

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Southern Hemisphere Mining Limited

ABN/ARBN

17 140 494 784

Financial year ended

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

☐ these pages of our annual report: _____

☒ this URL on our website: <http://www.shmining.com.au/profile/corporate-governance.html>

The Corporate Governance Statement is accurate and up to date as at 27 September 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 27 September 2016

Sign here:



Director/company secretary

Print name: Derek Hall

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and a copy of our diversity policy or a summary of it: ☐ at this location: http://www.shmining.com.au/profile/corporate-governance.html ... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraphs (c)(1) or (2): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i> ... and a copy of the charter of the committee: ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i> [If the entity complies with paragraph (b):] ... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... the length of service of each director: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☒ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i> ... and a copy of the charter of the committee: ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement OR ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at this location: http://www.shmining.com.au/profile/corporate-governance.html	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u>			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u> (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and a copy of the charter of the committee: ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		[If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; OR (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i> [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement OR ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> ... and a copy of the charter of the committee: ☐ at this location: _____ <i>Insert location here</i> ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> [If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		appropriate and not excessive: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i>	☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u> ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
<u>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</u>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: <i>Insert location here</i> <i>(Not Applicable to Southern Hemisphere Mining)</i>	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement <u>OR</u> ☐ at this location: _____ <i>Insert location here</i> <i>(Not Applicable to Southern Hemisphere Mining)</i>	☐ an explanation why that is so in our Corporate Governance Statement

Southern Hemisphere Mining Limited's (**Southern Hemisphere** or the "**Company**") Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Third Edition)* (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared this statement which sets out its corporate governance practices that were in operation throughout the financial year ended 30 June 2016, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company's corporate governance policies and charters and policies are all available on the Company's website (www.shmining.com.au) (Website).

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
1.	<i>Lay solid foundations for management and oversight</i> <i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i>		
1.1	A listed entity should disclose: a) The respective roles and responsibilities of its board and management and, b) Those matters expressly reserved to the board and those delegated to management	Complying	The Board is responsible for the overall direction, management and corporate governance of the Company. The Board is also responsible for: 1. Overseeing the management and corporate governance of the Company including its strategic direction. 2. Adopting a strategic planning process, contributing to the development of, and approving, a strategic plan that reflects the opportunities and risks of the Company's business. 3. Monitoring the Company's organisational performance and the achievement of strategic goals and objectives. 4. Appointing and removing senior management including the Managing Director and Chief Financial Officer. 5. Assessing 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. 6. Reviewing and approving the Company's business plans, annual budget and financial plans including major capital expenditure initiatives. Details of the Board's Charter are located on the Company's website (www.shmining.com.au). The Board has delegated responsibility for operation and administration of the Group to the Managing Director and executive management. Responsibilities are delineated by formal authority delegations.

SOUTHERN HEMISPHERE MINING LIMITED

Corporate Governance Statement

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
1.2	A listed entity should a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Complying	The Company has processes in place which require candidates considered for election as director to be vetted for suitability. The skills and experience of directors is disclosed in the Annual Report for incumbents and in the relevant Notice to Shareholders for security holders. Additionally, director profiles are available on the Company's website.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complying	Directors are given a letter of appointment which sets out the terms of their employment. The Board has developed formal position descriptions for the Chairman, the Chairman of each Board committee and the Managing Director. The material terms of any employment service or consultancy agreement if enters into with its Senior Executives is disclosed in the Annual Report.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board	Complying	The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is to be made or approved by the Board. The Company Secretary is responsible for liaising with the ASX in relation to ASX Listing Rule matters. The Company Secretary consults with the Managing Director regarding matters for announcement to the markets; and prepares announcements and lodges them with the ASX in consultation with the Managing Director.
1.5	A listed entity should: 1. Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; 2. Disclose that policy or a summary of it; and 3. Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: 1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2) If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act	Part-Complying	The Board supports workplace diversity but considers that the Company is not of a size or maturity to justify setting measurable goals as envisaged on the Company's Diversity Policy. To date, the Board's priority has been to ensure that its members have the appropriate level of experience and skills to manage the Company at its early stages of operation rather than focussing on gender and other diversity factors.

