



Freehill Mining Limited ACN 091 608 025

Notice of General Meeting and Explanatory Memorandum and Proxy Form

**The General Meeting of the Company will be held at
virtually on Tuesday, 28 July 2020 at 11:00 a.m. (AEST)**

Due to the ongoing COVID-19 pandemic, the General Meeting will be held via an audioconferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting.

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001 and the Corporations Regulations 2001 under the Corporations (Coronavirus Economic Response) Determination (no.1) 2020, no hard copy of the Notice of Annual General Meeting and Explanatory Memorandum will be circulated. The Notice of Meeting has been given to those entitled to receive by use of one or more technologies. The Notice of Meeting is also available on the Australian Securities Exchange Announcement platform and on the Company's website (<https://freehillmining.com/asx-release/>).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Freehill Mining Limited

Notice of General Meeting

Notice is hereby given that the General Meeting of Shareholders of Freehill Mining Limited (**Company**) will be held by audio-conference, on Tuesday, 28 July 2020 at 11:00 a.m. (AEST) (**General Meeting**).

The Explanatory Memorandum to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice of General Meeting.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Glossary.

Agenda

It is proposed that Shareholders consider and, if thought fit, to pass with or without amendment, the following resolutions as ordinary resolutions:

1. Resolution 1 – Approval of Issue of Shares to Vendor of Mining Tenements

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given in respect of the issue of 75,000,000 fully paid ordinary shares to the vendor of the El Dorado mining tenements on the terms set out in the Explanatory Memorandum.”

2. Resolution 2 – Ratification of Issue of Shares Under \$750,000 Placement

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 41,666,667 fully paid ordinary shares under a placement to J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund on 6 February 2020, on the terms set out in the Explanatory Memorandum.”

3. Resolution 3 – Ratification of Issue of Shares Under \$700,000 Placement

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 14,000,000 fully paid ordinary shares under a placement to professional and sophisticated investors on 4 June 2020, on the terms set out in the Explanatory Memorandum.”

4. Resolution 4 – Ratification of Issue of Shares on Repayment of Loan Debt

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 40,000,000 fully paid ordinary shares to Pallmark Pty Ltd on 3 February 2020 on the terms set out in the Explanatory Memorandum.”

5. Resolutions 5 – Approval of Issue of Shares to CEO

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of 1,000,000 fully paid ordinary shares to Mr. Peter Hinner, an Executive Director of the Company and the Company’s Chief Executive Officer, in respect of performance rights vested pursuant to a Consultancy Agreement, on the terms set out in the Explanatory Memorandum.”

6. Resolution 6 – Approval of Issue of Performance Rights to Mr. Paul Davies

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,000,000 performance rights to acquire fully paid ordinary shares to Mr. Paul Davies, a director of the Company, on the terms set out in the Explanatory Memorandum.”

By order of the Board of Freehill Mining Limited:



Paul Davies

Director and Company Secretary

Dated: 29 June 2020

Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this notice of General Meeting and the Explanatory Memorandum.

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances results from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cutoff for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form which will be delivered to you by email or post (depending on your communication preferences).

Shareholders attending the General Meeting virtually will be able to ask questions and the Company has now made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions. Shareholders who intend to join the General Meeting are asked to dial-in 30 minutes prior to the start of the meeting to allow the Company to take your details. The virtual meeting can be attended using the following details:

When: Tuesday, 28 July 2020 at 11.00am (AEST)

Topic: FHS General Meeting

Register in advance for the virtual meeting:

https://us02web.zoom.us/webinar/register/WN_kyPUXaJ8SQyEe5V07jl1yq

After registering, you will receive a confirmation email containing information about joining the meeting. The Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online. The Company is happy to accept and answer questions submitted prior to the meeting by email to pdavies@freehillmining.com. Where a written question is raised in respect of the key management personnel of the Company, the resolutions to be considered at the meeting, the Company will address the relevant question during the course of the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Any shareholders who wish to attend the General Meeting online should therefore monitor the Company's website and its ASX announcements for any updates about the General Meeting. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: FHS) and on its website at <http://www.freehillmining.com/>.

VOTING INFORMATION

Voting by proxy

- (a) A Shareholder entitled to attend and vote at the General Meeting may appoint one proxy or, if the Shareholder is entitled to cast 2 or more votes at the meeting, 2 proxies, to attend and vote instead of the Shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the Shareholder's voting rights at the meeting.
- (c) A proxy need not be a Shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the meeting.
- (e) A proxy form accompanies this notice. If a Shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority **by 11:00 a.m. (AEST) on Sunday, 26 July 2020:**
 - by post at GPO Box 5193 Sydney NSW 2001; or
 - by personal delivery to Automic Registry, Level 12, 575 Bourke St, Melbourne, Victoria, 3000; or
 - by facsimile: +61 2 8583 3040.

