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**Freehill Mining Limited  
ACN 091 608 025**

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

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**The General Meeting of the Company will be held at the  
Institute of Chartered Accountants, Level 18, Bourke Place,  
600 Bourke Street, Melbourne VIC 3000 on Monday, 28  
October 2019 at 3:00 p.m. (AEDT)**

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

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# Freehill Mining Limited

## Notice of General Meeting

Notice is hereby given that the General Meeting of Shareholders of Freehill Mining Limited (**Company**) will be held at the Institute of Chartered Accountants, Level 18, Bourke Place, 600 Bourke Street Melbourne, on Monday, 28 October 2019 at 3:00 p.m. (AEDT) (**General Meeting**).

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

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

## Agenda

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

### **1. Resolution 1 – Approval of Issue of Placement Shares and Attaching Options**

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*“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 approximately 203,636,365 fully paid ordinary shares at a price of \$0.011 (1.1 cents) per share (**Placement Shares**) with up to approximately 101,818,182 options to acquire fully paid ordinary shares with an exercise price of \$0.025 (2.5 cents) and expiring two years from the date of issue as attaching options on the basis of one option for every two Placement Shares (**Attaching Options**) to sophisticated and professional investors on the terms set out in the Explanatory Memorandum.”*

### **2. Resolutions 2(a) - (j) – Ratification of Past Issues of Shares**

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*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of:*

- (a) 16,694,007 fully paid ordinary shares to professional and sophisticated investors on 29 November 2018 in respect of conversion of loan debt and accrued interest into equity;*
- (b) 2,347,945 fully paid ordinary shares to service providers on 29 November 2018 in lieu of fees payable by the Company;*
- (c) 5,353,654 fully paid ordinary shares to professional and sophisticated investors on 14 December 2018 in respect of conversion of loan debt and accrued interest into equity;*
- (d) 4,392,055 fully paid ordinary shares to service providers on 14 December 2018 in lieu of fees payable by the Company;*
- (e) 29,345,968 fully paid ordinary shares to professional and sophisticated investors on 24 December 2018 in respect of conversion of loan debt and accrued interest into equity;*
- (f) 3,658,948 fully paid ordinary shares to a professional and sophisticated investor on 31 December 2018 in respect of conversion of loan debt and accrued interest into equity;*
- (g) 6,633,333 fully paid ordinary shares to service providers on 8 March 2019 in lieu of fees payable by the Company;*

- (h) 13,937,789 fully paid ordinary shares to Yaniv Equity LP on 8 March 2019 on conversion of convertible notes;
- (i) 8,333,334 fully paid ordinary shares to professional and sophisticated investors on 12 March 2019 under a private placement; and
- (j) 6,000,000 fully paid ordinary shares to service providers on 16 April 2019 in lieu of fees payable by the Company in respect of placement activities,

on the terms set out in the Explanatory Memorandum.”

### **3. Resolutions 3(a) - (c) – Approval of Issue of Shares to CEO**

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“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) 4,787,880 fully paid ordinary shares to Mr. Peter Hinner, an Executive Director of the Company and the Company’s Chief Executive Officer, in lieu of fees;
- (b) 4,600,000 fully paid ordinary shares to Monterado Pty Ltd as trustee for the Hinner Superannuation Fund, an entity nominated by Mr Hinner, in respect of vested performance rights issued pursuant to a Consultancy Agreement on 7 February 2017; and
- (c) 3,333,333 fully paid ordinary shares to Monterado Pty Ltd as trustee for the Hinner Superannuation Fund at an issue price of \$0.015 per share, in consideration of consulting services provided pursuant to a Consultancy Agreement,

on the terms set out in the Explanatory Memorandum.”

### **4. Resolution 4 – Approval of Issue of Shares on Conversion of Convertible Notes by Yaniv Equity LP**

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“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 14,249,032 fully paid ordinary shares issued to Yaniv Equity LP on conversion of 70,794 Yaniv Convertible Notes, on the terms set out in the Explanatory Memorandum.”

### **5. Resolutions 5(a) and 5(b) – Approval of Issue of Shares and Options to Yaniv Equity LP**

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

- (a) 4,250,000 fully paid ordinary shares; and
- (b) 1,984,725 options to acquire fully paid ordinary shares with an exercise price of \$0.025 (2.5 cents) with a term of two (2) years from their date of issue (**Yaniv Options**),

to Yaniv Equity LP on the terms set out in the Explanatory Memorandum.”

### **6. Resolutions 6(a) and 6(b) – Approval of Issue of Shares and Attaching Options to Director Under Placement**

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“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) 27,272,727 Placement Shares and 13,636,363 Attaching Options to Mr Samuel Duddy; and

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(b) 5,454,545, Placement Shares and 2,727,272 Attaching Options to Mr Raymond Mangion, each a Director of the Company, or their nominees, on the terms set out in the Explanatory Memorandum.”

## **7. Resolutions 7(a) and 7(b) – Approval of Issue of Shares to Non-Executive Directors in lieu of fees**

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“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) 3,150,000 Shares to Mr Samuel Duddy; and

(b) 3,150,000 Shares to Mr Raymond Mangion,

each a Director of the Company, or their nominees, in lieu of fees for the period from 1 December 2018 to 31 August 2019 on the terms set out in the Explanatory Memorandum.”

## **8. Resolution 8 – Approval of Issue of Options to Mr Paul Davies**

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“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 options to acquire fully paid ordinary shares to Mr Paul Davies, an Executive Director of the Company and the Company’s Chief Financial Officer and Company Secretary, under the Company’s Equity Incentive Plan, on the same terms as the Attaching Options and otherwise on the terms set out in the Explanatory Memorandum.”

## **9. Resolution 9 – Approval of Issue of Shares to Director of Chilean Subsidiaries in lieu of fees**

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“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 3,272,727 fully paid ordinary shares to Mr. Leo Radiotis, a director of the Company’s wholly-owned Chilean subsidiaries, in lieu of fees, on the terms set out in the Explanatory Memorandum.”

## **10. Resolutions 10(a) and 10(b) – Approval of Issues of Shares to Directors on Conversion of Debt**

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

(a) 25,157,148 fully paid ordinary shares to Mr. Samuel Duddy, a Non-Executive Director of the Company, or his nominee, on conversion to equity of loan funds and accrued interest; and

(b) 7,168,409 fully paid ordinary shares to Mr. Raymond Mangion a Non-Executive Director of the Company, or his nominee, on conversion to equity of interest accrued on loan funds,

on the terms set out in the Explanatory Memorandum.”

## **11. Resolution 11 – Approval of Issues of Shares on Conversion of Debt**

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“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given in respect of the issue of 14,458,196 fully paid ordinary shares to Mr George Theonas on conversion to equity of loan funds and accrued interest.”

## **12. Resolution 12 – Approval of Issue of Options to Lacerta Mining & Finance SpA**

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*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 30,000,000 options to acquire fully paid ordinary shares, with an exercise price of \$0.10 (10 cents) per option and a term of three (3) years from the date of issue, to Lacerta Mining & Finance SpA or its nominees, on the terms set out in the Explanatory Memorandum.”*

### **13. Resolution 13 – Approval of Issue of Options to Placement Broker**

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*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 52,000,000 options to acquire fully paid ordinary shares, with an exercise price of \$0.025 (2.5 cents) per option and a term of two (2) years from the date of issue, to CPS Capital Group Pty Ltd, broker to the Placement, on the terms set out in the Explanatory Memorandum.”*

### **14. Resolution 14 – Approval of Issue of Convertible Notes**

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*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a total of 248 convertible notes, convertible into a maximum of 44,776,626 fully paid ordinary shares, to sophisticated and professional investors on the terms set out in the Explanatory Memorandum.”*

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



**Paul Davies**  
Director and Chief Financial Officer  
Dated: 26 September 2019

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**Explanatory Memorandum**

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

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

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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 3:00 p.m. (AEDT) on 26 October 2019**:
- 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 26 October 2019** will be taken to be held by the persons who held them at that time for the purposes of the General Meeting (including determining voting entitlements at the meeting).

