



31 January 2019

Quarterly Report December 2018

Highlights

- Maiden RC drilling program of 4,300m successfully completed
- Drilling confirms that structures identified by geophysics are magnetite
- High grade iron intersected only 14m below surface at southern structure
- Maiden Resource Estimate expected to be reported March 2019
- New geophysics program in northern area of tenements completed
- Full ownership of Yerbas Buenas tenement finalised with Chilean mining registrar
- Rights Issue completed and subsequent placements made to support completion of drilling program and development of feasibility study
- \$1.73 Million in debt converted to equity
- All resolutions passed at AGM
- Appointment of Independent Director, Wayne Johnson effective December 2018

Yerbas Buenas In Summary

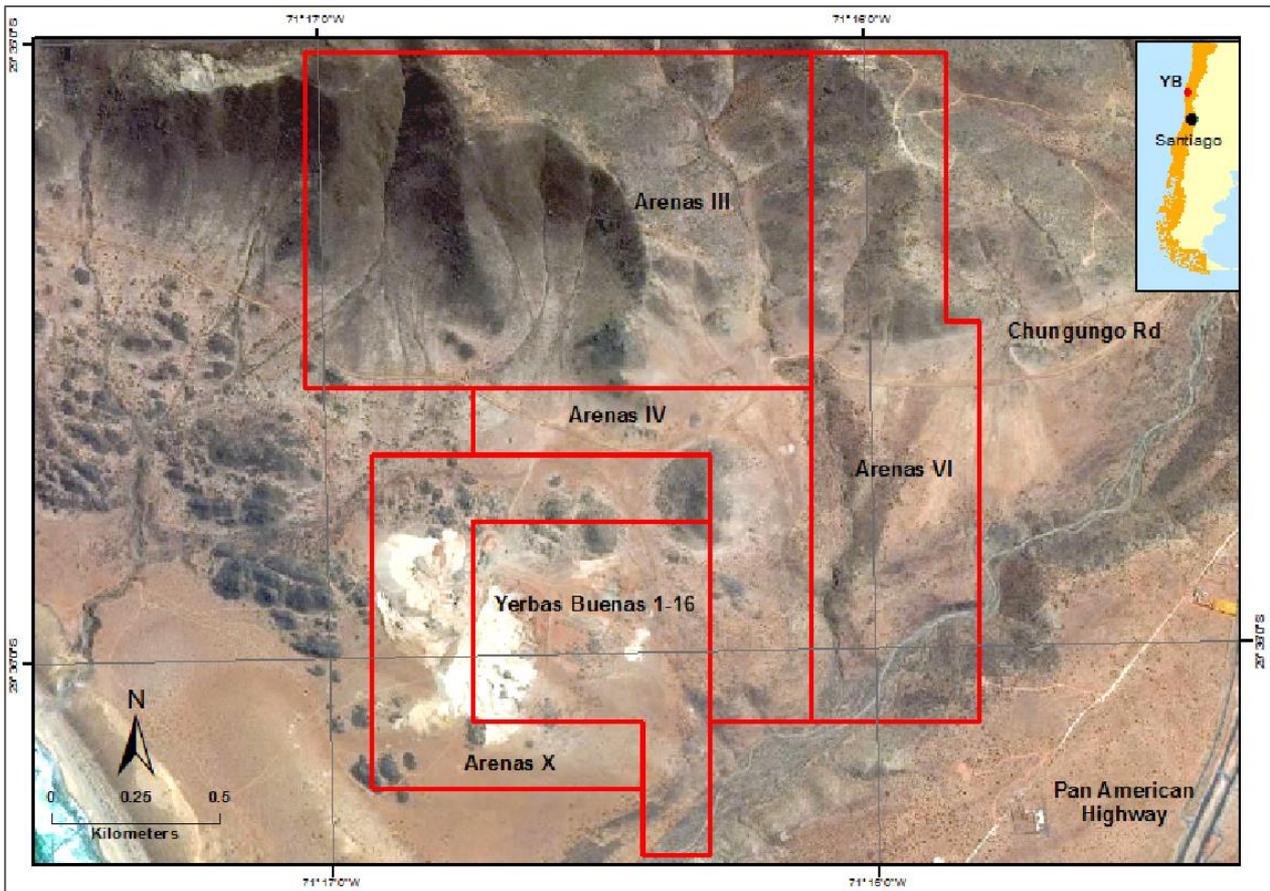
The December quarter was a period of significant activity, consistent with Freehill Mining Limited's (ASX:FHS; "Freehill" or "the Company") revised strategic plans announced in early 2018.

