



**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 the
Institute of Chartered Accountants, Level 18, Bourke Place,
600 Bourke Street Melbourne, VIC 3000, on 16 February 2018
at 11:00am (AEDT)**

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 at the Institute of Chartered Accountants, at Level 18, Bourke Place, 600 Bourke Street, Melbourne VIC 3000 on 16 February 2018 at 11:00am (AEDT) (**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

1. Resolutions 1 – Ratification of Past Issue of Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given in respect of the issue of 412,500 fully paid ordinary shares issued to Wiseowl.com Pty Ltd on the terms set out in the Explanatory Memorandum.”

2. Resolutions 2(a) and (b) – Ratification of Issue of Series 1 Offer Securities

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given in respect of the issue of:

- (a) 578 convertible notes issued to sophisticated and professional investors under the Series 1 Offer on 19 December 2017; and*
- (b) 7,475,000 shares issued to sophisticated and professional investors under the Series 1 Offer on 19 December 2017,*

on the terms set out in the Explanatory Memorandum.”

3. Resolution 3 – Ratification of Issue of First Tranche Yaniv Convertible Notes

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval be given in respect of the issue of 849,375 convertible notes to Yaniv Equity LP 19 December 2017, on the terms set out in the Explanatory Memorandum.”

4. Resolutions 4(a) and (b) – Approval of Issue of Yaniv Offer Securities

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary

resolution:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be given in respect of the issue of:

- (a) up to 1,381,250 Yaniv Convertible Notes to Yaniv Equity LP, or such other parties as the Company determines, constituting the Second Tranche of convertible notes, convertible into up to 46,223,281 shares; and*
- (b) a number of options to Yaniv Equity LP to be determined by dividing 25% of the amount equivalent to (the price advanced in respect of a Tranche of Yaniv Convertible Notes x 1.125), converted into Australian Dollars at the US\$/AU\$ exchange rate (as published by the Reserve Bank of Australia) on the trading day immediately prior to the date of issue of the options, by AU\$0.1425.*

5. Resolutions 5(a)-(c) – Approval of Issues of Shares in Lieu of Directors’ Fees

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue:

- (a) 586,842 shares to Mr Stephen Chaplin;*
- (b) 542,105 shares to Mr Nicholas Kapes; and*
- (c) 394,737 shares to Mr Raymond Mangion,*

in lieu of directors’ fees on the terms set out in the Explanatory Memorandum.”

6. Resolution 6 – Confirmation of Election of Director – Frank Terranova

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That in accordance with clause 25.3 of the Company’s Constitution, Mr Frank Terranova, being eligible and having been appointed by the Board as a Director of the Company, is confirmed as being appointed, and is elected as a Director of the Company.”

7. Resolution 7 – Approval of Issue of Performance Rights to Frank Terranova

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Performance Rights to Mr Frank Terranova, 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 Chief Financial Officer
Dated: 17 January 2017

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.

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 11:00am **(AEDT)** on 14 February 2018:
 - by post at P O Box 2226, Strawberry Hills, NSW, 2012; or
 - by personal delivery to Automic Registry Services, Suite 309, Level 3, 50 Holt Street, Surry Hills NSW 2010; 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 **(AEDT)** on 14 February 2018 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 Chairman as your proxy or the Chairman 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. Background of the Capital Raising Transactions

2.1 Yaniv Convertible Notes

The Company has entered into an agreement with Yaniv Equity LP (**Yaniv Equity**) to raise a total of up to \$US2 million by the offer (**Yaniv Offer**) of a total of 2,225,000 convertible notes (**Yaniv Convertible Notes**). The Yaniv Offer involves an offer of 849,375 convertible notes in the First Tranche and up to 1,381,250 in the Second Tranche. The Second Tranche of the Yaniv Offer is conditional on the Company obtaining several shareholder approvals, and the Company may elect to reduce the Second Tranche payment, and the number of convertible notes issued commensurately.

The Company receives payment of US\$755,000 in respect of the First Tranche, and a payment of up to US\$1,250,000 in respect of the Second Tranche.

Yaniv Equity is a sophisticated investor for the purposes of section 708 of the Corporations Act.

The terms of the Yaniv Convertible Notes are set out in a convertible securities agreement (**Yaniv Agreement**) executed by the Company in favour of Yaniv Equity and are summarised in Annexure A.

The maximum number of shares which may be issued under the Yaniv Offer is 27,887,915 shares on conversion of the First Tranche, and 46,223,281 shares (subject to shareholder approval) on conversion of the Second Tranche.

The Yaniv Convertible Notes are for the principal amount US\$1.00 per note which is paid for in full by Yaniv Equity on application and have a maturity date of 1 year from the relevant purchase date (**Yaniv Maturity Date**). The Company must pay interest on the amount outstanding on the Yaniv Convertible Notes at a rate of 12.5% per annum, which interest will:

- (a) until the Yaniv Maturity Date, be fixed at 12.5% of the aggregate face value of those Yaniv Convertible Notes, which will accrue and be capitalised on the date of the First Tranche; and
- (b) on and after the Yaniv Maturity Date, accrue daily and shall be capitalised and compounded monthly, from the Yaniv Maturity Date until the Company discharges the amount outstanding in full.

2.2 Series 1 Convertible Notes

The Company has also entered into Convertible Note Subscription Agreements with a number of investors to raise a total of AU\$1,445,000 (**Series 1 Offer**) for the offer of convertible notes (**Series 1 Convertible Notes**). A total number of 578 Series 1 Convertible Notes were issued by the Company on 19 December 2017.

The Series 1 Offer was made to investors who are sophisticated, experienced or professional

investors for the purposes of section 708 of the Corporations Act.

The terms of the Series 1 Convertible Notes are set out in various convertible note subscription agreements (**Series 1 Agreements**) executed by the Company and subscribing noteholders (**Noteholders**), and are summarised in Annexure B.

The Series 1 Convertible Notes are for the principal of AU\$2,500 per note. The Series 1 Convertible Notes bear interest at the rate of 12% per annum and have a maturity date on the first anniversary of the execution of the Series 1 Agreement (**Series 1 Maturity Date**).

