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**Freehill Mining Limited  
ACN 091 608 025**

**Notice of Annual General Meeting and  
Explanatory Memorandum and  
Proxy Form**

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**The Annual General Meeting of the Company will be held at  
the Institute of Chartered Accountants, Level 18, Bourke  
Place, 600 Bourke Street Melbourne, VIC 3000, Melbourne  
Victoria 3000 on Friday, 30 November 2018 at 11:00am  
(AEDT)**

*This Notice of Annual 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 2018 Annual General Meeting of Shareholders of Freehill Mining Limited (**Company**) will be held at the Institute of Chartered Accountants, Level 18, Bourke Place, 600 Bourke Street Melbourne, on Friday, 30 November 2018 at 11:00am (AEDT) (**General Meeting**).

The Explanatory Memorandum to this Notice of Annual 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 Annual General Meeting.

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

## Agenda

### 1. Item 1 – Financial and related reports

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To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 30 June 2018.

### 2. Resolution 1 – Adoption of Remuneration Report (Non-binding resolution)

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

*"That the Remuneration Report for the financial year ended 30 June 2018 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."*

### Voting Exclusion

The Company will disregard any votes cast on this resolution (in any capacity, whether as proxy or as Shareholders) by any of the following persons:

- (a) key management personnel; and
- (b) Closely Related Parties of key management personnel.

However, the Company need not disregard a vote if it is:

- (c) cast by a person as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or
- (d) cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.

### 3. Resolutions 2(a) and 2(b) – Election of Directors

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

- (a) *that Mr Samuel Duddy, being eligible and having signified his candidature for the Office, be and is hereby elected as a Director of the Company; and*
- (b) *that Mr Peter Hinner, being eligible and having signified his candidature for the Office, be and is hereby elected as a Director of the Company."*

#### **4. Resolution 3 – Approval of Amendment to the terms of Yaniv Convertible Notes**

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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 alteration of the terms of 480,875 convertible notes held by Yaniv Equity LP (**Yaniv Convertible Notes**), on the terms set out in the Explanatory Memorandum."*

#### **5. Resolution 4 – Approval of Replacement Series 1 Convertible Notes**

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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 up to 578 convertible notes to sophisticated and professional investors, which convertible notes will replace the 578 Series 1 Convertible Notes issued on or about 19 December 2017, on the terms set out in the Explanatory Memorandum."*

#### **6. Resolutions 5(a), 5(b) and 5(c) – Ratification of Debt to Equity Conversion Share Issues**

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

*"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) *22,607,462 fully paid ordinary shares issued to sophisticated and professional investors in respect of the conversion to equity of debt funding advanced to the Company pursuant to "Muzard Back-up" loan facilities;*
- (b) *6,740,343 fully paid ordinary shares issued to sophisticated and professional investors in respect of the conversion to equity of debt funding advanced to the Company pursuant to "Working Capital" loan facilities; and*
- (c) *353,847 fully paid ordinary shares issued to a sophisticated and professional investor in respect of the conversion to equity of interest accrued on Series 1 Convertible Notes,*

*on the terms set out in the Explanatory Memorandum."*

#### **7. Resolution 6 – Ratification of Issue of Shares Under Placement**

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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 5,208,333 fully paid ordinary shares issued to Duddy Investments Pty*

*Ltd as trustee for the Sam Duddy Family Trust, a sophisticated and professional investor, under a private placement, on the terms set out in the Explanatory Memorandum.”*

## **8. Resolution 7 – Ratification of Issue of Shares Under Consultancy Agreement**

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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 827,814 fully paid ordinary shares issued to Monterado Pty Ltd as trustee for Hinner Superannuation Fund, an entity nominated by the Company’s acting Chief Executive Officer, at an issue price of \$0.0604 per share, in consideration of consulting services provided pursuant to a Consultancy Agreement, on the terms set out in the Explanatory Memorandum.”*

## **9. Resolutions 8(a) and 8(b) – Approval of Issues of Shares to Directors on Conversion of Debt**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of:*

*(a) 8,271,781 fully paid ordinary shares to Mr. Raymond Mangion or his nominee; and*

*(b) 61,727,746 fully paid ordinary shares to Mr. Samuel Duddy or his nominee,*

*on the terms set out in the Explanatory Memorandum.”*

## **10. Resolution 9 – Approval of Issue of Shares in Lieu of Fees to Mr. Paul Davies**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,504,330 fully paid ordinary shares to Mr. Paul Davies in lieu of a portion of his salary, on the terms set out in the Explanatory Memorandum.”*

## **11. Resolutions 10(a) and 10(b) – Approval of Issue of Shares in Lieu of Fees to Non-Executive Directors**

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of:*

*(a) 2,475,000 fully paid ordinary shares to Mr. Raymond Mangion; and*

*(b) 1,375,000 fully paid ordinary shares to Mr. Samuel Duddy,*

*on the terms set out in the Explanatory Memorandum.”*

## **12. Resolution 11 – Approval of Additional 10% Placement Capacity**

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To consider, and if thought fit, pass the following resolution as a **special** resolution:

*"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval be given for the issue of equity securities of up to 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

**By order of the Board of Freehill Mining Limited:**



**Frank Pirera**  
Company Secretary  
Dated: 30 October 2018

## **Explanatory Memorandum**

The accompanying Explanatory Memorandum forms part of this Notice of Annual 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 Annual General Meeting and the Explanatory Memorandum.

## **Questions from Shareholders**

In order to provide an equal opportunity for all Shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's auditor, RSM Australia Partners, in relation to the conduct of the external audit for the year ended 30 June 2018, or the content of its audit report. Please send your questions to:

The Company Secretary,  
**Freehill Mining Limited**  
C/- Yarra Business Group  
88 Miller Street, West Melbourne VIC 3003  
P. (03) 9328 4722  
E. [frank@ybg.com.au](mailto:frank@ybg.com.au)

Written questions must be received by no later than 5.00pm (AEDT) on Friday, 23 November 2018.

Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the *Corporations Act 2001* (Cth) and the Company's policy, a reasonable opportunity will also be provided to Shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including Remuneration Report.

During the course of the Annual General Meeting, the Chairman will seek to address as many Shareholder questions as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer written questions addressed to it. However there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to Shareholders.

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## VOTING INFORMATION

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### 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 28 November 2018:**
  - 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 (AEDT) on 28 November 2018** will be taken to be held by the persons who held them at that time for the purposes of the Annual 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

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This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual 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 Annual 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. Financial and Related Reports

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Section 317 of the Corporations Act requires the Company's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2018 to be laid before the Company's 2018 Annual General Meeting. There is no requirement for a formal resolution on this item.

