



**Southern Hemisphere Mining Limited
and its controlled entities**

ABN 17 140 494 784

**Half-year report
for the half-year ended 31 December 2022**

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Corporate Information

Board of Directors

| | |
|---------------------|----------|
| Mr Mark Stowell | Chairman |
| Mr David Frances | Director |
| Mr Richard Caldwell | Director |
| Mrs Natalie Dawson | Director |

Company Secretary

Mr Keith Bowker

Principal Place of Business & Registered Office

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Website: www.shmining.com.au

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PERTH WA 6831

Auditor

PKF Perth

Level 5, 35 Havelock Street

WEST PERTH WA 6005

Tel: +61 8 9426 8999

Website: www.pkf.com.au

Share Registry

Automic Group

Level 5, 191 St Georges Terrace

PERTH WA 6000

Tel: 1300 288 664

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Securities Exchange

Australian Securities Exchange

Website: www.asx.com.au

ASX Code: SUH

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Half-year report for the half-year ended 31 December 2022

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Cautionary statements

Forward-looking statements

The financial reports may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement.

The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward-looking statements will be or are likely to be fulfilled. Southern Hemisphere Mining Limited undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of these financial statements (subject to continuous disclosure requirements under the ASX Listing Rules).

The information in these financial statements does not take into account the objectives, financial situation or particular needs of any person or organisation. Nothing contained in these financial statements constitutes investment, legal, tax or other advice.

Previous Disclosure – 2012 JORC Code

The information in these financial statements that relates to specific exploration results, exploration targets and exploration data for the Company's Projects were extracted from previously released ASX announcements.

A copy of such announcements are available to view on the Company's website www.shmining.com.au. The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

In relation to Mineral Resources, metallurgical test-work confirms recoverability is within normal parameters, with 5 locked cycle flotation tests completed which gave an average copper recovery of 84% and 47% for gold with no deleterious elements.

Directors' report

The directors submit herewith the financial report of Southern Hemisphere Mining Limited ("Southern Hemisphere Mining" or "the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

| | |
|---------------------|----------|
| Mr Mark Stowell | Chairman |
| Mr David Frances | Director |
| Mr Richard Caldwell | Director |
| Mrs Natalie Dawson | Director |

The above named directors held office during and since the end of the half-year except for:

- Mrs Natalie Dawson – appointed 19 December 2022.

Review of operations

The loss of the Group for the half-year ended 31 December 2022, after accounting for income tax, amounted to \$1,347,786 (31 December 2021 \$1,324,910).

During the half-year, the Company continued to work on its Copper/Gold/Molybdenum and Manganese exploration assets in Chile. Under the accounting policy, all exploration is expensed.

Llahuin Project

The Llahuin Project is located approximately 250km north of Santiago, Chile and hosts over 680kt CuEq in Central Chile.

This is a good asset located in a prime low altitude location in Chile, amenable to open pit mining at usual copper porphyry grades already defined and requiring an increase in open pit resource to get to the scale required to commence a pre-feasibility study. The increase required is estimated at an additional 150 million tonnes (mt), to take the total resource to ~300mt. That would provide the basis for a study contemplating a ~25 year mine life at ~12mt per annum throughput.

The location is 8km away from the El Espino development owned by Pucobre, a Chilean listed copper miner.

The copper market is in balance at present, however, the increasing copper demand forecasted will likely result in a supply deficit in the next few years, as new mines now take longer to discover, define, permit, and get into production. Inflation is now at circa ~10% range across the globe, so as operating costs escalate, as well as copper demand, price increases in the medium term could be expected, which would make Llahuin even more valuable.

The Llahuin Project has advanced significantly with:

1. A number of successful diamond drill holes across the deposits following work to define the best drill direction and provided further structural detail of the geology;
2. A large soil Geochem Cu/Au anomaly linking the Cerro de Oro and Ferrocarril deposits over 1.9km strike and ~300m wide providing a major drill target for resource expansion;
3. A new coherent Cu/Au soil Geochem target has been discovered and defined at the Southern Porphyry Cu/Au target. This is also co-incident with a classic porphyry magnetic structure and a high priority drill target for resources expansion.

