

# Entitlement Offer Booklet

**Southern Hemisphere Mining Limited (ACN 140 494 784)**

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1 for 2 pro rata renounceable entitlement offer at \$0.025 per New Share to raise approximately \$2 million.

The Entitlement Offer closes at 5.00pm (Sydney time) on 14 December 2020 (unless extended). Valid applications must be received before that time.

Shareholders can, in addition to their Entitlement, apply for Shortfall Shares.

This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention. Please call your broker, professional adviser or the SUH Offer Information Line if you have any questions. This document is not a prospectus. This document does not contain all of the information that an investor may require to make an informed investment decision regarding the New Shares offered by this document. The New shares offered by this document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## Important Notice

This Offer Booklet is dated 3 December 2020 and was lodged with ASX on that date. The ASX does not take any responsibility for the contents of this Offer Booklet. Capitalised terms in this section have the meaning given to them in this Offer Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Offer Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

The Company may make additional announcements after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Shortfall Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

As at the date of this Offer Booklet, the Company has complied with:

- the provisions of chapter 2M of the Corporations Act, as they apply to the Company; and
- section 674 of the Corporations Act.

As at the date of this Offer Booklet, the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Booklet pursuant to subsections 708AA(8) and (9) of the Corporations Act.

## International offering restrictions

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Booklet is not to be distributed in, and no offer of New Shares or Shortfall Shares is to be made in countries other than Australia or New Zealand. The distribution of this Offer Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Offer Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

## New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand). This document has not been registered, filed with or approved by a New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## Definitions, currency and time

Defined terms used in this Offer Booklet are contained in section 8. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

## No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Offer Booklet may not be relied upon as having been authorised by the Company or any of its officers.

## Past performance

Investors should note that the Company's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including the Company's future financial position or share price performance.

## Future performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of the Company. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures.

## Risks

Refer to the 'Risk factors' in section 5 of this Offer Booklet for a summary of general and specific risk factors that may affect the Company.

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### 1 SUMMARY OF THE ENTITLEMENT OFFER

Shares (approx.)	Assuming 100% take up of the Offer	
	Number of Shares	%
Existing Shares on issue as at the Record Date	162,959,838	66.67
Entitlement Offer at \$0.025 per New Share	81,479,919	33.33
Total	244,439,757	100
Amount raised (before costs)	\$2,036,949	N/A

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### 2 KEY DATES

Activity	Date
Ex date	27 November 2020
Rights trading starts on a deferred settlement basis	
Record Date	30 November 2020
Offer Booklet and Entitlement and Acceptance Form dispatched	3 December 2020
Entitlement Offer opens	
Deferred settlement in trading of rights ends	
Rights trading ends at close of trading	7 December 2020

Closing date for the Offer (5.00pm (Sydney time))	14 December 2020
Announcement of results of the Offer	17 December 2020
Issue of New Shares under the Offer	21 December 2020
Normal ASX trading for New Shares commences	22 December 2020
Dispatch of holding statements for New Shares issued	

This timetable is indicative only and subject to change, subject to the Listing Rules and the Act.

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### 3 CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to write to you, as a valued Shareholder of Southern Hemisphere Mining Limited, and offer you the opportunity to participate in the Company's recently announced 1 for 2 renounceable entitlement offer of new ordinary Shares (**New Shares**) at an Issue Price of \$0.025 per New Share (**Offer or Entitlement Offer**), a 34.21% discount to the closing price of Shares on 24 November 2020 of \$0.038 per Share (being the last trading day before the announcement of the Offer).

The proceeds of the Offer of approximately \$2 million will be used to fund exploration work at the Company's Colina2 gold prospect and Llahuin Copper/Gold/Moly projects in Chile and for general working capital.

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that accompanies this Offer Booklet. If you take up your Entitlement, you can also apply for additional Shares under a 'top-up' facility (refer to section 4.4 of this Offer Booklet for more information).

As the Company's Chairman, I will take up my Entitlement and underwrite the offer for collectively \$200,000 or 8 million New Shares.

The Entitlement Offer is renounceable, and Entitlements are tradeable on the ASX. Entitlements commenced trading on 27 November 2020 and Entitlement trading will end on 7 December 2020.