The Financial Report contains the financial statements of the consolidated entity consisting of the Company and its controlled entities. As permitted by the Corporations Act, a printed copy of the Company's 2018 Annual Report has been sent only to those Shareholders who have elected to receive a printed copy. The 2018 Annual Report, which contains the Directors' Report, the Financial Report and the Remuneration Report, is available from the Company's website ([www.freehillmining.com](http://www.freehillmining.com)).

The Chair of the meeting will allow a reasonable opportunity at the Annual General Meeting for Shareholders to ask questions and to ask the Company's auditor questions about its Audit Report, the conduct of its audit of the Company's Financial Report for the year ended 30 June 2018, the preparation and content of its Audit Report, the accounting policies adopted by the Company in its preparation of the financial statements, and the independence of the Company's auditor in relation to the conduct of the audit.

## 3. Resolution 1 – Adoption of Remuneration Report (Non-binding resolution)

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The purpose of Resolution 1 is to lay before the Shareholders the Company's Remuneration Report for the year ended 30 June 2018 so that Shareholders attending the Annual General Meeting will have an opportunity to discuss and put questions in respect of the Remuneration Report and the management of the Company, and vote on an advisory and non-binding resolution, pursuant to section 250R(3) of the Corporations Act, to adopt the Remuneration Report. Shareholders should note that, as this Resolution is advisory only and the outcome of the vote does not bind the Directors or the Company.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Remuneration Report sets out the Company's remuneration policy and reports on the remuneration arrangements in place for Directors and key executives of the Company.

The Remuneration Report forms part of the Directors' Report which has been unanimously been adopted by resolution of the Board. The Directors have resolved in favour of the Remuneration Report and commend it to Shareholders for adoption. The Company encourages all Shareholders to cast their votes on Resolution 1.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either "For", "Against" or "Abstain" on the proxy form for this Resolution. If you appoint the Chairman of the meeting as your proxy (or if he may be appointed by default) and do not direct him how to vote on this Resolution 1, he will vote your proxy in favour of Resolution 1.



## **4. Resolutions 2(a) and 2(b): Election of Directors**

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### **4.1 Purpose of Resolution**

In accordance with clause 25.4.2 of the Company's Constitution, each of Mr. Samuel Duddy and Mr. Peter Hinner, being Directors appointed during the year, offers himself for election to the Company's Board.

### **4.2 About Mr. Samuel Duddy**

Mr. Duddy is a substantial investor in the Company. Mr. Duddy is currently a board member and majority shareholder of a Civil Construction firm and brings to the Board a wealth of knowledge and experience in Business Management, Engineering and finance. Mr. Duddy holds a First Class Honours degree in Science from the University of Queensland along with a Masters of Property Studies and a Masters of Business Administration also from this university.

### **4.3 About Mr. Peter Hinner**

Mr. Hinner has been the Company's Acting Chief Executive Officer since June 2018, and was the Company's Chief Operations Officer from February 2017 to June 2018. Mr. Hinner continues to be primarily responsible for the feasibility study progression for the Yervas Buenas assets.

### **4.4 Board Recommendation**

The Board, with Mr. Duddy and Mr. Hinner each abstaining from making a recommendation on the Resolution which pertains to him, recommends that Shareholders vote in favour of Resolutions 2(a) and 2(b).

## **5. Background of the Convertible Notes Referred to in Resolutions 3 and 4**

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### **2.1 Yaniv Convertible Notes Fundraising**

As previously disclosed (see ASX announcement: *Operations and Capital Raising Update*, 18 December 2017, and Notice of General Meeting, 17 January 2018), the Company has entered into agreements with sophisticated and professional investors to raise funds by issuing convertible notes. Under an agreement with Yaniv Equity LP (**Yaniv**) to raise a total of up to US\$2 million by the offer of a total of 2,225,000 convertible notes (**Yaniv Convertible Notes**), the Company issued 849,375 Yaniv Convertible Notes as a first tranche on draw down of US\$755,000, which issue was ratified by Shareholders of the Company at a General Meeting on 16 February 2018. The Company has since determined not to proceed with the drawdown of the balance of the funds available under the agreement with Yaniv, and therefore not to issue the second tranche of Yaniv Convertible Notes. As at the date of this Notice of Meeting, the Company has issued a total of 10,825,879 to Yaniv on conversion of Yaniv Convertible Notes (including interest).

The Company and Yaniv now propose that the terms of the remaining 480,875 unconverted Yaniv Convertible Notes be altered, pursuant to Resolution 3, to extend the Maturity Date of the notes from 19 December 2018, to 19 June 2019. The full revised terms of the Yaniv Convertible Notes are summarised in Annexure A.

### **2.2 Replacement Series 1 Convertible Notes**

As ratified at the General Meeting on 16 February 2018, the Company has also issued 578 convertible notes to investors who are sophisticated, experienced or professional investors for the purposes of section 708 of the Corporations Act, in respect of AU\$1,445,000 in funding received (**Series 1 Convertible Notes**). The Company has now agreed, subject to shareholder approval as sought under Resolution 4, to issue the holders of the Series 1 Convertible Notes with new convertible notes to replace the current notes on issue, on different terms from the terms of the original Series 1 Convertible Notes (**Replacement Series 1 Convertible Notes**).

The terms of the Replacement Series 1 Convertible Notes, which are conditional on shareholder

approval being obtained, are set out in various convertible note subscription agreements (**Replacement Series 1 Agreements**) to be executed by the Company and subscribing noteholders (**Noteholders**), and are summarised in Annexure B.

## **2.3 Effect of the issue of the Replacement Series 1 Convertible Notes on the Company**

The principal effects of the issue of the Replacement Series 1 Convertible Notes on the Company will be to:

- (a) increase the number of shares on issue in the Company by up to approximately 36,739,588 shares on conversion of the Replacement Series 1 Convertible Notes – notwithstanding the variable issue price, this is the maximum numbers of shares which may be issued in respect of the Replacement Series 1 Convertible Notes; and
- (b) extend the period of the Maturity Date in respect of the Yaniv Convertible Notes and the Series 1 Convertible Notes.

### **2.3.1 Effect of shareholder approval not being obtained**

In the event that Resolutions 3 and 4 are not passed by shareholders, the Yaniv and Series 1 Convertible Notes will be redeemable on 19 December 2018, if not converted into shares prior. Further, the Series 1 Convertible Notes are 'out of the money', limiting the prospect of their conversion into shares. The Company may not have the funding to redeem the notes at their maturity on 19 December 2018.

