

Freehill Mining Limited

ABN 27 091 608 025

Interim Report - 31 December 2022

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Freehill Mining Limited
Corporate directory
31 December 2022

Directors	Paul Davies Benjamin Jarvis Peter Williams
Registered office	Level 24, 570 Bourke St Melbourne, Victoria, Australia, 3000
Principal place of business	Level 24, 570 Bourke St Melbourne, Victoria, Australia, 3000
Share register	Automic Registry Services Level 5, 126 Phillips Street Sydney NSW 2000
Auditor	Connect National Audit Pty Ltd Level 14 333 Collins Street Melbourne, Victoria 3000
Stock exchange listing	Freehill Mining Limited shares are listed on the Australian Securities Exchange (ASX code: FHS)
Website	www.freehillmining.com

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Freehill Mining Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Freehill Mining Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Freehill Mining Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Paul Davies
Benjamin Jarvis (appointed (5 April 2023)
Peter Williams (appointed (1 May 2023)
Raymond Charles Mangion (resigned 20 February 2023)
Jim Moore (resigned 20 February 2023)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Progressing the feasibility of magnetite mining at the Yervas Buenas site;
- Reviewing multiple technical issues relating to production of magnetite from Yervas Buenas;
- Development of secondary revenue stream from sale of waste material;
- Identify scope of waste material opportunity due legislative changes in Chile; and
- Reviewing potential acquisitions predicated on adding shareholder value.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$14,050,847 (31 December 2021: \$555,956).

The loss of the consolidated entity effectively reflects a write down of the Company's Exploration assets as we have entered the mining phase of our operations. While this is in line with accounting practice, it may be subject to subsequent reversal should future activities support a re-evaluation.

During the half year, the Company completed delivery of 3,500 tonnes of pre-concentrate to CMP, but encountered a number of challenges in the operation of the mine due to the disseminated nature of the deposit and the delay in getting environmental approvals for an infill drilling program. This severely affected production outcomes.

Operational delays with respect to magnetite mining remain ongoing, and the group will address these issues in a forthcoming review of mining operations while concurrently, a significant opportunity has presented itself with the demand for waste material from the Y.B. mine.

As a result of changes to Chilean environmental laws, cement companies are no longer able to source aggregate materials from river beds. Historically, 95% of their material came from this source.

During the half year, Freehill made initial sales of waste material to local cement company BSA. In addition, three other major Chilean cement companies undertook extensive testing of our waste material, all of which resulted in positive results. This flags a major step forward for the company in developing a cashflow positive operation.

Furthermore, one of the companies – Cementos Melon – is also a purchaser of modest volumes of magnetite preconcentrate, consistent with our production objectives and on more attractive commercial terms than those currently available from CMP.

Matters subsequent to the end of the financial half-year

Since 31 December 2022, the company has received \$375,000 of additional funding from convertible debt with further commitments in excess of \$200,000.

On 1 February 2023, the company's securities were suspended from quotation on the Australian Securities Exchange.

The Company has:

Freehill Mining Limited
Directors' report
31 December 2022

- Identified a low-risk stable path to positive and significant cashflow;
- Terminated its arrangements with MTN Gold and temporarily paused mining operations;
- Entered into an operating agreement with highly competent parties involved in the Chilean cement industry for the processing of mine waste material;
- Set out the framework for a mine plan with respect to low-cost modest magnetite production; and
- Initiated a plan to achieve relisting through a capital raising and a demonstrable business.

Set out below is a summary of Board changes that occurred subsequent to the end of the financial half-year:

Mr Raymond Charles Mangion and Mr Jim Moore resigned as directors on February 20, 2023;
Mr Benjamin Jarvis was appointed as a non-executive director on April 5, 2023; and
Mr Peter Williams was appointed as a non-executive director on May 1, 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Paul Davies
Director

11 May 2023

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the review of Freehill Mining Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Freehill Mining Limited.

Connect National Audit



George Georgiou FCA
Managing Partner
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
11 May 2023

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Freehill Mining Limited

Contents

31 December 2022

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	17
Independent auditor's review report to the members of Freehill Mining Limited	18

General information

The financial statements cover Freehill Mining Limited as a consolidated entity consisting of Freehill Mining Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Freehill Mining Limited's functional and presentation currency.

Freehill Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 24, 570 Bourke St
Melbourne, Victoria,
Australia, 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 May 2023.