These targets have the scope, subject to successful drilling, to take Llahuin to an economic scale multiple open pit mining scenario.

Further work to refine drill targets includes:

1. The extensive task of re-logging and re-interpretation of the geological system at the Llahuin Copper/Gold/Molybdenum Project, using the results of over 20km of historical diamond core drilling.
2. Mapping of the newly defined 1.9km Geochem anomaly- key being the faults, key mineralised veining zones and orientations and breccia zone limits.
3. Assay for multi elements across all holes for sulphide mapping and multi-element zoning.

The geological re-interpretation work already shows scale, as a substantial structurally controlled porphyry/breccia system, is evident across the whole central deposit, which may continue across the other two deposits Cerro de Oro and Ferrocarril.

Subsequent to the half-year under review, a rock chip sampling and mapping program has identified high-grade veins in the Llahuin Project area. The best results include 22LHR000184 with 4.12% copper, 0.36g/t gold and 1,495g/t silver from an outcropping vein north of Cerro de Oro and 22LHR000183 located 20m along strike with 2.74% copper, 0.58g/t gold and 1,045g/t silver.

Further samples 22LHR000105 and 22LHR000106 sampled a north-south striking vein over a 90m strike (where exposed) and returned values of 16.6% copper, 0.94g/t gold and 1g/t silver and 16.3% copper, 1.13g/t gold and 4g/t silver respectively, located 1km north of Cerro de Oro, all of which were found in previously under explored areas.

Colina2 Project

The Colina2 Project is located 8km to the northwest of Llahuin. Drilling was completed during the half-year which downgraded the scale potential of the project. As a result, the land and holding cost is under review.

There remains a non JORC copper resource on the project which may have some value in the future so this will be retained.

Los Pumas Project

The Los Pumas Project is located approximately 175km east of the port city of Arica, Chile and hosts a total manganese resource of 23.7Mt at 7.81% Mn, with potential for expansion. The Company is in the process of updating the resource.

Technical work advanced towards a battery grade product to meet the growing demand for electric vehicles.

Studies are in progress to evaluate the potential for production of High Purity Manganese Sulphate Monohydrate ("HPMSM") at site to supply the North American market.

The Company will continue to work with Mn Energy Limited ("Mn Energy") to conduct preliminary test-work on the Los Pumas ore employing the Mn Energy patent pending leach-purification method for HPMSM manufacture.

Subsequent events

Subsequent to the half-year under review, the Company undertook the following activities:

- On 16 January 2023, the Company issued a further 10,000,000 fully paid ordinary shares at \$0.015 per share pursuant to the shortfall of the non-renounceable pro-rata entitlement offer to raise \$150,000 before costs.

There have been no other events subsequent to the reporting date that are expected to have a material impact on the financial position or performance of the Group.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year report.

Rounding off of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this directors' report are rounded off to the nearest dollar, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Mark Stowell

Chairman

14 March 2023

Perth, Western Australia

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF SOUTHERN HEMISPHERE MINING LIMITED**

In relation to our review of the financial report of Southern Hemisphere Mining Limited for the half year ended 31 December 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth
PKF PERTH

Shane Cross
SHANE CROSS
PARTNER

14 MARCH 2023,
WEST PERTH,
WESTERN AUSTRALIA

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SOUTHERN HEMISPHERE MINING LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Southern Hemisphere Mining Limited (the company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2022, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Southern Hemisphere Mining Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 2 in the financial report in which indicates that the consolidated entity incurred a net loss of \$1,347,786 during the half year ended 31 December 2022 and had negative operating cashflow of \$1,317,280. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF PERTH