This Offer Booklet contains important information, including:

- information on the Entitlement Offer and key risks for you to consider;
- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions on that form; and
- instructions on how to take up all or part of your Entitlement via BPAY®.

**The Entitlement Offer closes at 5.00pm (Sydney time) on 14 December 2020.**

Please read in full the details on how to submit your application, which are set out in this Offer Booklet. For further information regarding the Entitlement Offer, please call +61 862 452 050, or visit our website at [www.shmining.com.au](http://www.shmining.com.au).

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of the Company, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

**Mark Stowell**  
Chairman

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## **4 DETAILS OF THE OFFER**

### **4.1 Entitlement Offer**

The Entitlement Offer constitutes an offer to Eligible Shareholders only. The Entitlement Offer will raise approximately \$2 million before costs.

Eligible Shareholders who are on the Company's share register on the Record Date are offered 1 New Share for every 2 Shares held on the Record Date (**Entitlement**) at an issue price of \$0.025 per Share.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The Issue Price of \$0.025 per New Share represents a discount of 34.21% to the closing price of Shares on 24 November 2020 of \$0.038 per Share (being the last trading day before announcement of the Entitlement Offer).

Your Entitlement is renounceable and may be traded on the ASX. Entitlements commenced trading on 27 November 2020 and Entitlement trading will end on 7 December 2020. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on the ASX and the price you may be able to achieve. If you do not take up or sell your Entitlement, it will lapse after Entitlement trading ends.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Offer Booklet. Eligible Shareholders may subscribe for all or part of their Entitlements, and also apply for New Shares under the Shortfall Facility.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in the Company diluted.

Eligible Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are summarised in section 5 of this Offer Booklet.

### **4.2 Minimum subscription**

There is no minimum subscription under the Offer.

### **4.3 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 6 and on the Entitlement and Acceptance Form which accompanies this Offer Booklet.

### **4.4 Issue of Shortfall Shares under the Shortfall Facility**

The Directors reserve the right to issue any Shortfall Shares within 3 months after the close of the Offer at an issue price of no less than the Issue Price.

Any New Shares not taken up by the Closing Date may be made available to Eligible Shareholders who took up their full Entitlement and applied for additional New Shares (**Shortfall Facility**).

The Directors in conjunction with the underwriter reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, to:

- (a) issue Shortfall Shares at their discretion by applying a policy of allocating Shortfall Shares in a manner that is in the Company's best interests; and
- (b) reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for.

It is an express term of the Shortfall Facility that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than that applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

Allocations will be made in such a way that the provisions of the Listing Rules and the Corporations Act, and in particular the takeovers prohibitions in Chapter 6 of the Corporations Act, are complied with.

There is no guarantee that Eligible Shareholders applying for Shortfall Shares will receive the number of New Shares applied for under the Shortfall Facility, or any. The number of New Shares available under the Shortfall Facility will not exceed the shortfall from the Entitlement Offer.

#### **4.5 Underwriting**

The Director, Mark Stowell, has agreed to underwrite the Offer for 5,865,157 New Shares. Mr Stowell will not receive any fee for this commitment and it may only be terminated if the Offer is withdrawn.

#### **4.6 Eligibility of Shareholders**

The Entitlement Offer is being offered to all Eligible Shareholders. An Eligible Shareholder is a Shareholder on the Record Date who:

- (a) has a registered address on the Company share register in Australia or New Zealand;
- (b) is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia or New Zealand.

The Company has appointed Euroz Hartleys Limited as the nominee for the purposes of section 615 of the Corporations Act to sell Entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer. The nominee will arrange for the proceeds of sale of Entitlements (if any), net of expenses, to be distributed to Ineligible Shareholders in proportion to their shareholding at the Record Date. There is no guarantee that any proceeds will be realised from the sale of Entitlements that would otherwise have been offered to Ineligible Shareholders.

#### 4.7 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

#### 4.8 Allotment

The Company will apply for quotation of the New Shares on ASX in accordance with ASX Listing Rules. It is expected that allotment of the New Shares under the Entitlement Offer will take place on or around 21 December 2020.

