



7 February 2023

Replacement Activities Report and Appendix 5B for September 2022 quarter

Freehill Mining Limited (ASX: FHS) has today released, for the quarter ending 30 September 2022, a replacement Quarterly Activities Report (**Replacement Activities Report**) and Quarterly Appendix 5B Cash Flow Report (**Replacement Appendix 5B**). The Replacement Activities Report and the Replacement Appendix 5B replace, for the quarter ending 30 September 2022, the Quarterly Activities Report (**Previous Activities Report**) and Quarterly Appendix 5B Cash Flow Report (**Previous Appendix 5B**) as previously released to ASX by FHS on 31 October 2022.

FHS notes the following key updates:

- (a) **Replacement Appendix 5B** - the Previous Appendix 5B was the same as the March 2022 Appendix 5B released to ASX on 29 April 2022, other than the date on page 1 being updated from “31 March 2022” to “31 September 2022”. As a result, the Replacement Appendix 5B sets out the actual cash flow events that occurred during the September 2022 quarter (rather than the cash flow events that occurred during the March 2022 quarter as were set out in the Previous Appendix 5B); and
- (b) **Replacement Activities Report** – the Replacement Activities Report has been updated to reflect the closing cash balance as at 30 September 2022 (rather than the closing cash balance as at 31 March 2022 that was set out in the Previous Activities Report).

For further information, please contact:

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30 September 2022

Quarterly Activities Report for the Period Ended 30 September 2022

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') is pleased to provide this activity report for the quarter ended 30 September 2022 (the 'quarter').

Commencement of sales of magnetite concentrate to Chilean iron ore major

Activities for the September quarter focused on the commencement of regular deliveries of magnetite concentrate from the Company's 100%-owned Yervas Buenas magnetite mine in Chile. This is a major milestone for Freehill transforming the Company from predominantly and exploration-focused operation to a production company. Deliveries are underpinned by an off-take agreement with Compania Minera Del Pacifico S.A. (CMP) which Freehill announced in May of this year.

CMP operates as a subsidiary of Chilean conglomerate CAP S.A. – Chile's largest iron ore producer. The commencement of deliveries follows the successful procurement of the requisite transport approvals. Whilst the Company has experienced some delays in magnetite sales, as reported in the current quarter, Freehill has demonstrated the infrastructure and regulatory frameworks required to develop stable ongoing monthly revenues following an exhaustive process involving both the project and transportation capabilities.

Deal terms outlined in the first off-take agreement comprise the receipt of an initial total of 24,000 tonnes of pre concentrate Fe to CMP. Further off-take agreements are likely to be agreed following delivery of this first tonnage. As the Company establishes its position in the Chilean market as a reliable supplier of magnetite ore, negotiations with other prospective customers are advancing very favourably.

In September, Freehill confirmed that the successful delivery of an initial 2,500 tonnes of pre concentrate to CMP. Each delivery was executed on time, with confirmation of receipt by the end-customer. The efficient delivery processes can be attributed to the extensive groundwork carried out by Freehill in cooperation with CMP, including detailed transport approvals from local regulators. Transport logistic plans also required effective solutions for inventory management and delivery infrastructure, including trucking procurement and mapping of transport logistic routes.

The Company confirms that revenue from the first deliveries materialised in the current quarter and will thus be reflected in the Appendix 5B for the quarter ended 31 December 2022.

Events subsequent to the end of the quarter

In late October, Freehill reported that a technical error in the drone survey work used to calculate the quantities of end product available for sale will see less stockpiled pre concentrate available for sale to CMP which has impacted the current schedule of deliveries. CMP have agreed to a revised delivery program, and production has temporarily paused while Freehill's technical team and contractors conduct a detailed geophysical survey of the mining pit to optimise mine processing and production. Production is scheduled to re-commence in early November. The Company confirmed that ~2,800 tonnes of magnetite concentrate have been sold to CMP. This has generated circa \$100,000 in revenue to Freehill which will be reflected in the Appendix 5B for the quarter ended 31 December 2022 along with additional revenue from pre concentrate sales that will materialise once regular deliveries resume in November.

Freehill also reported that it has entered discussions for the long-term supply of waste material to Cementos Bicentenario SA ("BSA") (<https://www.cementosbsa.com/>). BSA has been impacted by recent changes to Chilean legislation regarding recovery of gravels from river beds and is seeking alternative supply.

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Corporate and Funding

Cash and cash equivalents as at the end of the quarter totalled \$38,000. In addition, the Company is negotiating a convertible note from a US fund which is due to be completed in early November. Together with the revenue from magnetite concentrate sales to CMP, and a tight focus on cost controls, Freehill is sufficiently funded for subsequent quarters.

Mining tenements listing

In accordance with ASX Listing Rule 5.3.3, Freehill provides the following information in relation to its tenement holdings located in Chile:

Tenement Name	Freehill Group Ownership	Location	Licence Number	Area
YERBAS BUENAS 1-16	100%	Region IV, Chile	04102-2723-1	50 Ha
ARENAS III 1 to 15	100%	Region IV, Chile	04102-2714-2	150 Ha
ARENAS IV 1 to 10	100%	Region IV, Chile	04102-2715-0	44 Ha
ARENAS VI 1 to 20	100%	Region IV, Chile	04102-2755-K	92 Ha
ARENAS X 1 to 18	100%	Region IV, Chile	04102-2937-4	54 Ha
ARENAS XI 1 to 20	100%	Region IV, Chile	04102-3522-6	80 Ha
EL DORADO I to 10	100%	La Higuera, Chile	04102-3669-9	100 Ha
EL DORADO II 1 to 10	100%	La Higuera, Chile	04102-3670-2	100 Ha
EL DORADO III 1 to 10	100%	La Higuera, Chile	04102-3671-0	100 Ha
EL DORADO IV 1 to 10	100%	La Higuera, Chile	04102-3672-9	100 Ha
EL DORADO V 1 to 10	100%	La Higuera, Chile	04102-3673-7	58 Ha
EL DORADO VI 1 to 10	100%	La Higuera, Chile	04102-3674-5	94 Ha
EL DORADO VII 1 to 7	100%	La Higuera, Chile	04102-3675-3	70 Ha
EL DORADO VIII 1 to 10	100%	La Higuera, Chile	04102-3676-1	96 Ha
			Total	1,188 Ha

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.

For further information, please contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

FREEHILL MINING LTD	
ABN	Quarter ended ("current quarter")
27 091 608 025	30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(59)	(59)
(e) administration and corporate costs	(169)	(169)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(79)	(79)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(307)	(307)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(867)	(867)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(867)	(867)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	541	541
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(8)
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	633	633
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	579	579
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(307)	(307)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(867)	(867)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	633	633
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	38	38

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	38	579
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	38	579

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

6.1 Include payments of directors and consulting fees.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)	270	270
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Other borrowings relate to debt with a conversion of option. Interest is payable on the debt with conversion option at 10% per annum and the borrowings expire in November 2021. It can be converted at a 15% discount to 7-day VWAP.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(307)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(867)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,174)
8.4	Cash and cash equivalents at quarter end (item 4.6)	38
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	38
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	.03
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer. No. The Company has commenced product sales and generated \$100,000 of sales revenue from pre concentrate Fe since the end of the Quarter and expects this revenue to grow. In addition, further sales channels are opening in relation to waste product from processing.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes. Yes. The Company is negotiating a convertible note from a US fund which is due to be completed in early November.	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes. With the funding support from the convertible note facility combined with increased sales outcomes the Company expects to meet its business objectives	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

8th February 2023.

Date:

Paul Davis – Executive Director

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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