The Company's maiden drilling campaign was started in early November, completed by mid-December on time and on budget, and confirming magnetite mineralisation in all structures identified by previous geophysics programs.

Tenement deeds for the Yerbas Buenas 1-16 block of mining tenements were formally transferred to Freehill Mining's wholly-owned subsidiary Yerbas Buenas SpA on 4 October 2018 by the Region IV Mining Registrar. This completed a major milestone giving Freehill full ownership of all exploration tenements in the project. A tenement and regional location map are provided in Figure 1.

The Company undertook a pro rata, non-renounceable rights issue of one (1) New Share for every two (2) Shares held at an issue price of 1.5 cents (\$0.015) to raise approximately \$3,075,000 before issue costs ("the Rights Issue") to fund exploration, a scoping study and other project development tasks.

Figure 1 – Freehill Mining tenement map showing blocks now owned by its 100% owned Chilean subsidiaries, Yerbas Buenas SpA and San Patricio Minera SpA



Exploration Program

The Company's maiden drilling campaign at its flagship Yerbas Buenas project was successfully completed during November and December.

All drilling was carried out by Major Drilling Group International Inc. ("**Major Drilling**") who have their Chilean headquarters in the city of La Serena, just 30km by highway to the south of the Yerbas Buenas project.

A total of 24 holes for 4,300 metres of Reverse Circulation ("**RC**") drilling was completed on 11 December 2018 with hole depths varying from 150m to 250m. All samples were logged and dispatched to Intertek's (<http://www.intertek.com/services/>) Chilean laboratory during December for total iron analysis. Following completion of all iron assays, samples will undergo Davis Tube analysis for magnetite yield.

The drilling campaign provided a sound basis for further exploration activities and validated ground magnetic survey accuracy in terms of mineralised structure depths and positioning.

Drilling of the southern structures showed those areas to generally have only 14 metres of sand cover, followed in some cases by up to 170 metres of effectively continuous high grade magnetite material. Mineralisation remains open to the south. Indicative iron grade estimation was done during the program using magnetic susceptibility meters.¹

Drilling was carried out primarily on three of seven magnetic structures identified during a ground magnetic geophysics survey completed in mid-2017. The majority of drilling was completed in and around the trial mining pit (designated YB#1), to allow the estimation of a mineral resource. Additional drilling on the YB#3 & YB#6 magnetic structures to the immediate north and south of the mining pit was also carried out to 'ground truth' magnetite mineralisation and depth (see Figure 2).

Geos Mining Minerals Consultants provided on-site technical assistance and guidance throughout the drilling program and will have an ongoing role in the interpretation and modelling of drilling results.

Planning for a second phase of drilling during the second quarter 2019 has commenced and will focus on the northern magnetic anomalies identified during the 2017 geophysics survey.

¹ The potential quantity and grade of the magnetite material is conceptual in nature; there has been insufficient exploration to estimate a JORC Code-compliant Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Figure 2 – Map showing completed drill hole locations relative to general topography and magnetic structures
Projection: WGS84 zone 19S

