's share option plans be adopted by the Shareholders on the terms and conditions set out in the Explanatory Memorandum."*

## 6. Resolution 5 –Approval of additional 10% placement facility

To consider and, if thought fit, to pass with or without amendment, the following resolution as a special resolution:

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 for the purpose and on the terms set out in the Explanatory Memorandum."*

### Voting Restriction

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons.

However, the Company will not disregard any votes cast on this Resolution by such a person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the person is the Chairman of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### Important note

The proposed allottees of any Equity Securities under the Additional 10% Placement facility are not yet known or identified. In these circumstances ( and in accordance with the note set out in the Australian Securities Exchange ("ASX") Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.



## EXPLANATORY MEMORANDUM

### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, November 22, 2013 at 9am (Western Standard Time).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice and Management Information Circular. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

Section number	Section heading
2	Action to be taken by Shareholders
3	Annual Report
4	Resolution 1 –Adoption of Remuneration Report
5	Resolution 2 –Election of Directors
6	Resolution 3 –Appointment of Auditors
7	Resolution 4 –Share Option Plans
8	Resolution 5 –Approval of additional 10% placement facility

A Proxy Form is included with this Explanatory Memorandum.

### 2. Action to be taken by Shareholders

Shareholders should read the Notice, this Explanatory Memorandum and the Management Information Circular carefully before deciding how to vote on the Resolutions.

A Proxy Form is included with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- b) a proxy need not be a member of the Company; and



- c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **3. Annual Report**

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the opportunity to:

- a) discuss the Annual Report which is available online at [www.shmining.com.au](http://www.shmining.com.au)
- b) ask questions or make comment on the management of the Company; and
- c) ask the auditor questions about:
  - a. the conduct of the audit;
  - b. the preparation and content of the Auditor's Report;
  - c. accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - d. the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman of the Meeting about the management of the Company, or to the Company's auditor about:

- a) the content of the Auditor's Report; or
- b) the conduct of the audit;

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

### **4. Resolution 1 – Adoption of Remuneration Report**

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and Non-Executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board (except the Managing Director) if the Remuneration Report receives a 'no' vote of 25% or more (a 'Strike') at two consecutive annual general meetings.



Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company was not required to have a vote on its Remuneration Report in 2012 and therefore did not receive a Strike at the last Annual General Meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2014 Annual General Meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

Resolution 1 is an ordinary resolution. The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **5. Resolution 2 –Election of Directors**

The Board of Directors of the Company currently consists of six (6) Directors, all of whom, apart from the Managing Director, are elected annually. The term of office for each of the remaining Directors of the Company expires at the Meeting. All of these current Directors will be standing for re-election. It is proposed that the number of directors for the ensuing year be fixed at six (6) subject to such increases as may be permitted by the Constitution of the Company ( "**Constitution**"). At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6).

It is proposed that the persons named below will be nominated at the Meeting. Each Director elected will hold office until the next Annual General Meeting of the Company or until his successor is duly elected or appointed pursuant to the Constitution unless his office is earlier vacated in accordance with the provisions of the Constitution.

Full details of the Directors can be found in the Remuneration Report.



## 6. Resolution 3 – Appointment of Auditors

The Board proposes the appointment of Deloitte Touche Tohmatsu, Chartered Accountants, of Perth, Western Australia, as Auditors of the Company for the ensuing year and authorise the Directors to fix their remuneration. Deloitte Touche Tohmatsu have been the Company's Auditors since March 2010.

In the absence of instructions to the contrary the common or ordinary shares in the Company ("**Shares**") represented by proxy will be voted in favour of a resolution to appoint Deloitte Touche Tohmatsu, Chartered Accountants, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Shares are to be withheld from voting on the appointment of auditors.

## 7. Resolution 4 –Share Option Plans

The Company has adopted two rolling share option plans ("**Share Option Plans**") which, in aggregate, authorise the issuance of incentive share options to directors, officers, employees and consultants up to an aggregate of 10% of the issued Shares from time to time. The Company found it necessary to split its former rolling share option plan into two plans to facilitate the co-listing of its securities on the TSX Venture Exchange ("**TSX-V**") and the ASX. The two plans are similar in all material respects except that the first plan authorises the issuances of incentive share options to directors, officers and employees and the second plan authorises the issuance of incentive share options to consultants.

The policies of the TSX-V require the Shareholders to approve the Share Option Plans each year. There are currently 172,892,487 shares issued and outstanding and therefore the current 10% threshold is 17,289,248 Common Shares under the Share Option Plans. Copies of the Share Option Plans will be made available for review at the Meeting.

## 8. Resolution 5 –Approval of additional 10% placement facility

ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue Shares, Share options, convertible securities and other securities defined as equity securities in the ASX Listing Rules ("**Equity Securities**") in any 12 month period which amount to more than 15% of its Shares without the approval of Shareholders.

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting ("**Additional 10% Placement Facility**"). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice and is expected to be an eligible entity as at the time of the Meeting.