SHANE CROSS
PARTNER

14 MARCH 2023
WEST PERTH,
WESTERN AUSTRALIA

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Mark Stowell

Chairman

14 March 2023

Perth, Western Australia

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2022

| | | Consolidated | |
|-------------|--|------------------------|--------------------|
| | | Half-year ended | |
| | | 31 December | 31 December |
| | | 2022 | 2021 |
| Note | | \$ | \$ |
| | Continuing operations | | |
| | Interest income | 61 | - |
| | Administration expenses | (155,852) | (117,494) |
| | Professional fees | (42,439) | (78,828) |
| | Employee benefit expenses | (68,296) | (37,255) |
| | Share-based payments | (71,739) | (34,413) |
| | Exploration and evaluation expenditure | (1,009,521) | (1,056,866) |
| | Exploration and evaluation costs written off | - | (54) |
| | Loss before income tax | (1,347,786) | (1,324,910) |
| | Income tax | - | - |
| | Loss after income tax for the half-year | (1,347,786) | (1,324,910) |
| | Other comprehensive income/(expense) for the half-year | | |
| | <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| | Foreign currency movement | 20,824 | (17,190) |
| | Other comprehensive profit/(loss) for the half-year | 20,824 | (17,190) |
| | Total comprehensive loss for the half-year | (1,326,962) | (1,324,100) |
| | Loss for the half-year attributable to: | | |
| | Owners of the Company | (1,347,786) | (1,324,910) |
| | Total comprehensive loss for the half-year attributable to: | | |
| | Owners of the Company | (1,326,962) | (1,324,100) |
| | Earnings per share | | |
| | Basic and diluted loss per share | (0.39) | (0.54) |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position as at 31 December 2022

| | | Consolidated | |
|----------------------------------|---|---------------------|-----------------|
| | | 31 December 2022 | 30 June 2022 |
| | | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,488,654 | 161,218 |
| Receivables and other assets | | 36,285 | 44,344 |
| Total current assets | | 1,524,939 | 205,562 |
| Non-current assets | | | |
| Property, plant and equipment | | 20,432 | 19,546 |
| Total non-current assets | | 20,432 | 19,546 |
| Total assets | | 1,545,371 | 225,108 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 184,114 | 309,734 |
| Total current liabilities | | 184,114 | 309,734 |
| Total liabilities | | 184,114 | 309,734 |
| Net assets /(deficiency) | | 1,361,257 | (84,626) |
| Equity | | | |
| Share capital | 5 | 58,457,293 | 55,756,187 |
| Share-based payment reserve | 6 | 290,413 | 235,266 |
| Other reserves | | 968,378 | 947,554 |
| Accumulated losses | | (58,354,827) | (57,023,633) |
| Total equity | | 1,361,257 | (84,626) |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2022

| <u>Consolidated</u> | Share capital \$ | Share-based payment reserve \$ | Foreign currency translation reserve \$ | Accumulated losses \$ | Total equity \$ |
|---|---------------------|---|---|-----------------------------|--------------------|
| Balance at 1 July 2021 | 54,395,671 | 165,991 | 942,035 | (54,144,180) | 1,359,517 |
| Loss for the half-year | - | - | - | (1,324,910) | (1,324,910) |
| Foreign currency translation | - | - | (17,190) | - | (17,190) |
| Other comprehensive loss for the half-year | - | - | (17,190) | - | (17,190) |
| Total comprehensive loss for the half-year | - | - | (17,190) | (1,324,910) | (1,342,100) |
| Share based payments | - | 34,413 | - | - | 34,413 |
| Balance at 31 December 2021 | 54,395,671 | 200,404 | 924,845 | (55,469,090) | 51,830 |
| Balance at 1 July 2022 | 55,756,187 | 235,266 | 947,554 | (57,023,633) | (84,626) |
| Loss for the half-year | - | - | - | (1,347,786) | (1,347,786) |
| Foreign currency translation | - | - | 20,824 | - | 20,824 |
| Other comprehensive profit for the half-year | - | - | 20,824 | - | 20,824 |
| Total comprehensive loss for the half-year | - | - | 20,824 | (1,347,786) | (1,326,962) |
| Issue of share capital | 2,756,155 | - | - | - | 2,756,155 |
| Share-issue costs | (55,049) | - | - | - | (55,049) |
| Share-based payments | - | 71,739 | - | - | 71,739 |
| Lapsed employee incentive options | - | (16,592) | - | 16,592 | - |
| Balance at 31 December 2022 | 58,457,293 | 290,413 | 968,378 | (58,354,827) | 1,361,257 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2022