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
1.6	A listed entity should: a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Part-Complying	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 currently has an informal process for the evaluation of individual Directors or committees. The performance of the Board and key executives is reviewed on an annual basis.
1.7	A listed entity should: a) Have and disclose a process for periodically evaluating the performance of its senior executives; and b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complying	The Managing Director evaluates the performance of the other Senior Executives. The evaluation process is intended to assess the Company's business performance, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives. The performance of the Managing Director and Senior Executives are monitored on an informal basis throughout the year and a formal evaluation is performed annually.
2.	Structure the board to add value <i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i>		
2.1.	The board of a listed entity should: a) Have a nomination committee which: 1) Has at least three members, a majority of whom are independent directors; and 2) Is chaired by an independent director, and disclose: 3) The charter of the committee 4) The members of the committee; and 5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Part-Complying	There is no Nomination Committee. The full Board considers the matters and issues that would fall to the Nomination Committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board intends to re-evaluate the requirement for, and benefits of, a separate Nomination Committee as the Company's operations increase in size and scale.
2.2.	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Part-Complying	The names of the Directors of the Company in office at the date of this Report, specifying which are independent, are set out in the Directors' Report. The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential Directors' skills to ensure they have appropriate industry expertise in the Group's operating segments.

SOUTHERN HEMISPHERE MINING LIMITED

Corporate Governance Statement

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
			The Board considers the diversity of existing and potential Directors to ensure they are in line with the geographical and operational segments of the Group. The Board's policy is to seek a diverse range of Directors who have a range of ages, genders and ethnicity which mirrors the environment in which the Group operates.
2.3.	A listed entity should disclose: a) The names of the directors considered by the board to be independent directors; b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and c) The length of service of each director.	Complying	As at the date of this statement, the board consisted of Mr Doug Young (Non-Executive Chairman), Mr Trevor Tennant (Managing Director) and Mr Brian Beresford (Non-Executive Director). None of the directors are independent directors. Mr Doug Young was appointed on 1 June 2016. Mr Trevor Tennant was appointed on December 17, 2007. Mr Brian Beresford was appointed on 1 June 2016.
2.4.	A majority of the board of a listed entity should be independent directors	Not-Complying	Given the Group's present size and scope, it is currently not Company policy to have a majority of independent Directors. Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives. The current board composition includes two independent Directors and two non-independent Directors.
2.5.	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the Managing Director/CEO of the entity	Part-Complying	Mr Doug Young is the chairman of the Board. Mr Trevor Tennant is the Managing Director.
2.6.	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors respectively.	Complying	New Board members receive information on the Company, the responsibilities of a Board member and the Company's corporate governance practices. Board meetings are sometimes 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 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 business persons and managers, service as directors of other issuers and advice from the Company's legal counsel, auditors and other advisors.

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
3.	Promote ethical and responsible decision-making <i>A listed entity should act ethically and responsibly</i>		
3.1.	A listed entity should: a) Have a code of conduct for its directors, senior executives and employees; and b) Discloses that code or a summary of it.	Complying	The Company has formulated a Code of Conduct which can be viewed at the registered office of the Company. The Code of Conduct has the commitment of the Directors and senior management to ensure practices are operating that are necessary to maintain confidence in the Company's integrity and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
4.	Safeguard integrity in financial reporting <i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</i>		
4.1.	The board of a listed entity should: a) Have an audit committee which: 1. Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. Is chaired by an independent director, who is not the chair of the board, and disclose: 3. The charter of the committee; 4. The relevant qualifications and experience of the members of the committee; and 5. In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Part-Complying	As at the date of this statement, there is no Audit Committee. The full Board considers the matters and issues that would fall to the Audit Committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing an Audit Committee. The Board intends to re-evaluate the requirement for, and benefits of, a separate Audit Committee as the Company's operations increase in size and scale.
4.2.	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complying	The Board requires that the Chief Executive Officer and the CFO/Company Secretary state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3.	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	Complying	The Company requests the attendance of its auditors at its Annual General Meeting. Shareholders are given an opportunity to ask questions of the Company's auditors

