



Quarterly Report March 2017

Corporate

The Board and its management has been active on both the Exploration Front and ensured that Low Scale Production with Sales were achieved. The Board intends to continue to undertake all reasonable steps to ensure that both the exploration and production at our Yervas Buenas site takes place.

Quarterly Highlights

1. Acquisition of Freehill Investments Pty Ltd, its Chilean subsidiaries and the associated Yervas Buenas Project ,as part of the Company's IPO fundraising was successfully completed with the relisting of the Company on the Australian Stock Exchange.
2. All holders of the Group's Convertible debt converted to shares at the date of the listing
3. Compañía Minera del Pacifico S.A ("CAPS") re-affirmed, for 2017,its ongoing commitment to take product from the Yervas Buenas Project
4. Ground Magnetism and Passive Seismic geophysical survey of the project has commenced
5. Small scale production from the hard rock resource identified at surface has commenced and excavation has identified promising magnetite rock
6. A mine plan for the exploitation of the hard rock resource has been developed and submitted to government authorities for approval.
7. There is active discussion with two overseas customers seeking supply of magnetite ore.

Yervas Buenas in Summary

1. As part of undertaking our sands drilling program a Ground Magnetism and Passive Seismic geophysical survey commenced in the latter part of the quarter and is being managed by the Western Australian geophysics group 'Resource Potentials'. A total of 160 line kilometres have been scheduled over both the iron sands portion of the exploration tenements and the various hard rock magnetite anomalies identified in historical magnetic surveys;
2. Activities on the iron sands prospect other than the geophysics survey have ceased until the survey is completed and the data reviewed;
3. On Site Plant Testing – In developing the hard rock resource identified at surface a low capacity trial (or demonstration) crushing plant operated in late March to determine various processing recoveries, optimal crushing size and final product iron grades. The evaluation of the ore characteristics is expected to take another one to two months;
4. A consignment of 1654 tonnes of magnetite concentrate product was trucked and sold to the CAPS Romeral pelletising plant for preliminary assessment at the end of the quarter. Senior CAPS technical personnel have toured the Yervas Buenas site to view the plant as well as the trial excavation pit and have provided some high-level technical support. All indications are that CAPS are satisfied with the initial product qualities. The magnetic plant that was previously

used to treat iron sands has been successfully integrated into the hard rock magnetite processing circuit to produce a nominally 61% Fe product;

5. The Company is actively involved in discussion with two overseas groups seeking product through off-take agreements. As part of the discussion they have indicated a willingness to support development of our production capacity through provision of capital and forward payment for product. These discussions are ongoing and the market will be advised of more details once contracts are finalised.

6. A Chilean group has expressed interest in becoming involved in the magnetite project through the supply of crushing and processing equipment to enable expanded production. These discussions are ongoing and the market will be advised of more details once contracts are finalised.

7. A highly experienced and respected Chilean consulting metallurgical engineer who specialises in iron ore plant design has been engaged to assist with various design activities associated with the crushing and magnetic separation demonstration plant.

It is intended (unless commercially sensitive) that more detail will be provided in the next Quarter about our activities including blasting trials, pit expansion, circuit changes and the geophysics survey outcomes.



Processing Area with Magnetic Separation Plant in foreground and Crushing Plant in background



Crushing Plant

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Freehill Mining Limited

ABN

27 091 608 025

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date
1. Cash flows from operating activities		
1.1 Receipts from customers	55	55
1.2 Payments for		
(a) exploration & evaluation	(1,206)	(1,206)
(b) development	-	-
(c) production	-	-
(d) staff costs	(45)	(45)
(e) administration and corporate costs	(432)	(432)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	159	159
1.5 Interest and other costs of finance paid	(355)	(355)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1983)	(1983)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,024	4,024
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(335)	(335)
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings	(1,741)	(1,741)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,998	1,998

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5	5
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,983)	(1,983)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,998	1,998

Consolidated statement of cash flows		Current quarter \$A'000	Year to date
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20	20

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	20	20
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20	20

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
45
-

N/A

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Since the end of the quarter the Group has raised \$350,000 in short term debt from private investors. The debt is unsecured. \$300,000 has a term of one year and is at an interest rate of 15%. \$50,000 is for 90 days at an interest rate of 15%. Further debt up to another \$400,000 is in contemplation subject to the Groups needs.

9. Estimated cash outflows for next quarter**\$A'000**

9.1	Exploration and evaluation	300
9.2	Development	300
9.3	Production	100
9.4	Staff costs	
9.5	Administration and corporate costs	40
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	740

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location*	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Yerbas Buenas 1-16	Ownership-Exploitation Lease	0	100%
		Arenas III 1-15	Ownership-Exploitation Lease	0	100%
		Arenas IV 1-10	Ownership-Exploitation Lease	0	100%
		Arenas VI 1-20	Ownership-Exploitation Lease	0	100%
		Arenas X 1-18**	Ownership-Exploitation Lease	0	100%
			Ownership-Exploitation Lease		

**** All Mining Properties are contiguous in Municipality of La Higuera, Province of Elqui, in the Coquimbo Region of Chile**

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 28th April 2017

(Director)

Print name: Paul J. Davies

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.