### Proxy voting by the Chair

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

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

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# 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 General Meeting.

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

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

## 2. Resolution 1 – Approval of Issue of Placement Shares and Attaching Options

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### 2.1 Background

ASX Listing Rule 7.1 requires a company that wishes to issue more than 15% of its securities in any 12 month period to obtain Shareholder approval by way of ordinary resolution (unless the issue is exempted under Listing Rule 7.2).

Resolution 1 seeks Shareholder approval to issue of up to 203,636,365 new fully paid ordinary shares (**Placement Shares**) at an issue price per share of \$0.011 (1.1 cents) under a placement to various sophisticated, professional and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act (**Placement**). The Placement Shares will be issued with Attaching Options on a one-for-two basis, for no additional consideration. The Attaching Options will have an exercise price of \$0.025 (2.5 cents) per Attaching Option, and will have a term of two (2) years from their date of issue.

The Company has offered the Placement Shares under the Placement, subject to Shareholder approval, in order to raise approximately \$2,240,000. A further \$360,000 in funds will be raised under the Placement from Directors of the Company, subject to approval of Resolution 6. The funds raised by the issue of the Placement Shares will be used to commence the planned drill program on identified high-grade magnetite targets at the Company's 100%-owned Yerbas Buenas Project in Chile, and for general working capital.

At this stage, the Company has not committed to undertaking the issue of the Placement Shares, as it does not currently have sufficient placement capacity under Listing Rule 7.1. Pursuant to Resolution 1 the Company is seeking approval of Shareholders to provide it with ability to undertake the placement within three months following the meeting without using the Company's placement capacity pursuant to Listing Rule 7.1. Subject to receiving applications for Placement Shares from investors and entering into subscription agreements with applicants under the Placement, the Company intends to issue the Placement Shares and Attaching Options within 2 Business Days of the meeting, and that all funds in respect of Placement Shares will be received by the Company by this date. In any event, the Placement Shares and the Attaching Options will be issued no later than three (3) months after the date of the General Meeting.

### 2.2 Issue of Placement Shares

The following information is provided in relation to the issue of the Placement Shares under Resolution 1, as required by ASX Listing Rule 7.3:

(a) **Number of Placement Shares and Attaching Options**

Up to 203,636,365 Placement Shares and up to 101,818,182 Attaching Options.

(b) **Date by which the Placement Shares and Attaching Options will be issued**

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The Placement Shares and Attaching Options will be issued within three (3) months of the date of the General Meeting.

(c) **Issue Price**

The Placement Shares will be issued at a price of \$0.011 (1.1 cents) per share, raising up to \$2,240,000 in funds. The Attaching Options will be issued for no consideration.

(d) **Terms of Securities**

The Placement Shares will be issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares. The Attaching Options have an exercise price of \$0.025 (2.5 cents) and will have a term of two (2) years from the date of their issue. The full terms and conditions of the Attaching Options are set out in Annexure A to this Explanatory Memorandum.

(e) **Names of Allottees**

The Placement Shares and Attaching Options will be issued to sophisticated, professional or other investors unrelated to the Company, that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act. The Placement Shares and Attaching Options will not be issued to any recipient who, upon such issue, and in combination with that recipient's Associates, would have a Relevant Interest in excess of 19.99% of the Shares in the Company, unless further Shareholder approval is obtained or the issue of Placement Shares to that recipient otherwise complies with Chapter 6 of the Corporations Act.

(f) **Use of Funds Raised**

The Company will raise up to \$2,240,000 from the issue, which it intends to use to fund the continuation of the drilling of the magnetite structure at the Yerbas Buenas Project, completion of a Pre-Feasibility Study initiation of a diamond drilling program and to add to working capital. In the event that all the Attaching Options are exercised, the Company will raise up to approximately \$2,545,454, which the Company will apply to general working capital requirements.

## 2.3 **Board Recommendation**

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

## 2.4 **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 1 by:

- (a) a person who is expected to participate in or who will obtain a material benefit as a result of the Placement (except a benefit solely by reason of being a holder of ordinary securities in the Company); and
- (b) an Associate of that person.

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.

The proposed allottees of the Placement Shares and Attaching Options are various professional and sophisticated investors, including clients of CPS Capital Group Pty Ltd, broker to the Placement, introduced to the Company for the purpose of participating in the Placement, and persons and entities invited directly by the Company to participate in the Placement. All

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proposed allottees under the Placement are excluded from voting on Resolution 1 by the Voting Exclusion Statement.

### **3. Resolutions 2(a) - (j) – Ratification of Past Issues of Shares**

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#### **3.1 Purpose of Resolutions**

Approval is sought for the purposes of ASX Listing Rule 7.4 and for all other purposes, in respect of the issue of:

- (a) 16,694,007 fully paid ordinary shares to professional and sophisticated investors on 29 November 2018 in respect of conversion of loan debt and accrued interest into equity;
- (b) 2,347,945 fully paid ordinary shares to service providers on 29 November 2018 in lieu of fees payable by the Company;
- (c) 5,353,654 fully paid ordinary shares to professional and sophisticated investors on 14 December 2018 in respect of conversion of loan debt and accrued interest into equity;
- (d) 4,392,055 fully paid ordinary shares to service providers on 14 December 2018 in lieu of fees payable by the Company;
- (e) 29,345,968 fully paid ordinary shares to professional and sophisticated investors on 24 December 2018 in respect of conversion of loan debt and accrued interest into equity;
- (f) 3,658,948 fully paid ordinary shares to a professional and sophisticated investor on 31 December 2018 in respect of conversion of loan debt and accrued interest into equity;
- (g) 6,633,333 fully paid ordinary shares to service providers on 8 March 2019 in lieu of fees payable by the Company;
- (h) 13,937,789 fully paid ordinary shares to Yaniv Equity LP on 8 March 2019 on conversion of convertible notes;
- (i) 8,333,334 fully paid ordinary shares to professional and sophisticated investors on 12 March 2019 under a private placement; and
- (j) 6,000,000 fully paid ordinary shares to service providers on 16 April 2019 in lieu of fees payable by the Company in respect of placement activities,

(Securities).

All Securities were issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1. Each of Resolutions 2(a) to 2(j) seeks Shareholder approval to ratify an issue under Listing Rule 7.4 and refresh the 15% capacity.

Details of the entities to which the Securities were issued are provided below at item 3.3.

Approval of the securities issued under the Company's 15% placement capacity will enable the Company to refresh its ability to issue further securities in the future without seeking shareholder approval in accordance with ASX Listing Rule 7.1.

#### **3.2 Listing Rule 7**

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

ASX Listing Rule 7.4 allows for shareholders to retrospectively approve an issue of securities pursuant to Listing Rule 7.1, provided that the issue was not in breach of ASX Listing Rule 7.1. The issue of the Securities considered by Resolution 2 did not breach ASX Listing Rule 7.1.

Shareholders are being asked to approve the issue of the Securities in accordance with ASX Listing Rule 7.4.

If the Securities are treated as having been issued with shareholder approval pursuant to ASX Listing Rule 7.4, the Company's capacity to issue further securities under Listing Rule 7.1 is restored. Subject to Shareholder approval being obtained for Resolutions 1 and 2, the Company does not presently propose to issue further securities without shareholder approval, however the Directors consider it prudent to retain the capacity to issue further securities and accordingly seek shareholder approval of the issue of Securities as set out in Resolution 2.

