

Freehill Mining Limited

ACN 091 608 025

Annual Report - 30 June 2024

Freehill Mining Limited
Corporate directory
30 June 2024

| | |
|--------------------------------|--|
| Directors | Paul Davies Benjamin Jarvis Peter Williams |
| Company secretary | Joe Fekete |
| Registered office | Level 24, 570 Bourke St Melbourne, Victoria, Australia, 3000 |
| Principal place of business | Level 24, 570 Bourke St, Melbourne, Victoria, Australia, 3000 |
| Share register | Automic Registry Services Level 12, 50 Holt Street Surry Hills, NSW 2000 |
| Auditor | Connect National Audit Pty Ltd Level 11/333 Collins St MELBOURNE VIC 3000 |
| Stock exchange listing | Freehill Mining Limited shares are listed on the Australian Securities Exchange (ASX code: FHS) |
| Website | www.freehillmining.com |
| Corporate Governance Statement | Refer to www.freehillmining.com |

Freehill Mining Limited
Chairman's letter
30 June 2024

Dear Fellow Shareholders,

It is my pleasure to present the Freehill Mining 2024 Annual Report, following what has been a busy 12 months for the Company. At this time last year, Freehill's near-term objectives were focused on recapitalising the business and meeting our requirements to recommence trading on the ASX, following a series of delays at the Company's 100%-owned Yervas Buenas ('YB') magnetite mine in Chile. In terms of those key deliverables, I am pleased to report that Freehill quickly achieved its goals and subsequently moved on to its core near-term operational priority; to establish Freehill as a trusted supplier of premium waste material products for a client base comprising some of Chile's largest cement and construction companies.

During the financial year, Freehill successfully executed on a multi-phase strategy to expand waste material production and establish product-market fit with large customers. We managed to achieve this while also reporting progressively strong growth in quarterly sales, as demand stayed robust while our capacity to meet that demand increased. In doing so, the Company has capitalised on the opportunity stemming from significant regulatory changes in Chile, which stipulated that feedstock for the cement and construction industries can no longer be extracted from natural sources. In turn, Freehill has positioned its business to meet the demand pivot from major industrials.

Of course, a key requirement of this process was to first establish that waste material products from YB can provide an effective substitute to natural sources. As a feedstock component for the construction sector, waste material suppliers must ensure their product meets the highest standards of safety and quality control to ensure the structural integrity of major infrastructure projects. To that end, the Company has carried out rigorous testing in close collaboration with its client base, to establish both product quality and the required logistics capability to ensure efficient delivery processes.

By proving its credentials in this regard, Freehill has been able to attract a diversified customer base of blue-chip Chilean industrial companies including Empresa Constructora Belfi SA, Cementos Melón and BSA Cementos. Concurrently, our on-site team has worked diligently to boost supply capacity to meet demand, including the rapid procurement and rollout of cost-efficient production equipment. The conversion of our business development and customer engagement practices into revenue-generating waste material contracts was reflected in the group's sales momentum heading into the end of the year – including an 84% quarterly sales uplift in the June quarter which flowed through to a 176% quarterly increase in cash receipts to \$434,000.

Post balance-date, our momentum was slowed by a tragic accident on site at YB which resulted in the death of one of our contracted workers. As well as providing direct assistance to the family, operations temporarily ceased while we engaged directly with regulators including SERNAGEOMIN (Servicio Nacional de Geología y Minería), Chile's national government agency for geology and mining services. This included the implementation of additional measures to enhance our processes around on-site safety and security. Following that process, the Company has received regulatory approval to recommence operations in full. As production ramps back up, Freehill's customers remain very supportive of its operating model as a premium supplier of waste material products. Most recently, existing customer Belfi SA – which is conducting a major expansion of the Coquimbo port facility – awarded Freehill a \$400,000 purchase order, following on from a \$1.7m sale in March 2024.

While recapitalising the business over the past 12 months, the Freehill Board has also not lost sight of our commitment to shareholders to progress towards a restart of magnetite mining operations at YB, to be funded internally through the profits from our waste materials business. The Company continues to view recommencement of magnetite mining as a value-accretive strategy which leverages the inherent strengths of the YB mine, and we look forward to providing more updates on the pursuit of that objective in the 2025 financial year.

To conclude, when I reflect on the 2024 financial year and what we hoped to achieve at this time 12 months ago, I am pleased by the efforts of the Freehill team to deliver on our stated objectives. We head into FY25 with strong momentum in our waste materials business, and an established market position as a trusted supplier in the Chilean market. With further potential upside from the recommencement of magnetite mining, the Board is unanimous in its view that, taking into account the company's share price and market capitalisation, Freehill now offers a compelling value proposition.

Freehill Mining Limited
Chairman's letter
30 June 2024

I'd like to take this opportunity to thank our shareholders for their ongoing support, which included two capital raises during the period; a \$704,000 Entitlement Offer in September 2023 and a \$1.2m Placement in January 2024, along with an additional \$500,000 Placement in July 2024. These funding rounds have helped underpin the execution of our stated development strategy and facilitated the scale-up of processing operations made possible by acquiring the necessary plant and equipment to meet growing customer demand. With a clear strategy to achieve profitability, we are ready to deliver at the operational level and, along with my fellow Directors, as Freehill Chairman, we are committed to unlocking the value that is evidently inherent in our Chilean asset base.

Ben Jarvis
Non-Executive Chairman

Freehill Mining Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Freehill Mining Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Freehill Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Davies
Benjamin Jarvis
Peter Williams

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Continue to develop position as leading supplier of material to Infrastructure and Construction Sectors in La Serena Region;
- Initiate small scale magnetite mining and production at Yervas Buenas mine;
- Diversify product offering within waste material business; and
- Reviewing potential acquisitions predicated on adding shareholder value.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,505,954 (30 June 2023: \$14,707,646).

The loss for the prior year includes \$13,011,718 of impairment expense in relation to mining and exploration assets.

Refer to the Chairman's Letter that directly precedes this Directors' Report.

Significant changes in the state of affairs

Other than those matters disclosed in the Chairman's Letter, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 8 July 2024, the company announced that a fatal accident occurred at the company's Yervas Beunas site. The financial impact of any settlement is still being determined.

Since 30 June 2024, the company issued has 78,683,337 fully paid ordinary shares raising \$472,100 before costs.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law. It subject to environmental regulations in Chile and breaches occurred during the year.

Freehill Mining Limited
Directors' report
30 June 2024

Information on directors

Name: Paul Davies
Title: Chief Executive Officer
Qualifications: Paul holds an Economics Degree from Monash University, has qualified as a Chartered Accountant and is an alumnus of the Stanford Business School.
Experience and expertise: Mr Davies has been CFO of the Company for six years prior to being appointed Chief Executive. He brings an intimate knowledge of Freehill's activities combined with significant experience in the mining sector from his 30 plus years in the finance industry. During his career, Mr Davies has held leadership roles with many organisations, both large and small, in addition to his finance experience. Most notably, he was Director in Charge of Corporate and Institutional Banking for Deutsche Bank Australia and a member of the Deutsche Bank Credit Committee.