Resolution 5 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Meeting. The effect of Resolution 5 will be to allow the Directors to issue Equity Securities under ASX Listing Rule 7.1A during the period set out below under the heading “c) Issue Period”.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer below to “Dilution” for details).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

### Regulatory Requirements

In compliance with the information requirements of ASX Listing Rule 7.3A, Shareholders are advised of the following information:

#### a) Minimum Issue Price

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice, the Company has on issue one class of quoted Equity Securities, namely Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a. the date on which the price at which the Securities are to be issued is agreed; or
- b. if the Securities are not issued within 5 trading days of the date in point (a) above, the date on which the securities are issued.

#### b) Dilution

As at the date of this Notice, the Company has 172,892,487 Shares on issue. If Shareholders approve Resolution 5, the Company will have the capacity to issue approximately 17,289,249 Equity Securities under the Additional 10% Placement Facility in accordance with ASX Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$(A \times D) - E$       Where:



**A** is the number of Shares on issue 12 months before the date of issue or agreement as increased or decreased in accordance with ASX Listing Rule 7.1;

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under ASX Listing Rule 7.1 or 7.4.

If Resolution 5 is approved by Shareholders and the Company issued Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues. There is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than the date of the Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The below table shows the **example** dilution of existing Shareholders on the basis of the current\* (see table assumption point e below) market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A2 as at the date of this Notice.

**Table: EXAMPLE Voting dilution impact**

		Dilution		
Number of Equity Securities on issue		AUD \$0.025 Issue Price (50% decrease in issue price)	AUD \$0.05 Issue Price (current)	AUD \$0.075 Issue Price (50% increase in issue price)
Current Equity Securities on issue 172,892,487 (variable A)	10% Voting Dilution	17,289,249	17,289,249	17,289,249
	Funds Raised	\$432,231	\$864,462	\$1,296,694
50% increase in current Equity Securities on issue 259,338,731	10% Voting Dilution	25,933,873	25,933,873	25,933,873
	Funds Raised	\$648,347	\$1,296,694	\$1,945,040
100% increase in current Equity Securities on issue 345,784,974	10% Voting Dilution	34,578,498	34,578,498	34,578,498
	Funds Raised	\$864,462	\$1,728,925	\$2,593,387



The table also shows:

- a. two examples where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rate entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- b. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

The table has been prepared on the following assumptions:

- a. The Company issues the maximum possible number of Equity Securities under the Additional 10% Placement Facility.
- b. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- c. The calculations above do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- d. The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- e. The issue price is AUD \$0.05 based in the Company’s last sale Share price on October 8, 2013

c) Issue Period

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under ASX Listing Rule 7.1A from the date of the Meeting until the earlier of the following to occur:

- a. The date that is 12 months after the date of the Meeting; and
- b. The date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature of scale of activities) or 11.2 (disposal of main undertaking). (“the Additional 10% Placement Period”).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period.

d) Purpose of Issues

The Company may seek to issue new Equity Securities for the following purposes:

- a. cash consideration to raise funds for the acquisition of new assets (including the acquisition of concession areas in proximity to the Llahuin Copper/Gold Project), continued exploration and feasibility study expenditure on the Company’s current assets and/or general corporate overheads; or
- b. non-cash consideration for acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.



The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A.

e) Allocation Policy

It has not been decided whether the capacity to allot Equity Securities under the 10% Placement Capacity will be utilised. The allottees of the Equity Securities which may be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. The Company will determine the allottees at the time of any issue under the 10% Placement Capacity, having regard to the following factors:

- a. the purpose and quantum of the issue;
- b. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- c. the effect of the issue of the Equity Securities on the control of the Company;
- d. the timeliness of the completion of an issue under the 10% Placement Capacity compared to other alternative fundraising mechanisms;
- e. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- f. prevailing market conditions; and
- g. advice from corporate, financial and broking advisers (if applicable) and associated costs.

f) Previous issues

For the purposes of ASX Listing Rule 7.3A.6 the following information is provided.

The Company obtained Shareholder approval for the Additional 10% Placement Facility at its 2012 Annual General Meeting.

During the 12 months prior to the date of this Notice, the Company issued 19,800,000 Equity Securities representing 12.9% of the total number of Equity Securities on issue 12 months ago. None of the Equity Securities were issued under the Additional 10% Placement Capacity. The details of the Equity Securities are as follows:

Number of Equity Securities issued	Class of Equity Securities issued	Name of Person to Whom Equity Securities were issued	Issue Price	Cash Consideration	Discount to market
19,800,000 <sup>(1)</sup>	Fully paid ordinary shares <sup>(2)</sup>	Lundin Mining Corporation	\$0.25	USD\$5,000,000	nil

**(1)** Issue proceeds were used mainly to progress the Llahuin Copper/Gold Project and also pay corporate overheads.

**(2)** Fully paid ordinary shares have full entitlements to participate in dividends and vote in meetings.



g) Voting exclusion statement

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this Resolution.