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
5.	<i>Make timely and balanced disclosure</i> <i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities</i>		
5.1.	A listed entity should: a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) Disclose that policy or a summary of it	Complying	The Company has adopted a continuous disclosure policy. This policy is available on the Company's website.
6.	<i>Respect the rights of shareholders</i> <i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively</i>		
6.1.	A listed entity should provide information about itself and its governance to investors via its website	Complying	The Company has a dedicated Corporate Governance section on its website.
6.2.	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	Complying	The Company has adopted a shareholder communication policy which outlines the processes through which the Company will endeavour to ensure timely and accurate information is provided equally to all Shareholders and the broader market. The Company commits to communicating effectively with its shareholders by giving them access to balanced and understandable information about the Company and its activities. The Company encourages participation by shareholders at general meetings and commits to dealing promptly with shareholder enquiries. The Company provides shareholders with information using a disclosure policy which includes identifying matters that may have a material effect on the price of the Company Securities, notifying them to the market, posting them on the Company's website, and issuing media releases. The policy is available on the Company's website.
6.3.	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	Complying	Shareholders are encouraged to attend the Company's Annual General Meeting. The AGM is an opportunity for shareholders to hear the Managing Director provide updates on Group performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.
6.4.	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	Complying	Investors are able to communicate with the Company electronically via the Website or by emailing the Company Secretary. Investors are also able to communicate with the Company's registry (Computershare) by emailing the registry or via the registry's website.

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
7.	<i>Recognise and manage risk</i> <i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i>		
7.1.	The board of a listed entity should: a) Have a committee or committees to oversee risk, each of which: 1) Has at least three members, a majority of whom are independent directors; and 2) Is chaired by an independent director, and disclose: 3) The charter of the committee 4) The members of the committee; and 5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complying	As at the date of this statement, there is no Risk Committee. The full Board considers the matters and issues that would fall to the Risk Committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a Risk Committee. The Board intends to re-evaluate the requirement for, and benefits of, a separate Risk Committee as the Company's operations increase in size and scale. The Board has a major risk review as a standing item for each monthly Board meeting.
7.2.	The board or a committee of the board should: a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) Disclose, in relation to each reporting period, whether such a review has taken place	Complying	The Company has a risk register which identifies and graduates risks applicable to the Company. This risk register is reviewed annually.
7.3.	A listed entity should disclose: a) If it has an internal audit function, how the function is structured and what role it performs; or b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes	Complying	In the absence of a risk committee, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is mitigated to an acceptable level. The Board will review and discuss strategic risks and opportunities as they arise and arising from changes in the Company's business environment regularly and on an "as need" basis. The Board may delegate some of the abovementioned responsibility to management and committees of the Board but maintain the overall responsibility for the process. The full Board of the Company is also responsible for establishing policies on risk oversight, internal control and management.
7.4.	A listed entity should disclose whether it has any material exposure of economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks	Complying	The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.

	PRINCIPLES AND RECOMMENDATIONS	STATUS	COMMENT
8.	<i>Remunerate fairly and responsibly</i> <i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i>		
8.1.	The board of a listed entity should: a) Have a remuneration committee which: 1) Has at least three members, a majority of whom are independent directors; and 2) Is chaired by an independent director, and disclose: 3) The charter of the committee 4) The members of the committee; and 5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complying	As at the date of this statement, there is no Remuneration Committee. The full Board considers the matters and issues that would fall to the Remuneration Committee. The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a Risk Committee. The Board intends to re-evaluate the requirement for, and benefits of, a separate Remuneration Committee as the Company's operations increase in size and scale.
8.2.	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	Complying	Details of the Executive and Non-Executive Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual Report.
8.3.	A listed entity which has an equity-based remuneration scheme should: a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and b) Disclose that policy or a summary of it.	Complying	The Company's share plans are approved by Shareholders. The Directors are advised against investing in derivatives related to the Company.