



22 June 2023

Shareholder Update

Freehill Mining Limited (ASX:FHS 'Freehill' or 'the Company') is pleased to provide this update to shareholders with respect to its operations at the 100%-owned Yervas Buenas Project in Chile, new funding being secured and steps being taken so trading can resume on the Australian Securities Exchange.

Yervas Buenas Operations Update

As communicated in the Half Year Accounts released to ASX on 12 May 2023, due to changes in Chilean environmental laws, Chilean cement companies can no longer source gravels from river beds, which historically provided 95% of supply.

The waste or reject material from Freehill's Yervas Buenas magnetite project has been established as an acceptable alternative material having gone through testing by multiple cement companies.

Freehill has initiated a program to take advantage of this significant opportunity and has completed the following steps:

- commenced outsourcing the role of operator to an experienced contractor;
- developed a business plan to commence waste material processing operations on a sensible and profitable scale;
- executed the initial steps of this plan with the purchase of appropriate plant and equipment;
- set up all screening and waste material processing plant and equipment which has been thoroughly tested; and
- waste material is now being stockpiled for first deliveries and first sales are anticipated next week. A further update will be provided once sufficient volumes of material have been sold and steady state production and sales achieved.

Freehill's immediate focus is to establish stable and predictable sales of waste material, with acceptable margins, over a number of months.

The Company is also proposing to pursue a low-cost, small scale magnetite operation at Yervas Buenas, and is focused on securing an experienced iron ore operator that can deliver product at acceptable grade and margin. This is progressing.

Other projects and investments complementary to Freehill's asset base are also being assessed that can deliver upside value to shareholders, however, the immediate focus is to deliver stable cash generation through the waste material processing operation.

Funding Update

To fund the capital expenditure and operating costs associated with waste material processing and sales operation in Chile, and ongoing working capital requirements, the Company confirms that it has received loan funds totalling approximately \$1.15 million¹ from lenders that are proposed to be

¹ Includes \$315,100 advanced prior to 31 December 2022 (as set out in Freehill's half year accounts for the period ending 31 December 2022) plus approximately \$835,000 advanced since 1 January 2023

convertible into Freehill shares on the same terms as a capital raising. A list of the material lenders, the amounts advanced and the relevant repayment dates are set out at Schedule 1 of this announcement. The loan facility agreements with the lenders are on the same terms, and have the following key terms:

- interest rate of 10.00% per annum;
- repayment date of 2 years after the advance date. The earliest repayment of a loan amount under the loan facility agreements is 29/8/2024;
- the loan and accrued interest may be converted into shares in the Company*, where the issue price will depend on the timing for the conversion. Where the conversion occurs:
 - within the six months after the commencement date under the loan facility agreement*, and a rights issue has occurred, then the price share will be the same issue price as under the rights issue; or
 - between six months after the commencement date to the repayment date*, then the price per share will be the higher of:
 - the price per share under the last rights issue conducted after the commencement date; and
 - 80% of the volume weighted average price for the 30 trading days immediately prior to the conversion notice date or the relevant issue date, based on trading as reported by ASX, excluding any trades made by the lender or any of its affiliates;
- the issue of any shares on conversion shall be subject to the Company having placement capacity under the ASX Listing Rules or first obtaining shareholder approval*;
- two subsidiaries of the Company, San Patricio Minería SpA and Yervas Buenas SpA, guarantee the repayment of moneys owing to the lenders, and have provided a mortgage in favour of Carrum Commercial Pty Ltd (**Carrum**) (a non-related party of the Company), where Carrum and the other lenders have entered into an inter-creditor deed in respect of amounts owing to the lenders;
- the lender will not be required to advance any further amount for the shares issued on a conversion. That is, any shares will be issued as repayment for the amount advanced by the lender and the accrued interest; and
- terms are otherwise market standard for a loan arrangement such as this.

* Where shareholder approval is obtained for the issue of these shares to:

- non-related parties, these shares will be issued within three months; and
- related parties, these shares will be issued within one month,

of that shareholder approval being obtained.

Re-quotation

The Board proposes to shortly engage with ASX in relation to lifting of the Company's suspension. In this regard, the Company proposes to:

1. seek shareholder approval for the proposed conversion of the current loan funds. In accordance with an approval under:
 - a. Listing Rule 7.1 for an issue to non-related parties, these shares will be issued within three months; and
 - b. Listing Rule 10.11 for an issue to related parties, these shares will be issued within one

- month,
of obtaining that approval*; and
- conduct a fundraising from existing shareholders, at the same issue price as the conversion price under the loan advances.

* For indicative purposes, the following total number of shares will be issued if shareholder approval is obtained for the issue of shares for the principal and accrued interest to 31 August 2023:

Share price*	Total shares issued**
\$0.0015	806,066,233
\$0.003	403,033,117
\$0.0045	268,688,744

* Indicative share price provided for illustrative purposes

** If the Company does not obtain shareholder approval, then the Company will only be able to issue these shares to the extent that it has capacity to do so under Listing Rule 7.1 or subject to obtaining shareholder approval in the future

Freehill expects to shortly provide a submission to the ASX in relation to the timetable and process for re-quotations, and will provide an update to shareholders thereafter.

Freehill also expects to shortly provide a further update to shareholders on the capital raising and its operations in Chile.

Schedule 1 – Lenders

Lender	Principal	Repayment Date
DG Freehold Pty Ltd	\$120,000	3/01/2025
J M Ross Super Pty Ltd ATF J M Ross Super Fund	\$100,000	30/03/2025
Claymore Ventures Limited	\$100,000	17/04/2025
Mr Robert Jesse Hunt	\$100,000	9/05/2025
WFC Nominees Pty Ltd	\$100,000	9/05/2025
Mrs Anita Mangion ¹	\$100,000	14/09/2024
B&J Duddy Investments Pty Ltd	\$70,000	30/08/2024
Paul J Davies ²	\$40,300	12/10/2024

¹ Anita Mangion is the wife of Raymond Mangion who resigned as a director of the Company on 20 February 2023, and will therefore be considered a related party of the Company for the purposes of the ASX Listing Rules until 20 August 2023.

² Paul J Davies is a director of the Company, and is therefore a related party of the Company. There are four non-related party lenders that have advanced \$50,000 (being more than the amount loaned by Paul Davies) that are not included in the above table.

Board Composition

The Board has resolved to appoint Benjamin Jarvis as Non-Executive Chairman. Mr Jarvis was appointed a Non-Executive Director of the Company on 5 April 2023 and has been working closely with management on securing capital to fund the Company's ongoing operations and the start-up of the waste material processing operation in Chile.

-ENDS-

Authorised by the Board of Freehill Mining Limited.

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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 and associated materials project in Chile. The Company also holds copper and gold exploration projects in Chile and is assessing other related investment opportunities.