



Australian Securities Exchange
Level 4
Rialto North Tower
525 Collins Street
Melbourne VIC 3000
ATTN: Dean Litis

12 January 2017

Dear Mr Litis

FREEHILL MINING LIMITED – PRE-QUOTATION INFORMATION

I refer to your letter and ASX's conditional listing approval of 30 December 2016 in relation to Freehill Mining Limited (*Company*), and on behalf of the Company provide the following:

1. **Annexure A** – an updated statement of commitments based on the actual funds raised under the Public Offer.
2. **Annexure B** – an updated pro-forma statement of financial position based on the actual funds raised under the Public Offer.
3. **Annexure C** – statements and confirmations as required by ASX prior to quotation.

Please do not hesitate to contact the Company if you have any queries.

Yours faithfully

Stephen Chaplin
Chairman
Freehill Mining Limited



Annexure A – Updated Statement of Commitments

Proposed Application of Funds Raised		
	Actual Subscription	
	(\$4,023,924)	
	Amount (\$)	%
Expenses of the Capital Raising (including capital raising fees)	495,626	12.86
Loan repayments	1,512,590	37.81
Drilling Program excluding operations on YB concessions)	224,000	5.57
Additional/consequent drilling and assay expansion	342,797	8.52
Geological consultant costs (for 12 months - including travel and accommodation)	550,000	13.67
Working capital	898,912	22.34
Total	4,023,924	100.00

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Annexure B – Updated Pro Forma Statement of Financial Position

Consolidated Historical and Pro-Forma Statement of Financial Position

The Consolidated Pro-Forma Statement of Financial Position as at 30 June 2016, set out below, has been prepared to illustrate the effects of the Offer and the acquisition of Freehill Investments and YB SpA, and assumes completion of the pro-forma transactions set out in Note 1 as if they had occurred on 30 June 2016.

	Notes	Audited As at 30-Jun-16 \$	Audited Freehill Investments As at 30-Jun-16 \$	Audited YB SpA As at 30-Jun-16 \$	Pro-Forma Adjustments \$	Unaudited Pro-Forma Position \$
ASSETS						
Current assets						
Cash and cash equivalents	3	38,829	143	1,137	4,450,298	4,490,407
Trade and other receivables	4	16,720	-	28,663	-	45,383
Total current assets		55,549	143	29,800	4,450,298	4,535,790
Non-current assets						
Loan receivable from Freehill Investments	5	310,000	-	-	(310,000)	-
Investments accounted for using the equity method	6	-	2,719,553	-	(2,719,553)	-
Mining assets at cost	7	-	-	1,705,893	2,875,209	4,581,102
Plant and equipment		-	-	219,820	-	219,820
Total non-current assets		310,000	2,719,553	1,925,713	(154,344)	4,800,922
Total assets		365,549	2,719,696	1,955,513	4,295,954	9,336,712
LIABILITIES						
Current liabilities						
Trade and other payables	8	177,221	165,202	10,667	-	353,090
Borrowings	9	-	693,099	1,331,471	(693,099)	1,331,471
Total current liabilities		177,221	858,301	1,342,138	(693,099)	1,684,561
Non-current liabilities						
Convertible notes	10	592,056	-	-	(592,056)	-
Loan payable to Freehill Mining	5	-	310,000	-	(310,000)	-
Borrowings	9	-	-	5,510,290	(4,741,259)	769,031
Total non-current liabilities		592,056	310,000	5,510,290	(5,643,315)	769,031
Total liabilities		769,277	1,168,301	6,852,428	(6,336,414)	2,453,592
NET ASSETS		(403,728)	1,551,395	(4,896,915)	10,632,368	6,883,120
EQUITY						
Issued capital	11	16,821,001	4,422,452	4,267	(11,044,444)	10,203,276
Reserves	12	320,681	-	-	(320,681)	-
Accumulated losses	13	(17,545,410)	(2,871,057)	(4,901,182)	21,997,494	(3,320,155)
TOTAL EQUITY		(403,728)	1,551,395	(4,896,915)	10,632,368	6,883,120

The Consolidated Pro-Forma Statement of Financial Position represents the Audited Statement of Financial Position as at 30 June 2016 adjusted for the pro-forma transactions outlined in Note 1 relating to the issue of shares pursuant to this Prospectus and other transactions.