Voting and other entitlements at the General Meeting

A determination has been made by the Board of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* that shares in the Company which are on issue at **7.00pm (AEST) on the date which is 48 hours before the General Meeting** will be taken to be held by the persons who held them at that time for the purposes of the General Meeting (including determining voting entitlements at the meeting).

Proxy voting by the Chair

The Chair intends to vote all available undirected proxies in favour of each item of business.

If you appoint the Chair as your proxy or the Chair is appointed by default and your voting direction is not indicated, the Chairman may exercise your proxy even if he has an interest in the outcome of those items.

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Memorandum are defined in the Glossary.

2. Resolution 1 – Approval of Issue of Shares to Vendor of Mining Tenements

2.1 Background

As announced on 11 June 2020, the Company has executed formal documentation in respect of the Company's acquisition of approximately 750 hectares of highly prospective exploration acreage known as the El Dorado Project, that adjoins the northern boundary of the Company's existing Yerbos Buenas project area (**El Dorado Tenements**). The Company will acquire the El Dorado Tenements through its wholly-owned Chilean subsidiary, San Patricio Minería SpA (**San Patricio**) from Chilean entity Minera El Dorado SCM. The consideration to be paid for the transfer shall be 75,000,000 fully paid ordinary shares in the Company, which shares shall be subject to a voluntary restriction from trading for a period of six months from the date of issue.

The acquisition of the El Dorado Tenements is contingent on the Company's shareholders approving Resolution 1, as the Company does not currently have sufficient placement capacity under Listing Rule 7.1 to issue the consideration Shares. The closing price of the Company's shares on ASX on the day before the number of shares to be issued pursuant to the acquisition was agreed was \$0.027 per share, at which price the shares to be issued to Minera El Dorado SCM have a total deemed value of \$2,025,000.

The key terms of the acquisition are as follows:

- the consideration Shares shall be restricted for a period of six months from the date of issue;
- standard warranties and representations by Minera El Dorado SCM for a transaction of this kind;

Please refer to the Company's ASX announcements for further details on the El Dorado Tenements and the transaction. If Resolution 1 is not passed, the acquisition of the El Dorado Tenements by the Company will not proceed.

2.2 Issue of Shares to Minera El Dorado SCM

The following information is provided in relation to the issue of shares to be issued to Minera El Dorado SCM pursuant to the acquisition of the El Dorado Tenements under Resolution 1 (**Acquisition Shares**), as required by ASX Listing Rule 7.3:

(a) **Number of Acquisition Shares**

75,000,000.

(b) **Date by which the Acquisition Shares will be issued**

The Acquisition Shares will be issued within three (3) months of the date of the General Meeting.

(c) **Issue Price**

The Acquisition Shares will be issued for nil cash consideration, as they will be issued as consideration for the transfer of the El Dorado Tenements to the Company's wholly-owned subsidiary, San Patricio Minería SpA.

(d) **Terms of Securities**

The Acquisition Shares will be issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares.

(e) **Names of Allottees**

The Acquisition Shares will be issued to Minera El Dorado SCM or its nominees.

(f) **Use of Funds Raised**

No funds will be raised by the issue of the Acquisition Shares, as the issue is being made as consideration for the acquisition of the El Dorado Tenements.

2.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

2.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 1 by Minera El Dorado SCM, as a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (other than a benefit solely by reason of being a holder of Shares), and its associates.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 2 – Ratification of Issue of Shares Under \$750,000 Placement

3.1 Purpose of Resolution

Under Resolutions 2 and 3, retrospective approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of issues of fully paid ordinary shares to professional and sophisticated investors under private placements (**Placement Shares**).

The Placement Shares were issued under the Company's additional 10% placement capacity in accordance with ASX Listing Rule 7.1A, which additional capacity was approved by Shareholders at the Company's 2019 Annual General Meeting on 29 November 2019. Each of Resolutions 2 and 3 proposes that Shareholders approve and ratify the issues under Listing Rule 7.4 and refresh the additional 10% capacity.

Approval of the Placement Shares issued under the Company's additional 10% placement capacity will enable the Company to refresh its ability to issue further securities in the future without seeking shareholder approval in accordance with ASX Listing Rule 7.1.

Resolution 2 relates to the issue of 41,666,667 Placement Shares to J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund on 6 February 2020 at an issue price of \$0.018 per Placement Share.