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Freehill Mining Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated Dec 2022 \$	Consolidated Dec 2021 \$
Revenue		106,658	26,949
Expenses			
Mine production costs		(72,133)	(73,906)
Corporate and administration expenses		(318,647)	(430,143)
Impairment of assets	4	(13,411,718)	-
Other expenses		(197,315)	(71,503)
Finance costs		(157,692)	(7,353)
Loss before income tax expense		(14,050,847)	(555,956)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Freehill Mining Limited		(14,050,847)	(555,956)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,266,398	(1,958,542)
Other comprehensive income for the half-year, net of tax		1,266,398	(1,958,542)
Total comprehensive income for the half-year attributable to the owners of Freehill Mining Limited		<u>(12,784,449)</u>	<u>(2,514,498)</u>
		Cents	Cents
Basic earnings per share	17	(0.760)	(0.033)
Diluted earnings per share	17	(0.760)	(0.033)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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Freehill Mining Limited
Statement of financial position
As at 31 December 2022

	Note	Consolidated Dec 2022 \$	Consolidated June 2022 \$
Assets			
Current assets			
Cash and cash equivalents		6,680	580,651
Trade and other receivables	5	392,425	64,309
Other		17,136	474
Total current assets		<u>416,241</u>	<u>645,434</u>
Non-current assets			
Trade and other receivables	5	789,741	857,901
Property, plant and equipment		149,066	148,980
Exploration and evaluation	6	-	21,201,563
Mining	7	10,105,042	-
Total non-current assets		<u>11,043,849</u>	<u>22,208,444</u>
Total assets		<u>11,460,090</u>	<u>22,853,878</u>
Liabilities			
Current liabilities			
Trade and other payables	8	330,864	81,693
Borrowings	9	289,301	-
Derivative financial instruments	10	135,735	-
Employee benefits		12,985	13,365
Total current liabilities		<u>768,885</u>	<u>95,058</u>
Non-current liabilities			
Borrowings	9	315,100	-
Provisions		70,000	70,000
Total non-current liabilities		<u>385,100</u>	<u>70,000</u>
Total liabilities		<u>1,153,985</u>	<u>165,058</u>
Net assets		<u>10,306,105</u>	<u>22,688,820</u>
Equity			
Issued capital	11	40,097,764	39,713,329
Reserves	12	818,021	(465,676)
Accumulated losses		(30,609,680)	(16,558,833)
Total equity		<u>10,306,105</u>	<u>22,688,820</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Freehill Mining Limited
Statement of changes in equity
For the half-year ended 31 December 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	36,263,862	(124,754)	(14,942,332)	21,196,776
Loss after income tax expense for the half-year	-	-	(555,956)	(555,956)
Other comprehensive income for the half-year, net of tax	-	(1,958,542)	-	(1,958,542)
Total comprehensive income for the half-year	-	(1,958,542)	(555,956)	(2,514,498)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,996,167	-	-	1,996,167
Share-based payments	-	(38,588)	-	(38,588)
Balance at 31 December 2021	<u>38,260,029</u>	<u>(2,121,884)</u>	<u>(15,498,288)</u>	<u>20,639,857</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	39,713,329	(465,676)	(16,558,833)	22,688,820
Loss after income tax expense for the half-year	-	-	(14,050,847)	(14,050,847)
Other comprehensive income for the half-year, net of tax	-	1,266,398	-	1,266,398
Total comprehensive income for the half-year	-	1,266,398	(14,050,847)	(12,784,449)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	384,435	-	-	384,435
Share-based payments	-	17,299	-	17,299
Balance at 31 December 2022	<u>40,097,764</u>	<u>818,021</u>	<u>(30,609,680)</u>	<u>10,306,105</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Freehill Mining Limited
Statement of cash flows
For the half-year ended 31 December 2022

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	106,658	-
Other revenue	-	26,949
Interest and other finance costs paid	(119,900)	(6,619)
Payments to suppliers and employees (inclusive of GST)	<u>(716,567)</u>	<u>(537,250)</u>
Net cash used in operating activities	<u>(729,809)</u>	<u>(516,920)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	<u>(919,835)</u>	<u>(1,094,858)</u>
Net cash used in investing activities	<u>(919,835)</u>	<u>(1,094,858)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	2,005,705
Proceeds from borrowings	685,109	50,000
Proceeds from convertible note	397,985	-
Share issue transaction costs	<u>(7,777)</u>	<u>(184,272)</u>
Net cash from financing activities	<u>1,075,317</u>	<u>1,871,433</u>
Net increase/(decrease) in cash and cash equivalents	(574,327)	259,655
Cash and cash equivalents at the beginning of the financial half-year	580,651	1,535,609
Effects of exchange rate changes on cash and cash equivalents	<u>356</u>	<u>(23,017)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>6,680</u></u>	<u><u>1,772,247</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation area of interest is ready to move into the production phase. Amortisation of the mining asset will commence once production commences.