## **2.4 Potential effect on Share Structure**

- (a) As at the date of this Notice of Meeting the issued capital of the Company comprises of 406,408,212 issued ordinary shares.
- (b) The capital structure of the Company will be affected by the conversion of the Yaniv Convertible Notes and Replacement Series 1 Convertible Notes by the Noteholders which will result in additional Shares being issued and the liability position of the Company decreasing accordingly.
- (c) The number of shares issued on conversion of 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 reported by ASX excluding any trades made by Yaniv Equity LP and its associates.
- (d) The Replacement Series 1 Convertible Notes will be convertible into shares on the following basis:
  - (i) if converted on or before 15 February 2019, shares will be issued at a price of \$0.015 per share;
  - (ii) if converted on or after 16 February 2019, and before the maturity date of 19 December 2019, shares will be issued at a price equal to 85% of the volume weighted average price of the Company's shares as traded on ASX during the 7 days on which trades were recorded prior to the date of conversion, provided such price is not less than \$0.015.
- (e) As at the date of this Notice, 10,825,879 shares have been issued on conversion of Yaniv Convertible Notes. The maximum number of shares which may be issued on conversion of the remaining Yaniv Convertible Notes is 17,062,036 and the maximum number of shares which may be issued under the Replacement Series 1 Convertible Notes, including capitalised interest if paid in shares at 19 December 2019, is 217,291,129. The actual effect on the share capital of the Company will depend on how many convertible notes are converted and the actual conversion price at the time of the conversion.
- (f) Convertible notes can be converted at any time prior to the relevant maturity date at

the request of the holder.

## **2.5 Security Arrangements**

The Yaniv and Replacement Series 1 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).

## **6. Resolution 3 – Approval of Amendment of the terms of Yaniv Convertible Notes**

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### **6.1 Purpose of Resolution**

The Company has agreed with Yaniv that, subject to the approval of the Company's Shareholders sought under this Resolution 3, that the terms of the 480,875 Yaniv Convertible Notes on issue be amended so that the Maturity Date of the Yaniv Convertible Notes is extended from 19 December 2018 to 19 June 2019.

The Company considers that the proposed amendment to the Yaniv Convertible Notes involves a change to a key term, being the date on which the notes mature and must be either converted or redeemed, and therefore the Company seeks shareholder approval under this Resolution 3 to confirm that the Yaniv Convertible Notes (as amended) will not be counted in the 15% calculation, giving the Company flexibility to issue securities in the future in response to opportunities as they arise.

### **6.2 Proposed Amendment**

It is proposed that the Maturity Date of the Yaniv Convertible Notes is extended by six (6) months, from 19 December 2018 to 19 June 2019, and that the terms of the notes otherwise remain unchanged. The terms of the Yaniv Convertible Notes as proposed to be amended by this Resolution are summarised at Annexure A.

### **6.3 Listing Rule 7.3**

The following information in relation to the Yaniv Convertible Notes is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) if Resolution 3 is approved, the 480,875 Yaniv Convertible Notes presently on issue will be affected by the amendment;
- (b) the Yaniv Convertible Notes were issued on 19 December 2017 and, if approved, the amendment will take effect at the close of this Annual General Meeting, subject to this Resolution 3 being passed by Shareholders;
- (c) the Yaniv Convertible Notes were issued with a face value of US\$100 each. The Yaniv Convertible Notes as amended by this Resolution may be converted into shares in accordance with the terms set out in Annexure A. Up to 17,062,036 shares may be issued if all the amended Yaniv Convertible Notes are converted;
- (d) a summary of the terms and conditions of the Yaniv Convertible Notes as amended by this Resolution is set out in Annexure A;
- (e) the Yaniv Convertible Notes were issued to Yaniv Equity LP, an unrelated party of the Company;
- (f) no funds will be raised from the amendment of the Yaniv Convertible Notes.

#### **6.4 Board Recommendation**

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

#### **6.5 Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 3 by Yaniv Equity LP and any of its associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

### **7. Resolution 4 – Approval of Replacement Series 1 Convertible Notes**

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#### **7.1 Purpose of Resolution**

As detailed above at 2.2, the Company is seeking Shareholders' approval for the issue of convertible notes to certain holders of the Series 1 Convertible Notes issued on or about 19 December 2017. These notes will replace a number of the Series 1 Convertible Notes currently on issue, with the effect of altering the terms of those Series 1 Convertible Notes and be convertible into fully paid ordinary shares in accordance with the terms and conditions of the notes (**Replacement Series 1 Securities**). The terms of the Replacement Series 1 Convertible Notes are summarised at Annexure B.

The Replacement Series 1 Convertible Notes have not yet been issued by the Company. The Company proposes to issue the Replacement Series 1 Convertible Notes, on the terms set out below, with Shareholder approval for the purposes of Listing Rule 7.1.

#### **7.2 Issue of Replacement Series 1 Securities**

The following information is provided in relation to the issues of Replacement Series 1 Securities under Resolution 4, as required by ASX Listing Rule 7.3:

(a) **Number of Replacement Series 1 Securities**

578 Replacement Series 1 Convertible Notes, convertible into a maximum of 217,291,129 shares.

(b) **Date by which the Replacement Series 1 Securities will be issued**

The Replacement Series 1 Convertible Notes will be issued within three (3) months of the date of the General Meeting. Shares will be issued on conversion of notes at any time prior to the relevant maturity date, being up to 19 December 2019.

(c) **Issue Price**

The Company will receive no further funds for the issue of the Replacement Series 1 Convertible Notes, as the notes replace notes already on issue, which were issued for cash funding at AU\$2,500 per note. Shares issued on conversion of Replacement Series 1 Convertible Notes are issued for no additional consideration.

(d) **Terms of Securities**

- (i) The terms of the Replacement Series 1 Convertible Notes are set out in Annexure B.
- (ii) 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) **Names of Allottees**

Name of noteholder	Number of notes	Maximum Number of shares on conversion (including capitalised interest payable at 12% per annum)
AKM Marlborough Pty Ltd ATF M And M Vinaccia Family Trust	59	22,451,069
Andrew Koh	12	4,535,745
Datapulse International Pty Ltd ATF Datapulse International Unit Trust	20	7,567,877
DG Freehold Pty Ltd	200	76,074,460
G & I Catis Investments Pty Ltd ATF G & I Catis Superannuation	20	7,588,215
George Theonas	7	2,644,883
Paraskevi Theonas	20	7,638,160
Peter Andrew Williams	80	29,172,874
Mr Rino Di Giantomasso	80	30,426,463
Ragar Pty Ltd	20	7,297,846
Jill Hedin	12	4,378,708
Garrick Higgins	4	1,459,569
Firbank Bold Pty Ltd ATF The Kate And Emma Trust	4	1,459,569
Wato Holdings Pty Ltd <Grillo Discretionary Trust>	40	14,595,691
<b>Total securities</b>	<b>578</b>	<b>217,291,129</b>

(f) **Use of Funds Raised**

\$1,445,000 previously raised from the issue of the original Series 1 Convertible Notes was 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.