### 3.3 Issue of Securities

In accordance with Listing Rule 7.5, the Company provides the following information in relation to the issues of the Securities to be ratified by each of Resolutions 2(a) to (j):

#### (a) Number, price and names of allottees of Securities issued

- (i) 16,694,007 fully paid ordinary shares on 29 November 2018 in respect of conversion of loan debt and accrued interest into equity to the following recipients at a price of \$0.015 per share:

| Name                             | Loan amount converted (including interest) | Number of Shares issued |
|----------------------------------|--|-------------------------|
| Aegis Investment Capital Pty Ltd | \$32,214.04                                | 2,147,603               |
| Ms Stephanie Lauren Theonas      | \$21,232.88                                | 1,415,525               |
| Mr George Theonas                | \$189,044.52                               | 12,602,968              |
| Ms Lia Mavrias                   | \$3,959.34                                 | 263,956                 |
| Ms Dion Mavrias                  | \$3,959.33                                 | 263,955                 |
| <b>Total</b>                     | <b>\$250,410.11</b>                        | <b>16,694,007</b>       |

- (ii) 2,347,945 fully paid ordinary shares to Mr Leo Radiotis on 29 November 2018 in lieu of fees payable by the Company at a price of \$0.015 per share;

- (iii) 5,353,654 fully paid ordinary shares on 14 December 2018 in respect of conversion of loan debt and accrued interest into equity to the following recipients at a price of \$0.015 per share:

| Name  | Loan amount converted (including interest) | Number of Shares issued |
|---|--|-------------------------|
| Nicolaou Properties Pty Ltd   | \$22,500.00                                | 1,500,000               |
| Mr Jia Jian Chen & Ms Ping Zhang as trustees for the C & Z Super Fund | \$1,000.50                                 | 66,700                  |
| Aegis Investment Capital Pty Ltd                                      | \$20,748.63                                | 1,383,242               |
| Mr Michael David Zimble   | \$26,618.16                                | 1,774,544               |
| Mrs Emily Strahley  | \$5,000.01                                 | 333,334                 |
| Ms Robyn Wright   | \$3,500.01                                 | 233,334                 |
| Mrs Jennene Margaret Brown and Mr Larry Brown                         | \$937.50                                   | 62,500                  |
| <b>Total</b>  | <b>\$80,304.81</b>                         | <b>5,353,654</b>        |

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- (iv) 4,392,055 fully paid ordinary shares on 14 December 2018 in lieu of fees payable by the Company to the following recipients at a price of \$0.015 per share:

| <b>Name</b>          | <b>Amount in fees owed paid in Shares in lieu of cash</b> | <b>Number of Shares issued</b> |
|----------------------|---|--------------------------------|
| StocksOnline Pty Ltd | \$15,000.00   | 1,000,000                      |
| Cove Street Pty Ltd  | \$23,100.00   | 1,540,000                      |
| Mr Leo Radiotis      | \$12,780.82   | 852,055                        |
| Mr Greg Hammond      | \$15,000.00   | 1,000,000                      |
| <b>Total</b>         | <b>\$65,880.82</b>  | <b>4,392,055</b>               |

- (v) 29,345,968 fully paid ordinary shares to professional and sophisticated investors on 24 December 2018 in respect of conversion of loan debt and accrued interest into equity to the following recipients at a price of \$0.015 per share:

| <b>Name</b>  | <b>Loan amount converted (including interest)</b> | <b>Number of Shares issued</b> |
|--|---|--------------------------------|
| Datapulse International Pty Ltd  | \$33,693.23                                       | 2,246,215                      |
| Ms Paraskevi Theonas   | \$56,175.74                                       | 3,745,049                      |
| Mr Rino Giantomasso  | \$15,000.00                                       | 1,000,000                      |
| Mr Jim Zouzoulas   | \$9,999.99  | 666,666                        |
| Ms Ida Beatrice Dwyer  | \$99,999.99                                       | 6,666,666                      |
| Aussie Merchandise Pty Ltd   | \$24,000.00                                       | 1,600,000                      |
| Aegis Investment Capital Pty Ltd   | \$35,758.43                                       | 2,383,895                      |
| C S Robinson Superannuation Pty Ltd as trusts for the S C Robinson Superannuation Fund | \$15,000.00                                       | 1,000,000                      |
| Mr Leo Radiotis  | \$150,562.16                                      | 10,037,477                     |
| <b>Total</b>   | <b>\$440,189.52</b>                               | <b>29,345,968</b>              |

- (vi) 3,658,948 fully paid ordinary shares to Intan Investments Pty Ltd as trustee for the Intan Investments Super Fund on 31 December 2018 in respect of conversion of loan debt and accrued interest totalling \$54,884.22 into equity at a price of \$0.015 per share;

- (vii) 6,633,333 fully paid ordinary shares on 8 March 2019 in lieu of fees payable by the Company to the following recipients at a price of \$0.015 per share:

| <b>Name</b>        | <b>Amount in fees owed paid in Shares in lieu of cash</b> | <b>Number of Shares issued</b> |
|--------------------|---|--------------------------------|
| Mr Frank Terranova | \$49,500.00   | 3,300,000                      |
| Mr George Theonas  | \$50,000.00   | 3,333,333                      |
| <b>Total</b>       | <b>\$99,500.00</b>  | <b>6,633,333</b>               |

- (viii) 13,937,789 fully paid ordinary shares on 8 March 2019 on conversion of 212,382 convertible notes to Yaniv Equity LP at a price of \$0.014 per share;

- (ix) 8,333,334 fully paid ordinary shares on 12 March 2019 under a private placement to the following investors:

| Name  | Investment Amount   | Number of Shares issued |
|---|---------------------|-------------------------|
| CAM Nominees Pty Ltd as trustee for the CAM Nominees Super Fund             | \$100,000.00        | 6,666,667               |
| Daniel Burmas & Lucy Burmas as trustee for D & L Burmas superannuation Fund | \$25,000.00         | 1,666,667               |
| <b>Total</b>  | <b>\$125,000.00</b> | <b>8,333,334</b>        |

- (x) 6,000,000 fully paid ordinary shares on 16 April 2019 in lieu of fees payable by the Company to the following recipients at a price of \$0.015 per share:

| Name  | Amount in fees owed paid in Shares in lieu of cash | Number of Shares issued |
|---|--|-------------------------|
| Datapulse International Pty Ltd as trustee for the Datapulse International Unit Trust | \$67,500.00  | 4,500,000               |
| DG Freehold Pty Ltd as trustee for the DG Freehold Trust                              | \$22,500.00  | 1,500,000               |
| <b>Total</b>  | <b>\$90,000.00</b>                                 | <b>6,000,000</b>        |

(b) **Terms of Securities Issued**

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

(c) **Use of Funds Raised**

- (i) A total of 110,105,154 shares were issued on conversion of loan debt and accrued interest to equity in the Company. All shares were issued at a price of \$0.015 per share, and the issue of these shares reduced the Company's liability to lenders by a total of \$1,651,577.31.
- (ii) A total of 19,473,333 shares were issued to service providers to whom the Company owed fees, in lieu of payment in cash. All shares were issued at a price of \$0.015 per share, and the issue of these shares reduced the Company's liability to service providers by a total of \$292,099.
- (iii) 13,937,789 shares were issued on 8 March 2019 to Yaniv Equity LP on conversion of convertible notes issued on 19 December 2017 – no additional funds were received by the Company for the issue of these shares.
- (iv) 8,333,334 shares were issued on 12 March 2019 under a private, raising \$125,000 for the Company, which funds were applied to working capital.

**3.4 Board Recommendation**

The Board recommends that Shareholders vote in favour of each of Resolutions 2(a) to (j).

**3.5 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of any of Resolutions 2(a) to (j) by:

- (a) a person who participated in the issue contemplated by that Resolution; and

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

However, the Company need not disregard a vote if:

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

## **4. Resolutions 3(a) - (c) – Approval of Issue of Shares to CEO**

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### **4.1 Purpose of Resolutions**

Resolutions 3(a), 3(b) and 3(c) relate to issues of Shares to Mr. Peter Hinner, the Company's CEO and an Executive Director.

Resolution 3(a) relates to the issue of Shares to Mr. Hinner as payment of \$52,666.68 in fees owed to Mr. Hinner for services provided to the Company during the period from 1 May 2019 to 31 August 2019 in lieu of cash, at an issue price of \$0.011 (1.1 cents) per Share.