3.2 Listing Rule 7

Shareholders are being asked to retrospectively approve the issue of the Placement Shares under Resolutions 2 and 3, and the Debt Repayment Shares under Resolution 4 in accordance with ASX Listing Rule 7.4. Approval of Resolutions 2, 3 and 4 will refresh the Company's additional 10% placement capacity under Listing Rule 7.1A as obtained pursuant to Shareholder approval at the Company's 2019 Annual General Meeting.

3.3 Issue of Placement Shares

In accordance with Listing Rule 7.5, the Company provides the following information in relation to the issue of the Placement Shares.

(a) Number, price and names of allottees of Placement Shares issued

41,666,667 Placement Shares were issued on 6 February 2020 under a private placement to J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund at an issue price of \$0.018 per Placement Share.

(b) Terms of Placement Shares

The Placement Shares were issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares.

(c) Use of Funds Raised

The funds raised by the issue of the Placement Shares, being \$750,000, were applied to the Company's working capital requirements and costs associated with the Company's most recent drilling program and assaying.

3.4 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

3.5 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 2 by J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund as a person who participated in the issue, and its associates.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 3 – Ratification of Issue of Shares Under \$700,000 Placement

4.1 Purpose of Resolution

Resolution 3 relates to the issue of 14,000,000 Placement Shares to professional and sophisticated investors, including J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund, on 4 June 2020 at an issue price of \$0.05 per Placement Share.

4.2 Issue of Placement Shares

In accordance with Listing Rule 7.5, the Company provides the following information in relation to the issue of the Placement Shares.

(a) Number, price and names of allottees of Placement Shares issued

The following numbers of Placement Shares were issued on 4 June 2020 under a private placement at an issue price of \$0.05 per Placement Share to the following professional and sophisticated investors:

- (i) 6,600,000 Placement Shares to J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund;
- (ii) 6,000,000 Placement Shares to Mr Hamish Thomas Ross & Mrs Diana Ross as trustees for the H & D Super Fund; and
- (iii) 1,400,000 Placement Shares to Mr Alexander Gavin Ross & Mr Adam Julius Ross as trustees for the Adam Ross Super Fund.

(d) Terms of Placement Shares

The Placement Shares were issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares.

(e) Use of Funds Raised

The funds raised by the issue of the Placement Shares, being \$700,000, were applied to the Company's working capital requirements and costs associated with the Company's most recent drilling program and assaying.

4.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

4.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 3 by:

- (a) J M Ross Super Pty Ltd as trustee for the J M Ross Super Fund; and

- (b) Mr Hamish Thomas Ross & Mrs Diana Ross as trustees for the H & D Super Fund; and
- (c) Mr Alexander Gavin Ross & Mr Adam Julius Ross as trustees for the Adam Ross Super Fund,

as persons who participated in the issue, and each of their associates.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 4 – Ratification of Issue of Shares on Repayment of Loan Debt

5.1 Purpose of Resolution

Approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of 40,000,000 fully paid ordinary shares to Pallmark Pty Ltd, on 3 February 2020 (**Debt Repayment Shares**). The Debt Repayment Shares were issued under the Company's placement capacity upon the repayment of loan debt owing by the Company to Pallmark Pty Ltd, and immediate subscription for Shares by Pallmark Pty Ltd having the effect of converting the outstanding loan debt to equity.

5.2 Issue of Securities

In accordance with Listing Rule 7.5, the Company provides the following information in relation to the issue of the Placement Shares.

(a) Number, price and names of allottees of Debt Repayment Shares issued

40,000,000 Debt Repayment Shares were issued on 3 February 2020 to Pallmark Pty Ltd at an issue price of \$0.011 per Debt Repayment Share.

(b) Terms of Debt Repayment Shares

The Debt Repayment Shares were issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares.

(c) Use of Funds Raised

The funds received by the issue of the Debt Repayment Shares were applied to the Company's working capital requirements.

5.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

5.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 4 by Pallmark Pty Ltd, as a person who participated in the issue, and its associates.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 5 – Approval of Issue of Shares to CEO

6.1 Purpose of Resolution

Resolution 5 relates to the issue of Shares to Mr. Peter Hinner, the Company's CEO and an Executive Director in respect of performance rights granted to Mr Hinner pursuant to a Consultancy Agreement dated 1 February 2019 as an incentive, which have now vested. The Consultancy Agreement provides that performance rights in respect of 1,000,000 fully paid ordinary shares in the Company shall vest (and entitle Mr Hinner to be issued 1,000,000 Shares) upon the Company achieving a JORC Mineral Resource Estimate for the Arenas XI structure. This milestone was achieved in June 2020 (see ASX release *Yerbas Buenas Second JORC Mineral Resource Estimate*, 2 June 2020), satisfying the performance criteria under the Consultancy Agreement.