**7.3 Board Recommendation**

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

**7.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 4 by:

- (a) a person entitled to participate in the issue; and
- (b) an associate of a person entitled to participate 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.

**8. Resolutions 5(a), 5(b) and 5(c) – Ratification of Debt to Equity Conversion Share Issues**

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## 8.1 Purpose of Resolution

Under Resolution 5, approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of:

- (a) 22,607,462 shares issued to sophisticated and professional investors, who are lenders to the Company's wholly-owned Chilean subsidiary, Yervas Buenas SpA, of funds under agreements for the extension of loan facilities referred to as the **Muzard Back-up Facilities**, in respect of conversion of debt owing by Yervas Buenas SpA (including interest accrued at a rate of 3% per month) under the Muzard Back-up Facilities to equity in the Company;
- (b) 6,740,343 shares issued to sophisticated and professional investors, who are lenders to the Company of funds under agreements for the extension of loan facilities referred to as the **Working Capital Facilities**, in respect of conversion of debt owing by the Company (including interest accrued at a rate of 12.5 % per annum) under the Working Capital Facilities to equity in the Company; and
- (c) 353,847 fully paid ordinary shares issued to a sophisticated and professional investor in respect of the conversion to equity of interest accrued on Series 1 Convertible Notes at 12% per annum,

(collectively, **Debt Conversion Shares**).

29,347,805 Debt Conversion Shares were issued on 5 July 2018, and 353,847 were issued on 13 July 2018. All Debt Conversion Shares were issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1. Resolutions 5(a), 5(b) and 5(c) seek Shareholder approval to ratify these issues under Listing Rule 7.4 and refresh the 15% capacity.

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

Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust, an allottee of shares subject of the ratifications sought under Resolutions 5(a) and 5(b), is an entity associated with Director of the Company, Mr. Samuel Duddy. At the time of the issue of shares, Mr. Duddy was not a Director of the Company, and not a related party of the Company at the time of issue.

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.

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 Resolutions 5(a), 5(b) and 5(c).

## 8.2 Issue of Shares

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

### (a) Number of Shares issued

#### *Resolution 5(a)*

22,607,462 shares were issued to lenders of funds under the Muzard Back-up Facilities.

#### *Resolution 5(b)*

6,740,343 shares were issued to lenders of funds under the Working Capital Facilities.

#### *Resolution 5(c)*

353,847 shares were issued to a holder of Series 1 Convertible Notes on conversion of interest accrued on the notes.

(b) **Issue Price**

The Debt Conversion Shares were issued at a deemed price of AU\$0.048 per share, being the lowest trading price during the 15 Trading Days, as reported by ASX, excluding any trades made by the party being issued shares or any of its affiliates, immediately prior to the date of a notice of conversion of an outstanding debt amount being served by the party entitled to give such notice.

(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**

*Resolution 5(a)*

<b>Name of Muzard Back-up Facility lending party</b>	<b>Number of Debt Conversion Shares</b>
Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust	13,056,536
Nigel Kenneth Phillips	2,355,515
Anthony Frederick Kennaird as trustee for the Bonoco Super Fund	2,343,145
Brady Glenn Jausel	1,173,661
Raina Anne Margret Hawley	125,464
CAM Nominees Pty Ltd as trustee for The Robert Finkelstein Trust	3,553,141
<b>Total shares issued</b>	<b>22,607,462</b>

*Resolution 5(b)*

<b>Name of Working Capital Facility lending party</b>	<b>Number of Debt Conversion Shares</b>
Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust (an entity associated with Director of the Company, Mr. Samuel Duddy)	2,108,236
Nigel Kenneth Phillips	2,111,238
Charleralza Pty Ltd as trustee for AEZ Superannuation Fund	525,649
Rosco Holden	419,806
Tomahawk 26 Pty Ltd as trustee for Scott Bolton Super Fund	1,575,414
<b>Total shares issued</b>	<b>6,740,343</b>

*Resolution 5(c)*

353,847 shares were issued to Peter Andrew Williams, a sophisticated and professional investor.

(e) **Use of Funds Raised**

*Resolution 5(a)*

A total of \$955,000 in funds were advanced by lenders under the Muzard Back-up Facilities to the Company's wholly-owned Chilean subsidiary, Yervas Buenas SpA. The purpose of the advance of funds is to meet the general working capital requirements of Yervas Buenas SpA.

*Resolution 5(b)*

A total of \$320,000 in funds were advanced to the Company by lenders under the Working Capital Facilities. The purpose of the advance of funds is to meet the Company's general working capital requirements, to fund the Company's drilling costs and the cost of establishing JORC resource at the Company's Yerbos Buenas Project and such other purposes as agreed by the parties.

*Resolution 5(c)*

No funds were raised from the issue of shares to Peter Andrew Williams, as the issue reduced the Company's liability in respect of interest accrued and payable to Mr. Williams by approximately \$16,984.

### **8.3 Board Recommendation**

The Board recommends that Shareholders vote in favour of Resolutions 5(a), (b) and (c).

### **8.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolutions 5(a), (b) and (c) 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.

## **9. Resolution 6 – Ratification of Issue of Shares Under Placement**

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### **9.1 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 5,208,333 fully paid ordinary shares issued to Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust, a sophisticated and professional investor, under a private placement at an issue price of \$0.048 per share (**Placement Shares**).

Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust is an entity associated with Director of the Company, Mr. Samuel Duddy. At the time of the issue of the Placement Shares, Mr. Duddy was not a Director of the Company, and not a related party of the Company at the time of issue.

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.

### **9.2 Issue of Placement Shares**

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

(a) **Number of Placement Shares issued**

5,208,333 fully paid ordinary shares.

(b) **Issue Price**



The Placement Shares were issued for cash at a price of AU\$0.048 per share for a total amount of AU\$250,000.

(c) **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 securities.

(d) **Names of Allottees**

The Placement Shares were issued to Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust, a sophisticated and professional investor for the purposes of the Corporations Act.

(e) **Use of Funds Raised**

\$250,000 raised from the issue of the Placement Shares was applied to the Company's general working capital requirements.

### 9.3 **Board Recommendation**

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

### 9.4 **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 6 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.

## 10. **Resolution 7 – Ratification of Issue of Shares Under Consultancy Agreement**

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### 10.1 **Purpose of Resolution**

Under Resolution 7, approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of 827,814 fully paid ordinary shares to Monterado Pty Ltd as trustee for Hinner Superannuation Fund, an entity nominated by the Company's acting Chief Executive Officer (**Acting CEO**), at an issue price of \$0.0604 per share, and for a total value of AU\$50,000, in consideration of consulting services provided by the Acting CEO pursuant to a Consultancy Agreement (**CEO Shares**).

