



2 June 2022

### Magnetite Off-take Agreement Secured with Chilean Iron Ore Major

- Offtake agreement secured with Compania Minera Del Pacifico S.A. (CMP), a subsidiary of Chile's largest iron ore producer
- The process of becoming an approved supplier to CMP is rigorous and extensive and is the pathway to developing our business with CMP. It is also validation of the efforts of our local staff and production partner MTN
- The agreement is for an initial total of ~24,000 tonnes of magnetite ore, grading at 53% Fe
- Existing inventory stockpiles of ~5,000 tonnes now being transported to CMP with the balance of the initial 24,000 tonnes maiden order targeted for delivery shortly thereafter
- CMP and Freehill negotiating additional offtake agreements following successful delivery of the first order
- Separate negotiations underway with prospective customers in the domestic Chilean market for aggregate product
- Processing operations on the ground at Yervas Buenas ('YB') continue to perform well and efficiently
- Yervas Buenas is located in close proximity to the CMP processing plant, along with other key transportation channels that provide the company with an established competitive advantage in land borne sales logistics (*see Figure 1*)
- \$750,000 Placement completed to sophisticated investors with funds used primarily to scale up processing operations to support customer orders

**Freehill Mining Limited (ASX:FHS 'Freehill' or 'the Company')** is pleased to confirm an initial off-take agreement from its 100%-owned Yervas Buenas magnetite project in Chile.

The agreement is for the supply of magnetite ore to Compania Minera Del Pacifico S.A. (**CMP**), a subsidiary of Chilean conglomerate CAP S.A. – Chile's largest iron ore producer.

Deal terms comprise the receipt of an initial total of 24,000 tonnes of magnetite ore, grading at 53% Fe. Existing inventory of ~5,000 tonnes is now being transported to CMP with the balance of the maiden order targeted for delivery shortly thereafter.

Processing operations on the ground at Yervas Buenas continue to operate efficiently, following the replacement of plant equipment (including all electrical systems) in Q1.

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Freehill also completed the acquisition and installation of an impact crusher to further optimise its forecast production quotas.

Along with the existing off-take agreement at -7mm, the impact crusher has the capacity to produce a final product of -3mm iron ore associated with benchmark 62% fines.

Ongoing production milestones leave the Company well-placed to secure additional sales in the domestic market, given the proximity of its YB operations to the CAP Romeral Pellet feed plant along with arterial highway routes.

The advantageous location of YB provides the company with an obvious benefit with new sales leads via land-borne transport logistics, as opposed to airborne or seaborne channels.

Separate negotiations are underway with a number of domestic customers in the Chilean market with respect to the supply of aggregate fines. These discussions offer Freehill an opportunity to explore additional revenue streams as a direct by-product of its efficient production operations.

### **Placement completed**

Freehill is pleased to confirm that it has received binding commitments from a select number of sophisticated investors to subscribe for 37,500,000 fully paid ordinary shares at \$0.02 per share to raise \$750,000 before costs (**'Placement'**). Shares under the Placement will be issued within the next five days and are being issued pursuant to Freehill's available capacity under ASX Listing Rule 7.1.

The funds raised strengthen the Company's cash balance and will be deployed primarily to scale up mining and processing operations at Yerbos Buenas to support this offtake agreements and future agreements the Company expects to secure

### **Comment:**

**Chief Executive Officer Paul Davies said:** *"The initial off-take agreement with CMP provides a measuring stick for investors on the execution of a production and sales strategy that can drive material revenue growth in the quarters ahead. We look forward to updating investors on processing efficiencies and production quotas at YB, as well as further updates on off-take agreements with CMP and other prospective clients. We are also grateful to our new and existing investors for their support for this small Placement which strengthens our cash reserves and delivers added financial flexibility as we scale up processing and sales."*



*Image 1: Satellite imaging showing the proximity of Y.B. to key customer routes*

#### **About Freehill Mining Limited**

Freehill Mining Limited (ASX: FHS) is a mining and exploration company currently focused on the development of its 100%-owned, 478 hectare Yerbas Buenas magnetite project in Chile. Mobilisation for Phase 1 mining operations at the Yerbas Buenas magnetite mine is now underway and the Company continues to advance the development of the larger scale magnetite resource.

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