



14 November 2022

Company Announcements Office
Australia Securities Exchange

Announcement of A\$400,000 Convertible Securities Investment by Obsidian

Highlights

- Convertible Securities Agreement signed with Obsidian Global GP, LLC.
- Obsidian has committed to invest up to A\$400,000 in exchange for Convertible Securities of Freehill.
- The Convertible Securities will be issued out of Freehill's existing Listing Rule 7.1 capacity.

Freehill Mining Limited (ASX:FHS) (**Company** or **Freehill**) is pleased to announce the execution of formal Convertible Securities Agreement (**Agreement**) with Obsidian Global GP, LLC (**Obsidian**) for the investment by Obsidian of a total of up to A\$400,000 in the Company in exchange for convertible securities issued by the Company (**Convertible Securities**), convertible into Freehill fully paid ordinary shares (**Shares**). The funds raised will be used for the Company's general corporate and working capital purposes applying at the time.

The key terms of the fundraising are as follows:

Investment Amount	A\$400,000.
Securities to be issued	Approximately 266,950 Convertible Securities issued at US\$1.00 per Convertible Security, with a face value of US\$1.15 subject to amendment in accordance with the default provisions of the Agreement (see " Events of Default " section below). The actual number of Convertible Securities will be determined based on the US\$:A\$ exchange rate as at the advance by Obsidian to the Company.
Facility Fee	Freehill to pay Obsidian a facility fee of A\$12,000 payable in Shares at A\$0.01 per Share.
Maturity Date	15 November 2023 (being 12 months after issue).
Interest	None.
Conversion Price	The Conversion Price for the Convertible Securities is the lesser of: <ul style="list-style-type: none"> (a) 90% of the lowest daily VWAP during the 5 Actual Trading Days prior to the Conversion Notice Date; and (b) A\$0.01, being the lowest daily VWAP during the 5 Actual Trading Days immediately prior to the date of the Agreement (subject to the 'Adjustment' section below).



Conversion Rights	The Convertible Securities may be converted at any time up until the Maturity Date.
Maximum Number of Shares	The maximum number of new securities to be issued on one or more conversions of the Convertible Securities without shareholder approval is 90,000,000 Shares.
Repayment	Freehill will have the option to repay the Convertible Securities at any time prior to the Maturity Date in whole or in part and must repay any remaining Convertible Securities on issue on the Maturity Date each in cash at a 10% premium to their face value.
Security	<p>Freehill's obligations under the terms of the Agreement shall be secured by way of the issue of 90,000,000 Shares to Obsidian as collateral (Collateral Shares).</p> <p>Where at any time Freehill is required to issue Shares to Obsidian pursuant to the Agreement, Obsidian may elect to partially or wholly satisfy Freehill's obligation to issue the relevant Shares to Obsidian by reducing the number of Collateral Shares held by the corresponding number of Shares.</p> <p>The Collateral Shares are freely tradeable, subject to the "Restrictions on Obsidian" see section below.</p> <p>If:</p> <ul style="list-style-type: none"> (a) the Agreement terminates or expires; (b) there is no Amount outstanding under the Agreement; (c) the Collateral Shareholding Number is greater than zero; and (d) no Event of Default has occurred under the Agreement, <p>then on the written election of Freehill, Obsidian must either:</p> <ul style="list-style-type: none"> (a) as soon as practicable after that election, sell the Collateral Shareholding Number of Shares on-market and pay 95% the net sale proceeds to Freehill; (b) transfer the Collateral Shareholding Number of Shares to Freehill's nominee for A\$1.00 within 10 days of Freehill making the election; or <p>as soon as practicable return the Collateral Shareholding Number of Shares to Freehill subject to completion of a selective buy-back in accordance with the Corporations Act and Freehill paying Obsidian A\$1.00 for the Collateral Shareholding Number of Shares subject to the selective buy-back.</p>
Restrictions on Obsidian	For the term of the Agreement, on each day Obsidian will be prohibited from selling Shares equal to the greater of:



