



19 September 2017

Agreement on Payment of Yerbas Buenas Purchase Option

Freehill Mining Limited (*Freehill* or the *Company*) is pleased to announce that it has executed a new agreement with A y F Muzard Limitada (*Muzard*) on Freehill's payment of the balance of the purchase price of the mining tenements known as Yerbas Buenas 1-16 (*YB Concession*).

As outlined in Freehill's November 2016 IPO Prospectus, Muzard is currently the owner of the YB Concession – Freehill derives its interest in the YB Concession through an agreement entered into on 29 August 2014 between Muzard and Freehill's wholly-owned subsidiary, Yerbas Buenas SpA, for the lease of the YB Concession with an option to purchase. Under that agreement, the purchase price for the YB Concession was to be US\$900,000, from which all payments made in respect of the lease have been deducted.

As the option to purchase the YB Concession was due to expire on 29 August 2017, Freehill arranged for a new private agreement to be executed by Muzard and Yerbas Buenas SpA under which the following key terms are agreed:

1. the Company will pay Muzard the sum of US\$406,000 in respect of the balance of the purchase price of the YB Concession, to be paid in three instalments on:
 - a. signing of the new agreement with Muzard;
 - b. 18 February 2018; and
 - c. 18 August 2018;
2. interest will accrue at a rate of 29% per annum on the purchase price; and
3. the Company will pay Muzard an amount of US\$36,000 in instalments of US\$3,000 per month over 12 months beginning in September 2017, in addition to the purchase price and in respect of maintenance costs associated with ownership of the tenements under the YB Concession.

The Company is currently finalising arrangements for the private agreement with Muzard to be enshrined as a public deed, and for completion of other formalities involved in effecting transfer of title of the YB Concession to Freehill under the Chilean title system.

Debt funding arranged

Freehill has also obtained funding in the form of a loan facility YBG Financial Services Pty Ltd in the amount of \$US474,000 which will be used to pay all amounts owed to

Muzard, and the remainder of which will be used to bolster the Company's working capital. Interest on amounts drawn down and owing under the loan facility will accrue at 3% per month which may be capitalised.

The loan facility will be secured by the granting of tenement mortgages over the YB Concession once title to the YB Concession has passed to Yervas Buenas SpA, as well as a security in the form of a pledge over any equipment over a determined value acquired by Yervas Buenas SpA. Repayment of all loan monies is due within 2 years of the agreement, and may be repaid in cash, or in shares in the Company (at \$0.08 per share), at the election of the lenders.

The Company will continue to update the market in respect of the transfer of title to the YB Concession.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stephen Chaplin". The signature is written in a cursive style with a large initial "S" and a long, sweeping underline.

Mr Stephen Chaplin
Chairman



About Freehill Mining Ltd

Freehill Mining Ltd (ASX:FHS) is an ASX listed company, which is engaged in identifying quality resource opportunities with an identifiable short term horizon to production.

Freehill Mining Ltd is pursuing this strategy in respect of the iron ore tenements owned by two of its Chilean incorporated subsidiaries, Yerbas Buenas SpA (YB SpA) and San Patricio Minería SpA (SP SpA), collectively the Yerbas Buenas Project. The operations at the Yerbas Buenas Project involve the mining of magnetite iron ore from hard rock and sands at the surface, and other resources have been identified as potentially present at the Yerbas Buenas Project Area.

The Yerbas Buenas Project Area is located 30 kilometres north of the city of La Serena in the IV Region of Coquimbo, Chile. The Yerbas Buenas Project spans 398 hectares. There is an existing operating mine and established commercial sales relationships with key partners in Chile. In the near future FHS intends to commence a drilling program to prove up its reserves at the Yerbas Buenas project.

For further information, please refer to the prospectus located on our website at www.freehillmining.com



Freehill Mining Ltd
88 Miller Street
West Melbourne VIC 3003

ACN 091 608 025
www.freehillmining.com