He has been directly involved in over \$20 billion worth of transactions involving origination, advising, arranging, structuring, project finance, lead managing, syndication, negotiation, risk management, including servicing many of Australia's major mining companies. Before Deutsche Bank, Mr. Davies worked for a number of years with both Bankers Trust Australia and Macquarie Bank. Mr Davies holds an Economics Degree from Monash University, has qualified as a Chartered Accountant and is an alumnus of the Stanford Business School.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: 38,404,806 fully paid ordinary shares
Interests in options: Nil
Interests in rights: Nil

Name: Benjamin Jarvis
Title: Non - Executive Director
Experience and expertise: Mr Jarvis is an experienced company director in the small resources sector. Since 2011, he has been a non-executive director of South-American focused Austral Gold Limited (ASX: AGD; TSX-V: AGLD), a precious metals mining and exploration company with an extensive portfolio of assets in Chile and Argentina. He is also a non-executive director of QX Resources Limited (ASX: QXR) which has a portfolio of exploration assets in Australia and other investments in the resources sector, and a non-executive director of unlisted public company Aeramentum Resources Limited which is focused on copper, nickel, cobalt and gold exploration in Cyprus in the EU. Mr Jarvis is the managing director of Six Degrees Investor Relations, an investor relations and advisory firm he founded in 2006 with offices now in Sydney and Perth.

Other current directorships: Austral Gold Limited (ASX: AGD; TSX-V: AGLD), Agua Resources Limited (ASX: AGR) and QX Resources Limited (ASX: QXR)
Former directorships (last 3 years): Nil
Interests in shares: 1,450,000 fully paid ordinary shares held directly
 34,249,986 fully paid ordinary shares held indirectly
Interests in options: Nil

Name: Peter Williams
Title: Non-Executive Director
Experience and expertise: Mr Williams joins the Board with over 20 years' experience as a company director, and a successful career in logistics management and private equity. His career experience includes over 30 years' experience at Toyota Tsusho Australasia, a wholly owned trading and supply-chain specialist of the Toyota Group. As Director and COO of Toyota Tsusho Australia, Mr Williams led all trading divisions and sat on the board of five subsidiary companies with annual revenues of over \$500 million. He was subsequently appointed as an Investment Committee Member for TeamInvest Private Ltd, a specialised private equity investment group which listed on the ASX in 2019.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: 28,580,359 fully paid ordinary shares
Interests in options: Nil

Freehill Mining Limited
Directors' report
30 June 2024

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Joe Fekete holds a Bachelor of Business in Accounting and is a registered Company Secretary. He is a member of both the CPA Australia and the Chartered Institute of Secretaries. His business management and accounting experience spans over 20 years in various industries including Mining, Advertising, Travel, Wholesale Retail distribution, Construction, and Public Practice. Joe is an experienced professional who has gained his experience in areas of statutory reporting, IPOs, accounting, system development, restructuring and general business management from the Board Room to Shop Floor.

He is also experienced in public disclosure requirements and dealing with external parties, including statutory reporting and in the delivery of quality management information within the organisation on a timely basis.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

| | Full Board Attended | Held |
|----------------|------------------------|------|
| Paul Davies | 4 | 4 |
| Ben Jarvis | 4 | 4 |
| Peter Williams | 4 | 4 |

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. The board have structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Freehill Mining Limited
Directors' report
30 June 2024

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination, where the shareholders approved a maximum annual aggregate remuneration of \$200,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- Long-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments including performance rights issued in accordance with the company's Equity Incentive Plan.

Use of remuneration consultants

During the financial year ended 30 June 2024, the consolidated entity did not engage remuneration consultants.

Voting and comments made at the company's 30 November 2023 Annual General Meeting ('AGM')

At the 30 November 2023 AGM, 99.65% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Freehill Mining Limited
Directors' report
30 June 2024

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Share-based payments | Share-based payments | Total |
|-----------------------------|-----------------------|-----------------------|--------------------|--------------------------|----------------------|----------------------|---------|
| | Salary and fees \$ | Consulting fees \$ | Non-monetary \$ | Super-annuation \$ | Shares issued * | Equity-settled \$ | |
| 2024 | | | | | | | |
| Peter Williams | 41,500 | - | - | - | 3,500 | - | 45,000 |
| Ben Jarvis | 38,727 | - | - | - | 21,273 | - | 60,000 |
| <i>Executive Directors:</i> | | | | | | | |
| Paul Davies | 86,912 | - | - | - | 12,088 | - | 99,000 |
| | 167,139 | - | - | - | 36,861 | - | 204,000 |

* During the year, directors were issued shares to settle fees for current period and prior periods. The value of shares relating to current year fees has been disclosed above.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total |
|-----------------------------|-----------------------|-----------------------|--------------------|--------------------------|--------------------------|----------------------|---------|
| | Salary and fees \$ | Consulting fees \$ | Non-monetary \$ | Super-annuation \$ | Long service leave \$ | Equity-settled \$ | |
| 2023 | | | | | | | |
| Raymond Charles Mangion * | 28,849 | - | - | - | - | - | 28,849 |
| Jim Moore * | 28,849 | - | - | - | - | - | 28,849 |
| Peter Williams | 7,500 | - | - | - | - | - | 7,500 |
| Ben Jarvis ** | 21,000 | - | - | - | - | - | 21,000 |
| <i>Executive Directors:</i> | | | | | | | |
| Paul Davies *** | 99,000 | - | - | - | - | 17,299 | 116,299 |
| | 185,198 | - | - | - | - | 17,299 | 202,497 |

* Resigned on 20 February 2023.

** Includes director's fees of \$11,250 and additional investor relations consulting fees incurred since his appointment.