| | Consolidated | |
|--|---------------------|---------------------|
| | Half-year ended | |
| | 31 December 2022 | 31 December 2021 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (232,999) | (191,981) |
| Payments for exploration and evaluation expenditure | (1,084,342) | (1,110,548) |
| Interest received | 61 | - |
| Net cash used in operating activities | (1,317,280) | (1,302,529) |
| Cash flows from investing activities | | |
| Payment for property, plant and equipment | - | (7,105) |
| Net cash used in investing activities | - | (7,105) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 2,517,555 | - |
| Share issue costs | (47,050) | - |
| Proceeds of borrowings | 143,000 | - |
| Net cash provided by financing activities | 2,613,505 | - |
| Net increase/(decrease)/ in cash and cash equivalents | 1,296,225 | (1,309,634) |
| Cash and cash equivalents at the beginning of the half-year | 161,218 | 1,526,749 |
| Effect of exchange rates on cash and cash equivalents | 31,211 | (13,081) |
| Cash and cash equivalents at the end of the half-year | 1,488,654 | 204,034 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half-year ended 31 December 2022

1. General information

Southern Hemisphere Mining Limited (“Southern Hemisphere Mining” or “the Company”) and its controlled entities (“the Group”) is a Company limited by shares incorporated and domiciled in Australia whose ordinary shares are publicly traded on the Australian Securities Exchange (“ASX”). The address of the principal place of business and registered office is Suite 2, 20 Howard Street, Perth, Western Australia, 6000. The Group also maintains an office in Santiago, Chile.

2. Basis of preparation and significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The financial report of the Group for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 14 March 2023.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the presentation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2022 annual financial report for the financial year ended 30 June 2022. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The condensed consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements for the half-year ended 31 December 2022, the Group incurred a loss of \$1,347,786 (2021: \$1,324,910) and had net cash outflows from operating activities of \$1,317,280 (2021: \$1,302,529) and cash inflows from financing activities of \$2,613,505 (2021: Nil). As at 31 December 2022, the Group has net assets of \$1,361,257 (30 June 2021: net asset deficiency of \$84,626).

Going concern (continued)

As such, the directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- Subsequent to the end of the half-year, on 16 January 2023, the Company issued a further 10,000,000 fully paid ordinary shares at \$0.015 per share pursuant to the shortfall of the non-renounceable pro-rata entitlement offer to raise \$150,000 before costs. Therefore, the Company currently has cash reserves sufficient to fund current working capital projections.
- The directors are confident based on historical raisings that the Group has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments.
- The directors are seeking potential joint venture partners which will expedite exploration activities whilst retaining cash reserves. This will result in the Company decreasing its ownership interest in the projects, however, will increase shareholder value.
- The directors are also seeking new assets and opportunities in thriving sectors which will attract capital to the Company.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Group is unsuccessful in the matters set out above in relation to obtaining future funds through capital raisings, there is a material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

The directors are not aware of any material uncertainties related to events or conditions that may cast significant doubts upon the Group's ability to continue as a going concern.

3. Dividends

No dividends were paid or declared for the half-year ended 31 December 2022 and the directors have not recommended the payment of a dividend.

4. Operating segments

Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of copper, gold, molybdenum, silver and manganese projects. Inter-segment transactions are priced at cost to the Group.

