

Freehill Mining Limited

ABN 27 091 608 025

Interim Report - 31 December 2019

Freehill Mining Limited
Corporate directory
31 December 2019

Directors	Peter Hinner Raymond Charles Mangion Paul Davies
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, Bourke Street Melbourne, Victoria 3000
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne, Victoria 3000
Stock exchange listing	Freehill Mining Limited shares are listed on the Australian Securities Exchange (ASX code: FHS)
Website	www.freehillmining.com

Freehill Mining Limited
Directors' report
31 December 2019

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 half-year ended 31 December 2019.

Directors

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

Raymond Charles Mangion
Paul Davies
Peter Hinner
Samuel Duddy (resigned 6 February 2020)
Wayne Johnson (resigned 29 August 2019)

Principal activities

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

- pursuing its exploration programme at Yerbass Buenas in Chile.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,741,676 (31 December 2018: \$1,769,179).

In the period since 30 June 2019 the company has achieved a number of significant milestones including:

- Following results from our initial drilling program we acquired adjoining tenement -Arenas XI-which contained ore body with indicated high grade magnetite;
- The company successfully completed a \$2.6 million placement;
- Our second drilling program was initiated and completed prior to year end and on budget;
- Initial assays for second drilling program confirm further high-grade magnetite deposits;
- A placement of \$750,000 significantly above the then market price was completed to a professional and sophisticated investor; and
- Confidence in the direction of the company has been demonstrated through a significant amount of debt conversion by stakeholders.

The board would like to take this opportunity to thank our loyal stakeholders who have supported us in this period and would like to assure them of our commitment and passion for this project.

Significant changes in the state of affairs

On 2 September 2019, the company completed the acquisition of an 80 hectare tenement known as Arenas XI 1/20, located directly to the south of and adjoining to the Yerbass Buenas project area.

Refer to note 8 for details of shares issued during the financial half-year.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

Since 31 December 2019, the company has issued 124,123,413 fully paid ordinary shares settling liabilities and related interest totalling \$1,631,995. In addition, the company has also issued 41,666,667 fully paid ordinary shares raising \$750,000.

No other matter or circumstance has arisen since 31 December 2019 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.

Freehill Mining Limited
Directors' report
31 December 2019

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Paul Davies
Director

13 March 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Freehill Mining Limited for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

**RSM AUSTRALIA PARTNERS**

R J MORILLO MALDONADO
Partner

Dated: 13 March 2020
Melbourne, Victoria

Freehill Mining Limited

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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 half-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 13 March 2020.

Freehill Mining Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated Dec 19 \$	Dec 18 \$
Other income		242	261
Interest revenue calculated using the effective interest method		10	29
Expenses			
Mine production costs		(76,940)	(66,849)
Corporate and administration expenses		(1,231,076)	(860,078)
Impairment of assets		-	(173,185)
Other expenses		(143,943)	(138,965)
Finance costs		(289,969)	(530,392)
Loss before income tax expense		(1,741,676)	(1,769,179)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Freehill Mining Limited		(1,741,676)	(1,769,179)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(742,927)	(316,870)
Other comprehensive income for the half-year, net of tax		(742,927)	(316,870)
Total comprehensive income for the half-year attributable to the owners of Freehill Mining Limited		(2,484,603)	(2,086,049)
		Cents	Cents
Basic earnings per share	14	(0.19)	(0.42)
Diluted earnings per share	14	(0.19)	(0.42)

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 31 December 2019

	Note	Consolidated Dec 19 \$	Jun 19 \$
Assets			
Current assets			
Cash and cash equivalents		161,017	62,480
Trade and other receivables	3	153,109	962,736
Other		87,510	41,326
Total current assets		<u>401,636</u>	<u>1,066,542</u>
Non-current assets			
Receivables		569,505	464,804
Property, plant and equipment		12,970	13,282
Exploration and evaluation	4	14,769,782	14,025,904
Total non-current assets		<u>15,352,257</u>	<u>14,503,990</u>
Total assets		<u>15,753,893</u>	<u>15,570,532</u>
Liabilities			
Current liabilities			
Trade and other payables	5	795,334	2,168,786
Borrowings	6	562,298	2,068,899
Employee benefits		9,994	-
Total current liabilities		<u>1,367,626</u>	<u>4,237,685</u>
Non-current liabilities			
Borrowings	7	1,114,510	-
Provisions		70,000	70,000
Total non-current liabilities		<u>1,184,510</u>	<u>70,000</u>
Total liabilities		<u>2,552,136</u>	<u>4,307,685</u>
Net assets		<u>13,201,757</u>	<u>11,262,847</u>
Equity			
Issued capital	8	22,971,655	20,106,620
Reserves	9	1,838,260	1,022,709
Accumulated losses		<u>(11,608,158)</u>	<u>(9,866,482)</u>
Total equity		<u>13,201,757</u>	<u>11,262,847</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 half-year ended 31 December 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	12,912,366	956,547	(7,358,320)	6,510,593
Loss after income tax expense for the half-year	-	-	(1,769,179)	(1,769,179)
Other comprehensive income for the half-year, net of tax	-	(316,870)	-	(316,870)
Total comprehensive income for the half-year	-	(316,870)	(1,769,179)	(2,086,049)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,403,705	-	-	5,403,705
Balance at 31 December 2018	<u>18,316,071</u>	<u>639,677</u>	<u>(9,127,499)</u>	<u>9,828,249</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	20,106,620	1,022,709	(9,866,482)	11,262,847
Loss after income tax expense for the half-year	-	-	(1,741,676)	(1,741,676)
Other comprehensive income for the half-year, net of tax	-	(742,927)	-	(742,927)
Total comprehensive income for the half-year	-	(742,927)	(1,741,676)	(2,484,603)
Transfer upon conversion of notes	16,784	(16,784)	-	-
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	2,848,251	-	-	2,848,251
Share-based payments (note 15)	-	1,575,262	-	1,575,262
Balance at 31 December 2019	<u>22,971,655</u>	<u>1,838,260</u>	<u>(11,608,158)</u>	<u>13,201,757</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 half-year ended 31 December 2019

