



28 October 2021

Quarterly Activity Report 30 September 2021

- Development initiatives to begin phase one mining at 100%-owned Yervas Buenas magnetite project continued during the quarter
- DD Consulting report provided in-depth analysis of all the test work undertaken at Yervas Buenas, including the assessment of three types of processing options
- Freehill to commence phase one mining and processing operations with an initial approval to produce ~5,000 tonnes per month of finished product
- MTN Gold SpA secured to deliver turnkey solution post quarter end

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') is pleased to provide this activity report for the quarter ended 30 September 2021 (the 'quarter').

100%-owned Yervas Buenas magnetite project update

Freehill made considerable progress during the quarter advancing the start-up of first phase mining operations at the Yervas Buenas magnetite project.

Highly respected mining consultant Dean David FAusIMM, CP (Met) of DD Consulting completed the report on the in-depth analysis of all of the test work undertaken to date at Yervas Buenas. This included the assessment of three types of process options for the mine; 68%+ Fe grade pellet feed, 63% Fe grade HG fines and 53% Fe grade LG fines.

Key report findings and conclusions:

- Freehill can crush the Yervas Buenas magnetite ore to -3 mm and produce a relatively high-grade concentrate (52% to 62% Fe) with low technical risk given the simplicity of the proposed plant which will include a primary and secondary crusher, and three tertiary crushers;
- The product would be suitable for sale as feed to a pellet feed production facility and may be suitable for sinter feed;
- The YB ore has the potential to provide very high-grade magnetite concentrate, probably a premium product suited for feeding direct reduction (DR) ironmaking; and
- Magnetite concentrates are the highest-grade natural iron ore products generated and may attract a premium price. The benchmark price referenced daily is set by the most common traded iron ore product, hematite fines and at a grade of 62% Fe.

Image 1 provides the flowsheet to produce 62% Fe:

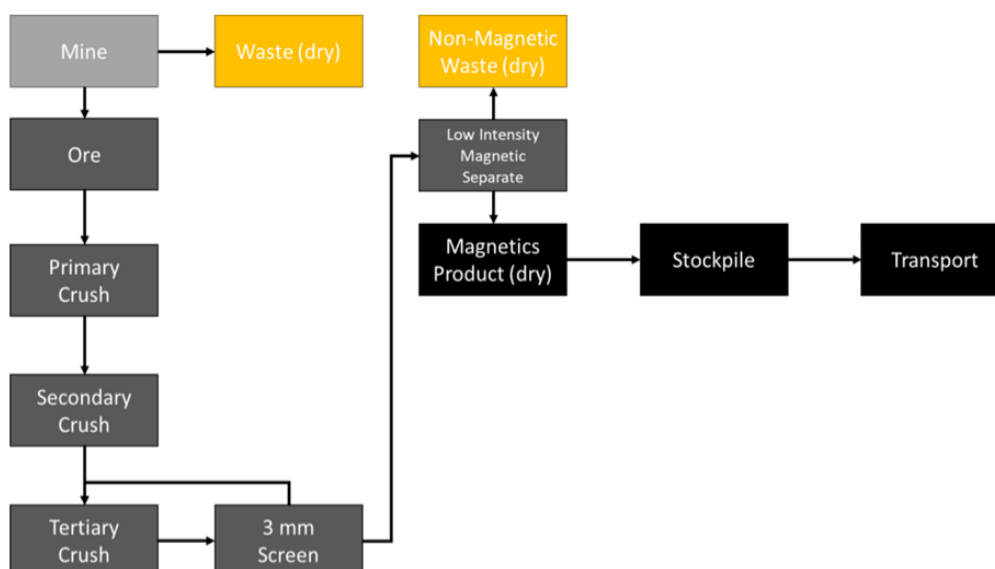


Image 1: Flowsheet to Prepare and Upgrade -3mm Crushed Ore (52%-62% Fe Product)

Next steps to progress phase one mining:

Based on the report findings, Freehill is now progressing towards a low CAPEX and OPEX first phase of operation producing ~5,000 tonnes of finished product per month to generate first cash flows. The Company began assessing proposals from experienced local contract miners to commence mining and processing operations.

Development initiative events subsequent to the end of the quarter:

After an extensive tender process, experienced local contractor MTN Gold SpA (**MTN**) was secured to deliver turnkey mining, crushing and ore processing services. MTN will supply all necessary mining, crushing and processing equipment so Freehill can deliver ~5,000 tonnes per month of 53%-63% Fe HG fines for sale to off-takers that have already been identified. The immediate focus for MTN is to deal with waste rock from the proposed mine site and to undertake site preparation work so the plant and equipment can be set up and fully operation.

El Dorado project update

Initiatives at El Dorado remained suspended during the quarter as the Company focussed its resources to project development activities at Yervas Buenas magnetite project.

