



31 October 2024

Quarterly Activities Report for the period ended 30 September 2024

Freehill Mining Limited (ASX: FHS 'Freehill' or 'the Company') is pleased to provide this activities report for the quarter ended 30 September 2024 (the 'quarter'). During the period, and against the backdrop of some significant challenges, Freehill delivered a solid performance from material sales from its 100%-owned Yervas Buenas mine, with ongoing momentum post quarter-end. All figures are quoted in Australian dollars unless stated otherwise.

Highlights

- Gross sales in the quarter were \$476,000, consolidating the trend achieved in the June quarter (Q4 FY24 sales: \$470,000)
- Quarterly cash receipts increased by 5% to \$458,000, partly reflecting the constrained position in relation to production
- Trend growth in the September quarter was achieved despite a number of operational challenges including an unfortunate workplace accident which necessitated a halt to production, and the reconfiguration of equipment to optimise output
- With the recommencement of production of our large plant and the receipt a large ongoing order from Chilean construction major Cementos Melón, gross sales for October have exceeded \$230,000, a record month and up 31% on the month of September with further growth expected from here on. Additional plant optimisation works are being carried out to accommodate the new Melón order.
- Waste material operations at Y.B. are still in a scale-up phase; the on-site field team is working hard to optimise production, with a clear pathway to achieve expanded production capacity that can underpin further sales momentum over and above current trend growth
- Freehill had \$225,000 in cash and short-term trade debtors of \$175,000 at quarter-end.

Comments

Managing Director Paul Davies said: *"Freehill's latest quarterly results highlight the success of our strategy to position the company as a premium supplier of waste materials in the Chilean market. I'm proud of the efforts of our field team during the period, who've worked hard in difficult conditions to optimise production and set Freehill up for a further acceleration in growth over the coming months."*

Non-Executive Chairman Ben Jarvis added: *"Group sales for the September quarter, when viewed in conjunction with even stronger momentum in October confirm that Freehill is now on a viable pathway to generate positive gains in net earnings and operating cash flow. We look forward to updating investors in the months ahead as Freehill's group financial metrics continue to strengthen."*

Financial overview

Receipts from customers were up 5.5% q/q to \$458,000 (prior quarter: \$434,000) while gross sales for the quarter totalled \$476,000 (prior quarter: \$470,000). Production costs were \$370,000, consistent with the prior quarter and reflective of ongoing efforts to boost production capacity to meet demand.

Production costs are expected to decline as a percentage of cash receipts in the coming quarters following successful efforts to optimise crushing and processing for expanded waste material volumes. The Company has additional trade debtors of \$175,000 as at the quarter-end, reflecting the difference in timing between customer receipts and gross sales based on agreed trading terms.

Administrative and corporate costs increased to \$251,000 (prior quarter: \$111,000) as a result of Freehill's commitment to meet all of its obligations in connection with the unfortunate on-site accident in July. The Company allocated around \$100,000 in the quarter to cover costs associated with the engagement of government departments, policymakers and legal experts to ensure due process was followed at all stages of the accident response.