2.3 The rationale for the convertible note raising under the Yaniv Offer and the Series 1 Offer

The Company's directors (**Directors**) consider that the raising of capital by the issue of the Yaniv Convertible Notes and the Series 1 Convertible Notes is in the best interests of the Company as it will secure, on acceptable terms, funding that is likely to be required by the Company for the continued development and growth of its business.

In particular, the Company intends to use the proceeds from the issue of the Convertible Notes:

- (a) to install a Tertiary Crushing Circuit at the Yerbas Buenas Project, and make adjustments to the existing primary and secondary crushers, which will significantly improve the Company's crushing capacity;
- (b) to complete preparatory work for the Company's drilling maiden program at the Yerbas Buenas Project, a major step towards establishing a JORC compliant resource; and
- (c) to provide for its general working capital purpose.

2.4 The effect of the capital raising transaction on the capital structure of the company

2.4.1 Effect of the issue on the Company

The principal effects of the issue of the Convertible Notes on the Company will be to:

- (a) increase the Company's cash reserves by approximately \$US755,000 upon the issue of the Yaniv Convertible Notes (before any expenses associated with the issue of the Yaniv Convertible Notes) under the First Tranche;
- (b) increase the Company's cash reserves by approximately AU\$1,445,000 upon the issue of the Series 1 Convertible Notes (before any expenses associated with the issue of the Series 1 Convertible Notes);
- (c) increase the Company's cash reserves by up to US\$1,250,000 upon the issue of the Yaniv Convertible Notes under the Second Tranche (subject to shareholder approval);
- (d) increase the number of shares on issue in the Company by up to 27,887,915 shares and up to 46,223,281 shares (subject to shareholder approval) on conversion of the First and Second Tranches respectively of Yaniv Convertible Notes – notwithstanding the variable issue price, these are the maximum numbers of shares which may be issued in respect of the Yaniv Convertible Notes;
- (e) increase the number of shares on issue in the Company by up to 17,035,790 shares on conversion of the Series 1 Convertible Notes, and by 7,475,000 shares on issue of the establishment fee in connection with the Series 1 Convertible Notes;
- (f) increase the number of shares on issue in the company by the number of options which are exercised out of the options to be issued in connection with the Yaniv Offer;
- (g) give rise to the Company having liability for the amount of the face value of the Yaniv Convertible Notes and the Series 1 Convertible Notes (**Redemption Amount**); and
- (h) if the Yaniv Convertible Notes or the Series 1 Convertible Notes are converted, either in whole or in part, increase the number of Shares on issue as a consequence of the issue of Shares on conversion of the Convertible Notes (**Conversion Shares**).

2.4.2 Effect of shareholder approval not being obtained

In the event that the shareholder approvals necessary for the issue of the Convertible Notes are not obtained, an event of default would occur under the Yaniv Agreement, which would then trigger an event of default under the Series 1 Agreements. In these circumstances, the relevant holder of Convertible Notes may elect to redeem their Convertible Notes and require the Company to pay the holder:

- (a) in the case of Series 1 Convertible Notes, the face value of the Convertible Note plus interest which has accrued but which has not become due, plus unpaid interest up to the date of redemption of the Convertible Note; and
- (b) in the case of Yaniv Convertible Notes and where the redemption occurs on a day which is:
 - (i) 269 or less days after the Purchase Date, 100% of the amount outstanding in respect of the Convertible Notes (**Amount Outstanding**);
 - (ii) on or later than 270 days after the Purchase Date but less than 315 days after the Purchase Date, 110% of the Amount Outstanding; or
 - (iii) 315 or more days after the Purchase Date, 115% of the Amount Outstanding.

Further, the Company will not secure the subscription funds for the Second Tranche of Yaniv Convertible Notes, and the Company may be required to seek additional capital.

2.4.3 Redemption when maximum number of shares reached on conversion of Yaniv Convertible Notes

In the event that the Company issues shares on conversion of a tranche of Yaniv Convertible Notes up to the maximum number which may be issued as a result of the share price on conversion being lower than AU\$0.095, the remaining Amount Outstanding in respect of Yaniv Convertible Notes will be redeemed in the manner described above at 2.4.2(b) by way of a \$US payment by the Company to Yaniv Equity.

2.4.4 Pro forma balance sheet of the Company taking into account issue of the Convertible Security

- (a) Set out below is a pro forma consolidated Statement of Financial Position as at 30 June 2017 for the Company based on the consolidated Statement of Financial Position as at 30 June 2017 for the Company.
- (b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

Pro Forma Statement of Financial Position as at 30 June 2017

	Actual 30-Jun-17	Convertible Notes Issued	Pro Forma 31-Dec-17
Assets			
Current assets			
Cash and cash equivalents	40,684	3,897,134	3,937,818
Trade and other receivables	492,521		492,521
Other	11,219		11,219
Total current assets	<u>544,424</u>	<u>3,897,134</u>	<u>4,441,558</u>
Non-current assets			
Investments accounted for using the equity method	-	-	-
Mining	7,384,963	-	7,384,963
Total non-current assets	<u>7,384,963</u>	<u>-</u>	<u>7,384,963</u>
Total assets	<u>7,929,387</u>	<u>3,897,134</u>	<u>11,826,521</u>
Liabilities			
Current liabilities			
Trade and other payables	880,974	-	880,974
Borrowings	1,286,648	3,897,134	3,563,953
Total current liabilities	<u>2,167,622</u>	<u>3,897,134</u>	<u>4,444,927</u>
Non-current liabilities			
Borrowings	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,167,622</u>	<u>3,897,134</u>	<u>6,064,756</u>
Net assets	<u>5,761,765</u>	<u>-</u>	<u>5,761,765</u>
Equity			
Issued capital	10,280,380	-	10,280,380
Reserves	-125,353	-	-125,353

Accumulated losses	-4,393,262	-	-4,393,262
Total equity	5,761,765		5,761,765

Notes

1. US\$755,000 was converted at a USD/AUD exchange rate of 0.7686
2. Proceeds have been adjusted for estimated transaction costs of \$150,000.
3. The amounts relating to Convertible Notes Issued include the US\$1,250,000 to be received, and converted at an indicative USD/AUD exchange rate of 0.7686.