New or amended Accounting Standards and Interpretations not yet effective

The consolidated entity has not early adopted any new or amended accounting standard that is not yet mandatory.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$14,050,847, had operating cash outflows of \$729,809 and net working capital deficiency of \$352,644.

The directors have reviewed the cash flow forecast for the next 12 months from the date of signing this financial report, and assessed that there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern due to the following factors:

- The loss for the period included non-cash impairment expenses of \$13,411,718;
- The consolidated entity's Yervas Buenas project is expected to go into production during the June 2023 quarter and is budgeted to be generate positive cash flows over the coming 12 month period and beyond;
- Since 31 December 2022, the company has received \$375,000 of additional funding from convertible debt with further commitments in excess of \$200,000;
- The company is in advanced discussions with investors regarding a further capital and working towards to readmission to the official list of the Australian Securities Exchange.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

During the financial half-year the consolidated entity has recognised impairments in relation to exploration and evaluation assets (note 6) and mining assets (note 7).

Yerbas Buenas Project

As at 31 December 2022, the board have determined that the Yerbas Buenas project was ready to move into the production phase, and for this reason the capitalised value of exploration and evaluation expenditure relating to that project was transferred to mining assets.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: Chilean Exploration. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Expenses

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Impairment</i>		
Exploration and evaluation (note 6)	7,414,501	-
Mining assets (note 7)	5,997,217	-
Total impairment	<u>13,411,718</u>	<u>-</u>

Freehill Mining Limited
Notes to the financial statements
31 December 2022

Note 5. Trade and other receivables

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Current assets</i>		
Other receivables	6,827	4,700
Indirect taxes receivable	385,598	59,609
	<u>392,425</u>	<u>64,309</u>
<i>Non-current assets</i>		
Indirect taxes receivable	789,741	857,901
	<u>1,182,166</u>	<u>922,210</u>

Note 6. Exploration and evaluation

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	7,518,179	21,201,563
Less: Impairment	(7,518,179)	-
	<u>-</u>	<u>21,201,563</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration
	\$
Balance at 1 July 2022	21,201,563
Additions	724,043
Exchange differences	1,591,154
Impairment of assets	(7,414,501)
Transfer to mining assets - refer to note 7	<u>(16,102,259)</u>
Balance at 31 December 2022	<u>-</u>

As at 31 December 2022, the board have determined that the Yerbas Buenas project was ready to move into the production phase, and for this reason the capitalised value of exploration and evaluation expenditure of \$16,102,259 relating to that project was transferred to mining assets.

The consolidated entity does not intend to incur any further exploration expenditure in relation to its El Dorado project. For this reason, the project has been impaired in full and an expense of \$7,414,501 has been recognised.

Freehill Mining Limited
Notes to the financial statements
31 December 2022

Note 7. Mining

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Non-current assets</i>		
Mining - at cost	16,102,259	-
Less: Impairment	<u>(5,997,217)</u>	<u>-</u>
	<u>10,105,042</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Mining asset
	\$
Balance at 1 July 2022	-
Transfer from exploration and evaluation - refer to (note 6)	16,102,259
Impairment of assets	<u>(5,997,217)</u>
Balance at 31 December 2022	<u>10,105,042</u>

As at 31 December 2022, the board have determined that the Yervas Buenas project was ready to move into the production phase, and for this reason the capitalised value of exploration and evaluation expenditure of \$16,102,259 relating to that project was transferred to mining assets.

At 31 December 2022, the carrying value of the mining asset reviewed for impairment. This was done based on the discounted cash flows expected from the Yervas Beunas project, using a discount rate of 12.5%. An impairment expense of \$5,997,217 was recognised

Note 8. Trade and other payables

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	246,103	19,718
Interest payable	9,189	-
Other payables	<u>75,572</u>	<u>61,975</u>
	<u>330,864</u>	<u>81,693</u>

Note 9. Borrowings

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Current liabilities</i>		
Convertible notes payable	<u>289,301</u>	<u>-</u>
<i>Non-current liabilities</i>		
Loan - convertible debt	<u>315,100</u>	<u>-</u>
	<u>604,401</u>	<u>-</u>

Freehill Mining Limited
Notes to the financial statements
31 December 2022

Note 9. Borrowings (continued)

Convertible notes includes notes with a value of \$400,000 which have been issued at US\$1.00 with a face value of \$US1.15 and expiring on 15 November 2023. The conversion price is the lesser of :

- 90% of the lowest VWAP during the 5 actual trading day prior to the conversion; and
- \$A0.01 being the lowest daily VWAP during the 5 actual trading days immediately prior to the agreement.