	<p>(a) 20% of the daily trading volume in Freehill; and</p> <p>(b) A\$7,500.</p> <p>If any default provision in the Agreement has been met, the above restrictions will be removed.</p>
Shareholder Approval	<p>The Convertible Securities will be issued out of Freehill's existing Listing Rule 7.1 capacity and shareholder approval will not be sought for their issue (though Freehill may seek subsequent ratification of their issue in order to 'refresh' its Listing Rule 7.1 capacity).</p>
Exchange Rate	<p>All Convertible Securities shall be held in USD based on prevailing exchange rates as at the date of funding.</p> <p>The face value of the Convertible Securities converted or redeemed will be converted from USD to AUD at the exchange rate at the spot rate of exchange displayed for the day on the Reserve Bank of Australia website or as reported by Bloomberg immediately prior to the date of conversion or redemption as the context requires.</p>
Adjustment	<p>If Freehill issues Shares below the Conversion Price or convertible securities (including options) convertible or exercisable at a price below the Conversion Price (subject to certain exceptions including Shares issued to Obsidian in accordance with the investment securities issued or exercised under an employee incentive scheme of the Company), the Conversion Price will be amended down to the lower price.</p>
Events of Default	<p>The Agreement provides that in the event of default by Freehill, the face value of the Convertible Securities shall be increased by 10% and by an additional 2% on the occurrence of each subsequent event of default. Unremedied or irremediable events of default shall give Obsidian the right to call for payment of monies owing (subject to the face value uplift) and/or terminate the Agreement.</p> <p>The Agreement provides that a default will occur on the occurrence of certain events including:</p> <ul style="list-style-type: none"> (a) Freehill fails to repay the Redemption Amount in respect of the number of Convertible Securities specified in an Early Redemption Notice on or before the day which is 10 Business Days after the date on which Freehill gives the Early Redemption Notice ; (b) Freehill fails to pay or repay any amount payable under the Transaction Document when due;



	<ul style="list-style-type: none"> (c) any of the materials delivered or statements made by Freehill is inaccurate, false or misleading in any material respect (including by omission) as of the date on which it is made or delivered; (d) any securities are not issued to Obsidian within the time period specified in this Agreement; (e) any of Obsidian's Shares are not quoted on ASX by the third business day immediately following the date of their issue; (f) a security interest over an asset of Freehill or a related entity is enforced; (g) any present or future liabilities, including contingent liabilities, of Freehill or a related entity for an amount or amounts totalling more than A\$250,000 are not satisfied on time, or become prematurely payable; (h) Freehill or a related entity grants any security interest over any of its assets, or a security interest comes into existence over any such assets, without Obsidian's prior written consent; and (i) a Change of Control in Freehill occurs without Obsidian's prior written consent. <p>The Agreement is also subject to other events of default customary for a commercial agreement of this type.</p>
<p>Transferability</p>	<p>With the prior written consent of Freehill (not to be unreasonably withheld), Obsidian may assign the Agreement and/or any of its rights and/or obligations under this Agreement to any person, where such person has entered into a deed of covenant in favour of Freehill agreeing to be bound by the terms of the Agreement to the extent of the assignment. Obsidian may only assign a Note if the assignee executes a deed of covenant in favour of Freehill agreeing to be bound by the terms of the Agreement to the extent of the assignment.</p>
<p>ASX Quotation</p>	<p>The Company will, on the conversion date, apply for official quotation by ASX of the Shares issued on conversion of Notes.</p>

About Obsidian Global GP, LLC

Obsidian Global GP, LLC is a New York city-based alternative investment management firm focused on providing growth oriented capital to public and private companies globally.

They have over 40 years of combined experience investing into international public markets, with a long standing history of successfully structuring investments and helping to facilitate businesses reach their goals. Obsidian usually look to partner with undervalued lower middle market public issuers and only invest in structures that efficiently synergises with the capital requirements of the entity.



This announcement is authorised for release to the market by the Board of Directors of Freehill Mining Limited.
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For more information please contact

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About Freehill Mining Limited

Freehill Mining Limited (ASX: FHS) is an Australian mining and exploration company headquartered in Melbourne with a focus on iron ore (magnetite), copper, and gold resources in Chile. Listed on the Australian Securities Exchange in January 2017, the company has a growth strategy focused on creating value for all stakeholders.

The founding team was involved in a number of smaller Chilean mining and processing projects which gave them the necessary land acquisition skills and understanding of government processes necessary to then set out to acquire strategically located and important assets in the Region IV area.

An additional 830 hectares of high-value exploration area has been acquired since 2019 taking the original area from 398 hectares at listing to a total project area of 1228 hectares.

Shortly after listing Freehill began trial mining of surficial hardrock magnetite material in the eastern portion of the Yervas Buenas project area over what has subsequently become the YB1 JORC resource. Iron ore magnetite concentrates produced from the hard rock source were supplied under contract to a large pellet feed plant owned by Chile's largest iron ore group Compania Minera Del Pacifico S.A. Following the acquisition of an 80-hectare block to the south and a drilling program shortly after, a JORC resource for the YB6 magnetite structure was declared.

The company is continuing to expand its iron ore resources and also commence exploration for copper, gold, and magnetite at its newly acquired El Dorado property.