



CHAIRMAN'S UPDATE

ANNUAL GENERAL MEETING OF FREEHILL MINING LIMITED HELD ON MONDAY, 25 NOVEMBER 2024 AT 11:00AM AEDT

Dear Shareholders,

It is my pleasure to present this report to shareholders for the 2024 Annual General Meeting of Freehill Mining Limited.

At this time last year, Freehill's near-term objectives were focused on recapitalising the business and meeting our requirements to recommence trading on the ASX, following a series of delays at the Company's 100%-owned Yerbas Buenas ('YB') magnetite mine in Chile. In terms of those key deliverables, I am pleased to report that Freehill promptly achieved its goals and subsequently moved on to its core near-term operational priority; to establish Freehill as a trusted supplier of premium waste material products for a customer base comprising some of Chile's largest cement and construction companies.

During the financial year, Freehill successfully executed on a multi-phase strategy to expand waste material production and establish a source of product to meet growing market demand. We managed to achieve this while also reporting progressive growth in quarterly sales, as demand stayed robust while our capacity to meet that demand increased.

In doing so, the Company has capitalised on the opportunity stemming from significant regulatory changes in Chile, which stipulated that feedstock for the cement and construction industries can no longer be extracted from natural sources. In turn, Freehill has positioned its business to meet the demand pivot from major industrials.

Of course, a key requirement of this process was to first establish that waste material products from YB can provide an effective substitute to natural sources. As a feedstock component for the construction sector, waste material suppliers must ensure their product meets the highest standards of safety and quality control to ensure the structural integrity of major infrastructure projects. To that end, the Company has carried out rigorous testing in close collaboration with its client base, to establish both product quality and the required logistics capability to ensure efficient delivery processes.

By proving its credentials in this regard, Freehill has been able to attract a diversified customer base of blue-chip Chilean industrial companies including Belfi SA, Cementos Melón, BSA Cementos and Unicom. Concurrently, our on-site team has worked diligently to boost supply capacity to meet demand, including the rapid procurement and rollout of cost-efficient production equipment. The conversion of our business development and customer engagement practices into revenue-generating waste material contracts was reflected in the group's sales momentum heading into the end of the financial year – including an 84% quarterly sales uplift in the June quarter which flowed through to a 176% quarterly increase in cash receipts to \$434,000. Post balance date, being the September quarter, we recorded cash receipts of \$458,000 as we drew down on stockpiles while our plant was idle.

In the current financial year, our momentum was slowed by a tragic accident on site at YB which resulted in the death of one of our contracted workers. As well as providing direct assistance to the family, operations temporarily ceased while we engaged directly with regulators including SERNAGEOMIN (Servicio Nacional de Geología y Minería), Chile's national government agency for geology and mining services.

This included the implementation of additional measures to enhance our processes around on-site safety and security. Following that process, the Company received regulatory approval to recommence operations of our larger plant while our smaller sand plant remains offline. We expect this to be rectified shortly. As production ramps back up, Freehill's customers remain very supportive of its operating model as a premium supplier of these critical construction products. Most recently, existing customer Belfi SA – which is conducting a major expansion of the Coquimbo port facility – awarded Freehill a \$400,000 purchase order, following on from an initial \$1.7m sale in March 2024.

While recapitalising the business over the past 12 months, the Freehill Board has also not lost sight of our commitment to shareholders to progress towards a restart of magnetite mining operations at YB. It is likely that customers for our magnetite are existing customers from the cement industry, and while we have the necessary equipment to commence processing magnetite stockpiles at this time, our customers are demanding that we focus our efforts on supplying the various materials we are currently supplying to support major infrastructure projects that are now just commencing. We do see value in the magnetite operation and the potential to not only process existing stockpiles, but to re-enter the existing pit to produce greater volumes.

When I reflect on the 2024 financial year and what we hoped to achieve at this time 12 months ago, I am pleased with the efforts of the Freehill team to deliver on our stated objectives. Despite some very challenging times our team experienced in 2024, in FY25 we are witnessing strong momentum in our waste materials business with an established position as a trusted supplier in the Chilean market.

As this is our AGM, I would like to take this opportunity to thank our shareholders for their ongoing support, which included two capital raises during the period; a \$704,000 Entitlement Offer in September 2023, a \$1.2m Placement in January 2024, along with an additional \$500,000 Placement in July 2024. These funding rounds have helped us execute our stated development strategy and facilitated the scale-up of processing operations made possible by acquiring the necessary plant and equipment to meet growing customer demand.

Before closing, I would like to touch briefly on our sales momentum in the current year and how this provides us with a much stronger foundation to deliver sustainable growth and therefore increased value for shareholders.

After a challenging September quarter, October and November sales reflect the fact that the YB operation is now starting to perform on the trajectory we have always anticipated. We closed out October with gross sales of almost \$285,000, a circa 22% improvement on the \$231,000 of gross sales that were reported in the last quarterly activities report and we expect that sales will increase again this month.

With this in mind, our main priority during the year has been to establish ourselves as a reliable and dependable supplier to our customers which has seen pleasing top line sales growth. This has sometimes resulted in us incurring higher costs for things like transport, fuel and added labour to ensure we meet customer demand. Our efforts are now focused on delivering greater margin improvement, with some key areas identified, that will see an improved bottom line at both a project level and group level.

While our growing sales profile from Yerbas Buenas is pleasing, the Board is intent on establishing multiple fast start up cash generating operations that require little upfront capex and minimise dilution for shareholders. YB is a good blueprint on our ability to deliver on projects of this nature. Several quality opportunities have been identified that may see us significantly expand our materials business, and may also secure new opportunities in future facing commodities such as copper. Given our established operations in Chile, one of the world's leading copper producers, we are strategically well positioned to gain access to some unique projects here. We believe that pursuing such opportunities will lead to greater investor

support and position Freehill as a unique business, underpinned by multiple stable cash generating businesses.

With more potential from our current operations, and the prospect of adding new opportunities, the Board is unanimous in its view that Freehill offers compelling value.

Thank you again for your support this year.

Ben Jarvis

Chairman & Non-Executive Director

-ENDS-

Authorised by the Board of Freehill Mining Limited.

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