No interest is payable on the notes, and the company's obligations under the convertible note agreement are secured by way of the issue of 90,000,000 collateral shares to the noteholder, refer to note 11.

A derivative liability of \$135,735 has been recognised in relation to the convertible note, refer to note 10.

Interest is payable on the convertible debt at 10% per annum and the borrowings expire in November 2024. It could be converted at a 15% discount to 7 day VWAP.

Note 10. Derivative financial instruments

	Consolidated	
	Dec 2022	June 2022
	\$	\$
<i>Current liabilities</i>		
Derivative portion of convertible notes	135,735	-

A derivative liability of \$135,735 has been recognised in relation to convertible notes, refer to note 9.

Note 11. Issued capital

	Consolidated			
	Dec 2022	June 2022	Dec 2022	June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	1,926,848,893	1,809,194,419	40,097,764	39,713,329

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	1,809,194,419		39,713,329
Share issued to settle trade payables	7 September 2022	650,000	\$0.017	11,050
Conversion of debt	7 September 2022	25,804,474	\$0.014	371,562
Share issued to settle trade payables	16 November 2022	1,200,000	\$0.008	9,600
Convertible note collateral shares issued (note 9)	16 November 2022	90,000,000	\$0.000	-
Less cost of capital raising		-	\$0.000	(7,777)
Balance	31 December 2022	1,926,848,893		40,097,764

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Freehill Mining Limited
Notes to the financial statements
31 December 2022

Note 12. Reserves

	Consolidated	
	Dec 2022	June 2022
	\$	\$
Foreign currency reserve	(884,531)	(2,150,929)
Share-based payments reserve	1,702,552	1,685,253
	<u>818,021</u>	<u>(465,676)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share-based payments \$	Foreign currency \$	Total \$
Balance at 1 July 2022	1,685,253	(2,150,929)	(465,676)
Foreign currency translation	-	1,266,398	1,266,398
Share based payments	17,299	-	17,299
Balance at 31 December 2022	<u>1,702,552</u>	<u>(884,531)</u>	<u>818,021</u>

Note 13. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 14. Contingent liabilities

The consolidated entity had no contingent liabilities at the end of the current or previous financial period.

Note 15. Related party transactions

Parent entity

Freehill Mining Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties other directors fees during the current and previous financial half-year.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	Dec 2022	June 2022
	\$	\$
Current payables:		
Fees and expenses payable to directors	38,711	-

Note 15. Related party transactions (continued)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Events after the reporting period

Since 31 December 2022, the company has received \$375,000 of additional funding from convertible debt with further commitments in excess of \$200,000.

On 1 February 2023, the company's securities were suspended from quotation on the Australian Securities Exchange.

The Company has:

- Identified a low-risk stable path to positive and significant cashflow;
- Terminated its arrangements with MTN Gold and temporarily paused mining operations;
- Entered into an operating agreement with highly competent parties involved in the Chilean cement industry for the processing of mine waste material;
- Set out the framework for a mine plan with respect to low-cost modest magnetite production; and
- Initiated a plan to achieve relisting through a capital raising and a demonstrable business.

Set out below is a summary of Board changes that occurred subsequent to the end of the financial half-year:

Mr Raymond Charles Mangion and Mr Jim Moore resigned as directors on February 20, 2023;

Mr Benjamin Jarvis was appointed as a non-executive director on April 5, 2023; and

Mr Peter Williams was appointed as a non-executive director on May 1, 2023.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	Dec 2022	Dec 2021
	\$	\$
Loss after income tax attributable to the owners of Freehill Mining Limited	<u>(14,050,847)</u>	<u>(555,956)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,848,032,188</u>	<u>1,679,825,909</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,848,032,188</u>	<u>1,679,825,909</u>
	Cents	Cents
Basic earnings per share	(0.760)	(0.033)
Diluted earnings per share	(0.760)	(0.033)

Freehill Mining Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Paul Davies
Director

11 May 2023

For personal use only

Independent Auditor's Review Report

To the members of Freehill Mining Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Freehill Mining Ltd. Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Freehill Mining Ltd is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Statement of financial position as at 31 December 2022;
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the Half-year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to note 1 in the half year financial report which indicates that the consolidated entity incurred a net loss of \$14,050,847 for the half-year ended 31 December 2022 and a deficit working capital of \$352,644. In addition, the consolidated entity sustained a negative operating cashflow of \$729,809. These events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast a significant doubt on the consolidated entity's ability to continue as a going concern.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the consolidated entity are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001*

- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Freehill Mining Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Connect National Audit

George Georgiou FCA
Managing Partner
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 11 May 2023