

ASX Announcement

21 October 2022

**QUARTERLY ACTIVITY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

Southern Hemisphere Mining Limited (“Southern Hemisphere” or “the Company”) reports the quarterly activity report for the period ended 30 September 2022.

EXPLORATION ACTIVITIES

The Company’s team of Geologists are progressing well through an extensive task, being the re-logging and re-interpretation of the geological system following recent results and over 20km of historical diamond core.



Figure 1 New core racks were built to store historical diamond core.

The significant process of re-logging and re-interpretation has identified a large porphyry/breccia system at the Company’s 100% owned Llahuin Project. Recent thin section work by Mayor University in Santiago has confirmed the Central Porphyry and Cerro De Oro are the same porphyry rock types. The Llahuin Copper/Gold/Moly deposit hosts over 680kt CuEq in Central Chile.

The Company can now focus on targeted exploration activities to determine whether the two deposits, Cerro De Oro and Ferrocarril are actually one large system over a 2km long mineralised zone.

During the quarter under review, the Company collected a total of 144 -1mm soil samples at the Company's 100% wholly owned Colina2 Copper/Gold Project to verify historical soil results over the licence.

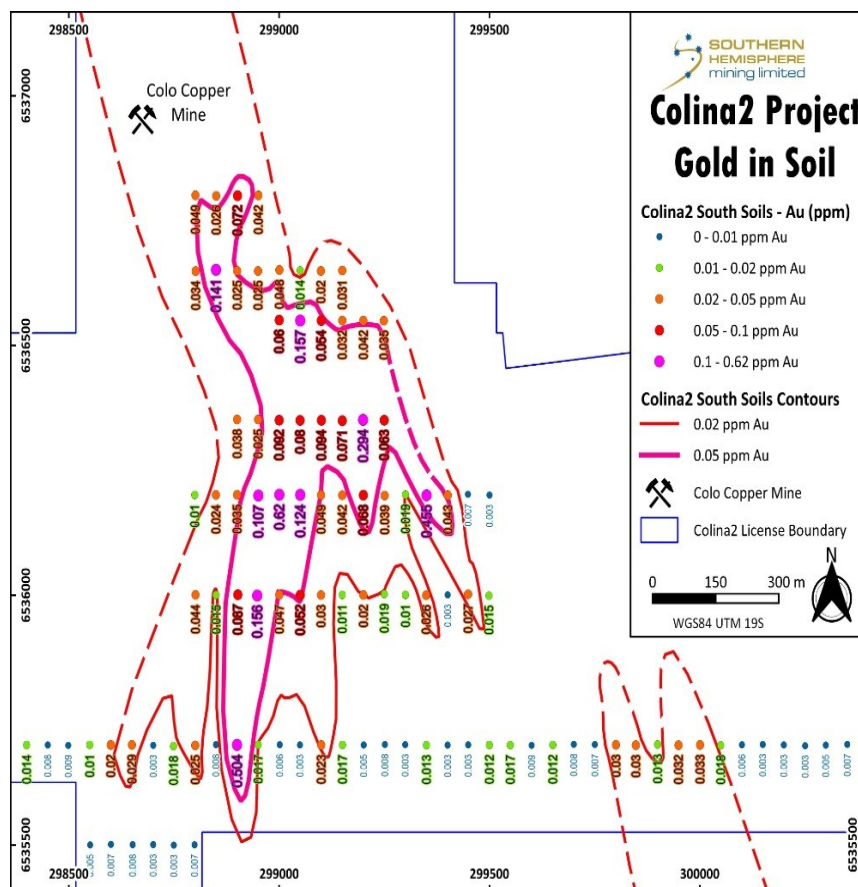


Figure 2 Colina2 Gold in soils with 0.05ppm (+50ppb) and 0.02 Gold contours.

The results were very encouraging with two samples over 0.5g/t Gold (620ppb max) in areas not currently drill tested.

A regional rockchip and mapping program is rapidly advancing with 169 samples collected to date and further sampling is planned to cover the additional 14 new licences at the Colina2 Project.

[\(Refer ASX Announcement dated 8 September 2022, Significant soil results expand the prospectivity of the Colina2 Gold/Copper Project in Chile.\)](#)

CORPORATE ACTIVITIES

The Company completed a placement to professional and sophisticated investors raising \$879,983 before costs via the issue of 43,999,158 fully paid ordinary shares at an issue price of \$0.02 per share.