Application Monies will be held by the Company on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

#### 4.9 Capital structure

##### (a) Shares

The capital structure of the Company after the Entitlement Offer will be as follows:

Shares (approx.)	Assuming 100% take up of the Entitlement Offer	
	Number of Shares	%
Existing Shares on issue as at Records Date	162,959,838	66.67
Entitlement Offer	81,479,919	33.33
Total	244,439,757	100

##### (b) Options

The Company does not have any Options on issue. No Options are offered under the Entitlement Offer.

#### 4.10 Recent trading prices

The lowest and highest closing market sale prices of Shares on the ASX during the three months preceding 24 November 2020 (being the last trading day prior to the announcement of the Entitlement Offer) were \$0.028 per Share on 26, 27 and 28 August 2020 and \$0.044 per Share on 28 and 29 September 2020 respectively.

The closing market price of Shares on 24 November 2020 (being the last trading day prior to the announcement of the Entitlement Offer) was \$0.038 per Share.

#### 4.11 Effect on control

For information on the effect of the Entitlement Offer on the control of the Company, refer to the cleansing notice issued by the Company under section 708AA(2)(f) of the Corporations Act on 25 November 2020.



The potential effect that the Entitlement Offer will have on the control of the Company and the consequences of that effect, will depend on a number of factors, including investor demand and the extent to which Eligible Shareholders take up their Entitlement.

Given the structure of the Entitlement Offer as a pro rata offer, if all Eligible Shareholders take up their Entitlements, each Eligible Shareholder's ownership interest (and voting power) in Southern Hemisphere will remain largely unchanged insofar as the Entitlement Offer is concerned.

To the extent that any Eligible Shareholder fails to take up his/her Entitlements under the Entitlement Offer, that Eligible Shareholder's percentage holding in Southern Hemisphere will be further diluted by those other Eligible Shareholders who take up some, all or more than their Entitlements. The voting power of Ineligible Shareholders will be diluted.

According to its most recent substantial shareholder notice, Zero Nominees Pty Limited holds 25,588,308 shares or 15.7% of the Company's issued share capital. Assuming that Zero Nominees Pty Limited takes up its Entitlement in full, Mr Stowell subscribes for his full commitment of 8 million New Shares and no other New Shares are issued (an outcome the Directors consider unlikely), Zero Nominees' maximum voting power will increase to 23.55%. The Company does not expect that any other person will go over more than 20% as a result of the Entitlement Offer.

The Company has, in accordance with section 615 of the Corporations Act, appointed Euroz Hartleys Limited as the nominee to sell Ineligible Shareholders' Entitlements. As a result, Zero Nominees can rely on item 10 of section 611 of the Corporations Act to take up all of its Entitlement, should it choose to do so and as a result increase its voting power to 20% or more.

#### **4.12 Risks**

Any investment in Shares carries certain risks. In addition to the general risks applicable to all investments in listed securities, the Company is subject to a number of specific risk factors which may affect or have an adverse impact on the Company.

A summary of such general and specific risk factors have been set out in the 'Risk Factors' section in section 5.

The Directors recommend that all Shareholders review these risk factors and consult their own stockbroker, solicitor, accountant or other professional adviser to evaluate the potential impact of such risks and whether or not to participate in the Entitlement Offer.

#### **4.13 New Zealand Shareholders**

The Offer contained in this Offer Booklet to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Offer Booklet has not been registered, filed or approved by any New Zealand regulatory authority. This Offer Booklet is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **4.14 Treatment of Ineligible Shareholders**

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Offer Booklet will not be sent to those Shareholders.

This Offer Booklet does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Offer Booklet or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Offer Booklet or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

In accordance with section 615 of the Corporations Act, the Company has appointed Euroz Hartleys Limited as the nominee to arrange for the sale of the Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale (if any). The net proceeds of sale (in Australian dollars) will be distributed to the Ineligible Shareholders for whose benefits the Entitlements have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

#### **4.15 Quotation**

The Company will apply for quotation of the New Shares offered by this Offer Booklet on ASX in accordance with ASX Listing Rules. A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

#### **4.16 Section 708AA Corporations Act**

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Entitlement Offer is being undertaken pursuant to section 708AA of the Corporations Act. This section enables disclosing entities to undertake a rights issue in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Offer without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. For the Company to rely on the

disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act, apart from formal matters, the notice under section 708AA(2)(f) need only:

- (a) contain information that is excluded information as at the date of the offer document pursuant to section 708AA(8) and (9); and
- (b) state:
  - (i) the potential effect the issue of the New Shares will have on the control of the Company; and
  - (ii) the consequences of that effect.