Resolution 3(b) relates to the issue of Shares in respect of 250,000 performance rights issued on 7 February 2017 pursuant to a Consultancy Agreement dated 1 February 2017, which vested upon the Company identifying a JORC Code-compliant mineral Resource at its Yerbas Buenas project (as announced on 6 May 2019). The 250,000 performance rights were issued in February 2017 with a deemed value of \$50,000 on the basis of the Company's initial public offering Share price of \$0.20 (20 cents) per Share. Having considered the reduction of the Company's Share price since the issue of the performance rights, the Board has determined to seek approval for the issue 4,600,000 Shares in respect of the vested performance rights, which number of Shares approximately reflects the conversion of the original deemed value of the performance rights at the Company's current Share price.

Resolution 3(c) relates to the issue of Shares with a value of \$50,000 to which Mr. Hinner is entitled to receive as part of his remuneration pursuant to the Consultancy Agreement which entitlement arose on 1 February 2019. The price of the parcel of shares, as determined in accordance with the Consultancy Agreement, is equal to the volume weighted average price for the 30 days prior to the date on which the entitlement arose, being \$0.015 (1.5 cents).

### **4.2 ASX Listing Rule 10.11**

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

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

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

- (i) 4,787,880 Shares to Mr. Peter Hinner or his nominee under Resolution 3(a);
- (ii) 4,600,000 Shares to Mr. Peter Hinner or his nominee under Resolution 3(b); and
- (iii) 3,333,333 Shares to Mr. Peter Hinner or his nominee under Resolution 3(c).

(b) **Issue Price**

- (i) \$0.011 (1.1 cents) per Share for Shares pursuant to Resolution 3(a);
- (ii) Nil consideration for Shares pursuant to Resolution 3(b), as the Shares will be issued in respect of vested performance rights; and

(iii) \$0.015 (1.5 cents) per Share for Shares pursuant to Resolution 3(c).

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

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

(d) **Terms of the Shares**

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

(e) **Use of Funds Raised**

As the Shares under Resolution 3(a) will be issued in lieu of cash as payment of Mr. Hinner's outstanding fees, no funds will be raised, however the Company will reduce its payment obligations in respect of Mr. Hinner's fees for the period from 1 May 2019 to 31 August 2019 by the amount of \$52,666.68. The Shares issued pursuant to Resolutions 3(b) and 3(c) will be issued as part of Mr. Hinner's remuneration pursuant to a Consultancy Agreement, and as such, no funds will be raised.

#### **4.3 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 3(a), 3(b) and 3(c) constitute the provision of a financial benefit to a related party. The Board has considered the application of Chapter 2E of the Corporations Act (related party provisions) and is of the view that having regard to Mr. Hinner's reasonable remuneration as well as the terms of the Consultancy Agreement and fact that the Consultancy was entered into over one year prior to Mr. Hinner becoming a Director of the Company, the reasonable remuneration exception and the arm's length dealing exceptions provided by sections 210 and 211 of the Corporations Act are relevant in the circumstances, and accordingly, the Company will not also seek approval for the issues of Shares to Mr. Hinner for the purposes of section 208 of the Corporations Act.

#### **4.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolutions 3(a), 3(b) and 3(c) by:

- (a) Mr. Peter Hinner, as a person who is to receive shares under Resolutions 3(a), 3(b) and 3(c);
- (b) an associate of Mr. Hinner; and
- (c) any person who might obtain a benefit from the issue of shares under Resolutions 3(a), 3(b) and 3(c), 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.

### **5. Resolution 4 – Approval of Issue of Shares on Conversion of Convertible Notes by Yaniv Equity LP**

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#### **5.1 Purpose of Resolution**

On 19 December 2017, the Company issued convertible notes to Yaniv Equity LP pursuant to a Convertible Securities Agreement, the term of which notes was extended by Shareholder

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approval obtained at the Company's Annual General Meeting on 30 November 2018 to 19 June 2019. Of the convertible notes which remained on issue at 19 June 2019, 141,588 have been repaid by the Company, and 70,794 remain unconverted and unredeemed. The Company obtained approval from Shareholders for the issue of a maximum of 27,887,915 shares on conversion of the convertible notes at the General Meeting held on 16 February 2018, and this maximum has now been reached. The remaining convertible notes have a face value of US\$81,405.33, and accrue interest at 10% per annum, as agreed by the Company and Yaniv Equity. Under Resolution 4, approval is sought for the purposes of ASX Listing Rule 7.1 and for all other purposes, in respect of the issue of up to 14,249,032 shares to Yaniv Equity LP, or such other parties as determined by the Company, on conversion of the 70,794 remaining convertible notes and accrued interest, on or before 31 December 2019.

If the approval is not obtained, the Company will need to issue shares on conversion of the convertible notes by using its placement capacity under Listing Rule 7.1, or will otherwise need to repay the face value of the convertible notes plus accrued interest in cash.

## **5.2 Issue of Securities**

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

### **(a) Number of shares**

The maximum number of shares to be issued on conversion of the convertible notes is 14,249,032.

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

The shares will be issued on conversion of the convertible notes held by Yaniv Equity LP, on or before 31 December 2019.

### **(c) Issue Price**

The shares will be issued on the conversion of convertible notes for no additional consideration.

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

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 fully paid ordinary shares.

### **(e) Use of Funds Raised**

US\$755,000 was raised from the issue of the original 849,375 convertible notes to Yaniv Equity LP, and funds were applied to completion of preparatory work for the Company's maiden drilling program. No further funds will be raised from the issue of shares on conversion of the convertible notes.

## **5.3 Board Recommendation**

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

## **5.4 Voting Exclusion Statement**

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

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- (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.

## **6. Resolutions 5(a) and 5(b) – Approval of Issue of Shares and Options to Yaniv Equity LP**

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### **6.1 Purpose of Resolution**

On 16 May 2018, the Company issued 1,984,725 options to Yaniv Equity LP in accordance with the Convertible Securities Agreement. The options are exercisable at \$0.1425 (14.25 cents) per option, and have an expiry date of 16 May 2023 (**Existing Yaniv Options**). The Company negotiated with Yaniv Equity an extension of the date by which the remaining 70,794 convertible notes are to be repaid or converted, subject to approval of Resolution 4. In consideration of Yaniv Equity agreeing to the extension of the convertible note obligation to 31 December 2019, the Company has agreed to issue to Yaniv Equity 4,250,000 fully paid ordinary shares and 1,984,725 new options, having an exercise price of \$0.025 (2.5 cents) and a term of two (2) years from the date of issue. The full terms and conditions of the options are identical to the terms of the Attaching Options to be issued under the Placement, as set out in Annexure A to this Explanatory Memorandum. In addition, Yaniv Equity has provided to the Company a written undertaking to the effect that it will not exercise the 1,984,725 Existing Yaniv Options, subject to the issue of new options pursuant to approval of this Resolution 5.

Under Resolutions 5(a) and 5(b) respectively, approval is sought in respect of the issue of 4,250,000 Shares and 1,984,725 options to Yaniv Equity LP for the purposes of ASX Listing Rule 7.1 and for all other purposes.

If the approval is not obtained, the Company will need to issue the Shares and the new options to Yaniv by using its placement capacity under Listing Rule 7.1.

### **6.2 Issue of Shares and Options**

The following information is provided in relation to the issue of Shares and options under Resolutions 5(a) and 5(b), as required by ASX Listing Rule 7.3:

(a) **Number of securities**

- (i) 4,250,000 Shares; and
- (ii) 1,984,725 options.

(b) **Date by which the securities will be issued**

The Shares and options will be issued as soon as practicable, but in any event no later than three (3) months after the General Meeting.

(c) **Issue Price**

The Shares and options will be issued for no cash consideration, pursuant to the arrangement between the Company and Yaniv Equity as detailed at section 6.1 above.