Mining tenements listing

In accordance with ASX Listing Rule 5.3.3, Freehill provides the following information in relation to its tenement holdings located in Chile:

Tenement Name	Freehill Group Ownership	Location	Licence Number	Area
YERBAS BUENAS 1-16	100%	Region IV, Chile	04102-2723-1	50 Ha
ARENAS III 1 to 15	100%	Region IV, Chile	04102-2714-2	150 Ha
ARENAS IV 1 to 10	100%	Region IV, Chile	04102-2715-0	44 Ha
ARENAS VI 1 to 20	100%	Region IV, Chile	04102-2755-K	92 Ha
ARENAS X 1 to 18	100%	Region IV, Chile	04102-2937-4	54 Ha
ARENAS XI 1 to 20	100%	Region IV, Chile	04102-3522-6	80 Ha
EL DORADO I 1 to 10	100%	La Higuera, Chile	04102-3669-9	100 Ha
EL DORADO II 1 to 10	100%	La Higuera, Chile	04102-3670-2	100 Ha
EL DORADO III 1 to 10	100%	La Higuera, Chile	04102-3671-0	100 Ha
EL DORADO IV 1 to 10	100%	La Higuera, Chile	04102-3672-9	100 Ha
EL DORADO V 1 to 10	100%	La Higuera, Chile	04102-3673-7	58 Ha
EL DORADO VI 1 to 10	100%	La Higuera, Chile	04102-3674-5	94 Ha
EL DORADO VII 1 to 7	100%	La Higuera, Chile	04102-3675-3	70 Ha
EL DORADO VIII 1 to 10	100%	La Higuera, Chile	04102-3676-1	96 Ha
Total				1,188 Ha

Freehill Mining Ltd – iron ore producers | ACN 091 608 025 | www.freehillmining.com

| Tel: +61 (0)3 8658 5976 | email: info@freehillmining.com

Melbourne Office

| Level 24, 570 Bourke Street, Melbourne, Vic 3003

La Serena, Chile office

| Level 7, Edificio Seville, Avenida Del Mar La Serena, Chile South America

Underwriting of option exercise by existing shareholder:

Subsequent to the end of the quarter, Freehill and existing shareholder Mr Gavin Ross entered into an underwriting agreement where he has agreed to partially underwrite any shortfall of the exercise of the Company's FHSO options which are set to expire on 12 November 2021. Mr Ross will do so by subscribing for share entitlements attached to unexercised options up to a maximum amount of \$800,000 (amounting to 32,000,000 FHSO options).

The FHSO options have an exercise price of 2.5 cents (\$0.025) each and as at 30 September 2021 there was 80,078,205 FHSO options on issue. Some \$480,000 has been received from option exercise since Quarters end.

Funding

As at the end of the quarter Freehill has cash at bank of \$1.105 million and this combined with ongoing option exercise and the support provided by the option underwriting the Company is well funded to pursue and develop its current works program. Anticipated revenues from Phase 1 mining operations will further strengthen the Company's financial position.

Comment:

Chief Executive Officer Paul Davies said: *"During the quarter, the Company's primary focus was on the advancement of the Yervas Buenas magnetite project. After committing considerable resources to the project, it was pleasing to witness significant progress made to the point where phase one mining operations are now underway as equipment mobilises to site.*

"The completed DD Consulting report outlined the clear processing options for Freehill and we have taken these findings on board as the initial production of ~5,000 tonnes of finished product per month begins. We have deployed experienced mining contractors MTN Gold SpA to deliver their turnkey solution.

With considerable demand for the Yervas Buenas ore, we will continue to assess the number of different sales channels available to us. I look forward to providing shareholders with regular updates as activity ramps up at Yervas Buenas."

About Freehill Mining Limited

Freehill Mining Limited (ASX: FHS) is a mining and exploration company currently focused on the development of its 100%-owned, 478 hectare Yervas Buenas magnetite project in Chile. Mobilisation for Phase 1 mining operations at the Yervas Buenas magnetite mine is now underway and the Company continues to advance the development of the larger scale magnetite resource.

For further information, please contact:

Paul Davies
Chief Executive Officer
Freehill Mining Limited
+61 419 363 630

Media & investor relations inquiries: Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448



Follow [@FreehillMining](https://twitter.com/FreehillMining) on Twitter

Follow [Freehill Mining](https://www.linkedin.com/company/freehill-mining/) on LinkedIn

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FREEHILL MINING LTD

ABN

27 091 608 025

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		7	7
1.2 Payments for			
(a) exploration & evaluation			
(b) development			
(c) production			
(d) staff costs		(60)	(60)
(e) administration and corporate costs		(268)	(268)
1.3 Dividends received (see note 3)			
1.4 Interest received			
1.5 Interest and other costs of finance paid		(7)	(97)
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		(328)	(328)

2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) tenements			
(c) property, plant and equipment			
(d) exploration & evaluation		(159)	(159)
(e) investments			
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) 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	(159)	(159)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7	7
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings		
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	57	57

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,535	1,535
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(328)	(328)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(159)	(159)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	57	57

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,105	1,105

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	1,105	1,535
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)	1,105	1,535

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	45
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
6.1 Include payments of directors and consulting fees.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)	50	50
7.4	Total financing facilities	50	50
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Other borrowings relate to debt with a conversion of option. Interest is payable on the debt with conversion option at 10% per annum and the borrowings expire in November 2021. It can be converted at a 15% discount to 7 day VWAP.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(328)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(159)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(487)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,105
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,105
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.26
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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.

Date: 28 October 2021

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.