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Cash flows from operating activities		
Interest received	10	29
Other revenue	242	261
Interest and other finance costs paid	(88,224)	(144,528)
Payments to suppliers and employees (inclusive of GST)	<u>(1,490,549)</u>	<u>(660,697)</u>
Net cash used in operating activities	<u>(1,578,521)</u>	<u>(804,935)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(2,763)
Payments for exploration and evaluation	<u>(1,580,621)</u>	<u>(1,381,614)</u>
Net cash used in investing activities	<u>(1,580,621)</u>	<u>(1,384,377)</u>
Cash flows from financing activities		
Proceeds from issue of shares	2,600,011	1,420,467
Proceeds from borrowings	1,290,770	1,589,423
Share issue transaction costs	(118,265)	(79,009)
Repayment of borrowings	<u>(514,837)</u>	<u>(369,000)</u>
Net cash from financing activities	<u>3,257,679</u>	<u>2,561,881</u>
Net increase in cash and cash equivalents	98,537	372,569
Cash and cash equivalents at the beginning of the financial half-year	<u>62,480</u>	<u>165,846</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>161,017</u></u>	<u><u>538,415</u></u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations not yet effective

The consolidated entity has not early adopted any new or amended accounting standard that is not yet mandatory.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 \$1,741,676 and had net operating cash outflows of \$1,578,521 for the half year ended 31 December 2019. As at that date, the consolidated entity's current liabilities exceeded its current assets by \$965,990. These events and conditions indicate that a material uncertainty exists which may cast significant doubt as to whether the consolidated entity will continue as a going concern.

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 31 December 2019, the company raised equity funding of \$750,000 in order to provide additional working capital (refer to note 13);
- Since 31 December 2019, the company has issued 124,123,413 fully paid ordinary shares settling liabilities and related interest totalling \$1,631,995; and
- Funding is expected to be raised from future capital raising. The entity has a proven track record of raising funding through debt and equity when needed to raise working capital. This record of raising funds, together with the ability to manage its position with creditors and lenders, has resulted in a significant reduction in the deficient current asset position in the last 6 months from \$3,171,143 to \$965,990.

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 consolidated entity not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: Chilean Exploration. 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.

Freehill Mining Limited
Notes to the financial statements
31 December 2019

Note 3. Current assets - trade and other receivables

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Other receivables	79,802	18,656
Receivable from Lacerta	-	912,091
Indirect taxes receivable	73,307	31,989
	<u>153,109</u>	<u>962,736</u>

On 2 September 2019, the company completed the acquisition of an 80 hectare tenement known as Arenas XI 1/20, located directly to the south of the Yervas Buenas project area. This receivable from Lacerta formed the consideration for this tenement acquisition.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Exploration and evaluation - at cost	<u>14,769,782</u>	<u>14,025,904</u>

Reconciliations

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

Consolidated	Exploration	Total
	\$	\$
Balance at 1 July 2019	14,025,904	14,025,904
Additions	1,160,284	1,160,284
Exchange differences	(416,406)	(416,406)
Balance at 31 December 2019	<u>14,769,782</u>	<u>14,769,782</u>

Note 5. Current liabilities - trade and other payables

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Trade payables	584,438	1,609,454
Amounts received ahead of shares issued	23,000	-
Interest payable	101,800	217,282
Other payables	86,096	342,050
	<u>795,334</u>	<u>2,168,786</u>

Freehill Mining Limited
Notes to the financial statements
31 December 2019

Note 6. Current liabilities - borrowings

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Convertible notes payable	-	1,006,101
Short term loans	562,298	1,062,798
	<u>562,298</u>	<u>2,068,899</u>

As at 30 June 2019, convertible notes represented notes with an original maturity in August 2019. Before maturity, the outstanding balance of these convertible notes were refinanced and now have a maturity date in May 2021 (refer to note 7).

The short-term loans are repayable at 12 months from the date of issue and interest has been accrued at 15% per annum.

Note 7. Non-current liabilities - borrowings

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Loan - convertible debt	669,510	-
Convertible notes payable	445,000	-
	<u>1,114,510</u>	<u>-</u>

As at 31 December 2019, convertible notes represent notes with a value of \$445,000 with a variable conversion price an interest rate of 20% per annum, which expire in May 2021.