A notice under section 708AA(2)(f) was lodged with the ASX on 25 November 2020.

#### **4.17 Taxation**

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. The Company considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Offer Booklet or the subsequent disposal of any New Shares. The Company recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

#### **4.18 Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Share Registry.

#### **4.19 Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this Offer Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares to the extent it is lawful to do so.

#### **4.20 CHES**

The Company participates in the Clearing House Electronic Subregister System (**CHES**). CHES is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under the Offer. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under the Offer, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under the Offer and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

#### **4.21 Enquiries**

If you are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other independent professional advisers. If you:

- (a) have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- (b) you have lost your Entitlement and Acceptance Form and would like a replacement form,

please call the Offer Information Line on +61 8 6245 2050 at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Entitlement Offer period.

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## 5 RISK FACTORS

This section identifies the major risks the Board has identified regarding an investment in the Company. The Company's business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will be achieved. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's prospects, and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 5.1 Specific Investment Risks

#### (a) Early stage projects

The Company's projects are at an early stage. In advancing the Company's projects to a stage where they may be cash generative, many risks are faced, including the capital costs of development and the risks associated with mine construction. It is impossible to ensure that feasibility studies or exploration program on any of the Company's projects will result in a profitable commercial mining operation. The Company's operations are subject to all of the hazards and risks normally associated with the exploration, development and production of minerals, any of which could result in damage to life, property or the environment and possible legal liability for such damage caused. The Company's activities may be subject to prolonged disruptions due to weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, over pressured aquifers, cavities, flooding or other conditions may be encountered during the drilling and removal of material. While discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines.

Major expenditure may be required to establish reserves by drilling and to construct mining and processing facilities, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit (such as its size and quality), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection). The effect of these factors can only be estimated and cannot be accurately predicted.

#### (b) Rights of access to land and permitting

In order to commence mining activities, including extraction of minerals and the associated processing operations, agreements with the landowners of the Company's projects have to be reached. The Company has not entered into any agreements on extraction of minerals, or on rights of access nor other required rights for any mining operations in the relevant areas, with the landowners in the areas the subject of the Company's projects. If further investigations are to be made, and this presupposes

the use of motorised vehicles, the Company will require approval from the landowners and a permit under the relevant law in the relevant jurisdiction. The process of obtaining such rights of access and permits could lead to a delay in exploration or production. As a result of such delays, the Company may incur additional costs and/or losses of revenue.

(c) Reserve and resource estimates

Any existing and future mineral resource and reserve figures will be estimates and there can be no assurances that the mineral resources or reserves are present, will be recovered or can be brought into profitable production. Mineral resource and reserve estimates may require revisions based on actual production experience. Furthermore, a decline in the market price for minerals could render remaining Mineral Reserves uneconomic to recover and may ultimately result in a restatement of both Mineral Resources and Reserves.

Estimates of mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Material changes in mineral reserves or recovery rates may affect the economic viability of projects and the Company's project could become commercially unviable as a result of any material reduction in estimates of Reserves and Resources.

Mineral resources are reported as general indicators and should not be interpreted as assurances of minerals or the profitability of current or future operations.

(d) Risks related to COVID-19

The extent of the effects of the COVID-19 pandemic is still uncertain and evolving. There is a risk that there will be further disruption to workplaces and the Company's operations as a result of restrictions imposed by local government in response to the pandemic, or work safety and health risk as a result of the pandemic and/or disruption of markets and logistical supply chains. Any further COVID-19 or other pathogenic outbreaks will have a material adverse on the wellbeing and health of the Company's employees and contractors and the supply chain, and the Company may not be able to carry out its business plan if any or at all.

(e) Political and country risks

The Company's projects are in politically and economically stable jurisdictions, but although unlikely, it cannot be guaranteed that this stability will exist during the entire life of the Company's operations in those jurisdictions. In addition, government authorities in those jurisdictions may decide in the future to increase taxation on businesses in general or extractive industries in particular to a level where the Company's operations in those jurisdictions no longer remain economic.