**Board Recommendation**

The Board unanimously recommend that Shareholders vote in favour of the Additional 10% Placement Facility.



## MANAGEMENT INFORMATION CIRCULAR

The Company is a reporting issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators, the following disclosure is required to be included with this Notice.

### Purpose of Solicitation

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Annual General Meeting of shareholders of the Company. The Meeting will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, November 22, 2013 at 9am (Western Standard Time) for the purposes set forth in the Notice and Explanatory Memorandum accompanying this Management Information Circular.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefore. Brokers, nominees or other persons holding Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Shares. The costs of soliciting proxies will be borne by the Company.

### Appointment of Proxies by Registered Shareholders

Enclosed herewith is a form of proxy for use at the Meeting. A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholders' behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provided in the form of proxy.

A proxy will not be valid unless it is signed by the Shareholder or by the Shareholder's attorney duly authorised in writing or, if the Shareholder is a corporation, executed by a duly authorised officer or officers in accordance with the instructions attached on the enclosed form of proxy. The proxy to be acted upon must be delivered: (a) in respect of Shareholders registered in the Company's Australian share register, not later than 48 hours prior to the Meeting by mail to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC, 3001 Australia or by Facsimile at 1800 783 477 (within Australia) or +61 3 9473 2555 (outside Australia); and (b) for Shareholders registered on the Company's Canadian share register, not later than 48 hours prior to the Meeting by mail to Computershare Investor Services Inc., attention Proxy Department, at 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by facsimile at +1 416 263 9524.

### Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act (Australia) which provides that every proxy may be revoked by an



instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Meeting Chairman on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

### **Voting of Proxies**

The form of proxy accompanying this Explanatory Memorandum and Management Information Circular confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in this Notice and any other matters that may properly come before the Meeting. At the time of printing, management knows of no such amendment, variation or other matter.

A Shareholder must either mark the boxes directing its proxy how to vote or not mark such boxes in which case the proxy will be voted as recommended by management. Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. If the Shareholder marks the abstain box, it is directing its proxy not to vote on that item on a show of hands or on a poll and that its Shares are not to be counted in computing the required majority on a poll.

### **Advice for Beneficial Holders**

Shares may not be registered in the Shareholder's name but in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates). **A non-registered shareholder cannot be recognised at the Meeting for the purpose of voting his Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

In Canada, non-registered owners who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners ("NOBOs"). Those non-registered owners who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners ("OBOs").

In accordance with applicable securities legislation, the Company has elected to seek voting instructions directly from NOBOs. As a result, NOBOs can expect to receive a voting instruction form (a "VIF"), together with the meeting materials from the Company's transfer agent, Computershare Investor Services Inc. ("Computershare"). These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare will tabulate the results of the VIFs received from NOBOs and provide appropriate instructions at the Meeting with respect to the Shares represented by such VIFs.



The Company has distributed copies of the Meeting materials to intermediaries for distribution to all OBOs who have not waived their rights to receive these materials. Often, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward these meeting materials to non-registered Shareholders. With those meeting materials the intermediaries will provide OBOs with a form of VIF. When properly completed this VIF will constitute voting instructions which the intermediary must follow.

The mechanisms described above for registered Shareholders cannot be used by non-registered shareholders and the instructions on the VIF **must** be followed. The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered owner is able to direct how his or her Shares are to be voted at the Meeting.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the Shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as “non-votes” because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain Shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such broker “non-votes” will, however, be counted in determining whether there is a quorum.

All proxy-related material sent by the Company has been sent using information (as to name, address and shareholdings) obtained pursuant to, and in accordance with, applicable securities legislation from the intermediaries. By electing to send materials directly to NOBOs, the Company (and not the intermediary) has assumed responsibility for: (i) delivering the meeting materials to you; and (ii) executing proper voting instructions.

### **Voting Shares and Record Date**

The Directors have fixed November 20, 2013 as the record date for determining the Shareholders of the Company entitled to receive this Notice. As of the date of this Notice, the Company has 172,892,487 Shares issued and outstanding which are entitled to be voted at meetings of Shareholders. The Shares are the only shares of the Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each Share is entitled to one vote at the Meeting.

A simple majority of votes cast are required to approve all ordinary matters to be submitted to a vote of Shareholders at the Meeting. Special resolutions require approval of 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).