(d) **Terms of securities**

The Shares to be issued to Yaniv Equity will be issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares. The options to be issued to Yaniv Equity have an exercise price of \$0.025 (2.5 cents) and have a term of two (2) years from the date of their issue. The full terms and conditions of the options are identical to the terms and conditions of the Attaching Options to be issued under the Placement, as set out in Annexure A to this Explanatory Memorandum.

(e) **Use of Funds Raised**

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The Company will receive no funds in respect of the Shares to be issued to Yaniv Equity. In the event that all the options issued to Yaniv Equity are exercised, the Company will raise approximately \$49,618, which the Company will apply to general working capital requirements.

### **6.3 Board Recommendation**

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

### **6.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolutions 5(a) and 5(b) 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. Resolutions 6(a) and 6(b) – Approval of Issue of Shares and Attaching Options to Director Under Placement**

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### **7.1 Purpose of Resolution**

Two of the Company's Directors, Mr Samuel Duddy and Mr Raymond Mangion, have committed to providing funds to the Company under the Placement, subject to approval being obtained pursuant to Resolutions 6(a) and 6(b). Each of Mr Duddy and Mr Mangion will, subject to the applicable approval, will receive Placement Shares and Attaching Options on the same terms as other participants in the Placement.

### **7.2 ASX Listing Rule 10.11**

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

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

- (i) 27,272,727 Placement Shares and 13,636,363 Attaching Options to Mr Samuel Duddy or his nominee; and
- (ii) 5,454,545 Placement Shares and 2,727,272 Attaching Options to Mr Raymond Mangion or his nominee.

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

The Placement Shares will be issued at a price of \$0.011 (1.1 cents) per share. The Attaching Options will be issued for no consideration.

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

The Placement Shares and Attaching Options will be issued to Mr Duddy and Mr Mangion, or their nominees, as soon as practicable after the General Meeting and in any event within one (1) month of the date of the General Meeting.

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

The Placement Shares will be issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares. The Attaching Options have an exercise price of \$0.025 (2.5 cents) and have a term of two (2) years

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from the date of their issue. The full terms and conditions of the Attaching Options are set out in Annexure A to this Explanatory Memorandum.

(e) **Use of Funds Raised**

The Company will raise up to \$360,000 from the issue, which it intends to contribute to the funding of the continuation of the drilling of the magnetite structure at the Yerbas Buenas Project, completion of a Pre-Feasibility Study initiation of a diamond drilling program and to add to working capital. In the event that all the Attaching Options are exercised, the Company will raise up to approximately \$409,090, which the Company will apply to general working capital requirements.

**7.3 Chapter 2E Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issues of Placement Shares and Attaching Options to Directors contemplated by each of Resolutions 6(a) and 6(b) constitute 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 issues to the Directors being the same terms as offered to investors under the Placement announced by the Company on 30 August 2019, 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 Placement Shares and Attaching Options to the Directors for the purposes of section 208 of the Corporations Act.

**7.4 Voting Exclusion Statement**

The Company will disregard:

- (a) any votes cast in favour of Resolution 6(a) by Mr Samuel Duddy or an associate of Mr Duddy;
- (b) any votes cast in favour of Resolution 6(b) by Mr Raymond Mangion or an associate of Mr Mangion; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 6(a) or 6(b), 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.

**8. Resolutions 7(a) and 7(b) – Approval of Issue of Shares to Non-Executive Directors in lieu of fees**

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**8.1 Purpose of Resolutions**

The Company's Non-Executive Directors, Mr. Samuel Duddy and Mr. Raymond Mangion have agreed to receive payment of directors' fees payable for the period 1 December 2018 to 31 August 2019 in Shares in the Company. Under Resolutions 7(a) and 7(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) 3,150,000 Shares to Mr. Samuel Duddy in consideration of payment of accrued and outstanding Director's fees to the value of \$34,650; and
- (b) 3,150,000 Shares to Mr. Raymond Mangion in consideration of payment of accrued and outstanding Director's fees to the value of \$34,650.

## 8.2 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) 3,150,000 shares to Mr. Samuel Duddy or his nominee; and
- (ii) 3,150,000 shares to Mr. Raymond Mangion or his nominee.

(b) **Issue Price**

The shares will be issued at a deemed issue price of \$0.011 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 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. Duddy's and Mr. Mangion's directors' fees for the by an amount totalling \$69,300.

## 8.3 Board Recommendation

The issues of shares contemplated by Resolutions 7(a) and 7(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. Duddy's and Mr. Mangion's directors' fees and the issue price of the shares being the same as the issue price under the Placement announced by the Company on 30 August 2019, 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 Shares in lieu of Directors' fees for the purposes of section 208 of the Corporations Act.

## 8.4 Voting Exclusion Statement

The Company will disregard:

- (a) any votes cast in favour of Resolution 7(a) by Mr Samuel Duddy or an associate of Mr Duddy;
- (b) any votes cast in favour of Resolution 7(b) by Mr Raymond Mangion or an associate of Mr Mangion; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 7(a) or 7(b), 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

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- (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.

## **9. Resolution 8 – Approval of Issue of Options to Mr Paul Davies**

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### **9.1 Purpose of Resolution**

The Company's Board (except for Mr Paul Davies), has, having considered the remuneration of Mr Davies, the Company's Chief Financial Officer, Company Secretary and Executive Board member, determined to issue Mr Davies options to acquire Shares, in accordance with the Company's Equity Incentive Plan, with the same terms as the Attaching Options issued pursuant to the Placement.

### **9.2 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 options to be issued**

10,000,000 options to be issued to Mr Paul Davies.

(b) **Issue Price**

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

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

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

(d) **Terms of the options**

The options will be issued on the same terms as the Attaching Options to be issued under the Placement, with an exercise price of \$0.025 (2.5 cents) per option and a term of two (2) years from the date of issue and otherwise on the terms as set out in Annexure A.

(e) **Use of Funds Raised**

As the options will be issued as a long-term performance incentive pursuant to the Company's Equity Incentive Plan, no funds will be raised from the issue, however in the event that all the options issued to Mr Davies are exercised, the Company will raise up to approximately \$250,000, which the Company will apply to general working capital requirements.

### **9.3 Chapter 2E Corporations Act**

The issues of options contemplated by Resolution 8 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 the options being on the same terms as the Attaching Options to be issued under the Placement announced by the Company on 30 August 2019, the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances, and accordingly, the Company will not also seek approval for the issue of the options to Mr Davies for the purposes of section 208 of the Corporations Act.

### **9.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 8 by:

- (a) Paul Davies;

- (b) an associate of Paul Davies; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 8, 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.

## **10. Resolution 9 – Approval of Issue of Shares to Director of Chilean Subsidiaries in lieu of fees**

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### **10.1 Purpose of Resolution**

The Company has arranged with Mr Ilias Radiotis, a director of the Company's two wholly-owned Chilean subsidiaries, Yervas Buenas SpA and San Patricio Minería SpA (**Chilean Subsidiaries**), for payment of AU\$36,000 in fees owed to Mr Radiotis for services provided as a director of the Chilean Subsidiaries from 1 January 2019 to 30 September 2019 to be paid in Shares in the Company in lieu of cash, at an issue price of \$0.011 (1.1 cents) per Share.

### **10.2 ASX Listing Rule 7.1**

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

(a) **Number of Shares to be issued**

3,272,727 Shares.

(b) **Issue Price**

The Shares will be issued at a price of \$0.011 (1.1 cents) 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 three (3) months after the General Meeting.

(d) **Terms of the Shares**

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

(e) **Names of Allotees**

The Shares will be issued to Mr. Ilias Radiotis, a director of the Company's Chilean subsidiaries Yervas Buenas SpA and San Patricio Minería SpA.

(f) **Use of Funds Raised**

As the shares will be issued as remuneration, no funds will be raised, however the Chilean Subsidiaries will reduce their respective payment obligations in respect of Mr. Radiotis' remuneration for the period from 1 January 2019 to 30 September 2019 by the aggregate amount of \$36,000.