The Company's Acting CEO, Mr. Peter Hinner, was appointed as a Director of the Company following the issue of the CEO Shares, and at the time of the issue of the CEO Shares, Mr. Hinner was not a related party of the Company.

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.

## 10.2 Issue of CEO Shares

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

(a) **Number of CEO Shares issued**

827,814 fully paid ordinary shares.

(b) **Issue Price**

The CEO Shares were issued for cash at a price of AU\$0.0604 per share.

(c) **Terms of CEO Shares**

The CEO 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 CEO Shares were issued to Monterado Pty Ltd as trustee for Hinner Superannuation Fund, an entity nominated by the Company's Acting CEO, Mr. Peter Hinner.

(e) **Use of Funds Raised**

The CEO Shares were issued in respect of an amount of AU\$50,000 owing to the Company's Acting CEO pursuant to a Consultancy Agreement.

## 10.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

## 10.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of 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.

## 11. Resolutions 8(a) and 8(b) – Approval of Issues of Shares to Directors on Conversion of Debt

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### 11.1 Purpose of Resolution

Under Resolution 8, approval is sought for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of:

- (a) 8,271,781 shares to Mr. Raymond Mangion, a Director of the Company, or his nominee; and
  - (b) 61,727,746 shares to Mr. Samuel Duddy, a Director of the Company, or his nominee,
- collectively, **Director Loan Conversion Shares**.

The Director Loan Conversion Shares are issued pursuant to a loan agreement dated on or about 12 December 2017, as amended by a deed of variation dated on or about 18 May 2018, and a second deed of variation dated on or about 15 October 2018 (**Loan Agreement**), between the Company, YBG Financial Services Pty Ltd (**YBG**) as Lender and the Company's wholly-owned Chilean subsidiary, Yervas Buenas SpA as Borrower. Pursuant to the terms of the terms of the Loan Agreement, the debt of Yervas Buenas SpA, including interest payable at 20% per annum, may be converted into equity via the issue of shares in the Company at a price of \$0.015 per share, if such conversion takes place on or before 28 February 2019.

Mr. Mangion and Mr. Duddy each contributed funds which were advanced under the Loan Agreement. The Company has negotiated for the repayment of the funds contributed by Mr. Mangion and Mr. Duddy, including interest, to be made via the issue of shares.

## **11.2 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 Director Loan Conversion Shares as approval is being obtained under ASX Listing Rule 10.11. The issue of the Director Loan Conversion 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) 8,271,781 shares to Mr. Raymond Mangion or his nominee; and
- (ii) 61,727,746 shares to Mr. Samuel Duddy or his nominee.

### **(b) Issue Price**

The Director Loan Conversion Shares will be issued at a price of \$0.015 per share.

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

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

### **(d) Terms of the shares**

The Director Loan Conversion 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 \$960,000 advanced under the Loan Agreement to Yervas Buenas SpA which are converted to equity via the issue of the Director Loan Conversion Shares were applied to meeting the general working capital requirements of Yervas Buenas SpA and to payments made to A y F Muzard Limitada for the purchase of ownership of mining tenements at the Company's Yervas Buenas Project.

## **11.3 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 the Director Loan Conversion Shares contemplated by Resolutions 8(a) and (b) 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 nature of the transaction contemplated by the Loan Agreement and issue price of the Director Loan Conversion Shares being the same as the issue price under a rights issue announced by the Company on 22 October 2018, the arm's length dealing exceptions provided by section 210 of the Corporations Act are relevant in the circumstances, and accordingly, the Company will not also seek approval for the issue of the Director Loan Conversion Shares, pursuant to section 208 of the Corporations Act.

#### **11.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolutions 8(a) and (b) by:

- (a) a person who is to receive the Director Loan Conversion Shares;
- (b) an associate of a person who is to receive the Director Loan Conversion Shares; and
- (c) any person who might obtain a benefit, other than a solely in the capacity of a holder of the Company's shares, from the Director Loan Conversion Shares.

However, the Company need not disregard a vote if:

- (d) 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
- (e) 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.

### **12. Resolution 9 – Approval of Issue of Shares in Lieu of Fees to Mr. Paul Davies**

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#### **12.1 Purpose of Resolution**

Mr. Paul Davies is entitled to receive remuneration of \$99,000 for the 2018 calendar year as agreed by the Board in accordance with the Company's remuneration policy, and has agreed to receive payment of \$30,000 of that amount in shares. As a consequence, the remuneration payable to Mr. Davies for this period will be reduced by \$30,000. Under Resolution 9, approval is sought for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of 1,504,330 shares in respect of directors' fees to the value of \$30,000.

The issue price of the shares is calculated by reference to the 15 day VWAP for the period prior to the date of this Notice of Meeting. If shareholders do not approve the issue of shares, the remuneration will be paid in cash when due.

#### **12.2 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 shares to be issued**

1,504,330 shares to Mr. Paul Davies or his nominee.

(b) **Issue Price**

The shares will be issued at a price of \$ 0.019942 per share, being the volume weighted average price of the Company's shares for the 15 days on which trades of the Company's shares occurred for the period immediately prior to the date of this Notice of Meeting.

(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 Annual General Meeting.

(f) **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.

(g) **Use of Funds Raised**

As the shares will be issued as Director remuneration, no funds will be raised, however the Company will reduce its payment obligation in respect of Mr. Davies' remuneration for the 2018 calendar year by the amount of \$30,000.

### **12.3 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 9 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, 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, pursuant to section 208 of the Corporations Act.

### **12.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 9 by:

- (a) Mr. Paul Davies, as a person who is to receive shares under Resolution 9;
- (b) an associate of Mr. Davies; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 9, other than a solely in the capacity of a holder of the Company's shares.

However, the Company need not disregard a vote if:

- (d) 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
- (e) 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.

## **13. Resolutions 10(a) and 10(b) – Approval of Issue of Shares in Lieu of Fees to Non-Executive Directors**

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### **13.1 Purpose of Resolution**

The Company's Non-Executive Directors, Mr. Raymond Mangion and Mr. Samuel Duddy have agreed to receive payment of directors' fees payable up until 30 November 2018 in shares in the Company. Under Resolutions 10(a) and (b), approval is sought for the purposes of ASX Listing Rule 10.11 and for all other purposes, in respect of the issue of:

- (a) 2,475,000 shares to Mr. Raymond Mangion in consideration of payment of accrued and outstanding Director's fees to the value of \$37,125; and
- (b) 1,375,000 shares to Mr. Samuel Duddy in consideration of payment of accrued and outstanding Director's fees to the value of \$20,625.