## Principal Holders of Shares

To the knowledge of the Directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the outstanding voting rights of the Company other than:

Name of individual or entity	Total Number of Securities	% of Issued Capital
Lundin Mining Corporation	19,800,000	11.45%
Mr T Tennant and related entities	19,712,489	11.40%
HSBC Custody Nominees (Aust) Ltd	17,696,015	10.24%

## Directors

The following table sets out the name of each nominee for re-election as a Director of the Company and each Director whose term of office as a Director will continue after the Meeting. The table sets out, for each nominee and Director, their city and country of residence, position with the Company, principal occupation, business or employment for the five preceding years, the period of time for which each has been a Director of the Company, and the number of Shares of the Company or its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Present Office Held and Province or State of Residency	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised at the Date of this Information Circular	Principal Occupation and if not at present an elected director, occupation during the past five (5) years
David Craig <sup>(1)</sup> Perth, Australia	December 2, 2009	80,000 shares (0.05%) 400,000 options	Non-Executive Chairman
James Pearson Perth, Australia	December 17, 2007	9,401,314 shares (5.44%) 400,000 options	Executive Director
John Tarrant <sup>(1)</sup> Sydney, Australia	June 1, 2011	150,000 options	Non-Executive Director
Andrés Hevia <sup>(1)</sup> Santiago, Chile	January 1, 2012	100,000 shares (0.06%) 400,000 options	Non-Executive Director
Paul McRae Sussex, England	December 1, 2012	-	VP Exploration Lundin Mining Corporation

**(1)** Member of the Audit Committee.



The Toronto Stock Exchange has recently adopted amendments to its Company Manual that require listed companies to disclose whether they have adopted a majority voting policy for the election of Directors and if not, to explain their practices for the election of directors and why they have not adopted a majority voting policy. A majority voting policy is typically used when Shareholders are only entitled to vote “for” or “withhold” their vote in respect of the election of each Director. Majority voting policies generally provide that a director who receives a majority of “withhold” votes, but is elected, must tender his resignation for consideration by the Board. The Board is generally expected to consider the director’s resignation and make a public announcement of its decision.

The Company has not adopted a majority voting policy due to the fact that the Company has adopted a majority voting system that aligns with Australian corporate practice. Shareholders of the Company can vote “for”, “against” or “abstain” with respect to the election of each Director. If a Director receives a majority of votes against their election, they will not be elected and their position on the Board will cease immediately. Votes cast as an abstention are not counted in favour or against a resolution.

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, no Director or proposed director of the Company is, or within the ten years prior to the date of this Information Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

To the knowledge of the Company, no Director or proposed director of the Company has, within the ten years prior to the date of this Information Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

To the knowledge of the Company, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.



## Directorships

Certain Directors are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuers
David Craig	Moly Mines Limited, Gunson Resources Limited, Forge Group Limited and Sirius Resources Limited

## Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Mr D Craig	11	11	3	3
Mr T Tennant	11	11	N/A	N/A
Mr J Pearson	11	11	N/A	N/A
Dr J Tarrant	11	11	3	3
Mr A Hevia	11	11	1	1
Mr P McRae	6	6	N/A	N/A
Mr R Billingsley	3	4	2	2

**A** - Number of meetings attended    **B** - Number of meetings held during the time the Director held office during the year



## EXECUTIVE COMPENSATION

**(For the financial year ended June 30, 2013)**

For purposes of this Information Circular, “named executive officer” of the Company means an individual who, at any time during the year, was:

- a) the Company's Chief Executive Officer (“CEO”);
- b) the Company's Chief Financial Officer (“CFO”);
- c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year; and
- d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year;  
(each a “Named Executive Officer”).

Based on the foregoing definition, during the last completed financial year of the Company, there were three Named Executive Officers, namely, its Managing Director and CEO, Trevor Tennant, its CFO, Derek Hall, and its Executive Director, James Pearson.

### Compensation Discussion and Analysis

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on Board discussion.

The Company’s executive compensation program has three principal components: base salary, incentive bonus plan and share options.

Base salaries for all employees of the Company are established for each position based on individual and corporate performances.

Incentive bonuses, in the form of cash payments, are designed to add a variable component of compensation based on corporate and individual performances for executive officers and employees. No bonuses were paid to executive officers and employees during the financial year.

The Company has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm’s length services providers.