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the two principal locations based on geographical areas and therefore different regulatory environments – Australia and Chile.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the half-year financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

| For the half-year ended | Australia | Chile | Total |
|----------------------------------|------------------|------------------|--------------------|
| 31 December 2022 | \$ | \$ | \$ |
| Segment revenue and other income | 61 | - | 61 |
| Segment exploration expenditures | (230,747) | (778,774) | (1,009,521) |
| Segment other expenses | (272,188) | (66,138) | (338,326) |
| Segment loss after income tax | (502,874) | (844,912) | (1,347,786) |
| As at 31 December 2022 | | | |
| Segment current assets | 1,419,901 | 105,038 | 1,524,939 |
| Segment non-current assets | 1,069 | 19,363 | 20,432 |
| Segment total assets | 1,420,970 | 124,401 | 1,545,371 |
| Segment current liabilities | (120,841) | (63,273) | (184,114) |
| Segment total liabilities | (120,841) | (63,273) | (184,114) |
| Segment net assets | 1,300,129 | 61,128 | 1,361,257 |

4. Operating segments (continued)

| For the half-year ended 31 December 2021 | Australia \$ | Chile \$ | Total \$ |
|---|------------------|------------------|--------------------|
| Segment revenue and other income | - | - | - |
| Segment exploration expenditures | (142,706) | (914,214) | (1,056,920) |
| Segment other expenses | (243,401) | (24,589) | (267,990) |
| Segment loss after income tax | (386,107) | (938,803) | (1,324,910) |
| As at 31 December 2021 | | | |
| Segment current assets | 143,575 | 82,260 | 225,835 |
| Segment non-current assets | 1,329 | 5,776 | 7,105 |
| Segment total assets | 144,904 | 88,036 | 232,940 |
| Segment current liabilities | (53,349) | (127,761) | (181,110) |
| Segment total liabilities | (53,349) | (127,761) | (181,110) |
| Segment net assets/(deficiency) | 91,555 | (39,725) | 51,830 |

5. Share capital

| | 31 Dec 2022 No. | 30 June 2022 No. | 31 Dec 2022 \$ | 30 June 2022 \$ |
|---|--------------------|---------------------|-------------------|--------------------|
| Fully paid ordinary shares | 462,405,040 | 293,327,727 | 58,457,293 | 55,756,187 |
| Fully paid ordinary shares | | | | |
| Opening balance | 293,327,727 | 244,439,757 | 55,756,187 | 54,395,671 |
| Share Placement ^(a) | 43,999,158 | - | 879,983 | - |
| Non-renounceable rights issue ^(b) | 115,345,965 | - | 1,730,189 | - |
| Repayment of loan facility ^(b) | 9,732,190 | - | 145,983 | - |
| Renounceable rights issue ^(c) | - | 45,233,056 | - | 1,357,766 |
| Repayment of convertible loan facility ^(c) | - | 3,654,914 | - | 109,648 |
| Share-issue costs ^{(a) (b)(c)} | - | - | (55,049) | (106,898) |
| | 462,405,040 | 293,327,727 | 58,457,293 | 55,756,187 |

(a) On 20 July 2022, the Company completed a share placement to sophisticated and professional investors for a total of 43,999,158 fully paid ordinary shares at an issue price of \$0.02 per share to raise \$879,983 before costs of \$27,662.

(b) On 8 December 2022, the Company closed a non-renounceable rights issue on a 1 for 2 basis to eligible shareholders for a total of 125,078,155 fully paid ordinary shares at an issue price of \$0.015 per share to raise \$1,876,172 before costs of \$27,387. Subsequent to the end of the half-year a further 10,000,000 fully paid ordinary shares were issued under the shortfall to raise a further \$150,000 before costs of \$9,000. Included in the non-renounceable rights issue was an issue of 9,732,190 fully paid ordinary shares at an issue price of \$0.015 per share for the repayment of a loan facility of \$145,983 provided by Merchant Holdings Pty Ltd, including accrued interest of \$2,983. For further details refer to note 7.