*** The performance rights for which this expense relates to lapsed during the year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---------------------------------|--------------------|------|---------------|------|---------------|------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| <i>Non-Executive Directors:</i> | | | | | | |
| Raymond Charles Mangion | - | 100% | - | - | - | - |
| Jim Moore | - | 100% | - | - | - | - |
| Peter Williams | 100% | 100% | - | - | - | - |
| Ben Jarvis | 100% | 100% | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | |
| Paul Davies | 100% | 85% | - | - | - | 15% |

Freehill Mining Limited
Directors' report
30 June 2024

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|----------------------|--|
| Name: | Paul Davies |
| Title: | Chief Executive Officer |
| Agreement commenced: | 1 January 2017 |
| Details: | Remuneration is set at \$99,000 per annum plus GST |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

| | 2024 \$ | 2023 \$ | 2022 \$ | 2021 \$ | 2020 \$ |
|-------------------------|-------------|--------------|-------------|-------------|-------------|
| Revenue | 691,105 | 112,965 | - | 2,825 | 13,471 |
| Loss after income tax * | (1,505,594) | (14,707,646) | (1,616,501) | (2,244,747) | (2,831,376) |

* The loss for the 2023 year includes \$13,011,718 of impairment expense in relation to mining and exploration assets.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|--------|--------|------|--------|--------|
| Share price at financial year end (cents) * | 0.60 | - | 1.80 | 3.40 | 5.40 |
| Basic earnings per share (cents per share) | (0.06) | (0.78) | 0.09 | (0.14) | (0.25) |
| Diluted earnings per share (cents per share) | (0.06) | (0.78) | 0.09 | (0.14) | (0.25) |

* The company was suspended from trading on the ASX at 30 June 2023.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Additions | Received in relation to remuneration | Other | Balance at the end of the year |
|------------------------|--|-------------------|--|----------|--------------------------------------|
| <i>Ordinary shares</i> | | | | | |
| Paul Davies | 4,706,787 | 8,043,786 | 25,654,233 | - | 38,404,806 |
| Peter Williams | 20,990,299 | 4,090,060 | 3,500,000 | - | 28,580,359 |
| Ben Jarvis | - | 9,016,653 | 26,683,333 | - | 35,699,986 |
| | <u>25,697,086</u> | <u>21,150,499</u> | <u>55,837,566</u> | <u>-</u> | <u>102,685,151</u> |

Loans to key management personnel and their related parties

There were no loans transactions with key management personnel and their related entities as at 30 June 2024.

Freehill Mining Limited
Directors' report
30 June 2024

Other transactions with key management personnel and their related parties

During the year entities, entities related to Ben Jarvis received fee totalling \$15,773 for investor relations services provided in his directors fees.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Freehill Mining Limited under option at the date of this report are as follows:

| Expiry date | Exercise price | Number under option |
|------------------|----------------|---------------------|
| 22 February 2026 | \$0.0250 | 72,000,000 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Freehill Mining Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Business risks

The Consolidated Entity's significant business risks are summarised below:

- Commodity prices are subject to volatility due to factors such as supply and demand dynamics and overall economic conditions. Changes in prices will directly impact the consolidated entity's revenues and profitability.
- Risk related to general market conditions which add pressure on future project value and access to capital.
- Jurisdictional risk is considered low given the positive mining investment environment in Chile.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Connect National Audit

There are no officers of the company who are former partners of Connect National Audit.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Freehill Mining Limited
Directors' report
30 June 2024

Auditor

Connect National Audit continues in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Benjamin Jarvis
Director

30 September 2024

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Freehill Mining Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Freehill Mining Limited.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888

GEORGE GEORGIOU FCA RCA
MANAGING DIRECTOR

Freehill Mining Limited

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30 June 2024

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General information

The financial statements cover Freehill Mining Limited as a consolidated entity consisting of Freehill Mining Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Freehill Mining Limited's functional and presentation currency.

Freehill Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 24, 570 Bourke St,
Melbourne, Victoria,
Australia, 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2024. The directors have the power to amend and reissue the financial statements.

Freehill Mining Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

| | Note | Consolidated 2024 \$ | 2023 \$ |
|---|-------------|-------------------------------------|---------------------|
| Revenue | 4 | 691,105 | 112,965 |
| Other income | 5 | 1,195 | 59,958 |
| Expenses | | | |
| Mine production costs | | (769,263) | (556,270) |
| Corporate and administration expenses | | (805,711) | (595,762) |
| Consulting expenses | | (151,496) | (29,494) |
| Employee benefits expense | | (325,532) | (348,788) |
| Impairment of non-current assets | 6 | - | (13,011,718) |
| Depreciation and amortisation expense | | (95,611) | (32,054) |
| Other expenses | | (5,370) | (89,103) |
| Finance costs | | (45,271) | (217,380) |
| Loss before income tax expense | | (1,505,954) | (14,707,646) |
| Income tax expense | 7 | - | - |
| Loss after income tax expense for the year attributable to the owners of Freehill Mining Limited | | (1,505,954) | (14,707,646) |
| Other comprehensive income / (loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (132,357) | 1,694,952 |
| Other comprehensive income / (loss) for the year, net of tax | | (132,357) | 1,694,952 |
| Total comprehensive loss for the year attributable to the owners of Freehill Mining Limited | | <u>(1,638,311)</u> | <u>(13,012,694)</u> |
| | | Cents | Cents |
| Basic earnings per share | 27 | (0.06) | (0.78) |
| Diluted earnings per share | 27 | (0.06) | (0.78) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Freehill Mining Limited
Statement of financial position
As at 30 June 2024

| | Note | Consolidated 2024 \$ | 2023 \$ |
|----------------------------------|-------------|-------------------------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 63,481 | 46,880 |
| Trade and other receivables | 8 | 518,872 | 58,448 |
| Inventories | | 106,524 | - |
| Other | | 2,928 | 45,952 |
| Total current assets | | <u>691,805</u> | <u>151,280</u> |
| Non-current assets | | | |
| Trade and other receivables | 8 | 887,099 | 1,319,825 |
| Property, plant and equipment | 9 | 750,991 | 437,222 |
| Exploration and evaluation asset | 10 | 23,227 | - |
| Mining | 11 | 10,495,493 | 10,505,042 |
| Total non-current assets | | <u>12,156,810</u> | <u>12,262,089</u> |
| Total assets | | <u>12,848,615</u> | <u>12,413,369</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 368,308 | 665,983 |
| Borrowings | 13 | - | 308,440 |
| Derivative financial instruments | | - | 75,777 |
| Employee benefits | | - | 6,141 |
| Total current liabilities | | <u>368,308</u> | <u>1,056,341</u> |
| Non-current liabilities | | | |
| Borrowings | 13 | - | 1,209,168 |
| Provisions | | 70,000 | 70,000 |
| Total non-current liabilities | | <u>70,000</u> | <u>1,279,168</u> |
| Total liabilities | | <u>438,308</u> | <u>2,335,509</u> |
| Net assets | | <u>12,410,307</u> | <u>10,077,860</u> |
| Equity | | | |
| Issued capital | 14 | 43,981,593 | 40,097,764 |
| Reserves | 15 | 1,201,147 | 1,246,575 |
| Accumulated losses | | <u>(32,772,433)</u> | <u>(31,266,479)</u> |
| Total equity | | <u>12,410,307</u> | <u>10,077,860</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Freehill Mining Limited
Statement of changes in equity
For the year ended 30 June 2024

| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
|--|----------------------------------|------------------------|--------------------------------------|----------------------------|
| Balance at 1 July 2022 | 39,713,329 | (465,676) | (16,558,833) | 22,688,820 |
| Loss after income tax expense for the year | - | - | (14,707,646) | (14,707,646) |
| Other comprehensive income for the year, net of tax | - | 1,694,952 | - | 1,694,952 |
| Total comprehensive income / (loss) for the year | - | 1,694,952 | (14,707,646) | (13,012,694) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 14) | 384,435 | - | - | 384,435 |
| Shared based payments (note 15) | - | 17,299 | - | 17,299 |
| Balance at 30 June 2023 | <u>40,097,764</u> | <u>1,246,575</u> | <u>(31,266,479)</u> | <u>10,077,860</u> |
| Consolidated | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total equity \$ |
| Balance at 1 July 2023 | 40,097,764 | 1,246,575 | (31,266,479) | 10,077,860 |
| Loss after income tax expense for the year | - | - | (1,505,954) | (1,505,954) |
| Other comprehensive loss for the year, net of tax | - | (132,357) | - | (132,357) |
| Total comprehensive loss for the year | - | (132,357) | (1,505,954) | (1,638,311) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 14) | 3,883,829 | - | - | 3,883,829 |
| Share-based payments (note 28) | - | 86,929 | - | 86,929 |
| Balance at 30 June 2024 | <u>43,981,593</u> | <u>1,201,147</u> | <u>(32,772,433)</u> | <u>12,410,307</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Freehill Mining Limited
Statement of cash flows
For the year ended 30 June 2024

| | Note | Consolidated 2024 \$ | 2023 \$ |
|--|-------------|-------------------------------------|----------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees (inclusive of GST) | | (2,185,349) | (1,219,380) |
| Receipts from customers | | 638,142 | 112,965 |
| Interest and other finance costs paid | | - | (120,712) |
| Net cash used in operating activities | 26 | <u>(1,547,207)</u> | <u>(1,227,127)</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 9 | (480,526) | (271,268) |
| Payments for exploration and evaluation | | <u>(24,787)</u> | <u>(919,835)</u> |
| Net cash used in investing activities | | <u>(505,313)</u> | <u>(1,191,103)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings and convertible notes | | 2,271,410 | 1,937,425 |
| Share issue transaction costs | | <u>(199,452)</u> | <u>(53,729)</u> |
| Net cash from financing activities | | <u>2,071,958</u> | <u>1,883,696</u> |
| Net increase/(decrease) in cash and cash equivalents | | 19,438 | (534,534) |
| Cash and cash equivalents at the beginning of the financial year | | 46,880 | 580,651 |
| Effects of exchange rate changes on cash and cash equivalents | | <u>(2,837)</u> | <u>763</u> |
| Cash and cash equivalents at the end of the financial year | | <u><u>63,481</u></u> | <u><u>46,880</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted for the year ended 30 June 2024.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$1,505,954 (2023: \$14,707,646) and had operating cash outflows of \$1,547,207 (2023: \$1,227,127).

These events and conditions indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The directors have reviewed the cash flow forecast for the next 12 months from the date of signing this financial report, and assessed that there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 30 June 2024, the company issued has 78,683,337 fully paid ordinary shares raising \$472,100 before costs;
- The consolidated entity's Yervas Buenas project has commenced production and is budgeted to be generate positive cash flows over the coming 12 month period and beyond. With outstanding orders in excess of \$1 million relating to local infrastructure projects and additional orders coming in, combined with regular consumption from the local construction industry the Company believes the work done to date in establishing itself as a reliable source of supply for leading participants within the construction industry will sustain and evolve its position as a going concern;
- As an ASX listed entity, the company has the ability to access equity capital markets and has a history of being able to raise additional capital as and when the Directors consider appropriate; and
- The Company is reviewing a number of opportunities which it believes will positive generate near term cashflows to further support its development.

Accordingly, the directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. In the event that the Consolidated Entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the company not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Material accounting policy information (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Freehill Mining Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Freehill Mining Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Freehill Mining Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Material accounting policy information (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Mining sales

Revenue from mining sales is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---------------------|---------|
| Motor vehicles | 7 years |
| Plant and equipment | 6 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 1. Material accounting policy information (continued)

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation area of interest is ready to move into the production phase. Amortisation is being charged based of units of production over the estimated total resource.

Issued capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of mining assets and exploration and evaluation assets

The consolidated entity assesses impairment of mining and exploration and evaluation assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. It is only during the current year that the Yervas Buenas project has gone into production. In April the site's plant was completed and ready for use, meaning that it could only operate at full capacity from that time. The impairment assessment at 30 June 2024 was based on expected future cash flows, however given the relatively short time that the project has been fully operational, significant judgement and estimation is required is making this impairment assessment.

During the prior year the consolidated entity has recognised impairments in relation to exploration and evaluation assets (note 10) and mining assets (note 11).

Yervas Buenas Project

As at 30 June 2023, the board determined that the Yervas Buenas project was ready to move into the production phase, and for this reason the capitalised value of exploration and evaluation expenditure relating to that project was transferred to mining assets. Amortisation is being charged based of units of production over the estimated total resource.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: Chilean Mining. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Revenue

| | Consolidated | |
|--------------|---------------------|----------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Mining sales | <u>691,105</u> | <u>112,965</u> |

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 4. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated | |
|--------------------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Geographical regions</i> | | |
| Chile | 691,105 | 112,965 |
| <i>Timing of revenue recognition</i> | | |
| Goods transferred at a point in time | 691,105 | 112,965 |

Note 5. Other income

| | Consolidated | |
|---------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Net foreign exchange gain | 1,195 | - |
| Net gain on derivatives | - | 59,958 |
| Other income | 1,195 | 59,958 |

Note 6. Expenses

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| <i>Impairment</i> | | |
| Mining assets (note 11) | - | 5,597,217 |
| Exploration and evaluation assets (note 10) | - | 7,414,501 |
| Total impairment | - | 13,011,718 |

Note 7. Income tax expense

| | Consolidated | |
|---|---------------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (1,505,954) | (14,707,646) |
| Tax at the statutory tax rate of 25% | (376,489) | (3,676,912) |
| Non-deductible expenses | 20,106 | 218,460 |
| Temporary differences and losses not brought to account | 356,383 | 205,523 |
| Impairment of non-current assets | - | 3,252,929 |
| Income tax expense | - | - |

Note 7. Income tax expense (continued)

| | Consolidated | |
|---|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Australian tax losses not recognised</i> | | |
| Unused tax losses for which no deferred tax asset has been recognised | 11,882,321 | 10,822,111 |
| Potential tax benefit @ 25% | 2,970,580 | 2,705,528 |

In addition to the above Australian tax losses the consolidated entity has unused losses of 2,541,395,777 Chilean pesos (\$4,002,793) which amount to an unrecognised benefit of 686,176,860 Chilean pesos (\$1,085,614). The corporate tax rate in Chile is 27%.