The historical Statement of Financial Position of Freehill Mining at 30 June 2016 has been extracted from the audited financial statements of Freehill Mining for the year ended 30 June 2016.

The historical Statement of Financial Position of Freehill Investments at 30 June 2016 has been extracted from the audited financial statements of Freehill Investments for the year ended 30 June 2016.



The historical Statement of Financial Position of YB SpA at 30 June 2016 has been extracted from the audited consolidated financial statements of YB SpA for the year ended 30 June 2016.

The Consolidated Pro-Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.

Notes to the Financial information as at 30 June 2016

1. PRO-FORMA ADJUSTMENTS

The Pro-Forma Statement of Financial Position as at 30 June 2016 has been prepared by adjusting the Consolidated Statement of Financial Position as at that date to reflect the financial effects of the following transactions as if they had occurred at 30 June 2016:

- i) A share consolidation where every 2 Shares will be consolidated into 1 Share.
- ii) The issue of 2,000,000 Shares to the Directors of the Company in lieu of Directors' fees of \$400,000.
- iii) The issue of 500,000 Shares to Mr Joe Fekete, in respect of services provided to the Company of \$100,000.
- iv) The issue of 710,000 Shares to NIST Enterprises Pty Ltd, a supplier of the Company in lieu of fees of \$142,000.
- v) The issue of 268,000,000 Shares as consideration for the acquisition of Freehill Investments.
- vi) The consolidation of YB SpA following transfer of the 50% ownership interest not owned at 30 June 2016 upon admission to quotation on the ASX. YB SpA's operations have therefore been consolidated into Freehill Investments' Statement of Financial Position in the Pro-Forma Statement of Financial Position at 30 June 2016.
- vii) The issue of \$922,000 in Convertible Notes by the Company between 30 June 2016 and the date of this Prospectus.
- viii) The issue of 23,131,110 Shares on conversion of the Company's Convertible Notes and Loans prior to admission to quotation on the ASX under the Conversion Offer.
- ix) The issue of 9,255,019 Shares on conversion of loans assigned by Freehill Investments under the Conversion Offer. At 30 June 2016, Freehill Investments disclosed loans of \$693,099. The conversion includes a small adjustment for interest accrued of \$158.
- x) The Public Offer issue of 20,000,000 Shares at \$0.20 each, to raise \$4,023,924.60 before expenses of the issue.
- xi) Cash costs of undertaking the Public Offer of \$495,626.
- xii) The issue of 5,000,000 Shares to the Underwriter/Sub-underwriters.



2. REVERSE ACQUISITION

The proposed acquisition by Freehill Mining (the legal parent) of Freehill Investments (the legal subsidiary) is deemed to be a reverse asset acquisition under the principles of AASB 3 "Business Combinations" since the substance of the transaction is that the existing shareholders of Freehill Investments have effectively acquired Freehill Mining. As a result of the reverse acquisition Freehill Investments is considered to be the acquirer and Freehill Mining is considered to be the accounting acquiree, therefore this Financial Information has been prepared as a continuation of the financial statements of Freehill Investments.

However, as Freehill Mining did not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction and the excess of the notional transaction consideration paid over the assets and liabilities of Freehill Mining acquired has been recognised as an expense in the income statement.

The following accounting treatment has been adopted on the basis that the acquisition of Freehill Investments is deemed to be completed prior to the capital raising as set out in note 1(v).

	\$
issued share capital of Freehill Mining as at 30 June 2016	6,141,201
The share consolidation of Freehill Mining's share capital (note 1(i))	3,070,601
The issue of 2,000,000 Shares to the Directors of the Company in lieu of Directors' fees (note 1(ii))	2,000,000
The issue of 500,000 Shares to Mr Joe Fekete, in respect of services provided to the Company (note 1(iii))	500,000
The issue of 710,000 Shares to a supplier in lieu of fees (note 1(iv))	710,000
Shares on issue at the date of the Prospectus	<u>6,280,601</u>
Vendor Shares issued as consideration for the acquisition of Freehill Investments (note 1 (v))	268,000,000
Percentage ownership of Freehill Mining by Freehill Investors shareholders (rounded)*	97.71%
Calculation of consideration	
Net Liabilities of Freehill Mining at 30 June 2016	(403,728)
Add: listed shell value **	<u>450,000</u>
Fair value of Freehill Mining	<u>46,272</u>
Fair value of 97.71% of Freehill Mining	45,212
Less: Net tangible liabilities of Freehill Mining acquired	(403,728)
Excess of notional consideration over net liabilities acquired – expensed to the income statement	<u><u>448,940</u></u>

