



31 July 2024

Quarterly Activities Report for the period ended 30 June 2024

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') is pleased to provide this activities report for the quarter ended 30 June 2024 (the 'quarter'). The key focus was increasing the production and sales of waste materials from the 100%-owned Yerbas Buenas mine in Chile. All figures are quoted in Australian dollars unless stated otherwise.

Highlights

- Gross sales were \$470,000, an 84% increase on the prior quarter (\$255,000)¹ reflecting growing sales momentum.
- Customer receipts were \$434,000, a 176% increase from the previous quarter (\$157,000,) and the fourth straight quarterly increase in cash receipts from operations. The increase is due primarily to increased sales volumes as well as cash collected from debtors.
- Production costs of \$360,000 were up considerably (previous quarter \$106,000) due to a ramp up in processing activities to build substantial waste material stockpiles for future deliveries to support major customer projects. The majority of production costs are made up fuel, labour and transport.
- Post quarter end, the Company raised \$500,000 at \$0.006 per share to provide working capital for increased production activities and to fund the recommencement of magnetite mining operations at Yerbas Buenas. The Company also had trade debtors of quarter end of \$168,000.

Comment

Non-Executive Chairman Ben Jarvis said: *"The 84% increase in sales from the previous quarter reflects growing demand for our materials and the fact that we have established Yerbas Buenas as a reliable and significant source of material for major infrastructure projects underway and planned in the region. Our focus in the current quarter is to continue growing sales, further enhance our plant to recommence magnetite mining and manage our cost base to maximise margins. We see considerable upside to our sales, underpinned by growing demand from existing customers and new customer contracts that we will secure near-term."*

Chief Executive Officer Paul Davies added: *"I would like to acknowledge the significant efforts of our people in Chile in transforming Yerbas Buenas into a viable and growing operation. We also express our deepest sympathies for the loss of our co-worker. While we aspire to create a significant enterprise, we are today a tight knit team, with all personnel known to each other, and all feel this loss."*

¹ Monthly sales inclusive of Impuesto al Valor Agregado ('IVA') of 19%, being Chile's Value Added Tax

Financial overview

Receipts from customers were up 176% quarter-on-quarter to \$434,000 (prior quarter: \$157,000) while gross sales including Impuesto al Valor Agregado ('IVA') of 19% (Chile's Value Added Tax) for the quarter totalled \$470,000 (prior quarter: \$255,000). Production costs were \$360,000 due reflecting increased sales and production in response to growing demand and increased consumption from our standing \$2 million order base. The Company had trade debtors of \$168,000 at the quarter-end. Administrative and corporate costs were \$101,000 (prior quarter: \$265,000) and the company continues to focus on cost control across its operations and at a corporate level.

Operational summary

The sole focus for the period was on ramping up deliveries and sales to major customers in line with previously reported purchase orders. There has been a significant increase in supply to leading Chilean construction company, Empresa Constructora Belfi SA ('Belfi SA'), to support the expansion of their Coquimbo port, and we have continued to provide consistent deliveries to Unicon and Cementos Melón ('Melón'), two of Chile's largest cement companies. Discussions with these major customers has indicated satisfaction with initial supply arrangements and given the Company's performance in increasing demand for product. In addition, Melon has indicated an appetite for the purchase of pre-concentrate magnetite for use in their product range at attractive pricing above the local delivery iron ore market. As an approved supplier, we are well placed to take advantage of this opportunity.

Stockpiles of material provide ample capacity to meet its supply agreements in the event of any plant downtime. Stockpiles will continue to build as more waste material is processed. The Company confirms that there is significant volumes of available waste material for future processing.

Events subsequent to quarter-end

In July, the Company was saddened to report that a fatal accident occurred at the Yervas Buenas Project which is being investigated by SERNAGEOMIN and the corresponding authorities. The Company continues to provide support to the family of the deceased and the workers at Yervas Buenas and is cooperating fully with all the relevant authorities. Freehill's contractors have well-defined occupational health and safety procedures for all of its workers, contractors and other parties visiting its site, and the Company fully supports a full review of this most unfortunate incident by the relevant authorities.

On 18 July the Company reported that secured binding commitments to raise \$500,000 via a placement of 83,333,335 fully paid ordinary shares at \$0.006 per Share to new and existing sophisticated investors with \$28,000 committed from directors. Funds are being used for working capital, primarily to facilitate further scale-up of the growing waste materials business, and to fund capex of equipment needed to recommence magnetite mining at the 100% Yervas Buenas project. Planning for these operations are now underway.

Related party payments

In accordance with Listing Rule 4.7C, payments made to related parties and their associates is included in item 6.1 of the Appendix 4C includes Directors' fees and salaries (including superannuation).

Approved for release by the Board of the Company.

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