The above potential tax benefit for unused tax losses have not been recognised in the statement of financial position. These unused tax losses are available for used against future taxable income.

Note 8. Trade and other receivables

| | Consolidated | |
|---------------------------|---------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Current assets</i> | | |
| Trade receivables | 52,963 | - |
| Other receivables | 622 | 1,312 |
| Indirect taxes receivable | 465,287 | 57,136 |
| | <u>518,872</u> | <u>58,448</u> |
| <i>Non-current assets</i> | | |
| Indirect taxes receivable | <u>887,099</u> | <u>1,319,825</u> |

Note 9. Property, plant and equipment

| | Consolidated | |
|--------------------------------|---------------------|----------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Plant and equipment - at cost | 721,847 | 310,241 |
| Less: Accumulated depreciation | (73,685) | (18,982) |
| | <u>648,162</u> | <u>291,259</u> |
| Motor vehicles - at cost | 153,797 | 182,999 |
| Less: Accumulated depreciation | (51,266) | (37,036) |
| | <u>102,531</u> | <u>145,963</u> |
| Computer equipment - at cost | 1,191 | - |
| Less: Accumulated depreciation | (893) | - |
| | <u>298</u> | <u>-</u> |
| | <u>750,991</u> | <u>437,222</u> |

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 9. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Motor vehicles \$ | Computer equipment \$ | Plant and equipment \$ | Total \$ |
|-------------------------|-------------------------|-----------------------------|------------------------------|----------------|
| Balance at 1 July 2022 | 144,642 | - | 4,338 | 148,980 |
| Additions | - | - | 271,268 | 271,268 |
| Exchange differences | 25,337 | - | 23,690 | 49,027 |
| Depreciation expense | (24,056) | - | (7,997) | (32,053) |
| Balance at 30 June 2023 | 145,923 | - | 291,299 | 437,222 |
| Additions | - | 1,270 | 479,256 | 480,526 |
| Exchange differences | (21,899) | (20) | (58,776) | (80,695) |
| Depreciation expense | (21,493) | (952) | (63,617) | (86,062) |
| Balance at 30 June 2024 | <u>102,531</u> | <u>298</u> | <u>648,162</u> | <u>750,991</u> |

Note 10. Exploration and evaluation asset

| | Consolidated | |
|--------------------------------------|---------------------|--------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Exploration and evaluation - at cost | 7,541,406 | 7,518,179 |
| Less: Impairment | <u>(7,518,179)</u> | <u>(7,518,179)</u> |
| | <u>23,227</u> | <u>-</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Exploration & evaluation \$ |
|-------------------------------------|-----------------------------------|
| Balance at 1 July 2022 | 21,201,563 |
| Additions | 724,043 |
| Exchange differences | 1,591,154 |
| Impairment of assets | (7,414,501) |
| Transfer to mining assets (note 11) | <u>(16,102,259)</u> |
| Balance at 30 June 2023 | - |
| Additions | 24,787 |
| Exchange differences | <u>(1,560)</u> |
| Balance at 30 June 2024 | <u>23,227</u> |

The carrying value of the mining asset is reviewed annually for impairment. The most recent impairment assessment was completed as at 30 June 2024. This was done based on the discounted cash flows expected from the Yerbas Beunas project, using a discount rate of 12.5%. No impairment expense was recognised (2023: 5,597,217).

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 11. Mining

| | Consolidated | |
|--------------------------------|---------------------|-------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Mining assets - at cost | 16,102,259 | 16,102,259 |
| Less: Accumulated amortisation | (9,549) | - |
| Less: Accumulated impairment | (5,597,217) | (5,597,217) |
| | <u>10,495,493</u> | <u>10,505,042</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Mining asset \$ |
|--|--------------------------------|
| Balance at 1 July 2022 | - |
| Transfer from exploration and evaluation (note 11) | 16,102,259 |
| Impairment of assets | (5,597,217) |
| Balance at 30 June 2023 | 10,505,042 |
| Amortisation expense | (9,549) |
| Balance at 30 June 2024 | <u>10,495,493</u> |

Note 12. Trade and other payables

| | Consolidated | |
|----------------------------|---------------------|----------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Trade payables | 275,411 | 468,086 |
| Other payables | 92,897 | 197,897 |
| | <u>368,308</u> | <u>665,983</u> |

Refer to note 17 for further information on financial instruments.

Note 13. Borrowings

| | Consolidated | |
|--------------------------------|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Convertible notes payable | - | 308,440 |
| <i>Non-current liabilities</i> | | |
| Loan - convertible debt | - | 1,209,168 |

Refer to note 17 for further information on financial instruments.

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 13. Borrowings (continued)

Convertible notes shown in the comparative information included notes with a value of \$400,000 which were issued at US\$1.00 with a face value of \$US1.15 and expiring on 15 November 2023. The conversion price was the lesser of :

- 90% of the lowest VWAP during the 5 actual trading day prior to the conversion; and
- \$A0.01 being the lowest daily VWAP during the 5 actual trading days immediately prior to the agreement.

No interest was payable on the notes, and the company's obligations under the convertible note agreement were secured by way of the issue of 90,000,000 collateral shares to the noteholder, refer to note 14.

Interest was payable on the convertible debt at 10% per annum and the borrowings expire in November 2024. It could be converted at a 15% discount to 7 day VWAP.

All borrowings were settled during the current year via the issue of fully paid ordinary shares in the company, refer to note 14.

Note 14. Issued capital

| | 2024 | Consolidated | | 2023 |
|------------------------------|---------------|---------------------|-------------|-------------|
| | Shares | 2023 | 2024 | 2023 |
| | | Shares | \$ | \$ |
| Ordinary shares - fully paid | 2,999,844,432 | 1,926,848,893 | 43,981,593 | 40,097,764 |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|---|-------------------|---------------|--------------------|------------|
| Balance | 1 July 2022 | 1,809,194,419 | | 39,713,329 |
| Share issued to settle trade payables | 7 September 2022 | 650,000 | \$0.0170 | 11,050 |
| Conversion of debt | 7 September 2022 | 25,804,474 | \$0.0140 | 371,562 |
| Share issued to settle trade payables | 16 November 2022 | 1,200,000 | \$0.0080 | 9,600 |
| Convertible note collateral shares issued (note 13) | 16 November 2022 | 90,000,000 | \$0.0000 | - |
| Less cost of capital raising | | - | \$0.0000 | (7,777) |
| Balance | 30 June 2023 | 1,926,848,893 | | 40,097,764 |
| Issue of shares | 15 September 2023 | 234,829,990 | \$0.0030 | 704,460 |
| Issue of shares to settle trade payables | 15 September 2023 | 110,256,905 | \$0.0030 | 330,770 |
| Shares issued to settled debt and accrued interest | 15 September 2023 | 370,558,695 | \$0.0030 | 1,111,676 |
| Issue of shares | 27 September 2023 | 112,316,630 | \$0.0030 | 336,950 |
| Shares issued to convertible notes | 27 September 2023 | 90,000,000 | \$0.0044 | 395,206 |
| Issue of shares | 7 November 2023 | 5,000,000 | \$0.0030 | 15,000 |
| Issue of shares | 25 November 2023 | 33,333 | \$0.0030 | 100 |
| Issue of shares to settle trade payables | 7 December 2023 | 23,999,986 | \$0.0030 | 72,000 |
| Issue of shares | 30 January 2024 | 120,000,000 | \$0.0100 | 1,200,000 |
| Issue of shares to settle trade payables | 31 January 2024 | 2,000,000 | \$0.0110 | 22,000 |
| Issue of shares to settle trade payables | 23 April 2024 | 4,000,000 | \$0.0070 | 28,000 |
| Less cost of capital raising | | - | \$0.0000 | (332,333) |
| Balance | 30 June 2024 | 2,999,844,432 | | 43,981,593 |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 14. Issued capital (continued)