* This percentage is prior to the consideration of the Public Offer.

** Based on the value of a listed shell in accordance with the mid-point value adopted in the Independent Expert's Report accompanying the notice to shareholders to approve the acquisition of Freehill by Freehill Mining.



3. CASH AND CASH EQUIVALENTS

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Cash and cash equivalents	38,829	4,490,407
Cash at 30 June 2016		38,829
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Cash acquired from the acquisition of a 100% interest in Freehill Investments (note 1(v))		143
Cash acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		1,137
Cash raised from the issue of Convertible Notes post 30 June 2016 (note 1 (vii))		922,000
Cash raised from the Public Offer (note 1(x))		4,023,925
Cash costs of undertaking the Public Offer (note 1(xi))		(495,626)
Total Pro-Forma adjustments		4,451,578
Pro-Forma balance		4,490,407

4. TRADE AND OTHER RECEIVABLES

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Trade and other receivables	16,720	45,383
Trade and other receivables at 30 June 2016		16,720
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Trade and other receivables acquired in the Freehill Investments acquisition (note 1(v))		-
Trade and other receivables acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		28,663
Pro-Forma balance		45,383

5. INTERCOMPANY LOAN

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Loan receivable from Freehill Investments	310,000	-
Loan receivable at 30 June 2016		310,000
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Elimination of loan as a result of the Freehill Investments acquisition (note 1(v))		(310,000)
Pro-Forma balance		-



6. INVESTMENT IN ASSOCIATE

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Investments in YB SpA accounted for using the equity method	-	-
Investments at 30 June 2016		-
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Acquisition of investments acquired in the Freehill Investments acquisition (note 1(v))		2,719,553
Elimination of investments accounted for using the equity method as a result of the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		(2,719,553)
Pro-Forma balance		-

7. MINING ASSETS AT COST

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Mining assets at cost	-	4,581,102
Mining assets at cost at 30 June 2016		-
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Mining assets at cost acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		1,705,893
Excess of consideration over net liabilities acquired upon acquiring a 100% interest in YB SpA attributed as relating to mining assets		2,875,209
Total Pro-Forma adjustments		4,581,102
Pro-Forma balance		4,581,102

8. TRADE AND OTHER PAYABLES

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Trade and other payables	177,221	353,090
Trade and other payables at 30 June 2016		177,221
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Trade and other payables acquired in Freehill Investments acquisition (note 1(v))		165,202
Trade and other payables acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		10,667
Total Pro-Forma adjustments		175,869
Pro-Forma balance		353,090



9. BORROWINGS

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Current borrowings	-	1,331,471
Current borrowings at 30 June 2016		-
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Borrowings acquired in Freehill Investments acquisition (note 1(v))		693,099
The conversion of loans assigned by Freehill Investments under the Conversion Offer (note 1(ix))		(693,099)
Bank loan acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		1,331,471
Total Pro-Forma adjustments		1,331,471
Pro-Forma balance		1,331,471

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Non-current borrowings	-	769,031
Non-current borrowings at 30 June 2016		-
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Borrowings acquired from the consolidation of YB SpA following transfer of the 50% ownership interest to Freehill Investments (note 1(vi))		5,510,290
Less elimination of amounts payable by YB SpA to Freehill Investments		(4,741,259)
Total Pro-Forma adjustments		769,031
Pro-Forma balance		769,031