2.5 Potential effect on Share Structure

- (a) As at the date of this Notice of Meeting the issued capital of the Company comprises of 357,871,691 issued ordinary shares.¹
- (b) The Company has issued 849,375 Yaniv Convertible Notes (**First Tranche**) at \$1.00 per Convertible Note in order for the Company to raise a total amount \$US755,000, of which 11,250 were converted on 21 December 2017 resulting in the issue of 192,019 shares.
- (c) The Company has issued 578 Series 1 Convertible Notes at AU\$2,500 per Series 1 Convertible Note and has raised a total amount of \$AU1,445,000.
- (d) The capital structure of the Company will be affected by the conversion of the remaining Yaniv Convertible Notes by Yaniv Equity which will result in additional Shares being issued and the liability position of the Company decreasing accordingly.
- (e) The capital structure of the Company will be affected by the conversion of the Series 1 Convertible Notes by the Noteholders which will result in additional Shares being issued and the liability position of the Company decreasing accordingly.
- (f) The number of Shares issued under the Yaniv Convertible Notes will be calculated by dividing the amount elected to be converted by the lesser of:
 - (i) AU\$0.095; and
 - (ii) The lowest trading price during the 15 trading days immediately prior to the Conversion Notice Date, as report by ASX excluding any trades made by Yaniv or any of its affiliates (**Yaniv Conversion Price**) up to the Company's maximum placement capacity of 15,935,952 shares. The Company has agreed to seek shareholder approval for the maximum number of shares to be issued on conversion to be 27,887,915.

The actual effect on the Share capital of the Company will differ depending on how many Yaniv Convertible Notes are converted and the actual Yaniv Conversion Price as at the time of the conversion.

- (g) The number of Shares issued under the Series 1 Convertible Notes will be calculated by dividing the amount elected to be converted by AU\$0.095 (**Series 1 Conversion Price**). The maximum number of Shares that would be issued if the Noteholders convert the maximum number of Series 1 Convertible Notes is approximately 17,035,789.
- (h) In consideration of the subscription for the Yaniv Convertible Notes, subject to shareholder approval, the Company will issue to the note subscriber options exercisable for ordinary shares in the Company at AU\$0.1425 per share. The number of options issued will be determined by dividing 25% of the amount equivalent to (the purchase price of the notes x 1.125), converted into Australian Dollars at the exchange rate on the trading day immediately prior to the date of issue of the options, by the option exercise price. The options will have an expiry date which is 5 years from the date of their issue.

¹ This figure includes 193,019 shares issued on conversion of 11,250 Yaniv Convertible Notes on 21 December 2017.

- (i) In consideration for the Series 1 Noteholders entering into Series 1 Agreements, a total of 7,475,000 shares will be issued to the Series 1 Noteholders and Aegis Investment Capital Pty Ltd as a promoter as an establishment fee.
- (j) The Yaniv Convertible Notes can be converted at any time prior to the Yaniv Maturity Date at the request of the Yaniv Equity.
- (k) The Series 1 Convertible Notes can be converted at any time prior to the Series 1 Maturity Date at the request of the Noteholder.

2.6 Security Arrangements

The Series 1 and Yaniv Convertible Notes are secured by the Company having granted:

- (a) a mortgage over the Arenas Mining Leases (which comprise a significant portion of the Company's Yervas Buenas Project); and
- (b) a security interest over all of the shares in the Company's wholly-owned subsidiary, San Patricio Minería SpA (which entity holds the Arenas Mining Leases).

3 Resolution 1: Ratification of Past Issue of Shares

3.1 Purpose of Resolution

Under Resolution 1, approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of 412,500 shares issued to Wiseowl.com Pty Ltd in consideration of services provided, on 8 November 2017 at a deemed issue price of AU\$0.08 per share.

All Shares were issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1. Resolution 1 seeks Shareholder approval to ratify this issue under Listing Rule 7.4 and refresh the 15% capacity.

Details of the entities to which the Securities were issued are provided below.

Approval of the securities issued under the Company's 15% 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.

3.2 Listing Rule 7

Subject to a number of exceptions, Listing Rule 7.1 limits the number of securities that the Company can issue without shareholder approval in any 12 month period to 15% of its issued securities.

ASX Listing Rule 7.4 allows for shareholders to retrospectively approve an issue of securities pursuant to Listing Rule 7.1, provided that the issue was not in breach of ASX Listing Rule 7.1. The issue of the Securities considered by Resolution 1 did not breach ASX Listing Rule 7.1. Shareholders are being asked to approve the issue of the Shares in accordance with ASX Listing Rule 7.4.

If the Securities are treated as having been issued with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities under Listing Rule 7.1 is restored. The Company does not presently propose to issue further securities without shareholder approval, however the Directors consider it prudent to retain the capacity to issue further securities and accordingly seek shareholder approval of the issue of Shares as set out in Resolution 1.

3.3 Issue of Shares

The Company provides the following information in relation to the issue of the Shares:

(b) Number of Shares issued

412,500 shares issued to Wiseowl.com Pty Ltd.

(b) **Issue Price**

The Shares were issued in settlement of fees, at a deemed price of AU\$0.08 per share.

(c) **Terms of Shares Issued**

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

(d) **Names of Allottees**

The shares were issued to Wiseowl.com Pty Ltd.

(e) **Use of Funds Raised**

The Company raised a deemed amount of AU\$33,000 from the issue of 412,500 shares to Wiseowl.com Pty Ltd, which amount was applied in payment of corporate advisory services provided to the Company.

3.4 Board Recommendation

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

3.5 Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by:

- (a) a person who participated in the issue; and
- (b) an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4 Resolution 2: Ratification of Issue of Series 1 Offer Securities

4.1 Purpose of Resolution

As announced on 19 December 2017, the Company issued convertible notes under the Series 1 Offer, pursuant to the capital raising transaction as detailed above as well as shares in respect of the establishment fee associated with the Series 1 Offer. Under Resolutions 2(a) and (b), approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of the following securities issued to sophisticated and professional investors on 19 December 2017:

- (a) 578 Series 1 Convertible Notes; and
- (b) 7,475,000 shares,

(*Securities*).