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 15. Reserves

| | Consolidated | |
|------------------------------|---------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Foreign currency reserve | (588,334) | (455,977) |
| Share-based payments reserve | 1,789,481 | 1,702,552 |
| | <u>1,201,147</u> | <u>1,246,575</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 15. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| | Share based payments \$ | Foreign currency \$ | Total \$ |
|------------------------------|-------------------------------|---------------------------|------------------|
| Consolidated | | | |
| Balance at 1 July 2022 | 1,685,253 | (2,150,929) | (465,676) |
| Foreign currency translation | - | 1,694,952 | 1,694,952 |
| Share based payments | 17,299 | - | 17,299 |
| Balance at 30 June 2023 | 1,702,552 | (455,977) | 1,246,575 |
| Foreign currency translation | - | (132,357) | (132,357) |
| Share based payments | 86,929 | - | 86,929 |
| Balance at 30 June 2024 | <u>1,789,481</u> | <u>(588,334)</u> | <u>1,201,147</u> |

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The Board identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk

The consolidated entity is exposed to foreign exchange risk in relation to its operation in Chile, and liabilities denominated in US dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The net carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| | Assets | | Liabilities | |
|---------------------|---------------|---------------|--------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Consolidated | \$ | \$ | \$ | \$ |
| Chilean pesos | <u>88,883</u> | <u>19,183</u> | <u>149,673</u> | <u>289,674</u> |

Note 17. Financial instruments (continued)

| Consolidated - 2024 | % change | AUD strengthened | | % change | AUD weakened | |
|---------------------|----------|-----------------------------------|---------------------|----------|-----------------------------------|---------------------|
| | | Effect on profit before tax | Effect on equity | | Effect on profit before tax | Effect on equity |
| Chilean pesos | 20% | - | 12,158 | 20% | - | (12,158) |
| | | | | | | |
| Consolidated - 2023 | % change | AUD strengthened | | % change | AUD weakened | |
| | | Effect on profit before tax | Effect on equity | | Effect on profit before tax | Effect on equity |
| Chilean pesos | 20% | - | 54,098 | 20% | - | (54,098) |

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any interest rate risk.

Credit risk

The consolidated entity is not exposed to credit risk in relation to mining sales made in Chile. It has not incurred any credit losses in the current or prior years.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 2024 | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|-----------------------------|--------------------------------------|----------------|--------------------------|--------------------------|--------------|--|
| | % | \$ | \$ | \$ | \$ | \$ |
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 368,308 | - | - | - | 368,308 |
| Total non-derivatives | | 368,308 | - | - | - | 368,308 |

Note 17. Financial instruments (continued)

| Consolidated - 2023 | Weighted average interest rate % | 1 year or less \$ | Between 1 and 2 years \$ | Between 2 and 5 years \$ | Over 5 years \$ | Remaining contractual maturities \$ |
|--|---|----------------------|--------------------------------|--------------------------------|--------------------|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade and other payables | - | 665,983 | - | - | - | 665,983 |
| Convertible notes payable | - | 308,440 | - | - | - | 308,440 |
| <i>Interest-bearing - fixed rate</i> | | | | | | |
| Loan - convertible debt | 15.00% | - | 1,209,168 | - | - | 1,209,168 |
| Total non-derivatives | | 974,423 | 1,209,168 | - | - | 2,183,591 |
| Derivatives | | | | | | |
| Derivative portion of convertible notes | | | | | | |
| | - | 75,777 | - | - | - | 75,777 |
| Total derivatives | | 75,777 | - | - | - | 75,777 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Key management personnel disclosures

Directors

The following persons were directors of Freehill Mining Limited during the financial year:

Paul Davies
Benjamin Jarvis
Peter Williams

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|------------------------------|---------------------|----------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Short-term employee benefits | 167,140 | 185,198 |
| Share-based payments | 36,860 | 17,299 |
| | <u>204,000</u> | <u>202,497</u> |

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Connect National Audit, the auditor of the company, and its network firms:

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| <i>Audit services - Connect National Audit</i> | | |
| Audit or review of the financial statements | 55,000 | 52,500 |
| <i>Audit services - network firms</i> | | |
| Audit or review of the financial statements (<i>Kennedy Auditores Consultores</i>) | 8,245 | - |

Note 20. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2024 and 30 June 2023.

Note 21. Commitments

The consolidated entity had no commitments at 30 June 2024 and 30 June 2023.

Note 22. Related party transactions

Parent entity

Freehill Mining Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Payment for goods and services: | | |
| Fees payable to entities related to Ben Jarvis for investor relations services | 15,773 | - |
| Other transactions: | | |
| Interest accrued on "loan - convertible debt" from directors and those related to former directors | - | 10,319 |

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | Consolidated | |
|--|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Current payables: | | |
| Directors fees payable to current and former directors | 47,723 | 146,498 |

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 22. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|---|---------------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Non-current borrowings: | | |
| Loan - convertible debt from directors and those related to former directors (including accrued interest) | - | 150,619 |

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | |
|--------------------------|---------------|-------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Loss after income tax | (929,474) | (6,337,707) |
| Total comprehensive loss | (929,474) | (6,337,707) |

Statement of financial position

| | Parent | |
|------------------------------|---------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Total current assets | 90,868 | 132,056 |
| Total assets | 22,883,370 | 21,593,141 |
| Total current liabilities | 218,635 | 760,525 |
| Total liabilities | 218,635 | 1,969,693 |
| Equity | | |
| Issued capital | 57,237,538 | 53,353,709 |
| Share-based payments reserve | 1,789,481 | 1,702,552 |
| Convertible notes reserve | 1,007,202 | 1,007,202 |
| Accumulated losses | (37,369,486) | (36,440,015) |
| Total equity | 22,664,735 | 19,623,448 |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Note 23. Parent entity information (continued)

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|------------------------------|---|--------------------|-----------|
| | | 2024 % | 2023 % |
| Freehill Investments Pty Ltd | Australia | 100.00% | 100.00% |
| Yerbas Buenas SpA | Chile | 100.00% | 100.00% |
| San Patricio Minería SpA | Chile | 100.00% | 100.00% |
| El Dorado Minería SpA | Chile | 100.00% | 100.00% |
| El Dorado Hold Co Pty Ltd | Australia | 100.00% | 100.00% |

Note 25. Events after the reporting period

On 8 July 2024, the company announced that a fatal accident occurred at the company's Yerbas Beunas site. The financial impact of any settlement is still being determined.