## Option-Based Awards

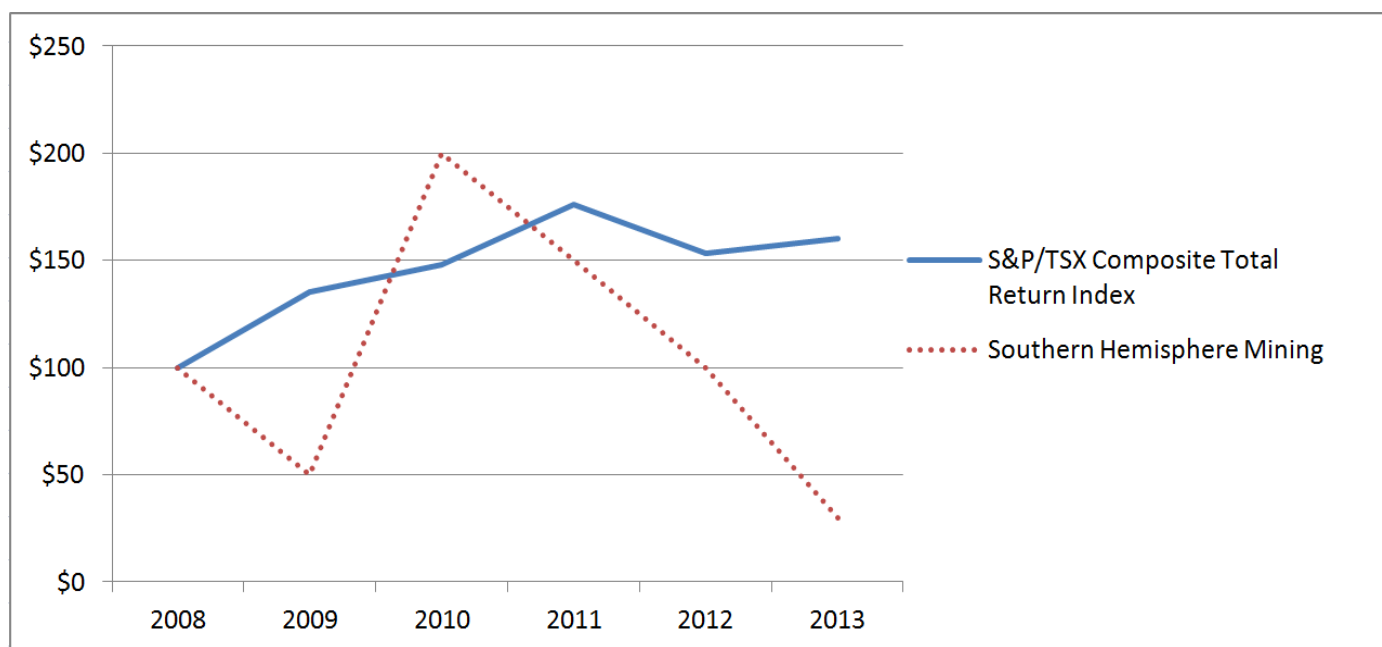
Share options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company.

The Company awards Share options to its executive officers based upon the discretion of the Board of Directors, whose decisions is based upon the Board's review of a recommendation from the Managing Director/CEO. Previous grants of incentive Share options are taken into account when considering new grants.

Implementation of a new incentive Share Option Plan and amendments to the existing Share Option Plan are the responsibility of the Company's Board of Directors.

## Performance Graph

The following graph illustrates the comparison between the cumulative total shareholder return for CAD\$100 invested in Shares, for the Company's five most recently completed financial years, as compared to the TSX S&P/TSX Composite Index for the applicable period. The n Share performance as set out in the graph does not necessarily indicate future price performance. Amounts below are stated in Canadian dollars. Shares trade on the TSX-V under the symbol "SH".



The following disclosure is a discussion comparing the trend in the graph verses executive officer compensation:



The significant factor that management believes has negatively affected the Company's share price is the ongoing economic uncertainty around the world and the impact this may have on interest in the junior mining sector.

A significant portion of compensation paid to management and Directors of the Company is paid via options, therefore the value of compensation is directly related to the share price performance of the Company. Options were issued during the financial year.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers for the Company's three (3) most recently completed financial years:

Named Executive Officers <sup>(1) (2)</sup>		Short-term Salary and fees USD\$	Pension Value USD\$	Share-based Payment Options and Rights <sup>(3)</sup> USD\$	Total USD\$
Mr T Tennant, MD/CEO	2013	328,995	29,612	131,952	490,559
	2012	331,611	29,847	-	361,458
	2011	316,478	28,485	174,453	519,417
Mr J Pearson, ED	2013	241,064	21,150	77,989	340,202
	2012	244,789	21,318	-	266,107
	2011	233,618	20,345	104,672	358,635
Mr D Hall, CFO/CoSec	2013	170,564	14,805	77,989	263,358
	2012	156,627	14,096	-	170,723
	2011	123,201	11,088	104,672	238,961

**(1)** During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.

**(2)** The Australian dollar remuneration paid during the year ended June 30, 2013 was converted to USD at the average exchange rate of AUD\$0.9760, and valuation of options at September 10, 2012 was converted to USD at the spot rate of AUD\$0.9642. The Australian dollar remuneration paid during the year ended June 30, 2012 was converted to USD at the average exchange rate of AUD\$0.9683. The Australian dollar remuneration paid during the year ended June 30, 2011 was converted to USD at the average exchange rate of AUD\$1.0146.

**(3)** The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.



### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year. The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the Shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any Shares were sold at these values.

Named Executive Officers	Number of Securities underlying unexercised options #	Option exercise price \$	Option expiration date	Value of unexercised in- the-money options USD\$
Mr T Tennant	700,000	AUD\$0.21	Dec 31, 2014	-
Mr J Pearson	400,000	AUD\$0.21	Dec 31, 2014	-
Mr D Hall	400,000	AUD\$0.21	Dec 31, 2014	-

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year.

The fair value of Share options vested during the last financial year was estimated using the Black-Scholes option pricing model.

