



Quarterly Report December 2017

Quarterly Highlights

- The Company welcomes Mr Frank Terranova as Chairman
- Approximately AU\$4 million funding secured subject to approval at general meeting on 16 February 2018
- 15,804 tonnes of magnetite sold with a value of US\$256,984 during quarter
- Phase 1 Tertiary crushing optimisation completed delivering improved production volumes and grades
- Planning for Phase 2 optimisation is underway with further substantial improvements expected

Yerbas Buenas in Summary

Magnetite production for the quarter was 15,804 tonnes which was delivered and sold to the CAP Romeral plant for revenues of US\$256,984 inclusive of IVA.

Installation of tertiary crushing and screening equipment was completed toward the end of December and commissioning commenced. The circuit is operational as of January 2018. Initial results show considerable benefit from the use of the tertiary cone crusher with an almost immediate increase in plant recoveries and higher iron grades of product dispatched to CAP Romeral pellet feed plant. Magnetite concentrates with up to 59% Fe are now being achieved with the upgraded processing circuit. Analysis completed in the CAP laboratory using Davis Tube equipment shows that it is possible to upgrade Yerbas Buenas magnetite to 67-69% Fe.

The mobile in-pit crushing unit trialled during October and November operated very well with higher than expected availabilities producing 49,000 tonnes of both coarse and fine products. The fine product was treated immediately through the magnet plant and 19,000 tonnes of the coarser +25mm portion stored awaiting the arrival of a mobile cone crusher in late November which when run was unable to achieve the desired -10mm reduction and improved grades. The mobile cone crusher was subsequently demobilised from site and was one of the causes of the lower than expected production during December.

The iron ore price continued to increase during the quarter for 62% Fines CFR north China rising from US\$60.38 in October to US\$63.21 in November and US\$71.28 in December.

Exploration activities in the Company's northern anomaly area which are highly prospective for gold and copper mineralisation continue to be advanced.

Board

During the quarter, Mr Frank Terranova was appointed Chairman of Freehill Mining Limited. Frank brings to the Company extensive knowledge and experience in the mining sector both domestically and internationally.

Our former Chairman Mr Stephen Chaplin and director Mr Nicholas Kapes having seen the Company through from its pre-IPO stage have chosen to resign their respective positions. The Company thanks Mr Chaplin and Mr Kapes for their contribution to the development of Freehill Mining Limited.

The Board will continue to review the expertise and competence required to take the Company forward.

Finance

The Company successfully completed negotiation of two Convertible Note Financings providing funding up to approximately AU\$4 million. A portion of this funding, in the amount of US\$1,250,000, is subject to the Company obtaining approval from shareholders for the issue of convertible notes – the Company has called a general meeting of shareholders for 16 February 2018 to approve the future issue of securities pursuant to the financings, and to ratify security issues made to date, among other things.

The Board considers these financings will enable Freehill Mining to establish a commercial production facility, delivering significant contribution to the Company's bottom line while finalizing and executing a drilling program that will enable a JORC resource to be reported. This is a major step forward in commercialising our current activities.

About Freehill Mining Limited

Freehill Mining Limited is a mineral exploration company focused on creating shareholder wealth through the identification of mineral resources in Chile and development of its Yervas Buenas magnetite project. The company has also identified copper and gold mineralisation on its tenements and will further develop these.

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Competent Persons Statement: The information in this report that relates to Exploration results is based on information compiled by Mr Peter Hinner a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy'. Mr Hinner is a full-time employee of the Freehill Mining Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peter Hinner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.'