The Company also issued 3,800,000 unlisted options expiring 30 July 2026 to employees under the Employee Incentive Option Plan.

Payments to related parties during the quarter totalled \$55,096 which included director fees, wages, superannuation, consulting fees, office lease and rental of equipment.



Figure 3 Project location map in Chile

Approved by the Board of Directors

Keith Bowker

Company Secretary

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CONTACTS:

For further information on this update or the Company generally, please visit our website at www.shmining.com.au or contact the Company.

BACKGROUND INFORMATION ON SOUTHERN HEMISPHERE MINING:

Southern Hemisphere Mining Limited is an experienced minerals explorer in Chile, South America.

Chile is the world's leading copper producing country and one of the most prospective regions of the World for major new copper discoveries. The Company's projects include the Llahuin Copper-Gold Project, Colina2 Gold Project, and the Los Pumas Manganese Project all of which were discovered by the Company.

Tenement List

| Project | Tenement | Interest Acquired during the Qtr | Interest Disposed of during the Qtr | Interest Held at the end of the Qtr |
|-----------|------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
| Llahuin | AMAPOLA 1 1 AL 20 | - | - | 100% |
| Llahuin | AMAPOLA 2 1 AL 20 | - | - | 100% |
| Llahuin | AMAPOLA 3 1 AL 20 | - | - | 100% |
| Llahuin | AMAPOLA 4 1 AL 20 - RED 1/18 | - | - | 100% |
| Llahuin | AMAPOLA I 1 AL 228 | - | - | 100% |
| Llahuin | AMAPOLA II 1 AL 256 | - | - | 100% |
| Los Pumas | AWAHOU 1 AL 20 | - | - | 100% |
| Los Pumas | EMANUEL 1 AL 20 | - | - | 100% |
| Los Pumas | LLUTA I 1 AL 60 RED 1/54 | - | - | 100% |
| Los Pumas | LLUTA II 1 AL 300 RED 1/285 | - | - | 100% |
| Los Pumas | PUTRE 6, 1 AL 20 RED 1/11 | - | - | 100% |
| Los Pumas | PUTRE I 1 AL 20 | - | - | 100% |
| Los Pumas | PUTRE II 1 AL 20 | - | - | 100% |
| Colina | COLINA 2 1 AL 30 | - | - | 100% |
| Colina | COLINA A01 | - | - | 100% |
| Colina | COLINA A02 | - | - | 100% |
| Colina | COLINA A03 | - | - | 100% |
| Colina | COLINA A04 | - | - | 100% |
| Colina | COLINA A05 | - | - | 100% |
| Colina | COLINA A06 | - | - | 100% |
| Colina | COLINA A07 | - | - | 100% |
| Colina | COLINA A08 | - | - | 100% |
| Colina | COLINA A09 | - | - | 100% |
| Colina | COLINA A10 | - | - | 100% |
| Colina | COLINA A11 | - | - | 100% |
| Colina | COLINA A12 | - | - | 100% |
| Colina | COLINA A13 | - | - | 100% |

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SOUTHERN HEMISPHERE MINING LIMITED

ABN

17 140 494 784

Quarter ended ("current quarter")

30 SEPTEMBER 2022

| 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 | (677) | (677) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (30) | (30) |
| (e) administration and corporate costs | (99) | (99) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (806) | (806) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | - | - |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) 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) | - | - |
| | <i>The company notes that included in the section 2.1 (c) property, plant and equipment year to date figure is an amount of \$12,000 that was presented under section 2.2 (e) other non-current assets, in previous quarters. The amount has been reclassified during the current quarter in order to more appropriately align with the nature of the transaction.</i> | | |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 880 | 880 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (23) | (23) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 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 | 857 | 857 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 161 | 161 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (806) | (806) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 857 | 857 |
| 4.5 | Effect of movement in exchange rates on cash held | 3 | 3 |
| 4.6 | Cash and cash equivalents at end of period | 215 | 215 |

| 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 | 200 | 146 |
| 5.2 | Call deposits | 15 | 15 |
| 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) | 215 | 161 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 55 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The payments to directors or their associates in 6.1 include 44k for salaries, fees and super and 7k for rental.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (806) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (806) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 215 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 215 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.27 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: | |
| No, the Company has reduced its net operating cash flows in line with current cash reserves. | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Board is currently reviewing alternatives.

The Board has a proven track record of securing funds as and when required and is confident that it will be able to continue to do so.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the Company will continue to align operational activity and expenditure with cash reserves available to the Company.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 21 October 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.