Named Executive Officers	Option-based Awards – Value vested during the year USD\$	Non-equity Incentive Plan Compensation – Value earned during the year USD\$
Mr T Tennant	20,691	-
Mr J Pearson	11,823	-
Mr D Hall	11,823	-

### Director Compensation Table

The following table sets forth the value of all compensation provided to Directors, not including those Directors who are also Named Executive Officers, for the Company's most recently completed financial year:



Directors <sup>(1) (2)</sup> (A)(B)	Short-term Salary and fees USD\$	Pension Value USD\$	Share-based Payment Options and Rights <sup>(3)</sup> USD\$	Total USD\$
Mr D Craig	61,475	5,533	77,989	144,997
Dr J Tarrant	40,984	3,689	8,867	53,540
Mr A Hevia	40,984	-	8,867	49,851
Mr P McRae	17,930	-	-	17,930
Mr R Billingsley	17,930	-	31,510	49,440

**(1)** During the reporting periods, none of the totals had a proportion of remuneration specifically related to performance.

**(2)** The Australian dollar remuneration paid during the year ended June 30, 2013 was converted to USD at the average exchange rate of AUD\$0.9760, and valuation of options at September 10, 2012 was converted to USD at the spot rate of AUD\$0.9642.

**(3)** The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised as an expense in each reporting period.

The compensation paid to Directors is determined on a case-by-case basis with reference to the role that each Director provides to the Company. Directors may receive cash bonuses and, in addition, are entitled to participate in the Company's Share Option Plan, which is designed to give each option holder an interest in preserving and maximising shareholder value. Such grants are determined by an informal assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Company.

The Company does not currently prescribe a set of formal objective measures to determine discretionary bonus entitlements. Rather, the Company uses informal goals typical for development and early production stage companies such as strategic acquisitions, advancement of exploration and development, equity and debt financings and other transactions and developments that serve to increase the Company's valuation. Precise goals or milestones are not pre-set by the Board of Directors of the Company.



### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to Directors, not including those Directors who are also Named Executive Officers, to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year. The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the Shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any Shares were sold at these values.

Directors	Number of Securities underlying unexercised options #	Option exercise price \$	Option expiration date	Value of unexercised in- the-money options USD\$
Mr D Craig	400,000	AUD\$0.21	Dec 31, 2014	-
Dr J Tarrant	150,000	AUD\$0.21	Dec 31, 2014	-
Mr A Hevia	150,000	AUD\$0.21	Dec 31, 2014	-
Mr P McRae	-	-	-	-
Mr R Billingsley	150,000	AUD\$0.21	Dec 31, 2014	-

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the Directors, not including those Directors who are also Named Executive Officers, during the financial year:

Directors	Option-based Awards – Value vested during the year USD\$	Non-equity Incentive Plan Compensation – Value earned during the year USD\$
Mr D Craig	11,823	-
Dr J Tarrant	4,434	-
Mr A Hevia	4,434	-
Mr P McRae	-	-
Mr R Billingsley	4,434	-

The fair value of Share options vested during the last financial year was estimated using the Black-Scholes option pricing model.



### Equity Compensation Plan Information

The following table sets forth certain information pertaining to the Company's equity compensation plan as at the end of the most recently completed financial year:

Plan Category <sup>(1)</sup>	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A) #	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (B) \$	Share-based Payment Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (C) <sup>(2)</sup> #
Equity compensation plans approved by Shareholders	4,200,000	AUD\$0.21	13,089,248
Equity compensation plans not approved by Shareholders	-	-	-

**(1)** All Equity Securities are Shares issuable under the Share Option Plans pursuant to the exercise of outstanding options.

**(2)** The Share Option Plans permit the issuance of that number of Shares equal to ten percent (10%) of the number of n Shares outstanding from time to time. The number of Shares remaining available for future issuances under the Share Option Plans are calculated based upon 172,892,487 n Shares outstanding as at June 30, 2013.

### Indebtedness of Directors and Executive Officers

None of the Directors or senior officers of the Company, no proposed nominee for election as a Director of the Company and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last financial year.

### Interests of Informed Persons in Material Transactions

No Insider of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.



## Management Contracts

Management functions of the Company and its subsidiaries are substantially performed by the Company's Directors and executive officers. The Company has not entered into any contracts, agreements or arrangements with parties other than its Directors and executive officers for the provision of such management functions.

## Corporate Governance

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 – Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. As part of the Company's listing application on the ASX, the Company has adopted the recommendations of the ASX Corporate Governance Council. The Company believes that the recommendations of the ASX Corporate Governance Council are in all material respects similar to the recommended guidelines of Canadian securities regulators. Full copies of the Company's corporate governance policies are accessible on the Company's website [www.shmining.com.au](http://www.shmining.com.au).