10. CONVERTIBLE NOTES

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma \$
Convertible notes	592,056	-
Convertible notes at 30 June 2016		592,056
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
The issue of \$922,000 of Convertible Notes by the Company between 30 June 2016 and the date of this Prospectus (note 1(vii))		922,000
The issue of 23,131,110 Shares on conversion of the Company's Convertible Notes and Loans prior to admission to quotation on the ASX under the Conversion Offer (note 1(viii))		(1,514,056)
Total Pro-Forma adjustments		(592,056)
Pro-Forma balance		-



11. SHARE CAPITAL

	Number of ordinary shares	\$
Issued share capital at 30 June 2016	6,141,201	16,821,001
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
The share consolidation of Freehill Mining's share capital (note 1(i))	3,070,601	16,821,001
The issue of 2,000,000 Shares to the Directors of the Company in lieu of Directors' fees (note 1(ii))	2,000,000	400,000
The issue of 500,000 Shares to Mr Joe Fekete, in respect of services provided to the Company (note 1(iii))	500,000	100,000
The issue of 710,000 Shares to a supplier in lieu of fees (note 1(iv))	710,000	142,000
Elimination of existing Freehill Mining share capital balance (note 2)	-	(17,463,001)
Freehill Investments' share capital balance acquired	-	4,422,452
Vendor Shares issued as consideration for the acquisition of Freehill Investments (note 1(v), note 2)	268,000,000	45,212
The issue of 23,131,110 Shares on conversion of the Company's Convertible Notes and Loans prior to admission to quotation on the ASX under the Conversion Offer (note 1(viii))	23,131,110	1,514,056
The issue of 9,255,019 Shares on conversion of loans assigned by Freehill Investments under the Conversion Offer (note 1(ix))	9,255,019	693,257
The Public Offer issue of 20,000,000 (minimum subscription) to 35,000,000 (maximum subscription) Shares at \$0.20 per share (note 1(x))	20,119,623	4,023,925
Costs of undertaking the Public Offer (note 1(xi))	-	(495,626)
The issue of 5,000,000 Shares to the Underwriter/Sub-underwriters (note 1(xii))	5,000,000	-
Total Pro-Forma adjustments	328,715,752	(6,617,725)
Pro-Forma balance	331,786,353	10,203,276
* Measured by reference to the fair value to the accounting acquirer, Freehill Investments (Notional consideration)		

12. RESERVES

	Audited 30-Jun-16 \$	Consolidated Unaudited Pro-Forma Minimum \$
Reserves	320,681	-
Reserves at 30 June 2016		320,681
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Elimination of existing Freehill Mining reserves balance (note 2)		(320,681)
Total Pro-Forma adjustments		(320,681)
Pro-Forma balance		-



14. RELATED PARTY DISCLOSURE

- (a) The Directors of Freehill Mining at the date of this report are:
- Mr Stephen Chaplin (Non-Executive Chairman);
 - Mr Paul Davies (Executive Director);
 - Mr Nicholas Kapes (Non Exec. Director);
 - Mr Ray Mangion (Non Exec. Director);
- (b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 12 of the Prospectus.
- (c) The Directors are not related parties of Freehill Investments prior to the completion of the Offer.
- (d) There have been no related party transactions other than the directors' transactions set out in Section 5 of the Prospectus.

15. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted in the preparation of financial information are:

a. Basis of Preparation

The financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of Australian Accounting Standards (including Australian Accounting Interpretations), and the *Corporations Act 2001*.

The Consolidated Pro-Forma Statement of Financial Position assumes completion by Freehill Mining of the legal acquisition of Freehill Investments.

For accounting purposes, the legal acquisition of Freehill Investments by Freehill Mining does not represent a business combination as outlined in Australian Accounting Standard AASB 3 "*Business Combinations*" ("AASB 3"). At the time of the transaction, Freehill Mining will not constitute a business in its own right as defined in AASB 3.

To recognise the effects of this transaction, the financial information has been prepared using 'reverse acquisition accounting principles' (as set out in AASB 3), in accordance with the International Financial Reporting Interpretation Committee's Interpretation guidance dated March 2013.

Accordingly, the consolidated financial statements of Freehill Mining have been prepared as a continuation of the consolidated financial statements of Freehill Investments. Freehill Investments (as the deemed acquirer) has accounted for the acquisition of Freehill Mining from the acquisition date. However, as Freehill Mining did not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction and the excess of the notional transaction consideration paid over the assets and liabilities of Freehill Mining acquired has been recognised as an expense in the income statement.