### **13.2 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 shares to be issued**

- (i) 2,475,000 shares to Mr. Raymond Mangion; and
- (ii) 1,375,000 shares to Mr. Samuel Duddy.

(b) **Issue Price**

The shares will be issued at a deemed issue price of \$0.015 per share.

(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 Annual 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, however the Company will reduce its payment obligations in respect of Mr. Mangion's and Mr. Duddy's directors' fees for the by an amount totalling \$57,750.

### **13.3 Chapter 2E Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issues of shares contemplated by Resolutions 10(a) and (b) constitute the provision of financial benefits to related parties. 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. Mangion's and Mr. Duddy's directors' fees and the issue price of the shares being the same as the issue price under a rights issue announced by the Company on 22 October 2018, the arm's length dealing 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 the Performance Rights, pursuant to section 208 of the Corporations Act.

### **13.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolutions 10(a) and 10(b) by:

- (a) Mr. Raymond Mangion and Mr. Samuel Duddy, as persons who are to receive shares under Resolution 10;
- (b) an associate of Mr. Mangion or Mr. Duddy; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 10, other than a solely in the capacity of a holder of the Company's shares.

However, the Company need not disregard a vote if:

- (d) 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
- (e) 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.

## **14. Resolution 11 – Approval of Additional 10% Placement Capacity**

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## 14.1 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an eligible entity to issue equity securities up to 10% of its issued share capital (at the time of the issue or the agreement to issue) through placements over a 12 month period after the annual general meeting ( *10% Placement Capacity*). The 10% Placement Capacity is in addition to the Company's 15% placement capacity pursuant to Listing Rule 7.1.

The effect of Resolution 11 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company hereby seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 which provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated as follows:

$$(A \times D) - E$$

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months;

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under rule 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has only one class of quoted securities being fully paid ordinary shares.

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to Listing Rules 7.1A(4) and 3.10.5A:

- (a) give to the ASX a list of the allottees of the equity securities and the number of equity securities to be allotted to each (but this list is not required to be released to the market); and

- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

## 14.2 Minimum Price

The issue price of each such security must be no less than 75% of the volume weighted average price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

## 14.3 Risk of economic and voting dilution of existing ordinary security holders

Number of Shares		\$0.0075 (50% decrease in Issue Price)	\$0.015 (Issue Price)	\$0.030 (100% increase in Issue Price)
406,408,212 being Variable A	10% Voting Dilution	40,640,821 Shares	40,640,821 Shares	40,640,821 Shares
	Funds Raised	\$304,806.16	\$609,612.32	\$1,219,224.63
609,612,318 being a 50% increase in Variable A	10% Voting Dilution	60,961,231 Shares	60,961,231 Shares	60,961,231 Shares
	Funds Raised	\$457,209.23	\$914,418.47	\$1,828,836.93
812,816,424 being a 100% increase in Variable A	10% Voting Dilution	81,281,642 Shares	81,281,642 Shares	81,281,642 Shares
	Funds Raised	\$609,612.32	\$1,219,224.63	\$2,438,449.26

If Resolution 11 is approved and the Company issues equity securities under the 10% Placement Capacity, there is a risk that:

- (a) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual General Meeting; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The above table shows the potential dilution of existing ordinary security holders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows two examples of:

- (a) the dilution effects where variable 'A' is the number of Shares on issue, and where variable 'A' is increased by 50% and 100% based on the number of Shares on issue; and



- (b) the dilution effects where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price on 26 October 2018.

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of equity securities available under the 10% Placement Capacity.
- (b) No options are exercised into shares before the date of the issue of equity securities.
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (d) The table does not show examples of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity based on that shareholder's holding at the date of the Annual General Meeting.
- (e) The table shows only the effect of issue of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (f) The issue of equity securities under the 10% Placement Capacity consists only of shares.

#### **14.4 Timing**

The Company may only issue equity securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further, the approval will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

#### **14.5 Use of Funds**

The Company may use the funds raised from issue of equity securities pursuant to the 10% Placement Capacity for working capital, for further exploration and feasibility studies for major long term production at the Yerbos Buenas Project, in continuing the Company's objective of establishing a JORC-compliant resource, and for the acquisition of new assets.

Subject to satisfaction of any other applicable regulatory requirements, the Company may also issue securities for non-cash consideration for the acquisition of new resources assets and investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

#### **14.6 Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company including but not limited to rights issues or other issues in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting, but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

#### **14.7 Requirements for approval under Rule 7.1A**

The total number of equity securities issued by the Company in the 12 months preceding the date of this Annual General Meeting is 59,539,218, which represents 16.94% of the equity securities on issue at the commencement of the 12 month period.

#### **14.8 Number, class and terms of securities issued**

- (a) 578 Series 1 Convertible Notes issued to professional and sophisticated investors on 19 December 2017 for \$2,500 each, convertible during the term into fully paid ordinary shares at a price of \$0.95 per share;
- (b) 849,375 Yaniv Convertible Notes issued to Yaniv Equity LP on 19 December 2017, convertible during the term into fully paid ordinary shares at a price of the lower of \$0.95 per share and the lowest trading price during the 15 trading days immediately prior to the Conversion Notice Date;
- (c) 7,475,000 fully paid ordinary shares issued on 19 December 2017 to investors and promoters in connection with the Series 1 Convertible Notes;
- (d) 193,019 fully paid ordinary shares issued on 21 December 2017, on conversion of Yaniv Convertible Notes;
- (e) 643,178 fully paid ordinary shares issued on 4 January 2018, on conversion of Yaniv Convertible Notes;
- (f) 642,178 fully paid ordinary shares issued to the Company's COO pursuant to a Consultancy Agreement on 7 February 2018 at a deemed issue price of \$0.07786 per share;
- (g) 970,855 fully paid ordinary shares issued on 8 February 2018, on conversion of Yaniv Convertible Notes;
- (h) 1,208,484 fully paid ordinary shares issued on 16 February 2018, on conversion of Yaniv Convertible Notes;
- (i) 1,523,684 fully paid ordinary shares issued to current and former Directors of the Company in lieu of fees payable up to 31 December 2017, with a total value of \$144,750, on 5 March 2018;
- (j) 500,000 performance rights issued to the Company's former Chairman, Mr. Frank Terranova on 5 March 2018 (these performance rights have now lapsed, unvested);
- (k) 1,097,542 fully paid ordinary shares issued on 14 March 2018, on conversion of Yaniv Convertible Notes;
- (l) 1,244,078 fully paid ordinary shares issued on 13 April 2018, on conversion of Yaniv Convertible Notes;
- (m) 1,984,725 options were issued to Yaniv Equity LP, pursuant to the Yaniv Convertible Note agreement, on 16 May 2018 exercisable at \$0.1425 per option, on or before 16 May 2023;
- (n) 29,347,805 fully paid ordinary shares issued to professional and sophisticated investors in respect of conversion of debt to equity on 5 July 2018;
- (o) 5,208,333 fully paid ordinary shares issued to a professional and sophisticated investor under a placement made in respect of funds raised on 5 July 2018;
- (p) 2,381,214 fully paid ordinary shares issued on 5 July 2018, on conversion of Yaniv Convertible Notes;

- (q) 827,814 fully paid ordinary shares issued to the Company's COO pursuant to a Consultancy Agreement on 5 July 2018 at a deemed issue price of \$0.0604 per share;
- (r) 353,847 fully paid ordinary shares issued to a professional and sophisticated investor in respect of conversion of interest accrued on Series 1 Convertible Notes to equity on 13 July 2018; and
- (s) 3,087,509 fully paid ordinary shares issued on 5 October 2018, on conversion of Yaniv Convertible Notes.