### **10.3 Board Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 9.

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## 10.4 Voting Exclusion Statement

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

- (a) Mr Ilias Radiotis, as a person who is to receive Shares under Resolution 9;
- (b) an associate of Mr Ilias Radiotis; 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.

## 11. Resolutions 10(a) and 10(b) – Approval of Issues of Shares to Directors on Conversion of Debt

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### 11.1 Purpose of Resolution

Under Resolutions 10(a) and 10(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) 25,157,148 Shares to Mr. Samuel Duddy, a Director of the Company, or his nominee; and
  - (b) 7,168,409 Shares to Mr. Raymond Mangion, 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, a second deed of variation dated on or about 15 October 2018 and a third deed of variation on 9 September 2019 (**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 per share of the lower of \$0.08 and the lowest trading price (excluding any trades by the Lender and its affiliates) during the 15 trading days immediately prior to the date on which the Company advises the Lender that moneys owing under the Loan Agreement will be repaid by issue of Shares.

Mr. Mangion and Mr. Duddy each contributed funds which were advanced under the Loan Agreement. The Company has elected to repay funds contributed by Mr. Duddy, including interest, and interest owing to Mr. Mangion via the issue of Shares.

### 11.2 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) 25,157,148 Shares to Mr. Samuel Duddy or his nominee; and
  - (ii) 7,168,409 Shares to Mr. Raymond Mangion or his nominee.

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(b) **Issue Price**

The Director Loan Conversion Shares will be issued at a price of \$0.011 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 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 \$260,518 in principal funds advanced under the Loan Agreement to Yerbas 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 Yerbas Buenas SpA and to payments made to A y F Muzard Limitada for the purchase of ownership of mining tenements at the Company's Yerbas Buenas Project.

### **11.3 Chapter 2E Corporations Act**

The issue of the Director Loan Conversion Shares contemplated by Resolutions 10(a) and 10(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 the Placement announced by the Company on 30 August 2019, 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 for the Purposes of section 208 of the Corporations Act.

### **11.4 Voting Exclusion Statement**

The Company will disregard:

- (a) any votes cast in favour of Resolution 10(a) by Mr Samuel Duddy or an associate of Mr Duddy;
- (b) any votes cast in favour of Resolution 10(b) by Mr Raymond Mangion or an associate of Mr Mangion; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 10(a) or 10(b), 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.

## **12. Resolution 11 – Approval of Issues of Shares on Conversion of Debt**

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### **12.1 Purpose of Resolution**

Under Resolution 11, approval is sought for the purposes of ASX Listing Rule 7.1 and for all other purposes, in respect of the issue of 14,458,196 Shares issued to Mr George Theonas, in respect of the conversion to equity of \$150,000 in funds loaned to the Company on or about

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12 April 2019, plus including interest accrued to 15 October 2019 at a rate of 15% per annum, at a price per Share of \$0.011 (1.1 cents) (**Debt Conversion Shares**).

## 12.2 Issue of Debt Conversion Shares

The Company provides the following information in relation to the issue of the Debt Conversion Shares pursuant to Listing Rule 7.3:

(a) **Number of Debt Conversion Shares to be issued**

14,458,196 Shares.

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

The Debt Conversion Shares will be issued as soon as practicable, but in any event no later than three (3) months after the General Meeting.

(c) **Issue Price**

The Debt Conversion Shares will be issued at a deemed price of AU\$0.011 (1.1 cents) per Share.

(d) **Terms of Debt Conversion 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) **Names of Allottees**

Mr George Theonas or his nominees.

(f) **Use of Funds Raised**

A total of \$150,000 was advanced by Mr Theonas under the loan. The Company used the funds to add to its general working capital.

## 12.3 Board Recommendation

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

## 12.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 11 by:

- (a) Mr George Theonas, as a person who participated in the issue; and
- (b) an associate of Mr George Theonas.

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.

## 13. Resolution 12 – Approval of Issue of Options to Lacerta Mining & Finance SpA

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### 13.1 Purpose of Resolution

The Company has negotiated the settlement of a claim with Chilean mining services provider Lacerta Mining & Finance SpA (**Lacerta**) pursuant to which the Company acquired the Arenas XI mining tenement (as announced to ASX on 2 September 2019) and agreed to issue to Lacerta or its nominees 30,000,000 options to acquire Shares, with an exercise price of \$0.10 (10 cents) per option and a term of three (3) years from the date of issue.

### 13.2 ASX Listing Rule 7.1

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

(a) **Number of options to be issued**

30,000,000 options to acquire Shares.

(b) **Issue Price**

The options will be issued for nil consideration, pursuant to the terms of a settlement with Lacerta.

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

The options will be issued as soon as practicable, but in any event no later than three (3) months after the General Meeting.

(d) **Terms of the options**

The options will be issued with an exercise price of \$0.10 (10 cents) per option and a term of three (3) years from the date of issue and otherwise on the terms as set out in Annexure B.

(e) **Names of Allotees**

The options will be issued to Lacerta Mining & Finance SpA or its nominees.

(f) **Use of Funds Raised**

As the options will be issued as part of a settlement entered into with Lacerta, no funds will be raised from the issue, however in the event that all the options issued pursuant to Resolution 12 are exercised, the Company will raise up to \$3,000,000, which the Company will apply to general working capital requirements.

### 13.3 Board Recommendation

The Board recommends that Shareholders vote in favour of Resolution 12.

### 13.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 12:

- (a) Lacerta, as a person who is to receive options under Resolution 12;
- (b) an associate of Lacerta; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 12, 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

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- (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 13 – Approval of Issue of Options to Placement Broker**

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### **14.1 Purpose of Resolution**

Prior to carrying out the fund raising under the Placement, the Company executed a binding term sheet with CPS Capital Group Pty Ltd (**CPS**) pursuant to which the Company appointed CPS in relation to the Placement.

In consideration for the services provided by CPS, the Company agreed to issue to CPS 20 options, on the same terms of the Attaching Options to be issued under the Placement, for every dollar raised under the Placement. Having raised \$2,600,000 under the Placement as announced on 30 August 2019, the Company has now agreed to issue to CPS 52,000,000 options.

Each option issued to CPS will be exercisable into one (1) Share at a price of \$0.025 (2.5 cents) per for a term of two (2) years from the date of issue of the options. The full terms and conditions of the options, being the same as the terms of the Attaching Options, are set out in Annexure A.

### **14.2 ASX Listing Rule 7.1**

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

(a) **Number of options to be issued**

52,000,000 options to acquire Shares.

(b) **Issue Price**

The options will be issued for nil consideration, as consideration for services provided by CPS in relation to the Placement.

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

The options will be issued as soon as practicable, but in any event no later than three (3) months after the General Meeting.

(d) **Terms of the options**

The options will be issued on the same terms as the Attaching Options to be issued under the Placement, with an exercise price of \$0.025 (2.5 cents) per option and a term of two (2) years from the date of issue and otherwise on the terms as set out in Annexure A.

(e) **Names of Allotees**

The options will be issued to CPS or its nominees.

(f) **Use of Funds Raised**

As the options will be issued as consideration for services provided by CPS, no funds will be raised from the issue, however in the event that all the options issued to CPS are exercised, the Company will raise up to \$1,300,000, which the Company will apply to general working capital requirements.

### **14.3 Board Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 13.

#### 14.4 Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 13:

- (a) CPS, as a person who is to receive options under Resolution 13;
- (b) an associate of CPS; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 13, 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.

### **15. Resolution 14 – Approval of Issue of Convertible Notes**

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#### 15.1 Purpose of Resolution

As detailed above at section 5.1, the Company has redeemed and repaid a number of convertible notes which had been held by Yaniv Equity LP. The funds used by the Company to carry out the redemption, totaling \$248,000, were provided by professional and sophisticated investors, to whom the Company has agreed to issue new convertible notes on the terms and conditions summarized in Annexure C. The new convertible notes will have a principal face value of \$1,000 each, and be convertible into Shares at a price per Share of the lower of \$0.011 (1.1 cents) and 85% of the volume weighted average price of Shares during the 7 days prior to the date of a conversion notice being served on the Company by a holder of the convertible notes.