The value paid by investors for of each of the 578 Series 1 Convertible Notes is AU\$2,500, and when converted, investors will be issued shares to the value of their investment at a price of AU\$0.095, plus interest accrued at 12% per annum. Therefore, an investor with two Series 1 Convertible Notes who has made a total investment of AU\$5,000 and who has accrued 12

months' worth of interest at 12% per annum for the one year term of the Series 1 Convertible Notes ((2 x AU\$2,500) + 600) will be issued 58,947 shares (5,600 / 0.095) on conversion. The total number of shares which may be issued on conversion of all Series 1 Convertible Notes (including 12% interest accrued over twelve month term) is 17,035,790.

The retrospective ratification of the issue of the convertible notes has the effect of refreshing the Company's placement capacity under Listing Rule 7.1 to allow the Company to make further placements.

4.2 Issue of Securities

The Company provides the following information in relation to the issue of the Securities:

(a) Number of Securities issued

- (i) 578 Series 1 Convertible Notes, the conversion of which will result in the issue of up to 17,035,790 shares; and
- (ii) 7,475,000 shares.

(b) Issue Price

The Securities were issued at the following prices:

- (i) AU\$2,500 per note for 578 Series 1 Convertible Notes; and
- (ii) 7,475,000 shares issued for nil consideration as an establishment fee connected to the issue of convertible notes.

Shares issued on conversion of Series 1 Convertible Notes are issued for no additional consideration, at an issue price of AU\$0.095 per share.

(c) Terms of Securities

- (i) The terms of the Series 1 Convertible Notes are set out in Annexure B to this Explanatory Memorandum;
- (ii) The shares, including shares issued on conversion of the convertible notes, are issued on the same terms and conditions and rank equally in all respects with the Company's existing shares.

(d) Names of Allottees

The Securities were issued to the persons as set out below:

- (i) 578 Series 1 Convertible Notes issued as follows:

Name of noteholder	Number of notes	Maximum Number of shares on conversion (including interest payable at 12% per annum)
AKM Marlborough Pty Ltd ATF M And M Vinaccia Family Trust	59	1,738,947
Andrew Koh	12	353,684
Datapulse International Pty Ltd ATF Datapulse International Unit Trust	20	589,474
DG Freehold Pty Ltd	200	5,894,737
G & I Catis Investments Pty Ltd ATF G & I Catis Superannuation	20	589,474
George Theonas	7	206,316
Paraskevi Theonas	20	589,474
Peter Andrew Williams	80	2,357,895
Mr Rino Di Giantomasso	80	2,357,895
Ragar Pty Ltd	20	589,474
Jill Hedin	12	353,684
Garrick Higgins	4	117,895
Firbank Bold Pty Ltd ATF The Kate And Emma Trust	4	117,895
Wato Holdings Pty Ltd <Grillo Discretionary Trust>	40	1,178,947
Total securities	578	17,035,790

(ii) 7,475,000 shares issued to sophisticated and professional investors as follows:

Name of noteholder	Number of shares
AKM Marlborough Pty Ltd ATF M And M Vinaccia Family Trust	553,125
Andrew Koh	112,500
Datapulse International Pty Ltd ATF Datapulse International Unit Trust	187,500
DG Freehold Pty Ltd	1,900,000
G & I Catis Investments Pty Ltd ATF G & I Catis Superannuation	187,500
George Theonas	65,625
Paraskevi Theonas	187,500
Peter Andrew Williams	1,000,000
Mr Rino Di Giantomasso	750,000
Ragar Pty Ltd	250,000
Jill Hedin	150,000
Garrick Higgins	50,000
Firbank Bold Pty Ltd ATF The Kate And Emma Trust	50,000
Wato Holdings Pty Ltd <Grillo Discretionary Trust>	500,000
Aegis Investment Capital Pty Ltd	1,531,250
Total shares issued	7,475,000

(e) **Use of Funds Raised**

AU\$1,445,000 raised from the issue of 578 Series 1 Convertible Notes will be applied to the installation of a Tertiary Crushing Circuit at the Yerbas Buenas Project, as well as to adjustments to the existing primary and secondary crushers. The Company will also be using the funds raised to complete preparatory work for the Company's drilling maiden program, and remaining funds will be applied to the Company's working capital.

4.3 Board Recommendation

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

4.4 Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by:

- (a) a person who participated in the issue; and
- (b) an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

5 Resolution 3: Ratification of Issue of First Tranche Yaniv Convertible Notes

5.1 Purpose of Resolution

As also announced on 19 December 2017 and pursuant to the capital raising transaction as detailed above, the Company issued the First Tranche of convertible notes under the Yaniv Offer. Under Resolution 3, approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of 849,375 Yaniv Convertible Notes issued to Yaniv Equity LP on 19 December 2017 (**First Tranche Yaniv Convertible Notes**).

5.2 Issue of Convertible Notes

The Company provides the following information in relation to the issue of the First Tranche Yaniv Convertible Notes:

(a) **Number of convertible notes issued**

849,375 Yaniv Convertible Notes, the conversion of which will result in the issue of a maximum of 27,887,915 shares. If the maximum number of shares is issued on conversion, any remaining Yaniv Convertible Notes will be redeemed, and any outstanding amount owed to Yaniv Equity will be satisfied by a \$US payment in the manner described above at 2.4.2(b).

(b) **Issue Price**

The Yaniv First Tranche Convertible Notes, being 849,375 Yaniv Convertible Notes, were issued in respect of payment of First Tranche payment of US\$755,000. Shares issued on conversion of Yaniv Convertible Notes will be issued at a price which is the lower of AU\$0.095 per share and the lowest trading price of the Company's shares during the 15 days immediately prior to the conversion notice date, as reported by ASX, excluding transactions that involve Yaniv Equity or any of its affiliates.

(c) **Terms of Securities**

- (i) The terms of the Yaniv Convertible Notes (including the First Tranche) are set out in Annexure A to this Explanatory Memorandum.
- (ii) The shares issued on conversion of the Yaniv Convertible Notes, are issued on the same terms and conditions and rank equally in all respects with the Company's existing shares.

(d) **Names of Allottees**

The 849,375 Yaniv Convertible Notes were issued to Yaniv Equity LP.