Since 30 June 2024, the company issued has 78,683,337 fully paid ordinary shares raising \$472,100 before costs.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|--|--------------------|--------------------|
| | 2024 \$ | 2023 \$ |
| Loss after income tax expense for the year | (1,505,954) | (14,707,646) |
| Adjustments for: | | |
| Depreciation and amortisation | 95,611 | 32,054 |
| Impairment of non-current assets | - | 13,011,718 |
| Net gain on derivatives | - | (59,958) |
| Share-based payments | - | 17,299 |
| Operating expenses settled via the issue of shares | 306,116 | 20,650 |
| Non-cash finance expenses | 45,251 | 96,668 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (27,698) | (456,063) |
| Increase in inventories | (106,524) | - |
| Decrease/(increase) in other operating assets | (2,928) | 474 |
| Increase/(decrease) in trade and other payables | (344,940) | 824,901 |
| Decrease in employee benefits | (6,141) | (7,224) |
| Net cash used in operating activities | <u>(1,547,207)</u> | <u>(1,227,127)</u> |

Note 27. Earnings per share

| | Consolidated | |
|---|----------------------|----------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Loss after income tax attributable to the owners of Freehill Mining Limited | <u>(1,505,954)</u> | <u>(14,707,646)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>2,713,211,042</u> | <u>1,887,116,951</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>2,713,211,042</u> | <u>1,887,116,951</u> |
| | Cents | Cents |
| Basic earnings per share | (0.06) | (0.78) |
| Diluted earnings per share | (0.06) | (0.78) |

Note 28. Share-based payments

During the current year the company issued 12,000,000 options to brokers as part of their fees. A shared based payment of the \$86,929 has been recognised as cost of capital raised.

Set out below are summaries of options granted under the plan:

| | | Number of options 2024 | Weighted average exercise price 2024 | | Number of options 2023 | Weighted average exercise price 2023 |
|--|-------------|------------------------------|---|------------|------------------------------|---|
| Outstanding at the beginning of the financial year | | - | \$0.0000 | | - | \$0.0000 |
| Granted | | <u>12,000,000</u> | \$0.2500 | | - | \$0.0000 |
| Outstanding at the end of the financial year | | <u>12,000,000</u> | \$0.2500 | | - | \$0.0000 |
| Exercisable at the end of the financial year | | <u>12,000,000</u> | \$0.2500 | | - | \$0.0000 |
| 2024 | | | | | | |
| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other |
| 24/01/2024 | 22/02/2026 | \$0.0250 | - | 12,000,000 | - | - |
| | | | - | 12,000,000 | - | - |
| | | | | | | 12,000,000 |
| | | | | | | 12,000,000 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.64 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 24/01/2024 | 22/02/2026 | \$0.0130 | \$0.0250 | 135.000% | - | 3.870% | \$0.0072 |

Freehill Mining Limited
Notes to the financial statements
30 June 2024

Note 29. Changes in liabilities arising from financing activities

| Consolidated | Borrowings \$ | Derivative liability \$ | Total \$ |
|------------------------------------|------------------|-------------------------------|------------------|
| Balance at 1 July 2022 | - | - | - |
| Net cash from financing activities | 1,937,425 | - | 1,937,425 |
| Conversion to equity | (370,009) | - | (370,009) |
| Other changes | (53,808) | 75,777 | 21,969 |
| | <u>1,513,608</u> | <u>75,777</u> | <u>1,589,385</u> |
| Balance at 30 June 2023 | 1,513,608 | 75,777 | 1,589,385 |
| Conversion to equity | (1,513,608) | (75,777) | (1,589,385) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Balance at 30 June 2024 | - | - | - |

Freehill Mining Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Benjamin Jarvis
Director

30 September 2024

Independent Auditor's Report **To the Members of Freehill Mining Limited** **Report on the Audit of the Financial Report**

Opinion

We have audited the accompanying financial report of Freehill Mining Limited (the "consolidated entity"), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the financial year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the consolidated entity as set out on page 36 and the consolidated entity disclosure statement.

In our opinion the financial report of Freehill Mining Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| Assessment of Carrying Value of Mining Asset | |
| We focus on the assessment of the carrying value of the Mining asset as this represents a significant asset of the consolidated entity. We | We enquired with management and reviewed budgets to ensure that waste resources in the |

| | |
|--|---|
| <p>need to assess whether the facts and circumstances existed to suggest that the carrying value of this asset may exceed its recoverable amount. Significant judgement is involved in considering if there was impairment indicator and estimating the value of the asset and the potential material impact on the financial report.</p> <p>As part of their annual impairment review management prepared noted the quantum of their Mining asset and reviewed these against their list of impairment indicators. Where impairment indicators existed, management performed an impairment review in accordance with AASB 136 Impairment. No Asset was written off during this year in respect of areas of exploration in the Mining assets.</p> | <p>consolidated entity's control were planned to be sold.</p> <p>We assessed and challenged the management's budget methodology, assumptions, the cash flow projections and the discount factor used. We evaluated and discussed with management factors such as current financial performance, future purchase orders, and resource availability.</p> <p>We enquired with management, reviewed announcements made and reviewed minutes of the directors' meetings to ensure that the consolidated entity had not decided to discontinue selling the mining asset. We noted the consolidated entity received purchase orders for continued sale of its mining resources.</p> <p>We evaluated management's assessment of impairment indicators including the conclusion reached.</p> <p>We also considered the appropriateness of the related disclosure in Notes 1, 2 and 11 to the financial statements.</p> |
|--|---|

Emphasis of Matter – Material uncertainty related to going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$1,505,954 (2023: \$14,707,646) and had operating cash outflows of \$1,547,207 (2023: \$1,227,127).

