



## ASX Release

18 August 2023

### Chairman's Address at General Meeting

In accordance with Listing Rule 3.13.3, **attached** is a copy of the Chairman's Address to be delivered at the General Meeting of Freehill Mining Limited (ASX: FHS) commencing at 11.00am (AEST) today, 18 August 2023.

This announcement has been authorised by the Board of the Company.

**For further information, please contact:**

|                         |                        |
|-------------------------|------------------------|
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**Chairman's Address**  
**By Mr Benjamin Jarvis at the general meeting of**  
**Freehill Mining Limited**  
**11.00am (AEST) on Friday, 18 August 2023**

Good morning everyone, and thank you for your attendance at today's meeting. I would like to firstly acknowledge that I understand the 2023 financial year and the early part of FY2024 has been a frustrating period for Freehill shareholders given the suspension of the Company's shares from trading on ASX. I apologise for this and would like to use today as an opportunity to discuss with you how we are going about restoring shareholder value and getting our shares requoted for trading as soon as we can.

Since joining the Board of Freehill in April 2023, together with Peter Williams who was appointed as a non-executive director in May 2023, our focus has been to work with Managing Director Paul Davies to firstly restructure and stabilise operations at our 100%-owned Yervas Buenas (or YB for short) magnetite mine in Chile, which has until recent months, experienced some challenges. Those challenges aside, the YB project maintains a number of important attributes which motivated both myself and Peter to join the Board.

We took the view that for a junior resources company, Freehill has an asset in YB that has the capacity to deliver near-term cash generation and acceptable margins from a fairly straightforward processing operation. . In the current market environment, where a lot of juniors are struggling to attract capital, we have the ability to generate cash from our waste material. With modest processing and handling we are able to provide valuable product to the cement and more broadly the construction industry. This opportunity for Freehill has been underpinned by a key regulatory change in Chile, where environmental laws now stipulate cement industry feedstock can no longer be sourced from dry river beds. Historically this been a source of 95% of material used by cement companies.

Based on our production activities over the past 6 years, YB has generated a waste stockpile of some 700,000 cubic metres which, after testing, is proving to be an acceptable alternative source of materials to the cement industry. And as a direct beneficiary of this regulatory change, Freehill can fairly rapidly establish itself as a key participant in the Chilean waste materials market with ongoing sales in the September 2023 quarter and a pipeline of customers reflecting that we are making progress in this regard.

But stepping back for a moment – many of our investors would be aware that Freehill has made several attempts to establish a commercial magnetite operation at YB. However, on two separate occasions the Company hasn't achieved its stated targets. On review, these efforts were hampered by the lack of a sound operational plan and capable people on the ground. This is no longer the case. What we have today at YB is an experienced contractor who is systematically improving operations and leveraging the respective strengths of the business so that when we do reach the point of mining magnetite, it will be underpinned by a profitable waste materials business. My favourable views on the Company's new contractor were reinforced by a site visit at YB in June 2023 which gave me confidence that we now have a capable on-site team with the capacity to advance the project.



Returning to our near-term market opportunity in waste materials at YB, the ramp up of activity – as highlighted in our ASX update on 11 August 2023 – has been encouraging. What we like is that Freehill is getting real clarity from our contractors, on a weekly basis, about how we're performing on the ground; weeding out teething problems, catching issues as they arise and working very cooperatively and transparently with our Managing Director and members of the Board.

First purchase orders have been received from a local cement plant operated by Melón, one of Chile's largest cement companies, with additional orders expected from two more Melón plants in the region. Freehill is also in dialogue with two more cement companies, construction companies and other groups interested in securing product from YB. The level of interest is most encouraging. Operationally, our aim is to expand waste material production at YB so that we are selling between 10-12,000 cubic metres of material per month by the end of this calendar year, and then build that operation up to a business of scale in its own right. As we have documented in our communications to the market, waste materials are a sought-after commodity in Chile and we can achieve very good prices per cubic metre, and importantly, produce at acceptable margins.

Freehill's Board is confident this will then act as a stepping stone to recommence magnetite mining operations, which will be funded in part from cash flow generated through waste material sales. This is a near-term priority for us.

In connection with our strategy, with respect to funding this current phase of growth, we are fortunate to have the support of a number of our shareholders and new investors who have provided funding since the Company was suspended from trading to fund working capital and the capex of the necessary plant and equipment to commence waste processing at YB. We are grateful for this support.

As you are aware, on 12 July 2023 we also announced a pro rata non-renounceable entitlement offer of 1 fully paid ordinary new share for every 5 shares held by eligible shareholders on 17 July 2023 at an issue price of \$0.003 per share to raise up to approximately \$1.16 million before costs. This offer closes on 25 August 2023, with the Board having the right to place any shortfall to interested parties within three months of the closing date. This offer provides another source of capital which will give us the financial flexibility as we progressively build revenue from our processing operations in Chile.

This funding, and our growing sales, which we acknowledge are still relatively modest at this time, together with shareholder approval for today's resolutions, provide the catalysts for reinstatement of the Company's shares to quotation, subject to ASX approval.

With the improving reputation of YB in the Chilean market, we are now attracting a growing level of interest from a broad range of new potential customers. In addition, the near-term cash flow opportunity through waste materials is complementary to our longer-term plans for the recommencement of magnetite mining operations, in terms of market networks and potential customers.



I'd like to reiterate my confidence in our operations and that of the Company's future. Our priority at this time is to scale up operations at YB, continue to manage our cost base conservatively, and regularly report back to shareholders on progress including providing more details on financial performance which we acknowledge as the key benchmark.

Once again, we would like to thank our investors for their ongoing support, and look forward to providing more updates on operations at YB as operations and sales scale up.