(f) Changes in the laws

Any changes in the laws of the jurisdiction where the Company operates could materially affect the rights and title to the interests held there by the Company. No assurance can be given that the government in those jurisdiction will not revoke or significantly alter the conditions of the applicable exploration and mining authorisations nor that such exploration and mining authorisations will not be

challenged or impugned by third parties. In addition, such approvals, exploration licences and extraction licences are subject to change in various circumstances and further project specific governmental decrees and/or legislative enactments may be required.

(g) Liquidity

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. In the short-term, liabilities will be funded by cash.

Although the Company has been successful in the past in raising equity finance, there can be no assurance that the funding required by the Company will be made available to it when needed or, if such funding were to be available, that it would be offered on reasonable terms. The terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders or if no funding available then insolvency is a risk as the company has no income, and not readily saleable assets.

(h) Future funding requirements

If in the future the Company requires additional funding, there is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, Shareholders. If the Company is unable to obtain additional financing as and when needed, it could result in a delay or indefinite postponement of exploration and development activities or ultimately mean that it is unable to continue with the Company's projects.

(i) Dividends

There can be no assurance as to whether any future dividends may be paid. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time. For the time being, the Company does not pay dividends and this is unlikely to change in the near future.

(j) Reliance on key personnel

The loss of any one or more of the directors could have adverse impact on the performance and prospects of the Company.

(k) Development and operating risks

Development of any mineral deposit will require obtaining the necessary licences or clearances from the necessary authorities which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

The operations of the Company may be affected by various factors, including without limitation, failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical

problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortage or increases in the costs of consumables, spare parts, plant and equipment.

(l) **Commodity price volatility**

Should the Company commence production, most of the Company's revenues would potentially be derived from the sale of minerals. Consequently, the Company's expected earnings will be closely related to the price of minerals sold by the Company. Mineral prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand, forward selling producers, and production costs levels in major mineral-producing regions.

(m) **Environmental risks**

The operations and proposed activities of the Company are subject to the laws and regulations concerning the environment in the local jurisdiction. As with most exploration projects and production projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

(n) **Competition**

The Company will be competing with other companies in the resource sector, many of which may well have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

## **5.2 General Investment Risks**

(a) **Share Market Investments**

It is important to recognise that the price of Shares may rise or fall, and they might trade at prices below or above the Issue Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares.

(b) **General Economic Conditions**

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.



(c) Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

(d) Taxation Risks

Changes to the rate of taxes imposed on the Company or tax legislation generally may affect the Company and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to the Company's interpretation may lead to an increase in the Company's taxation liabilities and a reduction in Shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible either for taxation or penalties incurred by investors.

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## **6 HOW TO APPLY**

### **6.1 What you may do**

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 6.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Shares (see section 6.3);
- (c) sell your Entitlement (see section 6.4);
- (d) take up part of your Entitlement and sell the balance on ASX (see section 6.5);
- (e) take up part of your Entitlement and transfer the balance other than on ASX (see section 6.6); or
- (f) allow all or part of your Entitlement to lapse (see section 6.7).

### **6.2 Subscribe for all or part of your Entitlement**

Applicants should read this Offer Booklet in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Offer Booklet before deciding to apply for New Shares. If you do not understand this Offer Booklet you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Offer Booklet.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

### **6.3 Subscribe for all of your Entitlement and apply for Shortfall Shares**

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holdings by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 4.4 for details of the manner in which Shortfall Shares will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

### **6.4 Sell your Entitlement**

If you wish to sell your Entitlement, you should instruct your Stockbroker in accordance with the instructions on the back of the Entitlement and Acceptance Form.

Rights trading commenced on ASX on 27 November 2020. Sale of your Rights must be completed by 7 December 2020 when Rights trading is expected to cease.

### **6.5 Take up part of your Entitlement and sell the balance on ASX**

Please complete the accompanying personalised Entitlement and Acceptance Form and submit your application monies, or make payment via BPAY®, in respect of the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and

Acceptance Form) and instruct your Stockbroker in respect of that part of your Entitlement you wish to sell.

Cash will not be accepted and no receipts will be issued. Application Monies must be received by the Share Registry before 5.00pm (Sydney time) on the Closing Date.