These events and conditions indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The directors have reviewed the cash flow forecast for the next 12 months from the date of signing this financial report, and assessed that there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 30 June 2024, the company issued has 78,683,337 fully paid ordinary shares raising \$472,100 before costs;
- The consolidated entity's Yerbas Buenas project has commenced production and is budgeted to be generate positive cash flows over the coming 12-month period and beyond. With outstanding orders in excess of \$1 million relating to local infrastructure projects and additional orders coming in, combined with regular consumption from the local construction industry the Company believes the work done to date in establishing itself as a reliable source of supply for leading participants within the construction industry will sustain and evolve its position as a going concern;

- As an ASX listed entity, the company has the ability to access equity capital markets and has a history of being able to raise additional capital as and when the Directors consider appropriate; and
- The Company is reviewing a number of opportunities which it believes will positively generate near term cashflows to further support its development.

Accordingly, the directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. In the event that the Consolidated Entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the company not continue as a going concern.

Our opinion is unmodified in this regard.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the consolidated entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 8 of the directors' report for the financial year ended 30 June 2024.

In our opinion the Remuneration Report of Freehill Mining Limited for the financial year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Connect National Audit

CONNECT NATIONAL AUDIT PTY LTD

Authorised Audit Company No. 521888

GEORGE GEORGIU FCA RCA

MANAGING DIRECTOR

Melbourne VIC 3000

30 September 2024

Freehill Mining Limited
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 22 September 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | |
|---------------------------------------|--------------------------|---------------------------------|
| | Number of holders | % of total shares issued |
| 1 to 1,000 | 779 | - |
| 1,001 to 5,000 | 74 | 0.01 |
| 5,001 to 10,000 | 183 | 0.06 |
| 10,001 to 100,000 | 580 | 0.86 |
| 100,001 and over | 2,488 | 99.07 |
| | 4,104 | 100.00 |
| Holding less than a marketable parcel | 930 | 0.77 |

At the date of signing the company was suspended from trading on the Australian Securities Exchange (ASX).

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|--|------------------------|---------------------------------|
| | Number held | % of total shares issued |
| DUDDY INVESTMENT PTY LTD (DUDDY INVESTMENT A/C) | 257,151,451 | 8.35 |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT) | 238,014,675 | 7.73 |
| J M ROSS SUPER PTY LTD (J M ROSS SUPER FUND A/C) | 212,689,492 | 6.91 |
| DG FREEHOLD PTY LTD (DG FREEHOLD A/C) | 190,716,025 | 6.20 |
| CLAYMORE VENTURES LIMITED | 167,232,798 | 5.43 |
| NETWEALTH INVESTMENTS LIMITED (WRAP SERVICES A/C) | 61,314,346 | 1.99 |
| CAM NOMINEES PTY LTD (CAM NOMINEES SUPER FUND A/C) | 50,414,865 | 1.64 |
| HRM PARTNERS PTY LTD (L&P SUPERFUND A/C) | 42,999,171 | 1.40 |
| MRS ANITA MANGION | 38,006,642 | 1.23 |
| SIGNAL SUPERANNUATION PTY LTD (SIGNAL SUPER FUND A/C) | 37,374,498 | 1.21 |
| SOLAR FLAIR PTY LTD (SOLAR FLAIR P/L SUPER A/C) | 36,000,000 | 1.17 |
| SIX DEGREES GROUP HOLDINGS PTY LTD | 33,599,986 | 1.09 |
| MR PAUL DAVIES | 32,756,661 | 1.06 |
| MR DANIAN JOSEPH PEKIN | 30,031,916 | 0.98 |
| TARPOT PTY LTD (M A KANE SUPER FUND A/C) | 29,333,334 | 0.95 |
| PAW SUPER PTY LTD (PAW SUPER FUND A/C) | 28,580,359 | 0.93 |
| BNP PARIBAS NOMINEES PTY LTD (CLEARSTREAM) | 27,227,946 | 0.88 |
| MR ROBERT JESSE HUNT | 26,902,282 | 0.87 |
| R & A MANGION PTY LTD (STEGMAN SMSF A/C) | 26,234,721 | 0.85 |
| ANTHONY TREKNER PTY LTD (ANTHONY79W SUPER FUND A/C) | 25,866,667 | 0.84 |
| | 1,592,447,835 | 51.71 |

Unquoted equity securities

The company has 72,000,000 options over ordinary shares on issue.

Freehill Mining Limited
Shareholder information
30 June 2024

Substantial holders

Substantial holders in the company are set out below:

| | Ordinary shares | |
|--|------------------------|---------------------------------|
| | Number held | % of total shares issued |
| DUDDY INVESTMENT PTY LTD (DUDDY INVESTMENT A/C) | 257,151,451 | 8.35 |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT) | 238,014,675 | 7.73 |
| J M ROSS SUPER PTY LTD (J M ROSS SUPER FUND A/C) | 212,689,492 | 6.91 |
| DG FREEHOLD PTY LTD (DG FREEHOLD A/C) | 190,716,025 | 6.20 |
| CLAYMORE VENTURES LIMITED | 167,232,798 | 5.43 |

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Option holders do not have voting rights.

Tenements

| Description | Tenement number | Interest owned % |
|------------------------|------------------------|-------------------------|
| YERBAS BUENAS 1-16 | 04102-2723-1 | 100.00 |
| ARENAS III 1 to 15 | 04102-2714-2 | 100.00 |
| ARENAS IV 1 to 10 | 04102-2715-0 | 100.00 |
| ARENAS VI 1 to 20 | 04102-2755-K | 100.00 |
| ARENAS X 1 to 18 | 04102-2937-4 | 100.00 |
| ARENAS XI 1 to 20 | 04102-3522-6 | 100.00 |
| EL DORADO I to 10 | 04102-3669-9 | 100.00 |
| EL DORADO II 1 to 10 | 04102-3670-2 | 100.00 |
| EL DORADO III 1 to 10 | 04102-3671-0 | 100.00 |
| EL DORADO IV 1 to 10 | 04102-3672-9 | 100.00 |
| EL DORADO V 1 to 10 | 04102-3673-7 | 100.00 |
| EL DORADO VI 1 to 10 | 04102-3674-5 | 100.00 |
| EL DORADO VII 1 to 7 | 04102-3675-3 | 100.00 |
| EL DORADO VIII 1 to 10 | 04102-3676-1 | 100.00 |

Freehill Mining Limited
Consolidated entity disclosure statement
As at 30 June 2024

| Entity name | Entity type | Place formed / Country of incorporation | Ownership interest % | Tax residency |
|---------------------------------|-------------|--|----------------------------|---------------|
| Freehill Investments Pty Ltd | Company | Australia | 100.00% | Australia |
| Yerbas Buenas SpA | Company | Chile | 100.00% | Australia |
| San Patricio Minería SpA | Company | Chile | 100.00% | Australia |
| El Dorado Minería SpA | Company | Chile | 100.00% | Australia |
| El Dorado Hold Co Pty Ltd | Company | Australia | 100.00% | Australia |