



30 January 2024

Quarterly Activities Report for the period ended 31 December 2023

- **Gross sales for the quarter totalled \$228,000 (versus \$119,000 in the prior quarter) driven by growing demand from existing customers and new customers for waste material from the 100%-owned Yervas Buenas mine**
- **Gross sales are based on the delivery of some 6,300m³ of material to customers including some of Chile's largest cement companies – Melón and Unicon, and industrial group Weber as well as other small local construction groups**
- **Receipts from customers totalled \$93,000 versus \$51,000 in the prior quarter, an 82% increase; Customer receipts typically lag gross sales given some invoice payments occur after the end of the quarter**
- **Recommended exploration across the 750 hectare El Dorado project with multiple new areas identified that are prospective for magnetite, copper, cobalt and gold**
- **Subsequent to quarter end:**
 - **\$1.2m in new funds secured (before costs) through a placement undertaken at \$0.01 per share, a 2.9% premium to the 15-day volume weighted average price of FHS shares to 19 January 2024; Investors also receive one option for every two shares subscribed exercisable at \$0.025 cents expiring two years from the date of issue.**
 - **Funds raised are being used primary to acquire state-of-the-art screening and crushing plant and equipment that facilitates a major scale-up of operations at the Yervas Buenas project and allow Freehill to capitalise on larger customer orders which are pending.**
 - **Plant expected to be fully operational by end of February at Yervas Buenas with demobilisation at current site now underway.**
 - **Plant & equipment also provides also gives Freehill the processing infrastructure to recommence magnetite mining at Yervas Buenas following the implementation of a new mine plan.**
- **Freehill had over \$300,000 in cash at quarter end plus the proceeds of \$1.2 million (before costs) from the recently completed capital raise.**
- **At the end of January, 4,000m³ of material has been processed and is stockpiled for ongoing sales. This is after January's sales will be reported in the next quarterly sales update**

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') is pleased to provide this activities report for the quarter ended 31 December 2023 (the 'quarter'). Progress in the period continued to focus on the scale up of waste material (being sand and gravel) processing at the 100%-owned Yervas Buenas mine in Chile. All figures are quoted in Australian dollars unless stated otherwise.

Financial overview

Receipts from customers were up 82% quarter-on-quarter to \$93,000 (prior quarter: \$51,000) while gross sales for the quarter totalled \$228,000 (prior quarter: \$119,000). The variation between customer receipts and gross sales is due solely to timing of customer payments based on agreed trading terms.

Administrative and corporate costs of \$468,000 for the quarter includes non-recurring legal and accounting legacy payments of \$202,000. These costs were incurred partly due to re-listing expenses, redundancy payments and restructuring costs in Chile. The Company has undertaken a review of its legal and accounting services in Chile which will result in significant cost savings going forward.

Production expenses of \$98,000 for the quarter includes the processing of material sold to achieve gross sales as well as production costs associated with current stockpiles of 4,000m³ and January deliveries which will be reported in the next quarterly.

Cash at the end of the quarter exceeds \$300,000, and together with growing sales and funds raised of \$1.2 million (before costs) in the current quarter, Freehill remains well funded to continue expanding current waste material supply and sales.

Operational summary

Gross sales are based on 6,300m³ of material sold during the quarter to a number of customers which now include Chile's largest cement companies Melón and Unicon, and industrial group Weber. Additional sales have also materialised from other small local construction groups and contractors sourcing material from Yervas Buenas on an ad hoc basis.

Materials produced to date, and Freehill's ability to establish reliable supply to customers over an extended period, have been the catalyst for significantly larger Purchase Orders which are expected to be awarded early in the current quarter. Customers have also undertaken extensive material testing at Yervas Buenas with these results also being instrumental to the pending award of these Purchase Orders.

During the quarter, the Company's contractors have spent considerable time producing different types of material based on specific customer product specifications and delivering bulk samples ahead of larger supply agreements occurring.

As reported, the development of a low-cost, small scale magnetite operation at Yervas Buenas is also a priority and the Company and its contractor are assessing plant and equipment to facilitate this. However, the immediate focus remains on achieving stable cash generation through the waste material processing operation which is scaling up.

New exploration program at El Dorado project

While the majority of the focus for the quarter was on material processing activities at Yervas Buenas, the Company was fortunate to secure the services of experienced local geologist Camilo Raggo who has done a full review of the historical work undertaken at our 750 hectare El Dorado project and believes the project is significantly prospective for copper, gold, cobalt and magnetite and previous exploration initiatives do not reflect the project's potential. A staged comprehensive geological survey of the whole area has been presented with 'Phase A' completed in the quarter with results reported separately today.

Events subsequent to quarter end

As communicated in the current quarter, the Company completed a successful placement of new shares to raise \$1.2m before costs to primarily fund the acquisition of state-of-the-art screening and crushing plant and equipment that facilitates a major scale-up of operations at the Yervas Buenas project and allow Freehill to capitalise on larger customer orders which are pending (see ASX announcement 24 January 2024).

Related party payments

In accordance with Listing Rule 4.7C, payments made to related parties and their associates is included in item 6.1 of the Appendix 4C includes Directors' fees and salaries (including superannuation).

Comment

Non-Executive Chairman Ben Jarvis said: *“Steady and tangible progress has been made in the December quarter and into January. Again, the primary focus has been demonstrating to customers that Yervas Buenas has the scale to deliver steady and reliable supply of potentially larger volumes of material that is integral for the construction of large local infrastructure projects underway and planned in La Serena and surrounding regions. We have established supply relationships with some of Chile’s largest cement and companies as well as construction groups, and with added processing equipment that we have acquired, we now have the capacity to deliver on much larger orders which we anticipate will materialise from February and thereafter. We look forward to reporting on these and the progress with the installation of the new plant that will also facilitate the recommencement of magnetite mining which will be based on a viable and professional mine plan.*

“We are also encouraged by the progress from our renewed exploration activities at El Dorado. Our focus in the coming quarters is more extensive, low-cost sampling and trenching to identify multiple zones of interest. With the first stage of sampling completed, we look forward to reporting initial assays.”

Approved for release by the Board of the Company.

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