



GLOBAL BASE METALS MINER TO SPEND UP TO US\$35M AT SOUTHERN HEMISPHERE'S LLAHUIN COPPER-GOLD PROJECT

Farm-in deal will see Lundin Mining Corporation earn up to 75% stake in Llahuin.

Lundin Mining to take US\$5m share placement at C25c – significant premium to market price

Highlights:

- ❖ Southern Hemisphere strikes pivotal farm-in agreement with global base metals group Lundin Mining Corp. over flagship Llahuin Copper-Gold Project
- ❖ Lundin Mining (TSX: LUN, OMX: LUMI) to spend up to US\$35m on exploration to earn up to 75% of the Llahuin Copper-Gold Project over a maximum six year period
- ❖ Lundin Mining to also take a strategic 11.5% stake in Southern Hemisphere via US\$5m share placement at C25c a share, representing a significant premium to last market price
- ❖ US\$6m committed in-ground expenditure at Llahuin within a maximum of three years – US\$3m from share placement and US\$3m from Lundin Mining
- ❖ Diamond drilling continuing at Llahuin

Southern Hemisphere Mining Limited (ASX: SUH, TSX-V: SH) ("Southern Hemisphere" or the "Company") is pleased to announce that it has struck a pivotal strategic agreement with global base metals miner Lundin Mining Corporation ("Lundin Mining") and executed a terms sheet.

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

Lundin Mining will also take a strategic 11.5% per cent stake in Southern Hemisphere by way of a US\$5 million share placement at C25c a share on the TSX-V. This represents a significant premium over Southern Hemisphere's current market price.



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Lundin Mining is a diversified Canadian base metals miner with operations in Portugal, Sweden, Spain and Ireland, producing copper, zinc, lead and nickel. In addition, Lundin Mining holds a development project pipeline which includes an expansion at its Neves-Corvo mine in Portugal and an equity stake in the world class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo, which is currently undergoing a major expansion.

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

"Lundin Mining's extensive experience in exploration, mine development and mine operations, as well as its immense financial standing, means this deal is a game-changer for Southern Hemisphere and Llahuin"

Mr Tennant said.

Southern Hemisphere last month announced a 36 per cent increase in resources at the Llahuin Project, which now includes 436,000 tonnes of copper and 459,000oz of gold.

Location Map showing the Llahuin Project

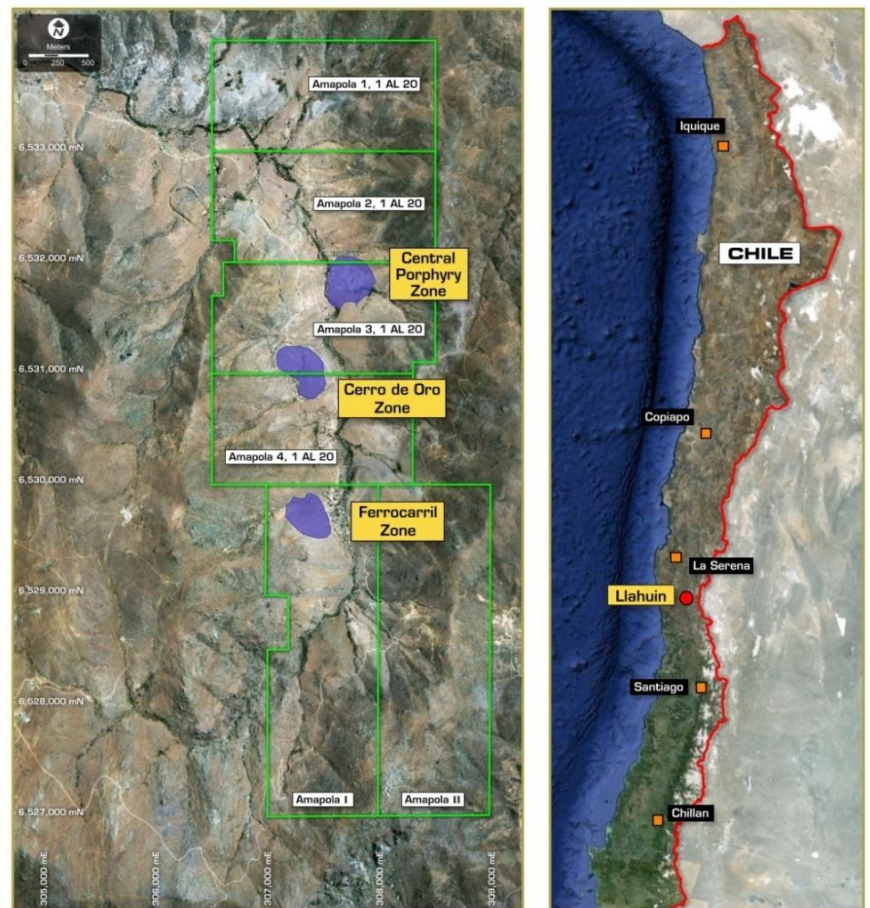
The terms sheet is conditional upon exchange approvals and definitive agreements being executed by November 1, 2012 or a later date as mutually agreed between the Parties.

Llahuin Farm-in

Under the terms sheet, Lundin Mining will fund the Llahuin project expenditures in stages with an initial commitment of US\$3 million to be spent within three years of the effective date of the definitive agreements.

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

After the total initial commitment is expended, Lundin Mining has the option to sole-fund a further US\$10 million towards Llahuin Project expenditures within three years of the effective date of the definitive agreements to earn a cumulative undivided 51% interest in the Project.



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

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



Lundin Mining - Share Placement

Lundin Mining will subscribe for 19,800,000 fully paid Southern Hemisphere shares at a price of C25c per share for a total investment of US\$5 million. US\$3 million of the placement is to be spent by the Company on the Llahuin Project. The issue price represents a significant premium on both the ASX and TSX-V closing prices as at October 15, 2012.

Llahuin Project

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

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

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

A resource upgrade¹ was reported in September 2012. It contained a Measured and Indicated resource of 145Mt grading 0.40% Cu equivalent with an additional 17Mt grading 0.33% Cu equivalent in the Inferred Category. The Company continues its diamond core drilling campaign at the Llahuin Project which will be accelerated with the completion of the Lundin Mining share placement and farm in arrangements (Refer to table below).

For further information please contact:

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Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this News Release. This News Release has been prepared by management and no regulatory authority has approved or disapproved the information contained herein.

Competent Person / Qualified Person Statement

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

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

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



*Copper Equivalent

The copper equivalent calculations represent the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. It is the Company's opinion that elements considered have a reasonable potential to be recovered as evidenced in similar multi-commodity natured mines.

Copper equivalent conversion factors and long-term price assumptions used are stated below:

Copper Equivalent Formula= Cu % + Au (g/t) x 0.72662 + Mo % x 4.412

Price Assumptions- Cu (US\$3.40/lb), Au (US\$1,700/oz), Mo (US\$15/lb)

¹Llahuin Project Mineral Resource Summary

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

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

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

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

About Southern Hemisphere Mining Limited

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

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