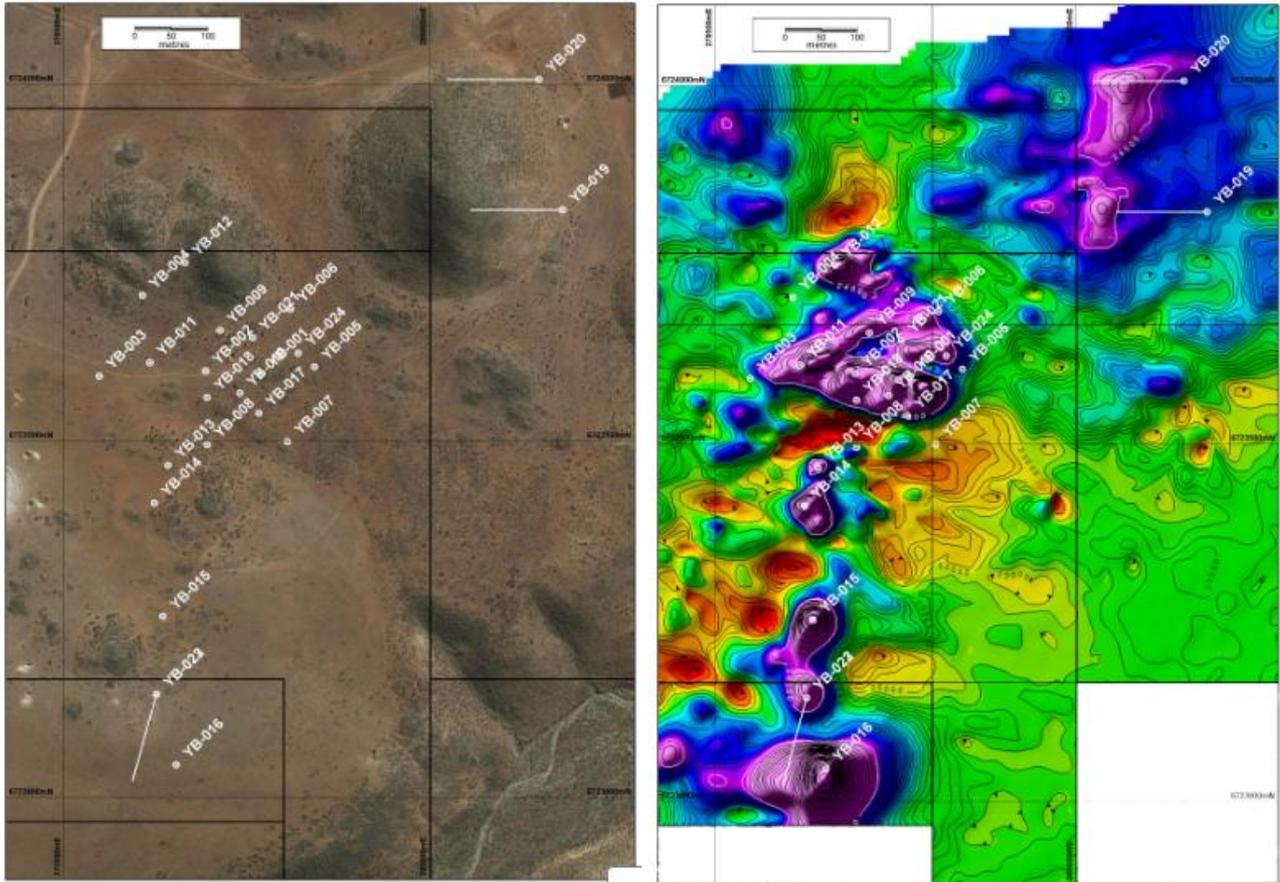


Figure 3 – Photo looking SW over the general exploration area (L) and Ground Magnetic geophysics structures targeted during current drilling campaign (R)