(e) **Use of Funds Raised**

US\$755,000, paid as a purchase price for the First Tranche Yaniv Convertible Notes, and in respect of which the Company issued 849,375 Yaniv Convertible Notes, will be applied to the installation of a Tertiary Crushing Circuit at the Yerbos Buenas Project, as well as to adjustments to the existing primary and secondary crushers. The Company will also be using the funds raised to complete preparatory work for the Company's drilling maiden program, and remaining funds will be applied to the Company's working capital.

5.3 Board Recommendation

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

5.4 Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

- (a) a person who participated in the issue; and
- (b) an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6 Resolution 4: Approval of Issues of Yaniv Offer Securities

6.1 Purpose of Resolution

As detailed above, at 2.1, the Company has agreed to seek shareholder approval for the issue of the Second Tranche of convertible notes to Yaniv Equity LP. Under Resolutions 4(a) and (b) approval is sought for the purposes of ASX Listing Rule 7.1 and for all other purposes, in respect of the issue of:

- (a) up to 1,381,250 Yaniv Convertible Notes to Yaniv Equity LP, or such other parties as determined by the Company,² constituting the Second Tranche of convertible notes (being the remainder of the 2,225,000 notes to be issued with a value of US\$1.00 per note), convertible into a maximum of 46,223,281 shares. If the maximum number of shares is issued on conversion, any remaining Yaniv Convertible Notes will be redeemed, and any outstanding amount owed to Yaniv Equity will be satisfied by a \$US payment in the manner described above at 2.4.2(b); and
- (b) a number of options to Yaniv Equity LP to be determined as set out below at 6.2(a)(ii);

(*Securities*).

None of the Securities described above have yet been issued by the Company. ASX Listing Rule 7.1 limits the number of securities the Company can issue without Shareholder approval in any 12-month period to 15% of its issued securities, subject to exceptions. The Company proposes to issue the Securities, on the terms set out below, which if taken up in full, will exceed the Company's 15% limit. Accordingly, Shareholder approval is being sought to the issue of the Securities for the purposes of Listing Rule 7.1.

² Up to 690,625 Yaniv Convertible Notes, convertible into up to 23,111,641 shares, may be issued to investors in the event the Company elects to exercise its right to the Second Tranche Variation as described in the terms of the Yaniv Convertible Notes as set out in Annexure A; and

6.2 Issue of Securities

The following information is provided in relation to the issues of Securities under Resolutions 4(a) and (b), as required by ASX Listing Rule 7.3:

(a) Number of Securities

- (i) Up to 1,381,250 Yaniv Convertible Notes to Yaniv Equity LP constituting the Second Tranche of convertible notes, convertible into a maximum of 46,223,281 shares.
- (ii) The maximum number of options to be issued is to be obtained by dividing 25% of the amount equivalent to (the Purchase Price advanced x 1.125), converted into Australian Dollars at the US\$/AU\$ exchange rate (as published by the Reserve Bank of Australia) on the trading day immediately prior to the date of issue of the Options, by \$0.1425. The following calculations reflect estimates of the number of options which may be issued, based on exchange rates of AU\$1.20, AU\$1.30, AU\$1.40 and AU\$1.50 per US\$1.00:

$$\frac{0.25 \times ((\text{US}\$1,250,000 \times 1.125) \times 1.20)}{0.1425} = 2,960,527 \text{ options}$$

$$\frac{0.25 \times ((\text{US}\$1,250,000 \times 1.125) \times 1.30)}{0.1425} = 3,207,237 \text{ options}$$

$$\frac{0.25 \times ((\text{US}\$1,250,000 \times 1.125) \times 1.40)}{0.1425} = 3,453,948 \text{ options}$$

$$\frac{0.25 \times ((\text{US}\$1,250,000 \times 1.125) \times 1.50)}{0.1425} = 3,700,658 \text{ options}$$

(b) Date by which the Securities will be issued

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

(c) Issue Price

The Securities will be issued at the following prices or for the following consideration:

- (i) up to US\$1,250,000, as a purchase price for the Second Tranche Yaniv Convertible Notes, and in respect of which the Company will issue the Second Tranche, of up to 1,381,250 notes (shares issued on conversion of Yaniv Convertible Notes are issued for nil consideration);
- (ii) nil consideration for issue of options, which have an exercise price of AU\$0.1425 per option.

(d) Terms of Securities

- (i) The terms of the Yaniv Convertible Notes issued under the Second Tranche would be the same as for those issued on 19 December 2017 under the First Tranche, as set out in Annexure A.
- (ii) Options are each exercisable for one share in the Company at AU\$0.1425, and have an expiry date which is 5 years from the date of issue. The full terms and conditions of the options as contained in the Yaniv Agreement are set out in Annexure C.

- (iii) Shares issued on conversion of convertible notes 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**

US\$1,250,000 raised from the issue of the Second Tranche of Yaniv Convertible Notes, and funds raised from the exercise of the options will be applied to completion of preparatory work for the Company's drilling maiden program, and remaining funds will be applied to the Company's working capital.

6.3 Board Recommendation

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

7 Resolution 5: Approval of Issues of Shares in Lieu of Directors' Fees

7.1 Purpose of Resolution

The Directors of the Company have elected to receive payment of directors' fees payable up until 31 December 2017 in shares in the Company. Additionally, the Company recognises that former Directors Mr Stephen Chaplin and Mr Nicholas Kapes, both provided services over and above their directors' duties during the period they served on the Board, and it has been agreed to pay them a further \$14,000 in shares for the work they undertook. The Company has sought to minimise and reduce its administrative costs and in that endeavour has relied on the support of non-executive officers for administrative and some day to day operational matters. The Board is of the view that these fees are reasonable and contributed to considerable savings by the Company. Under Resolutions 5(a) to (c), approval is sought for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of:

- (a) 586,842 shares to Mr Stephen Chaplin in consideration of payment of accrued and outstanding Director's fees to the value of AU\$55,750;
- (b) 542,105 shares to Mr Nicholas Kapes in consideration of payment of accrued and outstanding Director's fees to the value of AU\$51,500; and
- (c) 394,737 shares to Mr Raymond Mangion in consideration of payment of accrued and outstanding Director's fees to the value of AU\$37,500.

