

ASX RELEASE 31 JANUARY 2017

Quarterly Activities Report for the Period ended 31 December 2016

General

The Company:

- has reviewed several potential project acquisitions and continues to seek out opportunities which will
 - i. minimize dilution for existing shareholders while providing an option to participate in any recapitalisation of the Company; and
 - ii. attract new investors to potential development outcomes.
- endeavoured to minimise costs. In this regard, no Directors fees, Company Secretarial fees or office costs are being incurred while the Company endeavours to find new opportunities capable of creating shareholder value; and
- renewed its Los Pumas manganese tenements, the subject of a pre-feasibility study in 2010/11 which supported its development at that time. The Company is reviewing independent technical studies with a view to updating them and packaging the project for sale or joint venture in an improved manganese market.

Projects

Llahuin Copper-Gold Project (~250km north of Santiago)

- Based on in country legal advice, the Directors have agreed to settle a claim by the local Chilean community for an easement fee of approximately AUD\$71,000 in February 2017 to allow marketing of its Llahuin/Llanos project to continue.
- The Company is seeking potential farm-in partners to fund future exploration.

Los Pumas Manganese Project

- The Company announced a positive Pre-Feasibility Study (PFS) in October 2010 managed by SNC- Lavalin Group Inc. which included a resource estimate by Coffey Mining. Metallurgical test work was undertaken by Mintec and Mineral Processing Engineers.
- A review of the PFS is underway and a decision will be made on whether to update and refresh independent technical reports for the PFS which proposed a 300,000 tonnes per annum manganese mine over 7 years of an average cash cost of US \$3.50 per dry metric tonne unit.

Concession (tenement) Holdings

The Company retained only its concessions within the Llahuin, Los Pumas and Rincon Projects.

PROYECTO LOS PUMAS

AWAHOU 1 AL 20	MHS	15101-0045-6	GENERAL LAGOS	200
EMANUEL 1 AL 20	MHS	15202-0007-6	GENERAL LAGOS	200
LLUTA I 1 AL 60 RED 1/54	MHS	15201-0010-1	PUTRE	249
LLUTA II 1 AL 300 RED 1/285	MHS	15201-0011-K	PUTRE	285
PUTRE 6, 1 AL 20 RED 1/11	MHS	15201-0026-8	PUTRE	65
PUTRE I 1 AL 20	MHS	15201-0008-K	PUTRE	86
PUTRE II 1 AL 20	MHS	15201-0009-8	PUTRE	124

PROYECTO LLAHUIN

COLINA 2 1 AL 30	LLAHUIN	04304-0892-5	CANELA	259
AMAPOLA 1 1 AL 20	LLAHUIN	04205-1540-5	COMBARBALA	200
AMAPOLA 2 1 AL 20	LLAHUIN	04205-1541-3	COMBARBALA	196
AMAPOLA 3 1 AL 20	LLAHUIN	04205-1542-1	COMBARBALA	195
AMAPOLA 4 1 AL 20 RED 1/18	LLAHUIN	04205-1543-K	COMBARBALA	180
AMAPOLA I 1 AL 228	LLAHUIN	04205-2561-3	COMBARBALA	228
AMAPOLA II 1 AL 256	LLAHUIN	04205-2562-1	COMBARBALA	256

PROYECTO RINCON

RINCON 1 1 AL 30	MHS	4302-1666-K	SALAMANCA	300
RINCON 2 1 AL 30	MHS	4302-1667-8	SALAMANCA	300
RINCON 3 1 AL 30	MHS	4302-1668-6	SALAMANCA	300
RINCON 5 1 AL 30	MHS	4302-1669-4	SALAMANCA	300
RINCON 6 1 AL 30	MHS	4302-1670-8	SALAMANCA	300
RINCON 7 1 AL 30	MHS	4302-1671-6	SALAMANCA	300
RINCON 9 1 AL 20	MHS	4302-1672-4	SALAMANCA	200
RINCON 10 1 AL 20	MHS	4302-1673-2	SALAMANCA	200
RINCON 4 1 AL 300	MHS	4302-1666-K	SALAMANCA	300
RINCON 11 1 AL 300	MHS		SALAMANCA	300
RINCON 12 1 AL 300	MHS		SALAMANCA	300

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Southern Hemisphere Mining Limited

ABN

17 140 494 784

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(5)	(31)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(59)	(170)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(63)	(198)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	2	2
	(b) tenements (see item 10)	8	18
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	10	20

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	0	(2)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	(2)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	513	640
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(63)	(198)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10	20
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	(2)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	459	459

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	459	513
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	459	513

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
nil	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
nil	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
nil		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	80*
9.7 Total estimated cash outflows	120

*Payment of easement fee of approximately AUD\$71,000 plus associated legal costs.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL ESPINO 8 EL ESPINO 9 EL ESPINO 11 EL ESPINO 12 EL ESPINO 13 EL ESPINO 14 EL ESPINO 15 EL ESPINO 1 1 AL 300 EL ESPINO 2 1 AL 200 EL ESPINO 3 1 AL 200 EL ESPINO 4 1 AL 200 EL ESPINO 5 1 AL 300 EL ESPINO 6 1 AL 300 EL ESPINO 1 AL 9 LOS PUMAS 5 MG 3, 1 AL 30 RINCON 8	Exploration / exploitation concessions	100% (Expired during the period and not deemed of sufficient value to renew)	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

(Company Secretary)

Chris Webster

31 January 2017

Date:

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to

disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.