#### 14.9 Allottees

- (a) 578 Series 1 Convertible Notes were issued to the professional and sophisticated investors, set out at 7.2(e) of this Notice of Meeting;
- (b) 849,375 Yaniv Convertible Notes, 10,825,879 fully paid ordinary shares and 1,984,725 options issued to Yaniv Equity LP;
- (c) 7,475,000 fully paid ordinary shares issued to professional and sophisticated investors as set out below:

Name of Investor	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
<b>Total shares issued</b>	<b>7,475,000</b>

- (d) 1,469,992 fully paid ordinary shares issued to Monterado Pty Ltd as trustee for the Hinner Superannuation Fund, an entity nominated by the Company's COO, Mr. Peter Hinner;
- (e) 586,842 fully paid ordinary shares issued to Eucalip Trading Co Pty Ltd as trustee for the Chaplin Super Fund, an entity nominated by former Director of the Company Mr. Stephen Chaplin;
- (f) 542,105 fully paid ordinary shares issued to former Director of the Company Mr. Nick Kapes;
- (g) 394,737 fully paid ordinary shares issued to Director of the Company Mr. Raymond Mangion;
- (h) 500,000 performance rights issued to former Director of the Company Mr. Frank Terranova (these performance rights have now lapsed, unvested);
- (i) 29,347,805 fully paid ordinary shares issued to Muzard Back-up Facility and Working Capital Facility lending parties, set out at 8.3(d) of this Notice of Meeting;

- (j) 5,208,333 fully paid ordinary shares issued to Duddy Investments Pty Ltd as trustee for the Sam Duddy Family Trust; and
- (k) 353,847 fully paid ordinary shares issued to Mr. Peter Andrew Williams.

#### **14.10 Price**

- (a) All performance rights issued under the Company's equity incentive plan were issued for no consideration;
- (b) all options were issued for no consideration;
- (c) 7,475,000 fully paid ordinary shares were issued for no consideration;
- (d) 578 Series 1 Convertible Notes were issued for a price of \$2,500 per note;
- (e) 849,375 Yaniv Convertible Notes were issued for a total price of US\$755,000;
- (f) 193,019 fully paid ordinary shares issued on 21 December 2017, on conversion of Yaniv Convertible Notes were issued at a price of \$0.076 per share, which represented a 9.52% discount to the closing market price of the Company's shares on the date of issue;
- (g) 643,178 fully paid ordinary shares issued on 4 January 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.077 per share, which represented a 6.10% discount to the closing market price of the Company's shares on the date of issue;
- (h) 642,178 fully paid ordinary shares issued to the Company's COO pursuant to a Consultancy Agreement on 7 February 2018 at a deemed issue price of \$0.07786 per share, which represented a 2.45% premium to the closing market price of the Company's shares on the date of issue;
- (i) 970,855 fully paid ordinary shares issued on 8 February 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.065 per share, which represented a 2.99% discount to the closing market price of the Company's shares on the date of issue;
- (j) 1,208,484 fully paid ordinary shares issued on 16 February 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.065 per share, which represented a 23.53% discount to the closing market price of the Company's shares on the date of issue;
- (k) 1,523,684 fully paid ordinary shares issued to current and former Directors of the Company in lieu of fees on 5 March 2018 were issued at a deemed issue price of \$0.095 per share, which represented a 17.28% premium to the closing market price of the Company's shares on the date of issue;
- (l) 1,097,542 fully paid ordinary shares issued on 14 March 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.072 per share, which represented a 5.26% discount to the closing market price of the Company's shares on the date of issue;
- (m) 1,244,078 fully paid ordinary shares issued on 13 April 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.070 per share, which represented a 9.09% discount to the closing market price of the Company's shares on the date of issue;
- (n) 36,937,352 fully paid ordinary shares issued on conversion of debt and convertible notes, and under a placement on 5 July 2018 were issued at a price of \$0.048 per share, which represented a 21.31% discount to the closing market price of the Company's shares on the date of issue;
- (o) 827,814 fully paid ordinary shares issued to the Company's COO pursuant to a Consultancy Agreement on 5 July 2018 at a deemed issue price of \$0.0604 per share, which represented a 0.98% discount to the closing market price of the Company's shares on the date of issue;

- (p) 353,847 fully paid ordinary shares issued to a professional and sophisticated investor in respect of conversion of interest accrued on Series 1 Convertible Notes to equity on 13 July 2018 were issued at a price of \$0.048 per share, which represented a 12.73% discount to the closing market price of the Company's shares on the date of issue; and
- (q) 3,087,509 fully paid ordinary shares issued on 5 October 2018, on conversion of Yaniv Convertible Notes were issued at a price of \$0.018 per share, which represented a 10.00% discount to the closing market price of the Company's shares on the date of issue.

#### **14.11 Total Consideration and Use of Funds**

- (a) All options and performance rights, as well as 7,475,000 shares were issued for no consideration.
- (b) All shares issued on conversion of debt and convertible notes were issued for no additional consideration, and were issued to reduce the Company's liability by an amount commensurate to the value of the shares issued.
- (c) The Company raised \$1,445,000 from the issue of the 578 Series 1 Convertible Notes, which funds were applied to reduction of the Company's debt, the expansion of crushing production at the Company's Yervas Buenas Project, and adding to general working capital. As at the date of this Notice, all of these funds had been spent.
- (d) The Company raised US\$755,000 from the issue of the 849,375 Yaniv Convertible Notes, which funds were applied to reduction of the Company's debt, the expansion of crushing production at the Company's Yervas Buenas Project, and adding to general working capital. As at the date of this Notice, all of these funds had been spent.
- (e) The Company issued of 642,178 shares to the Company's COO at an issue price of \$0.07786, and 827,814 shares at an issue price of \$0.0604 for a total value of \$100,000 in consideration of consulting services provided by the COO pursuant to a Consultancy Agreement.
- (f) The Company issued 1,523,684 shares to current and former Directors of the Company in lieu of fees payable up to 31 December 2017, having a total value of \$144,750.
- (g) The Company raised \$250,000 from the issue of 5,208,333 shares, which funds were applied to reduction of the Company's debt and adding to general working capital. As at the date of this Notice, all of these funds had been spent.