## Statement of Corporate Governance Practices

Disclosure Requirements	Comments
Disclose the identity of directors who are independent.	Section 1.4 of NI 52-110 states a director is independent if he or she has no direct or indirect material relationship to the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.
Disclose the identity of directors who are not independent, and describe the basis for that determination.	<p>The Board is comprised of six (6) directors, of whom each of David Craig, John Tarrant and Andrés Hevia are considered to be independent directors.</p> <p>Trevor Tennant is not considered to be independent by virtue of his position as Managing Director and CEO of the Company and his shareholding.</p> <p>James Pearson is not considered to be independent by virtue of his position as Executive Director of the Company and his shareholding.</p> <p>Paul McRae is not considered to be independent by virtue of his role as nominee Director for Lundin Mining Corporation.</p>



Disclosure Requirements	Comments
<p>Disclose whether or not a majority of directors are independent.</p>	<p>The Company does not currently have a majority of independent Directors. The Company will look to appoint more independent Directors when appropriate to the Company's operations.</p>
<p>Disclose whether or not the independent directors hold regularly scheduled meetings at which non independent Directors and members of management are not in attendance. If the independent Directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year end. If the independent Directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent Directors.</p>	<p>The independent Directors do not at this time hold separate meetings at which management is not in attendance. However, to facilitate open and candid discussion among its independent Directors, and to facilitate the Board's exercise of independent judgment in carrying out its responsibilities, the Company's independent Directors are encouraged to meet at any time they consider necessary without any members of management or non-independent Directors being present.</p>
<p>Disclose whether or not the chair of the Board is an independent Director. If the Board has a chair or lead Director who is an independent director, disclose the identity of the independent chair or lead Director, and describe his role and responsibilities.</p>	<p>David Craig, the Chairman, is an independent Director.</p> <p>The Chairman is responsible for chairing Board meetings and general meetings, providing leadership to the Board and Company, facilitating effective discussions at Board meetings, overseeing shareholder communications, and ensuring that there are processes and procedures in place to evaluate the performance of the Board, its committees and individual Directors and that such evaluations are done.</p>
<p>Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>	<p>The Board has developed formal position descriptions for the Managing Director/CEO.</p>
<p>Disclose whether or not the Board has developed written position descriptions for the chair of the Board / Board committees. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed formal position descriptions for the Chairman and the Chairman of each Board committee.</p>



Disclosure Requirements	Comments
<p>Disclose the text of the Board's written mandate</p>	<p>The mandate of the Board is to:</p> <ul style="list-style-type: none"> <li>• Oversee the management and corporate governance of the Company including its strategic direction.</li> <li>• Adopt a strategic planning process, contribute to the development of, and approve a strategic plan that reflects the opportunities and risks of the Company's business.</li> <li>• Monitor the Company's organisational performance and the achievement of strategic goals and objectives.</li> <li>• Appoint, and, if necessary, remove senior management including the Managing Director/CEO and the CFO.</li> <li>• Assess the performance of senior management against the Company's strategic plan, ensuring appropriate resources are available to senior management and that they are adequately experienced and trained.</li> <li>• Review and approve the Company's business plans, annual budget and financial plans including major capital expenditure initiatives.</li> <li>• Approve and monitor the progress of major capital expenditure and other corporate projects including acquisitions and divestments.</li> <li>• Monitor and ensure compliance with legal and regulatory requirements and the Company's Code of Conduct.</li> <li>• Monitor financial performance and reporting including approve the annual, half yearly and quarterly reports.</li> <li>• Review and approve the Company's risk management systems and internal controls and ensure that reporting procedures are effective.</li> <li>• Delegate appropriate powers to executive directors and senior management to ensure the effective day-to-day management of the business.</li> </ul>
<p>Briefly describe what measure the Board takes to orientate new directors regarding: (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.</p>	<p>New Board members receive information on the Company, the responsibilities of a Board member and the Company's corporate governance practices. Board meetings are typically held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.</p>
<p>Briefly discuss what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as Directors.</p>	<p>The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. Directors maintain the skill and knowledge necessary to meet their obligations as Directors through a combination of their existing education, experience as businesspersons and managers, service as directors of other issuers and advice from the Company's legal counsel, auditors and other advisors.</p>



Disclosure Requirements	Comments
<p>Disclose whether or not the Board has adopted a written code for the directors, officers and employees.</p> <p>If the Board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code,</p> <p>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code, and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Board has adopted a written code of conduct for its Directors, officers and employees.</p> <p>(i) The code of conduct is available on the Company's website.</p> <p>(ii) The Board reviews its policies on a regular basis and have open lines of communication to the Managing Director and Chairman.</p> <p>(iii) There was no material change report filed since the beginning of the most recently completed financial year with respect to any conduct of a director or executive officer that constitutes a departure from the code.</p>
<p>Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.</p>	<p>The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has a material interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.</p>
<p>Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Management, with the support of the Board, has put structures in place to ensure effective communication between the Company and its shareholders and the public.</p> <p>The Company provides disclosure as required by law, and legal counsel reviews press releases and reports to shareholders as required.</p> <p>The Board manages the business of the Company on behalf of the shareholders and is responsible for, among other things, strategic planning and management of the Company's principal risks. Any responsibility that is not delegated to senior management or a committee of the Board remains with the full Board.</p>
<p>Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>In order to identify new candidates for nomination to the Board, the Board considers the existing Board skill set and seeks to address any needs, be they financial/legal or technical.</p>