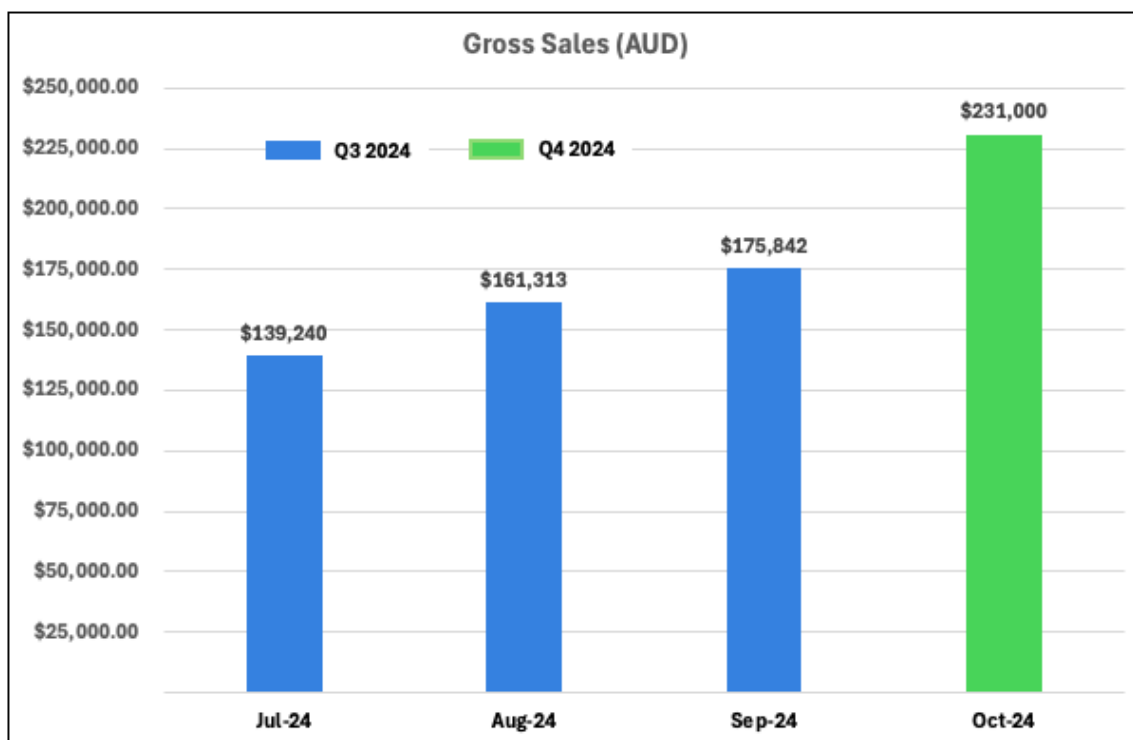
Cash at quarter-end was \$231,000. With these cash reserves, the pending receipt of quarter-end trade debtors and a strong and growing sales pipeline, Freehill is positioned significantly increase net cash flows from operations in the quarters ahead.

Operational summary

Material sales

Quarterly operations were highlighted by the continued execution of Freehill's strategy to establish its 100%-owned Yervas Buenas mine as a premium supplier of waste material products to the Chilean cement and construction industry.

Despite the plant closure and delays resulting from on-site optimisation works, the Company was able to sustain and marginally improve the position established in the previous quarter with gross sales of \$476,000, underpinned by consistent monthly sales of waste material products.



Gross sales in the September quarter reflected a consolidation of the recent trend in q/q waste material sales, following a significant uplift in the June quarter. The sales result was also achieved at a time when the Company was also providing a comprehensive response to the workplace accident that occurred at the beginning of the quarter.

Magnetite operations

Alongside the scale-up of its waste material operations, Freehill also advanced its strategy to recommence magnetite mining operations at Y.B. with the procurement of key equipment. The restart of magnetite mining is expected to complement the group's existing momentum in waste material sales, as the best-margin market for magnetite is within the construction sector to our existing clients.

Events subsequent to quarter-end

Further reflecting the strength of Freehill's market position, the Company's momentum in the September quarter has been followed by encouraging gross sales growth in October which has exceeded \$230,000, a record month and up 31% on the month of September.

Post quarter-end, Freehill announced it had been contracted by Chilean construction conglomerate, Cementos Melón, to supply material for the construction of a ~125,000m² new state of the art hospital in La Serena, a ~US\$271m government infrastructure project.

Purchase Orders will be issued on a rolling monthly basis, with the first monthly order received and valued at AS\$205,000. Based on a construction timeframe for the hospital of approximately four years, Freehill anticipates this contract generating considerable revenue with the potential for larger future purchase orders, depending on capacity. In turn, the Company continued to prioritise the optimisation of processing operations at Y.B. in the September quarter, so that it has capacity to supply increased production volumes.

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).

Approved for release by the Board of the Company.

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