7.2 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.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.11. The issue of the Shares will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

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**

- (i) 586,842 shares to Mr Stephen Chaplin;
- (ii) 542,105 shares to Mr Nicholas Kapes; and
- (iii) 394,737 shares to Mr Raymond Mangion.

(b) **Issue Price**

The Shares were issued at the following prices as payment of fees payable to each Director, with a deemed issued price of AU\$0.095 per share.

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

The shares were issued as soon as practicable, but in any event will be issued 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**

As the shares will be issued in exchange for Directors' fees outstanding, no funds will be raised.

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 Shares contemplated by Resolutions 5(a) to (c) 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 the issue price being AU\$0.095, the same as the highest conversion price of convertible notes issued under the Series 1 Offer and the Yaniv Offer and being a premium of 25% to the closing share price as at the date of finalising this Notice of Meeting, the arm's length and reasonable remuneration 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 issue of Shares, pursuant to section 208 of the Corporations Act.

8 Resolution 6: Confirmation of Election of Director – Frank Terranova

8.1 Purpose of Resolution

Mr Frank Terranova was appointed as a Director of the Company by the Board on 18 December 2017. In accordance with article 25.3 of the Company's Constitution, members may at a general meeting appoint additional directors. Accordingly, Mr Terranova, being eligible, offers himself for election at this General Meeting.

Mr Frank Terranova has extensive experience as a Director and Executive with a wide range of Australian and international publicly listed companies and has served on the Boards of a number of public resource companies overseeing a variety of successful growth and restructuring initiatives. Mr Terranova was Managing Director of Polymetals Mining Limited where he led its transformation through a merger with Southern Cross Goldfields Limited in 2013 and oversaw the combined group's recapitalisation program, and is currently a Director of Mayur Resources PTE and Executive Chairman of AUSA Resources Limited. Mr Terranova is a Fellow of the Institute of Chartered Accountants of Australia & New Zealand, a member of the Australian Institute of Company Directors and the Finance and Treasury Association of Australia.

8.2 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

9 Resolution 7: Approval of Issue of Performance Rights to Frank Terranova

9.1 Purpose of Resolution

The Company's Board has resolved, subject to shareholder approval, to issue 500,000 Performance Rights to acquire ordinary shares in the Company to newly appointed Director, Frank Terranova, as a performance incentive. Under Resolution 7, approval is therefore sought

for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of 500,000 Performance Rights to Mr Frank Terranova.

The full terms of the Performance Rights are set out in Annexure D to this Explanatory Memorandum, however the key terms are as follows:

- (a) vesting of Performance Rights is conditional on continuous service as a Director for 6 months following issue;
- (b) following vesting, the resulting shares will be subject to voluntary escrow and restricted from trading for a period of 6 months.

9.2 ASX Listing Rule 10.11

As the Performance Rights are to be issued to a related party of the Company, the following information is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

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

500,000 Performance Rights to acquire a total of 500,000 shares to Mr Frank Terranova;

(b) Issue Price

The Performance Rights are issued for nil consideration as an incentive for participation in the future growth of the Company.

(c) Date by which the Performance Rights will be issued

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

(d) Terms of the shares

The Performance Rights will be issued on terms and conditions as set out in Annexure D.

(e) Use of Funds Raised

As the Performance Rights will be issued as a performance incentive, no funds will be raised.

9.3 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 7 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 the arm's length and reasonable remuneration 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 issue of Shares, pursuant to section 208 of the Corporations Act.

9.4 Board Recommendation

The Board, other than Mr Terranova, recommends that Shareholders vote in favour of Resolution 7.

9.5 Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by:

- (a) a person who participated in the issue; and
- (b) an associate of a person who participated in the issue.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Glossary

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

AEDT means Australian Eastern Daylight Savings 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 Company.

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 Statement convening this General Meeting.

Proxy Form means the proxy form attached to the Notice.

ANNEXURE A

TERMS OF YANIV CONVERTIBLE NOTES

The following is a broad summary of the rights, privileges and restrictions attaching to the Yaniv Convertible Notes. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Yaniv Equity.

TERM	DESCRIPTION
Issuer	Freehill Mining Limited (ABN 27 091 608 025) (Company)
Issue/Purchase Date	The First Tranche of Yaniv Convertible Notes were issued on 19 December 2017. The Second Tranche will be issued subject to shareholder approval.
Total Number of Notes	First Tranche: 849,375 Yaniv Convertible Notes Second Tranche: 1,381,250 Yaniv Convertible Notes
Face Value	The Yaniv Convertible Notes each have a US\$1.00 face value.
Purchase Price	First Tranche: US\$755,000 Second Tranche: up to US\$1,250,000
Maturity Date	One year anniversary of the purchase date
Ranking	The Yaniv Convertible Notes rank equally with all other existing convertible notes.
Interest	The Company must pay interest on the face value at 12.5% per annum, which interest will: (a) until the Maturity Date, be fixed at 12.5% of the aggregate Face Value of those Convertible Securities, which will accrue and be capitalised on the relevant Purchase Date; and (b) on and after the relevant Maturity Date, accrue daily and shall be capitalised and compounded monthly, from the relevant Maturity Date until the Company discharges the Amount Outstanding in full.
Security	The Yaniv Convertible Notes will be secured by: <ul style="list-style-type: none">• a limited recourse guarantee by Freehill Investments Pty Ltd;• a pledge over the Pledge Shares owned by Freehill Investments Pty Ltd;• a limited recourse guarantee by San Patricio Minería SpA; and• a mortgage over the Arenas Leases by San Patricio Minería SpA
Conversion Rights	Yaniv Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	The lesser of: (c) AU\$0.095; and (d) the lowest trading price during the 15 days immediately prior to the conversion notice date, as reported by ASX provided that