The material terms of the Consultancy Agreement are as follows:

- Mr. Hinner is engaged as the Company's CEO for a period of 2 years;
- remuneration payable is as set out below at 6.2(f);
- the Company may terminate the Consultancy Agreement immediately in certain circumstances, including in the event of breach of the Agreement or misconduct by Mr. Hinner.

6.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party. The Directors are considered to be related parties of the Company.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. The following information is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

(a) Names of directors and maximum number of Shares to be issued

1,000,000 Shares to Mr. Peter Hinner or his nominee.

(b) **Issue Price**

The Shares will be issued for nil issue price, on the vesting of performance rights.

(c) **Date by which the Shares will be issued**

The Shares will be issued as soon as practicable, but in any event no later than one (1) month after the General Meeting.

(d) **Terms of the Shares**

The shares will be issued on the same terms and conditions and rank equally in all respects with the Company's existing shares.

(e) **Use of Funds Raised**

The Shares issued pursuant to Resolution 5 will be issued in respect of vested performance rights, and as such, no funds will be raised.

(f) **Director remuneration**

The Performance Rights pursuant to which the Shares are to be issued are part of Mr. Hinner's CEO remuneration as provided for under the Consultancy Agreement. Mr. Hinner's total CEO remuneration consists of:

- (i) a consultancy fee of \$218,000 plus GST per annum, paid monthly;
- (ii) a parcel of shares in respect of each 12-month period of the consultancy (or pro rata amount thereof for such shorter period served), which parcel has a total market value of \$80,000 on the basis of the volume weighted average price of the Company's Shares on ASX for the 30 days prior to the end of the relevant 12-month period (such issue of Shares being subject to shareholder approval);
- (iii) 7,000,000 Performance Rights (including those Performance Rights subject of Resolution 5) which may vest on satisfaction of various performance conditions and entitle Mr. Hinner (subject to shareholder approval being obtained) to be issued one Share per Performance Right; and
- (iv) reimbursement of reasonable travel, accommodation, medical insurance and directors and officers insurance costs incurred.

Mr. Hinner is also entitled to participate in the Company's Equity Incentive Plan.

6.3 Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Shares contemplated by Resolution 5 constitutes the provision of a financial benefit to a related party. The Board has considered the application of Chapter 2E of the Corporations Act (related party provisions) and is of the view that having regard to Mr. Hinner's reasonable remuneration as well as the terms of the Consultancy Agreement and Mr. Hinner's remuneration under previous consultancy terms which pre-existed Mr. Hinner joining the Board as a Director, the reasonable remuneration exception and the arm's length dealing exceptions provided by sections 210 and 211 of the Corporations Act are relevant in the circumstances, and accordingly, the Company will not also seek approval for the issues of Shares to Mr. Hinner for the purposes of section 208 of the Corporations Act.

6.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 5 by Mr. Peter Hinner, as a person who is to receive securities in relation to the Company, and associates of Mr. Hinner.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 6 – Approval of Issue of Performance Rights to Mr Paul Davies

7.1 Purpose of Resolution

As determined by the Board, Mr. Paul Davies is entitled to receive, as an incentive under the Company's Equity Incentive Plan, rights to be issued with fully paid ordinary shares upon fulfilment of specific performance criteria (**Performance Rights**). The Performance Rights will vest upon the completion of a continuous period of 28 days during which the volume weighted average price of the Company's Shares as quoted on ASX is equal to or more than \$0.075. Any unvested Performance Rights will expire on 31 December 2021. The full terms of the Performance Rights are set out in Annexure A to this Explanatory Memorandum. Under Resolution 6, approval is sought for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of 6,000,000 Performance Rights which, if vested, will result in the issue to Mr. Davies of 6,000,000 Shares.

7.2 ASX Listing Rule 10.11

The following information is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

(a) **Names of directors and maximum number of securities to be issued**

6,000,000 Performance Rights to Mr. Paul Davies, a director of the Company.

(b) **Issue Price**

The Performance Rights will be issued for nil consideration as a long-term performance incentive.

(c) **Date by which the shares will be issued**

The Performance Rights will be issued as soon as practicable, but in any event no later than one (1) month after the General Meeting.

(d) **Terms of the securities**

The Performance Rights will be issued on the terms as set out in Annexure A. Shares issued on the vesting of Performance Rights shall be issued on the same terms and conditions and rank equally in all respects with the Company's existing Shares.