#### **14.12 Voting Exclusion**

The Company will disregard any votes cast on this Resolution 11 by a person (and any associates of such a person) who is expected to participate in issues made under the 10% Placement Capacity and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class or existing security holder to participate in the issue of the equity securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

#### **14.13 Board Recommendation**

The Board, recommends that Shareholders vote in favour of Resolution 11.

## 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, Mr. Raymond Mangion.

**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 Statement convening this Annual General Meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Shareholder** means a shareholder of the Company.

## ANNEXURE A

### TERMS OF YANIV CONVERTIBLE NOTES AS AMENDED

The following is a broad summary of the rights, privileges and restrictions attaching to the remaining unconverted Yaniv Convertible Notes as amended by Resolution 3 of this Notice. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Yaniv Equity LP.

TERM	DESCRIPTION
Issuer	Freehill Mining Limited (ABN 27 091 608 025) ( <b>Company</b> )
Issue/Purchase Date	The Yaniv Convertible Notes were issued on 19 December 2017.
Total Number of Notes Remaining	480,875 Yaniv Convertible Notes
Face Value	The Yaniv Convertible Notes each have a US\$1.00 face value.
Purchase Price	Up to US\$755,000
Maturity Date	19 June 2019
Ranking	The Yaniv Convertible Notes rank equally with all other existing convertible notes.
Interest	<p>The Company must pay interest on the face value at 12.5% per annum, which interest will:</p> <ul style="list-style-type: none"><li>(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</li><li>(b) on and after the 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.</li></ul>
Security	<p>The Yaniv Convertible Notes are secured by:</p> <ul style="list-style-type: none"><li>• a limited recourse guarantee by Freehill Investments Pty Ltd;</li><li>• a pledge over the Pledge Shares owned by Freehill Investments Pty Ltd;</li><li>• a limited recourse guarantee by San Patricio Minería SpA; and</li><li>• a mortgage over the Arenas Leases by San Patricio Minería SpA</li></ul>
Conversion Rights	Yaniv Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	<p>The lesser of:</p> <ul style="list-style-type: none"><li>(c) AU\$0.095; and</li><li>(d) the lowest trading price during the 15 days immediately prior to the conversion notice date, as reported by ASX provided that 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. The Company has previously</li></ul>



	obtained shareholder approval for up to 17,062,036 shares to be issued on conversion of the remaining Yaniv Convertible Notes.
Conversion Shares	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.
Redemption	<p>The Company may at any time prior to the 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 (<b>Redemption Notice</b>).</p> <ul style="list-style-type: none"> <li>(a) The Company may not give a Redemption Notice in respect of any Convertible Securities the subject of an existing Conversion Notice.</li> <li>(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 Yaniv (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.</li> <li>(c) On and from the time that Yaniv receives a Redemption Notice in respect of Convertible Securities, Yaniv may not give the Company a Conversion Notice for the Convertible Securities specified in the Redemption Notice.</li> </ul>
Events of Default	<p>Including but not limited to:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(b) The Company fails to comply with the Listing Rules in any material respect.</li> <li>(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.</li> <li>(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.</li> </ul>
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> <ul style="list-style-type: none"> <li>(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</li> <li>(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</li> </ul>

	<p>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>
<p>Rights of Noteholder</p>	<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>
<p>ASX Listing</p>	<p>The Company will apply for official quotation by ASX of the conversion shares on the conversion date.</p>

## ANNEXURE B

### TERMS OF REPLACEMENT SERIES 1 CONVERTIBLE NOTES

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

TERM	DESCRIPTION
Issuer	Freehill Mining Limited (ABN 27 091 608 025) ( <b>Company</b> )
Issue/Subscription Date	Within 3 months of the Company obtaining shareholder approval of the issue.
Eligibility	The Replacement Series 1 Convertible Notes are offered to the original Series 1 noteholders, who are sophisticated, experienced and professional investors for the purposes of section 708 of the Corporations Act as at the date of acceptance of the offer.
Face Value	The Replacement Series 1 Convertible Notes have the same face value as the Series 1 Convertible Notes, being AU\$2,500, by which the Company raised AU\$1,245,000.
Maturity Date	19 December 2019.
Ranking	The Replacement Series 1 Convertible Notes rank equally with all other existing convertible notes (if any).
Interest	The Company must pay interest half-yearly in arrears 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 Replacement Series 1 Convertible Notes. Unpaid interest will be capitalised. Interest may be paid in cash or in shares of the Company at the Conversion Price.
Security	The Replacement Series 1 Convertible Notes will be secured by: <ul style="list-style-type: none"><li>• a limited recourse guarantee by Freehill Investments Pty Ltd;</li><li>• a pledge over the Pledge Shares owned by Freehill Investments Pty Ltd;</li><li>• a limited recourse guarantee by San Patricio Minería SpA; and</li><li>• a mortgage over the Arenas Leases by San Patricio Minería SpA</li></ul>
Conversion Rights	Replacement Series 1 Convertible Notes may be converted at any time up until the Maturity Date.
Conversion Price	The Replacement Series 1 Convertible Notes will be convertible into shares on the following basis: <ul style="list-style-type: none"><li>(a) if converted on or before 15 February 2019, shares will be issued at a price of \$0.015 per share;</li><li>(b) if converted on or after 16 February 2019, and before the maturity date of 19 December 2019, shares will be issued at a price equal to 85% of the volume weighted average price of the Company's shares as traded on ASX during the 7 days on which</li></ul>

	trades were recorded prior to the date of conversion, provided such price is not less than \$0.015.
Conversion Shares	Conversion shares issued upon conversion of a Replacement 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	<p>Including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) the Company fails to comply with the conditions as outlined in the Replacement Series 1 Agreements;</li> <li>(b) the Company fails to observe and perform any of its obligations or liabilities under the Replacement Series 1 Agreements and such failure is not remedied within seven days of the Company being notified of the failure by the subscriber;</li> <li>(c) any prescribed default occurs under any agreement with any other financial provider.</li> </ul>
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 Replacement Series 1 Agreement, the Replacement 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 Replacement Series 1 Agreement.
ASX Listing	The Company will apply for official quotation by ASX of the Conversion Shares on the conversion date.



Freehill Mining Limited | ACN 091 608 025

# AGM Registration Card

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 Wednesday, 28 November 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.