Rights trading commenced on ASX on 27 November 2020. Sale of your Rights must be completed by 7 December 2020 when Rights trading is expected to cease.

#### **6.6 Take up part of your Entitlement and transfer the balance other than on ASX**

If you are an Eligible Shareholder and you hold your Shares on the issuer sponsored sub-register, forward a completed renunciation and transfer form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application monies so that it is received by the Company's Share Registry by 5.00 pm (Sydney time) on 14 December 2020.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued. Application Monies must be received by the Share Registry before 5.00pm (Sydney time) on the Closing Date.

#### **6.7 Allow all or part of your Entitlement to lapse**

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

#### **6.8 Payment methods**

##### ***BPAY®***

If you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than 5.00pm (Sydney time) on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by 5.00pm (Sydney time) on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the customer reference number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same customer reference number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with

the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

#### **Cheque, bank draft or money order**

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to '**Southern Hemisphere Mining Limited**' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.025 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following addresses by no later than 5.00pm (Sydney time) on the Closing Date:

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**By Post to:**

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**Southern Hemisphere Mining Limited**

C/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001

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#### **6.9 Entitlement and Acceptance Form is binding**

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY®, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY®, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Booklet, does not prohibit you from being given the Offer Booklet and that you:

- (a) agree to be bound by the terms of the Offer;

- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and either:
  - (i) you are not in the United States or a US Person, or acting for the account or benefit of a US Person, or
  - (ii) your circumstances are such that the Offer cannot lawfully be made to you;
- (f) acknowledge that the information contained in, or accompanying, the Offer Booklet is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

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## **7 RIGHTS AND LIABILITIES ATTACHING TO SHARES**

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the

rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time:

(i) declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or

(ii) determine that a dividend is payable, fix the amount and time for payment.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act

(h) Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for

more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the Managing Director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares offered under the Offer Booklet are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

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## 8 GLOSSARY

Term	Definition
\$ or A\$	means Australian dollars.
Applicant	means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.
Application	means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Closing Date	means 5pm (Sydney time) on 14 December 2020, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
Company	means Southern Hemisphere Mining Limited ACN 140 494 784.
Constitution	means the Company's constitution.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors or Board	means the Company's directors.
Eligible Shareholder	has the meaning set out in section 4.6.
Entitlement	means the right to subscribe for New Shares under the Entitlement Offer.
Entitlement and Acceptance Form	means the Entitlement and Acceptance Form accompanying this Offer Booklet.
Entitlement Offer or Offer	means the 1 for 2 pro rata renounceable entitlement offer at \$0.025 per New Share to raise up to approximately \$2 million as announced by the Company on 25 November 2020.



Existing Shares	means the Shares on issue as at the Record Date.
Ineligible Shareholder	means a Shareholder (or beneficial holder of Shares) on the Record Date with a registered address outside Australia or New Zealand, or any other jurisdiction that the Company agrees to which ASX Listing Rule 7.7.1(a) applies.
Offer Booklet	means this document.
Issue Price	means \$0.025 per New Share.
Listing Rules	means the official listing rules of ASX.
New Shares	means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Shortfall Facility.
Record Date	means 7.00pm (Sydney time) on 30 November 2020.
Shareholders	means holders of Shares.
Shares	means fully paid ordinary shares in the capital of the Company.
Share Registry	means Computershare Investor Services Pty Limited.
Shortfall Shares	means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
Shortfall Facility	means the facility described in section 4.4 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.
US Securities Act	means the US Securities Act of 1933, as amended.

## Corporate Directory

### Directors

Mark Stowell	Chairman
David Lenigas	Director
Keith Coughlan	Director

### Company Secretary

Ms Jessamyn Lyons

### Website

[www.shmining.com.au](http://www.shmining.com.au)

### Registered Office

Suite 2, 11 Ventnor Avenue,  
West Perth, WA, Australia, 6005  
Tel: +61 8 6245 2050  
Fax: +61 8 6245 2055

### Share Registry\*

Computershare Investor Services Pty Limited  
Tel: 1300 850 505

### Auditor\*

PKF Perth

### Solicitor to the Offer

Atkinson Corporate Lawyers

\*This party is named for informational purposes only and was not involved in the preparation of this Offer Booklet.