(e) **Use of Funds Raised**

As the Performance Rights will be issued as a long-term performance incentive pursuant to the Company's Equity Incentive Plan, no funds will be raised from the issue.

(f) **Director remuneration**

The Performance Rights are issued to Mr. Davies as a long term incentive, additional to his normal remuneration which presently consists of director and accounting fees of \$69,000 per annum. Mr. Davies is also entitled to participate in the Company's Equity Incentive Plan.

7.3 Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Performance Rights contemplated by Resolution 6 constitutes the provision of a financial benefit to a related party. The Board has considered the application of Chapter 2E of the Corporations Act (related party provisions) and is of the view that having regard to Mr. Davies' remuneration and position as the Company's Finance Director and Company Secretary, the reasonable remuneration exceptions provided by section 211 of the Corporations Act are relevant in the circumstances, and accordingly, the Company will not also seek approval for the issue of the Performance Rights to Mr Davies for the purposes of section 208 of the Corporations Act.

7.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 6 by Mr. Paul Davies, as a person who is to receive securities in relation to the Company, and associates of Mr. Davies.

However, the Company need not disregard a vote cast in favour by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Glossary

In this Explanatory Memorandum, the following terms have the following meaning unless the context otherwise requires.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

Board or **Board of Directors** means the Board of Directors of the Company.

Business Day means a day on which the ASX is open for trading.

Chairman means the chairman of the Meeting.

Closely Related Party means close family members and any controlled companies.

Company means Freehill Mining Limited (ACN 091 608 025).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Notice of Meeting means the notice of meeting and Explanatory Memorandum convening this General Meeting.

Proxy Form means the proxy form attached to the Notice.

Share means a fully paid ordinary share in the Company.

Shareholder means a shareholder of the Company.

ANNEXURE A

TERMS OF PERFORMANCE RIGHTS

The terms of the Performance Rights are set out below:

- 1 Each Performance Right gives the recipient the right to acquire one Share.
- 2 The issue price for each Performance Right is \$Nil and no amount will be payable on the conversion of a Performance Right.
- 3 Upon vesting, Performance Rights will become convertible, for a period of three years, into fully paid ordinary shares in the Company.
- 4 Shares issued on conversion of vested Performance Rights will rank equally with all existing Shares from the date of issue. The Company will apply for quotation on ASX of the Shares issued on the exercise of each Performance Right.
- 5 The Performance Rights are transferrable with the prior consent of the Board.
- 6 Unvested Performance Rights will expire on 31 December 2021 unless otherwise agreed by the Company.
- 7 The vesting of the Performance Rights will be conditional upon the volume weighted average price of Freehill Mining Limited Shares as quoted on ASX remaining at or above \$0.075 for a continuous period of 28 Business Days.
- 8 When a Performance Right vests, the Company will issue a vesting notification to the holder of the Performance Right.
- 9 The Performance Rights shall lapse on the Expiry Date. In addition the Board will have the power to 'clawback' Performance Rights or any Shares issued on exercise of the Performance Rights in the sole and absolute discretion of the Board, if the recipient of the Performance Rights has engaged in fraud or dishonesty or upon misconduct if any results that lead to the Performance Rights vesting are subsequently shown to have been materially misstated.
- 10 The recipient of the Performance Rights must be either employed or engaged by the Company (which may be as a Director) at the time of satisfaction of the vesting condition in order for the Performance Rights to vest.
- 11 Performance Rights do not give holders any right to participate in new issues of securities in the Company made to Shareholders generally or to participate in dividends unless the Performance Rights are exercised and the resultant Shares are issued prior to the record date to determine entitlements to the securities or dividend (as applicable).
- 12 Performance Rights do not give holders any right to vote.
- 13 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the vesting of any Performance Rights:
 - (a) the number of Performance Rights will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules but with the intention that such reconstruction will not result in any advantage or disadvantage being conferred on the Performance Right holder which is not conferred on Shareholders; and
 - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Performance Rights will remain unchanged.
- 14 If there is a change in control event in relation to the Company (e.g., a takeover bid for all the Shares in the Company or any other scheme of arrangement by which more than 50% of the Shares in the Company change ownership) then all unvested Performance Rights will vest and be automatically exercised.



Freehill Mining Limited I ACN 091 608 025

GM Proxy Card

If you are attending the virtual Meeting
please retain this Proxy Card
for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: FHS

Your proxy voting instruction must be received by **11:00AM (AEST) on Sunday, 26 July 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the virtual Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the virtual Meeting online, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the virtual Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