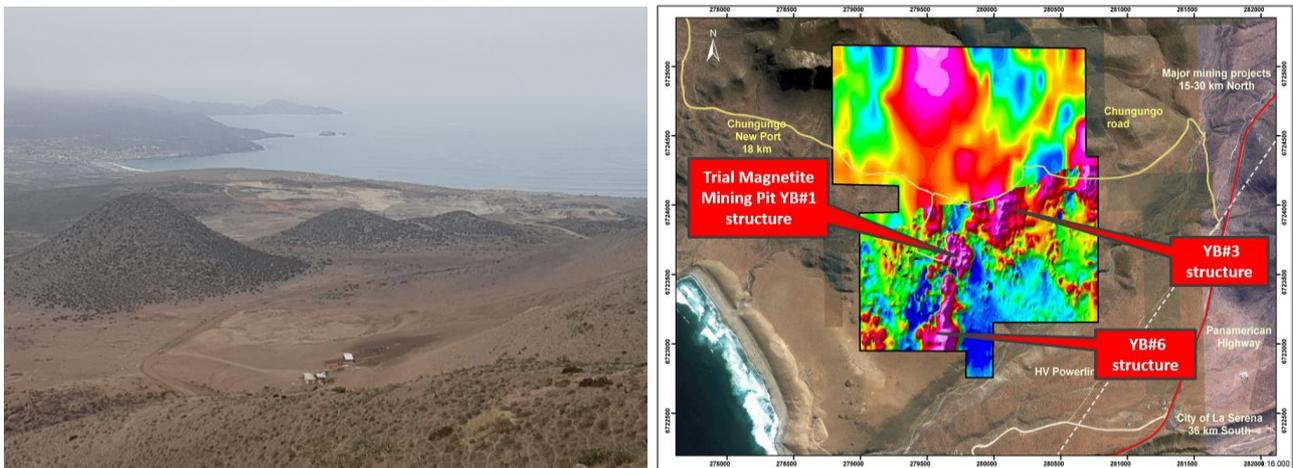


Figure 4 – Drilling samples being loaded and sent to Intertek laboratory for analysis.



Figure 5 – Company Geologist checking the grade of the nightshift samples



Figure 6 – Drilling southern anomaly YB#6 with PanAmerican Highway in the background



Rights Issue and Subsequent Placements

During the Quarter, the Company announced a non-renounceable entitlement offer to shareholders of 1 new fully paid ordinary share in Freehill ("**New Shares**") for every 2 shares currently held, at an issue price of \$0.015 (1.5 cents) per New Share ("**Entitlement Offer**").

The Entitlement Offer was to raise approximately \$3,075,000 before costs to fund ongoing exploration development of the Yerbas Buenas project, ongoing expenses and provide increased working capital to support its forecast project expenditure and continuing growth.

The Entitlement Offer raised \$795,461.15, with Directors reserving the right to place the shortfall of 151,969,259 ordinary shares within 3 months of the Entitlement Offer closing date.

Subsequent to the close of the Entitlement Offer, a further 41,666,664 shares have been issued raising a further \$625,000, and the Directors are in active discussion with a number of investors regarding placement of the balance of the shortfall.

Debt Conversions

During the Quarter, 116,208,885 shares were issued through the conversion of \$1.73 million in debt to equity in the Company. The Board acknowledges and appreciates this demonstration of ongoing investor support.

Board changes

Mr Wayne Johnson was appointed a Non-Executive Director of the Company during the Quarter.

Mr Johnson has over 30 years' business and financial transaction experience gained in Australia, New Zealand, Asia and North America. He has extensive experience in corporate advisory, governance and compliance as a result of building, managing and directing public and private companies from start-up to established public corporations.

Mr Johnson's expertise spans a variety of industries, including telecommunications, electronic payments, financial services and recently the resources sector. He was instrumental in the ASX listing of a 409 million tonne iron ore producer in Brazil, and has been a director of, and listed gold explorers and producers in Australia and Asia.

Mr Johnson is the principal of Noblemen Ventures Pty Ltd, a Sydney based corporate and investment advisory firm providing services to select public and private entities, primarily in the middle market.

Mr Johnson is a director and chairman of Cape Range Limited (ASX: CAG), non-executive director Voltage IP Limited (ASX:VIP) and non-executive director of Sports hero Limited (ASX:SHO).

Competent Persons Statement:

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

About Freehill Mining Limited

Freehill Mining Limited (ASX:FHS) is a mineral exploration company focused on the exploration and development of its wholly-owned Yerbos Buenas magnetite project. Since listing in 2017, the Company is dedicated to transforming Yerbos Buenas into Chile's next major iron ore mine. The Yerbos Buenas mine is located near critical infrastructure approximately 50km north of the large cities of Coquimbo and La Serena, and is only 2km west of the PanAmerican Highway.

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