The convertible notes will mature on 8 August 2022, on which date they must be converted or redeemed in accordance with their terms, and will accrue interest at 15% per annum.

If Resolution 14 is not passed, the Company may need to repay the funds in cash immediately, which may require the Company to raise further capital.

#### 15.2 ASX Listing Rule 7.1

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.3:

(a) **Number of securities to be issued**

248 convertible notes, convertible into a maximum of 44,776,626 Shares, including interest.

(b) **Issue Price**

The convertible notes will be issued in respect of \$248,000 in funds provided to the Company.

(c) **Date by which the convertible notes will be issued**

The convertible notes will be issued as soon as practicable, but in any event no later than three (3) months after the General Meeting.

(d) **Terms of the convertible notes**

The key terms of the convertible notes are set out in Annexure C.

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(e) **Names of Allotees**

The convertible notes will be issued to the following parties and in the following amounts:

- (i) 167 convertible notes, convertible into a maximum of 30,152,002 Shares, to Pallmark Pty Ltd; and
- (ii) 81 convertible notes, convertible into a maximum of 14,624,624 Shares, to SEMZJ Investments Pty Ltd.

(f) **Use of Funds Raised**

The \$248,000 in funds raised in consideration for which the convertible notes are proposed to be issued were used by the Company to redeem outstanding convertible notes held by Yaniv Equity LP.

**15.3 Board Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 14.

**15.4 Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 14:

- (a) Pallmark Pty Ltd and SEMZJ Investments Pty Ltd, as persons who are to receive securities under Resolution 14;
- (b) an associate of Pallmark Pty Ltd or SEMZJ Investments Pty Ltd; and
- (c) any person who might obtain a benefit from the issue of shares under Resolution 14, 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.

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## Glossary

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

**AEDT** means Australian Eastern Daylight Saving Time as observed in Melbourne, Victoria.

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

**Attaching Option** means an option issued as an attaching option to every two Placement Shares, being an option to acquire one fully paid ordinary share in the Company, exercisable at \$0.025 (2.5 cents), with a term of two (2) years from their date of issue and otherwise on the terms and conditions set out in Annexure A.

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

**Broker** means CPS Capital Group Pty Ltd.

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

**Chairman** means the chairman of the Meeting.

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

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

**Constitution** means the constitution of the Company.

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

**CPS** means CPS Capital Group Pty Ltd, broker to the Placement.

**Directors** mean the directors of the Company.

**Existing Yaniv Options** means 1,984,725 options to acquire fully paid ordinary shares in the Company currently held by Yaniv Equity LP, which options are exercisable at \$0.1425 (14.25 cents) per option and which expire on 16 May 2023.

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

**Lacerta** means Lacerta Mining & Finance SpA.

**Lacerta Option** means an option to be issued to Lacerta or its nominees pursuant to Resolution 13 on the terms and conditions set out in Annexure B.

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

**Placement** means the placement of Shares to raise \$2,600,000 in equity funding announced by the Company on 30 August 2019.

**Placement Share** means a fully paid ordinary share in the Company to be issued subject to approval of Resolution 1 or Resolutions 6(a) or 6(b).

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

**Share** means a fully paid ordinary share in the Company.

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

## ANNEXURE A

### TERMS OF ATTACHING OPTIONS

#### 1. Interpretation

- (a) *ASX* means ASX Limited (ACN 008 624 691);
- (b) *Board* means the board of directors of the Company;
- (c) *Business Day* means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) *Company* means Freehill Mining Limited (ACN 091 608 025);
- (e) *Corporations Act* means the Corporations Act 2001 (Cth) as amended from time;
- (f) *Listing Rules* means the official listing rules of the ASX;
- (g) *Official List* has the meaning given to that term in the Listing Rules;
- (h) *Option* and *Options* means the options to be issued to the Optionholder on the terms detailed in these Terms of Options;
- (i) *Quotation* has the meaning given to that term in the Listing Rules;
- (j) *Shareholder* and *Shareholders* means a person who owns shares in the capital of the Company, notwithstanding that those shares may not be fully paid; and
- (k) *Shares* means fully paid ordinary shares in the capital of the Company.

#### Terms of Options

#### 2. Entitlement

- 2.1. Each Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- 2.2. Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

#### 3. Exercise of Option

- 3.1. The Options are exercisable at any time from the date of issue.
- 3.2. The final date and time for exercise of the Options is 5:00 p.m. (AEST) on the date which is two (2) years from the date of issue of the Options.
- 3.3. The exercise price of each Option is \$0.025.
- 3.4. Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.
- 3.5. Remittances must be made payable to 'Freehill Mining Limited' and cheques should be crossed 'Not Negotiable'.
- 3.6. All Options will lapse on the earlier of the:
  - (a) receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Options; or

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(b) expiry of the final date and time for exercise of the Option as set out in paragraph 3.3.

3.7. In the event of liquidation of the Company, all unexercised Options will lapse.

#### 4. Quotation

4.1. The Company may, in its sole discretion and if the Options satisfy all applicable criteria for quotation on ASX, apply to the ASX for official quotation of the Options.

4.2. If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

#### 5. Participation in Securities Issues

Subject to paragraph 6 below, the holder is not entitled to participate in new issues of securities without exercising the Options.

#### 6. Participation in a Reorganisation of Capital

6.1. In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

6.2. In any reorganisation as referred to in paragraph 6.1, Options will be treated in the following manner:

- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (c) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (e) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

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## 7. Adjustments to Options and Exercise Price

7.1. Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph 7.2 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

7.2. The method of adjustment for the purpose of paragraph 7.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

### (a) Pro Rata Cash Issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities into which one Option is Exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro-rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

### (b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

## 8. Takeovers and Schemes of Arrangement

8.1. If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

8.2. If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the

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Optionholder will be entitled to exercise Options held by him/her within the period notified by the Company.

## **9. Transfer of Options**

- (a) Subject to paragraph 9(b), a holder of Options may transfer each of them by:
- (i) an instrument in writing in any usual form or in a form approved by the Company which is signed by or on behalf of both the transferor and the transferee; and
  - (ii) sending the completed transfer to the Company for registration accompanied by any evidence the Company requires to prove the title of the transferor or the transferor's right to the Option and any other evidence the Company requires to prove the right of the transferee to be registered as the owner of the Options.
- (b) A transferor of Options remains the holder of the Options transferred until:
- (i) the transfer is registered; and
  - (ii) the name of the transferee is entered in the register of holders of Options for the Options transferred.
- (c) The Company may retain any registered instrument of transfer for the period that the Company thinks fit.
- (d) Except in the case of fraud, the Company must return any instrument of transfer which the Company declines to register, to the person who sent it to the Company together with any documents which accompanied the transfer.
- (e) To the extent permitted by law, the Company may waive all or any of the requirements for transfers of Options under the terms of the Options in this section 9 which are to be satisfied by the transferor or transferee.

## **10. Registration of transfers**

Subject to the terms of the Options, the Corporations Act and the ASX Listing Rules, the Company may decline to register a transfer of an Option.

## **11. Power to suspend registration of transfers**

The Company may at any time suspend the registration of a transfer of Options for any period not exceeding 30 days in a year.

