



10 July 2018

# UPDATE

## Strategic Review Update

### Board Appointments

#### Highlights:

- **Strategic Review Progressed**
- **Convertible Note Restructure**
- **Board Appointment**

On 8 January 2018, the Company announced the Chairman Frank Terranova was to commence a strategic review to establish the focus of the company throughout 2018 and beyond. As at June 2018 the findings to date are listed below and it is expected the completion of the review will potentially coincide with the Company's Extraordinary General Meeting expected in August in 2018.

Following the initial stages of a fundamental strategic review conducted by the Chairman Frank Terranova, Freehill Mining Ltd (ASX:FHS) is to implement the following key initiatives to preserve capital and set the Company on the path to creating sustainable returns for shareholders:

- 1) The first priority of the operation is to be the establishment of a JORC Resource through the conduct of a resource drilling program at the Yervas Buenas project. The declaration of a resource presents a clear opportunity to add value in a relatively short time frame by enabling advancement of pre-feasibility studies.
- 2) Assessment of production, processing, marketing and logistics options are to be advanced as rapidly as possible to accelerate completion of the Feasibility Study.
- 3) Opportunities to introduce a partner to conduct mining and production operations at Yervas Buenas are to be examined. This would curtail the depletion of funds currently being experienced in the trial mining operations and would enable Freehill to redirect cash reserves to the establishment of a JORC Resource and feasibility work. In addition, outsourcing production may potentially provide a source of modest cashflows to support operational activities.
- 4) Other alternatives to quarantine operating costs at Yervas Buenas are also to be considered.

The strategic review has confirmed that while the trial mining exercise had been successful in demonstrating the significant potential of the project for production of high-grade magnetite, further conduct of the trials was likely to lead to erosion of the Company's capital base. This reflects the fundamental nature and scale of trial mining operations and is despite the many natural advantages that the Yervas Buenas asset possesses, including a ready buyer for its product and easy access to port, rail and logistical requirements.

Chairman Frank Terranova stated "The objective to run parallel trial mining and feasibility study activities seemed appropriate at the time of the IPO in 2017. However the capital requirements needed to sustain the dual path of trial mining and exploration has proven greater than initially anticipated. Priority of capital allocation is important and absent surplus capital being available the Board believes focussing its efforts on feasibility work will add the most immediate value for shareholders."

The Company remains in discussion with various groups interested becoming involved in the trial mining activities as well as in increasing their exposure to Freehill. Further updates will be provided in due course.

### **Convertible Note Restructure**

Further the Board is committed to simplifying the capital structure of Freehill to promote greater liquidity on the ASX. The Board is pleased to announce that it has recently converted in excess of AUD\$1.5M of convertible notes into ordinary shares and has received further expressions from other convertible note holders wishing to also convert to ordinary shares. Once the details and administrative processes are finalised the Company will advise the outcome of the conversions.

In addition a number of investors have expressed interest in further investing via a placement of ordinary shares, and the details of any concluded transactions will be communicated in due course.

Chairman Frank Terranova added "Investors continue to express confidence in the potential of the Yervas Buenas project and the ongoing conversion of debt into ordinary shares is validation of this. We expect further conversions in the coming months and thank investors for their ongoing support."

### **Board Changes**

Effective 9 July 2018 the Board is pleased to announce the appointment of Mr Samuel Duddy to the Board of Freehill. Mr Duddy is a substantial investor in Freehill and has previously visited the Yervas Buenas operations as part of his own due diligence process.

Mr Duddy is currently a board member and majority shareholder of a Civil Construction firm and brings to the Board a wealth of knowledge and experience in Business Management, Engineering and finance, Mr Duddy holds a First Class Honours degree in Science from the University of Queensland along with a Masters of Property Studies and a Masters of Business Administration also from this university.

The Board is pleased to announce that Mr Peter Hinner will join the Board effective 31 July 2018. Mr. Hinner is currently acting CEO of Freehill and continues to be primarily responsible for the feasibility study progression for the Yervas Buenas assets.

Mr Frank Terranova will resign from the Board of Freehill and assume the role of Corporate Advisor to focus on concluding the strategic review, facilitate further Board restructuring and support the Company in its capital planning process. In particular the company is intending to focus on greater investor and market engagement and a substantial part of his role will centre on these aspects.

Mr. Ray Mangion will assume the role of Chairman to ensure Board continuity whilst the remaining restructuring takes effect.

Mr. Ray Mangion stated “The strategic review is proving to be an invaluable exercise for Freehill. Identifying where capital allocation needs to be prioritised and which corporate activities require incremental advancement will enable us to ensure a very focussed approach going forward.”

The Board expects to call an Extraordinary General Meeting in August with respect to refreshing a number of approvals relating to existing convertible note facilities and general administrative activities and upon the confirmation of a date, shareholders will be updated accordingly.

## **About Freehill Mining Limited**

Freehill Mining Limited (ASX:FHS) is a mineral exploration company focused on creating shareholder wealth through the identification of mineral resources in Chile and development of its Yervas Buenas magnetite project. The company has also identified copper and gold mineralisation on its tenements and plans to undertake further mineral exploration programs on these.

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