(c) On 16 February 2022, the Company completed a renounceable rights issue on a 1 for 5 basis, being 48,887,970 fully paid ordinary shares at an issue price of \$0.03 per share to raise \$1,467,414 before costs of \$106,898 together with a 1 for 2 free attaching listed option (ASX: SUHO), being 24,444,003 listed options exercisable at \$0.10 each on or before 16 February 2024. Included in the renounceable rights issue was an issue of 3,654,914 fully paid ordinary shares at an issue price of \$0.03 per share for the partial repayment of \$100,000 convertible loan facility provided by Merchant Holdings Pty Ltd, including accrued interest of \$20,000. For further details refer note 7.

6. Share-based payment reserve

31 December 2022

| Options series | Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/forfeited/other | Balance at the end of the year |
|----------------|------------|-------------|----------------|----------------------------------|------------------|-----------|-------------------------|--------------------------------|
| 4 | 07/07/2022 | 30/07/2026 | Nil | - | 3,800,000 | - | - | 3,800,000 |
| 3 | 13/01/2022 | 30/07/2026 | Nil | 300,000 | - | - | - | 300,000 |
| 2 | 30/07/2021 | 30/07/2026 | Nil | 6,000,000 | - | - | - | 6,000,000 |
| 1 | 30/07/2021 | 30/07/2026 | Nil | 3,650,000 | - | - | - | 3,650,000 |
| | | | | 9,950,000 | 3,800,000 | - | - | 13,750,000 |

30 June 2022

| Options series | Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/forfeited/other | Balance at the end of the year |
|----------------|------------|-------------|----------------|----------------------------------|-------------------|-----------|-------------------------|--------------------------------|
| 3 | 13/01/2022 | 30/07/2026 | Nil | - | 600,000 | - | (300,000) | 300,000 |
| 2 | 30/07/2021 | 30/07/2026 | Nil | - | 6,000,000 | - | - | 6,000,000 |
| 1 | 30/07/2021 | 30/07/2026 | Nil | - | 3,800,000 | - | (150,000) | 3,650,000 |
| | | | | - | 10,400,000 | - | (450,000) | 9,950,000 |

Option series 4

On 7 July 2022, 3,800,000 unlisted options expiring 30 July 2026 were granted to employees under the EIOP. 1,900,000 unlisted options will vest on 7 July 2023 with the remaining 1,900,000 vesting on 7 July 2024, subject to continued employment. These have been fair valued at \$0.00883 per option totalling \$33,554. The amount vested within the current period is \$12,198.

Options series 3

On 13 January 2022, 600,000 unlisted options expiring 30 July 2026 were granted to employees under the EIOP. 300,000 unlisted options vested on 30 July 2022 with the remaining 300,000 unlisted options vesting on 30 July 2023, subject to continued employment. 300,000 unlisted options lapsed during the prior period as a result of the continued employment conditions, the value of these was \$8,042, and have been transferred to accumulated losses. The current expense vested to date is \$6,826.

Options series 2

6,000,000 unlisted options expiring 30 July 2026 issued to directors were approved at a General Meeting of shareholders held on 30 July 2021. The unlisted options vest on 30 July 2026 and are subject to the performance criteria mentioned below. The current expense vested to date is \$87,997.

Options series 1

On 30 July 2021, 3,800,000 unlisted options expiring 30 July 2026 were granted to employees under the EIOP. 2,900,000 unlisted options vested immediately on 24 June 2021, 600,000 vested on 1 July 2022 and the remaining 300,000 will vest on 1 July 2023, subject to continued employment. 150,000 unlisted options lapsed during the prior period as a result of the continued employment conditions, the value of these was \$8,550, and have been transferred to accumulated losses. The current expense vested to date is \$183,686.

Southern Hemisphere Mining Limited operates an ownership-based Employee Incentive Option Plan ("EIOP") for executives and senior employees of the Group.