The convertible debt balance of \$669,510 has a 2-year term with interest payable at 10% per annum. The conversion rate is 85% of the 7-day VWAP.

Note 8. Equity - issued capital

	Consolidated			
	Dec 19	Jun 19	Dec 19	Jun 19
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,215,074,148</u>	<u>816,273,872</u>	<u>22,971,655</u>	<u>20,106,620</u>

Freehill Mining Limited
Notes to the financial statements
31 December 2019

Note 8. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	816,273,872		20,106,620
Issue of shares	13 November 2019	315,286,964	\$0.011	3,468,157
Issue of shares	13 November 2019	3,333,333	\$0.015	50,000
Issue of shares	13 November 2019	7,198,053	\$0.097	70,000
Issue of shares	13 November 2019	8,850,000	\$0.011	97,350
Issue of shares	15 November 2019	29,361,143	\$0.095	277,896
Issue of shares	15 November 2019	4,696,005	\$0.009	46,197
Issue of shares	29 November 2019	2,572,457	\$0.011	30,000
Issue of shares	3 December 2019	3,000,000	\$0.011	33,000
Issue of shares	20 December 2019	19,999,997	\$0.011	220,000
Issue of shares	20 December 2019	4,502,324	\$0.011	49,739
Transfer from reserves upon conversion of notes		-	\$0.000	16,874
Less cost of capital raising - equity settled		-	\$0.000	(1,375,913)
Less cost of capital raising		-	\$0.000	(118,265)
Balance	31 December 2019	<u>1,215,074,148</u>		<u>22,971,655</u>

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.

Share buy-back

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

Note 9. Equity - reserves

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Foreign currency reserve	196,408	939,335
Share-based payments reserve	1,641,852	66,500
Convertible notes	-	16,874
	<u>1,838,260</u>	<u>1,022,709</u>

Note 10. Equity - dividends

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

Note 11. Contingent liabilities

One of 2 legal claims lodged in Chile by two separate former suppliers against Yervas Buenas SpA (YB), a fully owned subsidiary of the company, has been settled, while the other is ongoing. The claim is in relation to alleged breaches of contract by YB which the Company strongly refutes.

In addition, YB has been joined in three labour related legal claims, in relation to alleged wrongful dismissal by Lacerta Finance & Mining SpA (Lacerta) which resulted from the period where Lacerta was leasing the mining operations.

The above matters are ongoing however, in consideration of advice from the Company's legal advisers in Chile, the directors believe that these matters will be resolved with minimal impact on the consolidated entity's financial position.

The consolidated entity had no other contingent liabilities at 31 December 2019.

Note 12. Related party transactions

Parent entity

Freehill Mining Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Payment for other expenses:		
Interest paid, settled via issue of shares and accrued to directors and related entities	58,627	75,038

Receivable from and payable to related parties

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

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Current payables:		
Unpaid fees payable to directors	164,161	226,182

Loans to/from related parties

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

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Current borrowings:		
Loans from directors and related entities	405,000	465,000

Terms and conditions

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

Note 13. Events after the reporting period

Since 31 December 2019, the company has issued 124,123,413 fully paid ordinary shares settling liabilities and related interest totalling \$1,631,995. In addition, the company has also issued 41,666,667 fully paid ordinary shares raising \$750,000.

No other matter or circumstance has arisen since 31 December 2019 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 14. Earnings per share

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Loss after income tax attributable to the owners of Freehill Mining Limited	<u>(1,741,676)</u>	<u>(1,769,179)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>914,461,665</u>	<u>418,533,943</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>914,461,665</u>	<u>418,533,943</u>
	Cents	Cents
Basic earnings per share	(0.19)	(0.42)
Diluted earnings per share	(0.19)	(0.42)

Note 15. Share-based payments

During the half year the company issued the following options

- Investors and brokers received 166,481,086 options in relation the company's capital raising efforts;
- Lacerta received 30,000,000 options as part of it financials settlement; and
- Key management personnel received 10,000,000 options as part of their remuneration

Set out below are summaries of options granted during the period:

Dec 19							
Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
13/11/2019	12/11/2021	\$0.250	-	176,481,086	-	-	176,481,086
13/11/2019	12/11/2021	\$0.100	-	30,000,000	-	-	30,000,000
			-	206,481,086	-	-	206,481,086
Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
13/11/2019	12/11/2021	\$0.016	\$0.025	120.00%	-	0.87%	\$0.0083
13/11/2019	12/11/2021	\$0.016	\$0.100	120.00%	-	0.87%	\$0.0039

Freehill Mining Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Paul Davies
Director

13 March 2020

RSM Australia Partners

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Independent Auditor's Review Report To the Members of Freehill Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Freehill Mining Limited which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Freehill Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Freehill Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Freehill Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred losses of \$1,741,676 and had net cash outflows from operating activities of \$1,578,521 for the half-year ended 31 December 2019. As at that date, the consolidated entity's current liabilities exceeded its current assets by \$965,990. These events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 13 March 2020
Melbourne, Victoria