



11 August 2023

Yerbas Buenas Sales & Production Update

Highlights

- Secures one of Chile's largest cement companies, Melón, as a customer for Yerbas Buenas' waste material with first purchase orders secured; supply has commenced to Melón's Coquimbo plant with orders expected from two more Melón plants in the region
- Freehill has completed sales and secured purchase orders for an initial 2,700 cubic metres (m³) of material from Yerbas Buenas valued at A\$71,000; A further 10,000m³ of material has been stockpiled in order to fulfil ongoing orders expected in the near-term
- Freehill is receiving between A\$12.50 and \$A24.15 per cubic metre for material (depending on the level of processing) with the lower-priced material (which is very low volumes) being supplied without screening; product development of new materials planned will deliver enhanced pricing
- Whilst the value of first sales and purchase orders is still relatively modest, activities in the past 60 days have focused primarily on product marketing and customer engagement, refining material processing activities, and working with larger customers on supply chain and logistics to support their operations and requirements
- Revenue is expected to increase incrementally each month as we commence supply to more Melón plants and new customers; negotiations are advancing with two other cement companies
- Freehill is also expanding its range of materials for sale based on growing demand from the cement industry and new potential customers in the construction and infrastructure sectors
- As communicated, development of a low-cost, small scale magnetite operation at Yerbas Buenas is a priority with plant and equipment now being assessed

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') provides this update on sales and processing activities at its 100%-owned Yerbas Buenas project Chile. As per the highlights above, the Company is pleased to confirm first sales, the securing of new purchase orders and establishment of meaningful stockpiles of material for near-term sale. Operations are underpinned by first purchase orders from one of Chile's largest and respected cement companies, Melón, and we are working with them to establish Yerbas Buenas as a primary source of supply of waste material, being gravels and sands, to their three cement plants in the region. Supply to the first plant in Coquimbo has commenced.

Negotiations with other similar companies are advancing and positive. Pleasingly, a number of expressions of interest have been received from construction companies, infrastructure groups and road builders and Freehill expects purchase orders from some of these groups in the near term.

While first sales revenue and the value of secured purchase orders is modest at this time, much of our focus has been to market Yervas Buenas to local industry as a stable and dependable supplier of material and enhance operating and logistics processes. Progress has been made in this regard and the stockpiled material referenced above is a good indicator of ongoing demand and expected purchase orders. The 10,000m³ should be regarded as a starting point only. We are expecting that sales volumes will now start to scale up from this point and the Company will keep shareholders abreast of progress.

As we have previously communicated, Yervas Buenas has proven deposits of magnetite as defined by the Mineral Resource Estimate for the project published in previous ASX announcements and available on our [website](#). Previous attempts to mine this material profitably have been unsatisfactory, and our priority is to source more reliable plant and equipment and implement professionally run mining and processing operations to monetise the magnetite and sell it to local customers at acceptable margins. Initial work is underway and will become a priority once appropriate scale is achieved from current processing operations.

All A\$ dollar amounts set out in this announcement are calculated based on an exchange rate of one Australian dollar for 559 Chilean Pesos as at 8 August 2023.

Commentary

Non-Executive Chairman Ben Jarvis said: *“We are pleased to confirm first sales to a well-respected and large customer in Melón. Securing this customer is an excellent achievement. Securing our first sales revenue and firm purchase orders is most encouraging as we have demonstrated an ability to deliver quality material in a timely manner which provides a catalyst for ongoing purchase orders. Our focus now is on building scale with Melón and securing purchase orders with similar-sized customers in the cement industry and other related sectors. As such we expect to grow sales rapidly and we will report on more purchase orders when secured. Our contractors are to be congratulated for their efforts in stabilising activities at Yervas Buenas. The region holds lots of promise and the Board is intent on capitalising on more opportunities and restoring value for shareholders. We look forward to reporting on progress as activities ramp up.”*

Approved for release by the Board of the Company.

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