	<p>such trading price is a result of arm's length transactions during such period of time and excludes any transactions that involve Yaniv Equity or any of its affiliates up to the Company's maximum placement capacity of 15,935,952 shares. The Company has agreed to seek shareholder approval for the maximum number of shares to be issued on conversion to be 27,887,915 for the First Tranche, and 46,223,281 for the Second Tranche.</p>
Conversion Shares	<p>Conversion Shares issued upon conversion of a Yaniv Convertible Note will be fully paid ordinary Shares and rank equally with all other fully paid Shares from their date of issue.</p>
Redemption	<p>The Company may at any time prior to the Yaniv Maturity Date redeem some or all of the outstanding Convertible Securities by giving notice to Yaniv Equity specifying the number of Convertible Securities the Company proposes to redeem, and the Purchase Date of those Convertible Securities (Redemption Notice).</p> <ul style="list-style-type: none"> (a) The Company may not give a Redemption Notice in respect of any Convertible Securities the subject of an existing Conversion Notice. (b) On or before the day which is ten Business Trading Days after the date on which the Company gives the Redemption Notice, the Company must pay to the Investor (in US\$) the Redemption Amount in respect of the Convertible Securities specified in the Redemption Notice. Upon the Company doing so, the specified number of Convertible Securities will be redeemed. (c) On and from the time that the Investor receives a Redemption Notice in respect of Convertible Securities, the Investor may not give the Company a Conversion Notice for the Convertible Securities specified in the Redemption Notice.
Second Tranche Variation	<p>The Company has the right (but not the obligation) to reduce the Purchase Price of the Second Tranche by up to 50% if the Company wishes and is able to obtain the corresponding amount from other creditors of the Company.</p> <p>If the Company wishes to reduce the Purchase Price of the Second Tranche, it must give written notice to the Investor at least 10 Business Days prior to the Purchase Date for the Second Tranche, specifying the amount of the reduction (up to a maximum of 50%), and upon receipt of the notice by Yaniv Equity LP:</p> <ul style="list-style-type: none"> (a) the Purchase Price for the Second Tranche will be reduced by the amount specified in the notice; and (b) the number of Convertible Securities to be issued in the Second Tranche will be reduced in the same proportion.
Events of Default	<p>Including but not limited to:</p> <ul style="list-style-type: none"> (a) the Company breaches or otherwise fails to comply in full with any of its material obligations under any transaction document or any event of default occurs under any transaction document. (b) The Company fails to comply with the Listing Rules in any material respect.

	<p>(c) A stop order, cessation of quotation, or removal of the Company or shares issued to Yaniv Equity from the ASX Official List is requested by the Company or requested or imposed by any governmental authority.</p> <p>(d) A group company is in default under a document or agreement (including a governmental authorisation) binding on it or its assets which relates to financial indebtedness exceeding the limit specified in the Yaniv Agreement or is otherwise material.</p> <p>(e) The Company does not obtain a shareholder approval or does not obtain a shareholder approval for</p> <ul style="list-style-type: none"> • the issue of the issue of up to at least 27,887,915 shares in respect of conversion of First Tranche Yaniv Convertible Notes; and • the issue of up to at least 46,233,281 shares in respect of conversion of Second Tranche Yaniv Convertible Notes; and • the issue of the options for Yaniv. <p>(f) The share pledge agreement under Chilean law is not executed or registered prior to 12 January 2018.</p>
Transferability	<p>Yaniv Equity may assign, transfer, encumber or otherwise deal with its rights under, or in connection with, the securities without the consent of any person provided that Yaniv Equity may only assign a convertible security if:</p> <p>(a) the assignee executes a deed of covenant in favour of the Company agreeing to be bound by the terms of the Yaniv Agreement to the extent of the assignment; and</p> <p>(b) Yaniv Equity first offers the Company in writing the opportunity to redeem the convertible securities to be assigned for the same price as is proposed to be paid to Yaniv Equity for the assignment of them, and the Company does not accept that offer and redeem the convertible securities for that price within ten Business Days of Yaniv Equity making the offer.</p>
Rights of Noteholder	<p>Except as otherwise provided in the Yaniv Agreement, the Yaniv Convertible Notes will not entitle the noteholder to vote at general meetings of the Company, to receive dividends or other distributions or participate in any issue of securities other than in accordance with the terms of the Yaniv Agreement.</p>
ASX Listing	<p>The Company will apply for official quotation by ASX of the conversion shares on the conversion date.</p>

ANNEXURE B

TERMS OF SERIES 1 CONVERTIBLE NOTES

The following is a broad summary of the rights, privileges and restrictions attaching to the Series 1 Convertible Notes. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Series 1 Noteholders.

TERM	DESCRIPTION
Issuer	Freehill Mining Limited (ABN 27 091 608 025) (Company)
Issue/Subscription Date	19 December 2017
Eligibility	The Series 1 Offer was made to sophisticated, experienced and professional investors for the purposes of section 708 of the Corporations Act as at the date of acceptance of the Series 1 Offer.
Face Value	The Series 1 Convertible Notes each have a AU\$2,500 face value to a raise a principal amount of AU\$1,445,000.
Maturity Date	One year anniversary of the execution of Series 1 Agreement
Ranking	The Series 1 Convertible Notes rank equally with all other existing convertible notes (if any).
Interest	The Company must pay interest on the face value at 12% per annum until the earlier of the maturity date or the request of the noteholder to the Company to convert the Series 1 Convertible Notes.
Security	The Series 1 Convertible Notes will be secured by: <ul style="list-style-type: none">• a limited recourse guarantee by Freehill Investments Pty Ltd;• a pledge over the Pledge Shares owned by Freehill Investments Pty Ltd;• a limited recourse guarantee by San Patricio Minería SpA; and• a mortgage over the Arenas Leases by San Patricio Minería SpA
Conversion Rights	Series 1 Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	AU\$0.095 (9.5 cents)
Conversion Shares	Conversion shares issued upon conversion of a Series 1 Convertible Note will be fully paid ordinary Shares and rank equally with all other fully paid Shares from their date of issue.
Events of Default	Including but not limited to: <ul style="list-style-type: none">(a) the Company fails to comply with the conditions as outlined in the Series 1 Agreements;(b) the Company fails to observe and perform any of its obligations or liabilities under the Series 1 Agreements and such failure is not

	<p>remedied within seven days of the Company being notified of the failure by the subscriber;</p> <p>(c) any prescribed default occurs under any agreement with any other financial provider.</p>
Transferability	The noteholder is not entitled to transfer the notes and shares issued pursuant to conversion of a note unless it has complied with any applicable requirements of Chapter 6D of the Corporations Act.
Rights of Noteholder	Except as otherwise provided in the Series 1 Agreement, the Series 1 Convertible Notes will not entitle the noteholder to vote at general meetings of the Company, to receive dividends or other distributions or participate in any issue of securities other than in accordance with the terms of the Series 1 Agreement.
ASX Listing	The Company will apply for official quotation by ASX of the Conversion Shares on the conversion date.

