



3 October 2018

## PROJECT UPDATE

### Highlights:

- **100% of tenement ownership completed**
- **Agreement executed with management services company to operate trial mining operation independently of Freehill exploration activities**

Freehill Mining Limited (“Freehill” or “the Company”, ASX:FHS) is pleased to announce that it has made the final payment to secure full ownership of the Yervas Buenas 1-16 block of mining tenements at the Yervas Buenas Project. All payments under the purchase agreement with Sociedad A y F Muzard Minería Limitada have been completed and transfer documents are now with the Chilean Region IV mining registrar.

The Company now has full mining tenement ownership of both the Arenas blocks and Yervas Buenas block as well as surface rights. A tenement map is provided in Figure 1.

Over the past 18 months, the focus of Freehill has been to establish a trial mining operation to ensure its proof of concept for future larger scale mining could be justified. The Board is confident the trial mining concept has been sufficiently proven and therefore, before embarking on a full feasibility study, a focus on expanding the mineral inventory is now appropriate.

As part of the current focus on exploration, the Company assessed a number of operating models relating to the existing trial mining and processing activities. Models ranging from partnering with mining services firms to outsourcing operations were evaluated with the objective of deploying greater capital to exploration activities which can derive greatest shareholder value in the short to medium term.

To this end, an agreement has been executed with a mining services company to take over operation of the trial mining and processing activity on a fixed term basis in exchange for a product royalty based on 4% of sales revenue. The agreement ensures continued Freehill access to all areas, to allow other project development work to proceed unimpeded.

The benefit of this approach is that it allows continued magnetite product supply to the Compañía Minera Del Pacífico (“CMP”) Romeral pellet feed plant to preserve the relationship that has been built up over the past four years.

The Chairman, Mr Ray Mangion, stated “The previous working capital commitments required to sustain trial mining activities will no longer be required and our attention can now focus on funding exploration activities and establishing a maiden JORC compliant mineral inventory in the near term. This will enable Freehill to accelerate its objective of establishing a sustainable long term facility at Yervas Buenas in the future.”

## Fundraising activities

Freehill is pleased to advise that as part of its ongoing fundraising, the Company has:

- converted over \$1.452 million of debt since 1 July 2018 (disclosed to the market under two Appendix 3Bs dated 6 July and 13 July 2018 ); and
- completed a placement of \$250,000 to an exempt investor, within the meaning of section 708 of the *Corporations Act 2001* (disclosed to the market under the Appendix 3B of 6 July 2018 ).

As part of its ongoing corporate strategy, the Company has entered into agreements to raise a further \$1.2 million in convertible debt since 30 June 2018 (“Debt Raising”).

The recent Debt Raising will be subject to shareholder approval. Further information about the Debt Raising will be provided to Freehill shareholders in the Notice of Meeting for the Shareholder Meeting under which approval will be sought for the issue of further convertible debt securities in Freehill.

As a result of the above activities and other fundraising activities currently under review, the Company has decided not to proceed with Tranche 2 of the Yaniv Equity LP facility. The Company has further negotiated with Yaniv Equity a six-month extension of the remaining 515,875 convertible notes previously issued to it, which extension shall be subject to shareholder approval.

The focus of the Company’s fundraising is to establish a JORC-compliant resource as early as possible.

## About Freehill Mining Limited

Freehill Mining Limited (ASX:FHS) is a mineral exploration company focused on creating shareholder wealth through the identification of mineral resources in Chile and development of its Yervas Buenas magnetite project. The company has also identified copper and gold mineralisation on its tenements and plans to undertake further mineral exploration programs on these.

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**Figure 1** – Yervas Buenas project tenement blocks showing Yervas Buenas 1-16 near centre position