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Historical cost convention

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain assets, where appropriate.

Critical accounting estimates and judgements

The preparation of financial information in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Freehill Mining and its subsidiaries at each period end ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated profit or loss and balance sheet respectively.

b. Reverse assets acquisition

In accordance with the principles of AASB 3, the proposed acquisition by Freehill Mining (the legal parent) of Freehill Investments (the legal subsidiary), is deemed a reverse asset acquisition since the substance of the transaction is that the existing shareholders of Freehill Investments will have effectively acquired Freehill Mining. Under reverse acquisition accounting, the consolidated financial statements are prepared as if Freehill Investments had acquired Freehill Mining, not vice versa as represented by the legal position. However, as Freehill Mining did not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction.

In reverse acquisition accounting, the cost of the business is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (the acquiree for accounting purposes).

As a consequence:

- the cost of investment held by the legal parent (Freehill Mining) in the legal subsidiary (Freehill Investments) is reversed on consolidation and the cost of the reverse acquisition (based on the fair value of the shareholding of Freehill Mining acquired) is eliminated on consolidation against the consolidated equity and reserves of Freehill Mining and its consolidated entities at the date control is passed. The effect of this is to restate the consolidated equity and reserves balances to reflect those of Freehill Investments at the date of acquisition;
- the amount recognised as issued equity instruments is determined by adding the deemed cost of the combination, calculated by reference to the fair value of the

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shareholding in Freehill Mining acquired, to the issued equity of the legal subsidiary (Freehill Investments) immediately before the proposed acquisition; and

- the consolidated financial statements are issued under the name of the legal parent (Freehill Mining) but are a continuation of the financial statements of the deemed acquirer (Freehill Investments) under the reverse acquisition rules.

c. Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

d. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

e. Contributed equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

f. Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

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Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

g. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

h. Property, plant and equipment

Mine assets are carried at cost, and depreciated over the life of the mine in accordance with the expected depletion of the mine resource.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
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i. Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for

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current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

k. Interest bearing liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the redemption amount is recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

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The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

All borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

i. Other liabilities

Other liabilities comprises non-current amounts due to related parties that do not bear interest and are repayable in 366 days from balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating (Company's incremental borrowing rate). The discount is credited to the profit or loss immediately and amortised using the effective interest method.

m. Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

n. Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

Provisions are not recognised for future operating losses.

o. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or receivable.

p. Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade

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receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

q. Critical accounting estimates and judgements

Estimates and judgements are based on past performance and management expectations for the future.

The Company makes certain estimates and assumptions concerning the future, which by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year, are outlined below:

Convertible notes – in determining the fair value of the liability the company used a market interest rate of 25%.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

s. Critical accounting estimates and judgements.

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.



Annexure C – Statements and confirmations

1. The Company confirms that there are no legal, regulatory, statutory or contractual impediments to the Company entering the mining concessions as listed on page 26 of the Prospectus and carrying out exploration activities such that the Company will be able to spend its cash in accordance with its commitments for the purposes of ASX Listing Rule 1.3.2(b).
2. The Company confirms that the Share Sale and Purchase Agreement pertaining to the Company's acquisition of Freehill Investments Pty Ltd has been completed, and that the Company is now validly registered as the sole shareholder of Freehill Investments Pty Ltd.
3. The Company confirms that the following securities have now been issued in the Company:
 - a. 268,000,000 fully paid ordinary shares in the Company to Freehill Investments Pty Ltd shareholders.
 - b. 23,131,126 fully paid ordinary shares on conversion of the Company's convertible notes and loan.
 - c. 9,254,976 fully paid ordinary shares on conversion of loans assigned by Freehill Investments Pty Ltd.
 - d. 5,000,000 fully paid ordinary shares to the Underwriter/Sub-underwriters of the Offer.
4. The Company confirms the following securities will subject to ASX restrictions:

Securities	Restriction Period
203,982,421 fully paid ordinary shares	24 months from the date of official quotation
20,516,322 fully paid ordinary shares	Until 11 January 2018

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