As at the date of this report the Group had 7,750,000 unlisted options on issue under the EIOP leaving a capacity of 397,991.

In accordance with the terms and conditions of the EIOP, as approved by shareholders at the 2020 Annual General Meeting, each unlisted option converts to fully paid ordinary shares on a one-for-one basis, subject to the following conditions:

- The Company announcing a 30% increase in the copper equivalent resource for the Company's Llahuin Project from the current 149mt to 0.41% copper equivalent (680,000t CuEq) to 800,000t CuEq; or
- A 20 day VWAP (trading days) of 20 cents or above; or
- A change of control event occurs (the definition of which was detailed in the Company's Notice of General Meeting issued on 25 June 2021).

6. Share-based payment reserve (continued)

The share-based payment reserve is used to recognise the fair value of unlisted options issued to directors, employees, contractors and stockbrokers.

| | 31 Dec 2022 | 30 June 2022 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Opening balance | 235,266 | 165,991 |
| Share-based payment expense | 71,739 | 77,455 |
| Lapsed options | (16,592) | (8,180) |
| | 290,413 | 235,266 |

For the options granted, the valuation model inputs used to determine the total fair value of \$556,994 at the various grant dates using the Hoadley Barrier 1 Model are as follows:

| Options series | Grant date | Expiry date | Share price at grant date | Exercise Price | Barrier Price | Expected volatility | Risk-free interest rate | Fair value at grant date | Total fair value |
|----------------|------------|-------------|---------------------------|----------------|---------------|---------------------|-------------------------|--------------------------|------------------|
| 4 | 07/07/2022 | 30/07/2026 | \$0.02 | Nil | \$0.20 | 85.00% | 3.15% | \$0.00883 | \$33,554 |
| 3 | 13/01/2022 | 30/07/2026 | \$0.0387 | Nil | \$0.20 | 100.00% | 1.457% | \$0.0296 | \$17,760 |
| 2 | 30/07/2021 | 30/07/2026 | \$0.06 | Nil | \$0.20 | 100.00% | 0.56% | \$0.0516 | \$309,600 |
| 1 | 30/07/2021 | 30/07/2026 | \$0.06 | Nil | \$0.20 | 100.00% | 0.56% | \$0.0516 | \$196,080 |

The total fair value of the unlisted options is expensed over the estimated vesting period. The share-based payments expense of \$71,739 (2021: \$34,413) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the half-year.

7. Related party transactions***Loans to key management personnel***

On 26 October 2022, the Company entered into a loan facility agreement with Merchant Holdings Pty Ltd, a company controlled by Mr Mark Stowell. This agreement provided a loan facility for \$200,000 available for draw down for 6 months from the date of the agreement. In the terms of the agreement interest accrued at the rate of 12% per annum on the outstanding principal with a default interest rate of 20% should the loan facility not be repaid within 12 months. The loan was drawn down to \$143,000 during the half-year and interest of \$2,983 was accrued. Repayment of the loan in full occurred on 15 December 2022 via the issue of 9,732,190 fully paid ordinary shares at an issue price of \$0.015 per share permitted by the non-renounceable rights issue prospectus.

Other than the above, there have been no other significant related party transactions since the last annual reporting date.

8. Contingent liabilities and contingent assets

There has been no significant change in contingent liabilities and/or contingent assets since the last annual report. Please refer to the 30 June 2022 annual financial report.

9. Commitments

There have been no significant change in the Group's exploration commitments since the last annual report. Please refer to the 30 June 2022 annual financial report.

10. Subsequent events

- On 16 January 2023, the Company issued a further 10,000,000 fully paid ordinary shares at \$0.015 per share pursuant to the shortfall of the non-renounceable pro-rata entitlement offer to raise \$150,000 before costs.

There have been no other events subsequent to the reporting date that are expected to have a material impact on the financial position or performance of the Group.

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