## **12. Transmission of Options**

- (a) If an Optionholder dies, the only persons the Company recognises as having any title to the holder's Options or any benefits accruing in respect of those Options are:
- (i) the legal personal representative of the deceased, if the deceased was a sole holder; and
  - (ii) the survivor or survivors, if the deceased was a joint holder.
- (b) Nothing in paragraph 12(a) above releases the estate of a deceased Optionholder from liability in respect of an Option, whether the deceased held that Option solely or jointly.
- (c) A person who becomes entitled to Options because of a transmission event may
- (i) sign a written notice stating that the person wishes to register as the holder of the Options and serve it on the Company; or

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- (ii) execute a transfer of the Options to another person;
- (iii) subject to proving that person's entitlement by producing any evidence that the Company requires.
- (d) The rules about transferring Options apply with the necessary changes to a transfer under paragraph 12(c)(ii) as if:
- (i) the relevant transmission event had not occurred; and
- (ii) the person entitled to the Options because of the transmission event were the registered holder of the Options.
- (e) If 2 or more persons are jointly entitled to Options because of a transmission event, then upon being registered, they hold the Options as joint tenants with rights of survivorship.
- (f) Despite paragraph 12(a), the Company may register a transfer of Options which the holder of the Options signs prior to a transmission event, even though the Company has notice of the transmission event.

**13. Listed company**

- (a) The terms under this paragraph 13 only apply whilst the Options are granted official quotation by ASX and the terms in paragraphs 9 to 12 will not apply to the extent that they are inconsistent with this paragraph 13.
- (b) Subject to the terms of the Options, a holder of an Option may transfer an Option:
- (i) if the Option is, or is in a class of securities that is, an Approved Financial Product, through CHESS in accordance with the ASX Settlement Operating Rules;
- (ii) if another prescribed clearing and settlement facility is approved by the board of Directors of the Company to deal with the transfer of Options, through that facility in accordance with its operating rules; or
- (iii) if another method of transfer is approved by the board of directors of the Company to deal with the transfer of Options and under the Corporations Act or otherwise at law that method is valid and effective to transfer the Option, in accordance with that method.
- (c) The Company may only decline to register a transfer of Options (including by applying a holding lock, or requesting that a holding lock be applied to prevent a transfer of the Options) if permitted to do so by the ASX Listing Rules.
- (d) The Company must:
- (i) decline to register a transfer of Options; or
- (ii) apply a holding lock, or request that a holding lock be applied to prevent a transfer of the Options;
- if:
- (iii) the ASX Listing Rules require the Company to do so; or
- (iv) the transfer is in breach of the ASX Listing Rules or a restriction agreement.

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- (e) If in the exercise of its rights set out in this paragraph 13 the Company refuses to register a transfer of Options or applies a holding lock, or requests that a holding lock be applied, to prevent a transfer of the Options, the Company must notify:
- (i) in the case of refusing to register a paper-based transfer, the person lodging the transfer with the Company for registration; and
  - (ii) in the case of applying a holding lock, or requesting that a holding lock be applied, to prevent a transfer of the Options, the holder of the Options;
  - (iii) in writing of the refusal or the holding lock (as the case may be) and the reason for it, within the time limit prescribed by the ASX Listing Rules. Failure to give such notice does not invalidate the decision of the Company to refuse registration or otherwise prevent the transfer.

#### **14. Notices**

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

#### **15. Rights to Accounts**

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

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## ANNEXURE B

### TERMS OF LACERTA OPTIONS

#### 1. Interpretation

- (a) *ASX* means ASX Limited (ACN 008 624 691);
- (b) *Board* means the board of directors of the Company;
- (c) *Business Day* means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) *Company* means Freehill Mining Limited (ACN 091 608 025);
- (e) *Corporations Act* means the Corporations Act 2001 (Cth) as amended from time;
- (f) *Listing Rules* means the official listing rules of the ASX;
- (g) *Official List* has the meaning given to that term in the Listing Rules;
- (h) *Option* and *Options* means the options to be issued to the Optionholder on the terms detailed in these Terms of Options;
- (i) *Quotation* has the meaning given to that term in the Listing Rules;
- (j) *Shareholder* and *Shareholders* means a person who owns shares in the capital of the Company, notwithstanding that those shares may not be fully paid; and
- (k) *Shares* means fully paid ordinary shares in the capital of the Company.

#### Terms of Options

#### 2. Entitlement

- 2.1. Each Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- 2.2. Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

#### 3. Exercise of Option

- 3.1. The Options are exercisable at any time from the date of issue.
- 3.2. The final date and time for exercise of the Options is 5:00 p.m. (AEST) on the date which is three (3) years from the date of issue of the Options.
- 3.3. The exercise price of each Option is \$0.10.
- 3.4. Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.
- 3.5. Remittances must be made payable to 'Freehill Mining Limited' and cheques should be crossed 'Not Negotiable'.
- 3.6. All Options will lapse on the earlier of the:
  - (a) receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Options; or

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(b) expiry of the final date and time for exercise of the Option as set out in paragraph 3.3.

3.7. In the event of liquidation of the Company, all unexercised Options will lapse.

#### 4. Quotation

4.1. The Company will not apply to the ASX for official quotation of the Options.

4.2. If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

#### 5. Participation in Securities Issues

Subject to paragraph 6 below, the holder is not entitled to participate in new issues of securities without exercising the Options.

#### 6. Participation in a Reorganisation of Capital

6.1. In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

6.2. In any reorganisation as referred to in paragraph 6.1, Options will be treated in the following manner:

- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
- (c) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
- (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
- (e) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
- (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

#### 7. Adjustments to Options and Exercise Price

7.1. Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph 7.2 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

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7.2. The method of adjustment for the purpose of paragraph 7.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) **Pro Rata Cash Issues**

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities into which one Option is Exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro-rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) **Pro-Rata Bonus Issues**

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

**8. Takeovers and Schemes of Arrangement**

8.1. If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

8.2. If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by him/her within the period notified by the Company.

**9. Transfers not permitted**

The Options are not transferable.

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**10. Notices**

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

**11. Rights to Accounts**

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

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**ANNEXURE C****SUMMARY OF TERMS OF CONVERTIBLE NOTES**

| <b>TERM</b>             | <b>DESCRIPTION</b>   |
|-------------------------|--|
| Issuer                  | Freehill Mining Limited (ABN 27 091 608 025) ( <b>Company</b> )  |
| Issue/Subscription Date | As soon as practicable after the General Meeting, but in any event no later than three (3) months after the General Meeting  |
| Eligibility             | The Convertible Notes will be issued to sophisticated, experienced and professional investors for the purposes of section 708 of the Corporations Act.   |
| Face Value              | The Convertible Notes each have a face value of \$1,000.   |
| Maturity Date           | 8 August 2022  |
| Ranking                 | The Convertible Notes rank equally with all other existing convertible notes (if any).   |
| Interest                | The Company must pay interest on the face value of the Convertible Notes at 15% per annum until the earlier of the Maturity Date or the request of the noteholder to the Company to convert the Convertible Notes.   |
| Security                | The 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       | The Convertible Notes may be converted at any time up until the Maturity Date.   |
| Conversion Price        | The lower of \$0.011 (1.1 cents) and 85% of the volume weighted average price of Shares during the 7 days prior to the date of a conversion notice being served on the Company by a holder of the Convertible Notes  |
| Conversion Shares       | A maximum of 44,776,626 Shares may be issued upon conversion of all Convertible Notes, which Shares shall be fully paid ordinary Shares and rank equally with all other fully paid Shares from their date of issue.  |
| Events of Default       | Including but not limited to: <ul style="list-style-type: none"><li>(a) the Company fails to comply with the conditions as outlined in the Convertible Note Agreements;</li><li>(b) the Company fails to observe and perform any of its obligations or liabilities under the Convertible Note Agreements and such failure is not remedied within seven days of the Company being notified of</li></ul> |

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|                      |  |
|----------------------|--|
|                      | <p>the failure by the Convertible Note holder;</p> <p>(c) any prescribed default occurs under any agreement with any other financial provider.</p>   |
| Transferability      | The noteholder is not entitled to transfer the notes and Shares issued pursuant to conversion of a note unless it has complied with any applicable requirements of Chapter 6D of the Corporations Act.   |
| Rights of Noteholder | Except as otherwise provided in the Convertible Note Agreement, the 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 Convertible Note Agreement. |
| ASX Listing          | The Company will apply for official quotation by ASX of the Shares issued on conversion of Convertible Notes on the conversion date.   |