Disclosure Requirements	Comments
<p>Disclose whether or not the Board has a nominating committee composed entirely of independent Directors.</p>	<p>The Company does not have a Remuneration and Nomination Committee.</p>
<p>If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage and objective nomination process.</p>	<p>The Board considers the existing Board skill set and seeks to address any needs, be they financial/legal or technical.</p>
<p>Describe the process by which the Board determines compensation for the issuer's Directors and officers.</p>	<p>In assessing the remuneration of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on Board discussion.</p>
<p>If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's Directors and officers, disclose the identity of the consultant or advisor and briefly summarise the mandate for which they have been retained.</p>	<p>No consultants have been engaged during the current year.</p>
<p>Disclose whether or not the Board has a compensation committee composed entirely of independent Directors.</p>	<p>The Board does not have a pre-determined compensation plan. The Company does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Board.</p>
<p>If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>All Director fees are periodically recommended for approval by shareholders. The Company's policy regarding executives' remuneration is that the executives are paid a commercial salary and benefits based on the market rate and experience.</p>
<p>If the Board has standing committees other than the audit committee, identify the committees and describe their function.</p>	<p>The Board has no other committees, other than the Audit Committee.</p>



## Disclosure Requirements

## Comments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.

The Board has traditionally monitored, but not formally assessed, its performance or the performance of individual directors or committee members or their contributions. The Board has the responsibility for determining the processes and criteria for the evaluation of the Board and the Managing Director.

If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

### Audit Committee

Under National Instrument 52-110 – Audit Committees ("NI 52-110") reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The Company provides the following disclosure with respect to its Audit Committee:

### Audit Committee Charter

A copy of the Audit Committee's Charter is available on the Company's website.

### Composition of Audit Committee

Following the election of directors pursuant to this Information Circular, the following will be members of the Audit Committee:

John Tarrant (Chairman)	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Andrés Hevia	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
David Craig	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

**(1)** A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

**(2)** An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.



### Relevant Education and Experience

The relevant education and/or experience of each member and proposed member of the Audit Committee is as follows: Mr Craig is a lawyer who has held and holds executive and board positions in the fields of law, financial services and the resources industry. Mr Hevia has extensive experience as a company executive. Dr Tarrant is a Certified Practising Accountant and a lawyer who has held senior positions in a number of listed public companies.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Pre-Approval Policies and Procedures

The Audit Committee is authorised by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorised to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

### External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

Financial Year Ending June 30	Audit Fees USD\$	Audit Related Fees USD\$	Taxation Advice Fees USD\$
2013	34,836	-	14,600
2012	36,131	11,923	13,248

### Exemption

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption from NI 52-110, in whole or in part.



**Additional Information**

Additional information relating to the Company is available on SEDAR at [sedar.com](http://sedar.com). Financial information is provided in the Company's audited annual financial statements and accompanying management's discussion and analysis for the year ended June 30, 2013. Shareholders may obtain copies of the Company's financial statements and related MD&A by contacting the Company by mail at P.O. Box 598, West Perth, Western Australia, Australia 6872 or by telephone at (+61 8 9481 2122).

Under National Instrument 51-102 – Continuous Disclosure Obligations, any person or company who wishes to receive interim financial statements from the Company may deliver a written request for such material to the Company or the Company's agent, together with a signed statement that the persons or company is the owner of securities of the Company. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided, to the Company's registrar and transfer agent, Computershare Investor Services Inc., Suite 300, 510 Burrard Street, Vancouver, B.C., V6C 3B9.

**General**

Unless otherwise specified, all matters referred to herein for approval by the Shareholders require a simple majority of the Shareholders voting, in person or by proxy, at the Meeting.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The contents of this Information Circular have been approved and this mailing has been authorised by the Directors of the Company.

DATED at Perth, Australia as of the 21st day of October, 2013.

**BY THE ORDER OF THE BOARD**

Derek Hall

Company Secretary



## Lodge your vote:



### By Mail:

Southern Hemisphere Mining Limited  
PO Box 598  
West Perth WA 6872

### By Email:

admin@shmining.com.au

## For all enquiries call:

(within Australia) 08 9481 2122  
(outside Australia) +61 8 9481 2122

└ 000001 000 SUH  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

# Proxy Form

**For your vote to be effective it must be received by 9.00am (WST) Wednesday, 20 November 2013**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

**[www.shmining.com.au](http://www.shmining.com.au)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Southern Hemisphere Mining Ltd hereby appoint

☐

the Chairman  
of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Southern Hemisphere Mining Ltd to be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 22 November 2013 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Number of Directors</b>				
Resolution 2	To Set the Number of Directors at six (6)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Election of Directors</b>				
Resolution 2.1	Mr David Craig	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.2	Mr James Pearson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.3	Dr John Tarrant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.4	Mr Andres Hevia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.5	Mr Paul McRae	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Share Option Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of additional 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

Contact  
Daytime  
Telephone

Date / /

SUH

999999A

Computershare +