ANNEXURE C

TERMS OF OPTIONS

1.1. Nature of Options

Each Option grants the holder the right but not the obligation to be issued by the Company one Share at AU\$0.1425 per Option (**Option Exercise Price**) at any time before the date which is 5 years from the date of issue of the Option (**Option Expiry Date**).

1.2. Exercise of Options

An Option holder may exercise any of its Options at any time after their grant and prior to the Option Expiry Date by delivery of:

- (a) a copy of a duly executed Option exercise form substantially in the form of Annexure D (the **Exercise Form**), to the Company on any Business Day; and
- (b) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time.

1.3. Issue of Shares on exercise of Options

In accordance with the Laws, as soon as reasonably practicable, but no later than on the tenth Business Day following the date of the receipt of a duly completed Exercise Form and the payment referred to in item 1.2(b) of this Schedule, the Company must issue the Shares in respect of which the Options are so exercised by the Option holder and provide to the Option holder holding statements evidencing that such Shares have been recorded on the Company's Share register.

1.4. Bonus issues

If prior to an exercise of an Option, there is a bonus issue (as referred to in Listing Rule 6.22.3) the number of Shares over which an Option is exercisable shall be increased as specified in Listing Rule 6.22.3.

1.5. Rights issues

If prior to an exercise of an Option, there is a pro rata issue (except a bonus issue) as referred to in Listing Rule 6.22.2, the Option Exercise Price shall be reduced according to the formula in Listing Rule 6.22.2.

1.6. Reconstruction of capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the rights of an Option holder will be changed to comply with the Listing Rules (currently Listing Rule 7.22) applying to a reorganisation of capital at the time of the reorganisation.

1.7. Cumulative adjustments

Full effect must be given to the provisions of item 1.4 to 1.6 of this Schedule, as and when occasions for their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

1.8. Notice of adjustments

Whenever the number of Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted in accordance with this Agreement, the Company must give written notice of the adjustment to all the Option holders, within one Business Day.

1.9. No right to participate in new issues

An Option holder cannot participate in new issues of Securities without exercising the Option.

1.10. Assignability and transferability

The Options are not freely assignable and transferable without written consent by the Company.

1.11. Applicable provisions of this Agreement incorporated in terms of Options

Without limiting the generality or the applicability of any of the terms of this Agreement to the Options and all Shares issued or issuable on their exercise, the Parties acknowledge that, for clarity, the provisions on "Requirements for the issue of securities" under the Yaniv Agreement constitute part of the terms of the Options.

1.12. Restriction under US Securities law

The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the US Securities Act of 1933 and applicable state securities laws, or exemptions from such registration requirements are available.

ANNEXURE D

TERMS OF PERFORMANCE RIGHTS

- 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 exercise of a Performance Right.
- 3 Shares issued on exercise of the Performance Rights will rank equally with all existing Shares from the date of issue. The Company will apply for quotation of the Shares issued on the exercise of each Performance Right.
- 4 The Performance Rights are transferrable with the prior consent of the Board.
- 5 The vesting of the Performance Rights will be conditional upon the continuation of service of the recipient of the Performance Rights to the Company as a member of the Board of Directors for a period of six (6) months following the issue of the Performance Rights.
- 6 When a Performance Right vests, the Company will issue a vesting notification to the holder of the Performance Right, after which the vested Performance Rights will be automatically exercised within a period specified by the Board.
- 7 The Shares issued on vesting of the Performance Rights will be subject to voluntary escrow for a period of six (6) months from the date of issue of Shares (*Escrow Period*), following which period, the Shares will rank equally with all existing Shares on issue. The recipient of the Shares is required to enter into such agreements as are necessary effect the Escrow Period.
- 8 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 Director has engaged in fraud, dishonesty or upon misconduct if any results that lead to the Performance Rights vesting are subsequently shown to have been materially misstated.
- 9 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).
- 10 Performance Rights do not give holders any right to vote.
- 11 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (a) the number of Performance Rights will be reconstructed (as appropriate) in a manner consistent with the Listing Rules but with the intention that such reconstruction will not result in any benefits being conferred on the Performance Right holder which are 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.
- 12 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) the Board may determine, that some or all unvested Performance Rights will vest and be automatically exercised.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: FHS

Your proxy voting instruction must be received by **11:00am (AEDT) on 14 February 2018**, 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 Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the 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.

CONTACT

Return your completed form:



BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012



IN PERSON

Automic Registry Services
Level 3, 50 Holt Street,
Surry Hills NSW 2010

Contact us – All enquiries to Automic:



WEBCHAT

<https://automic.com.au/>



EMAIL

hello@automic.com.au



PHONE

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Please appoint a Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Freehill Mining Limited, at the Institute of Chartered Accountants, at Level 18, Bourke Place, 600 Bourke Street Melbourne, Victoria 3000, on Friday, 16 February 2018 at 11.00am (AEDT) hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2: Your Voting Direction

Resolutions

		For	Against	Abstain
1	Ratification of Past Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(a)	Ratification of Issue of Series 1 Offer Securities - Series 1 Offer Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b)	Ratification of Issue of Series 1 Offer Securities - Series 1 Offer Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Ratification of Issue of First Tranche Yaniv Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(a)	Approval of Issue of Yaniv Offer Securities - Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(b)	Approval of Issue of Yaniv Offer Securities - Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(a)	Approval of Issues of Shares in Lieu of Directors' Fees to Mr Stephen Chaplin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(b)	Approval of Issues of Shares in Lieu of Directors' Fees to Mr Nicholas Kapes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(c)	Approval of Issues of Shares in Lieu of Directors' Fees to Mr Raymond Mangion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Confirmation of Election of Director – Frank Terranova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of Issue of Performance Rights to Frank Terranova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date ___/___/___

Email Address _____

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).