

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016**

### **Key Points**

- On 21 December 2016, Horizon listed on the ASX after raising \$15 million at 40 cents per share to fund an aggressive exploration program and development studies at Gum Creek
- Horizon owns 100% of the Gum Creek Project near Wiluna in WA which hosts JORC 2012 Resources of 17.3 million tonnes averaging 2.25g/t gold for 1.25 million ozs gold
- Geophysical testing of previously identified priority exploration targets has commenced and drill programs will start once targets are prioritised and necessary clearances obtained
- The Study of options to process refractory ore is underway, including metallurgical test work on refractory material
- Cash of \$13.63 million at 31 December 2016

### **Details**

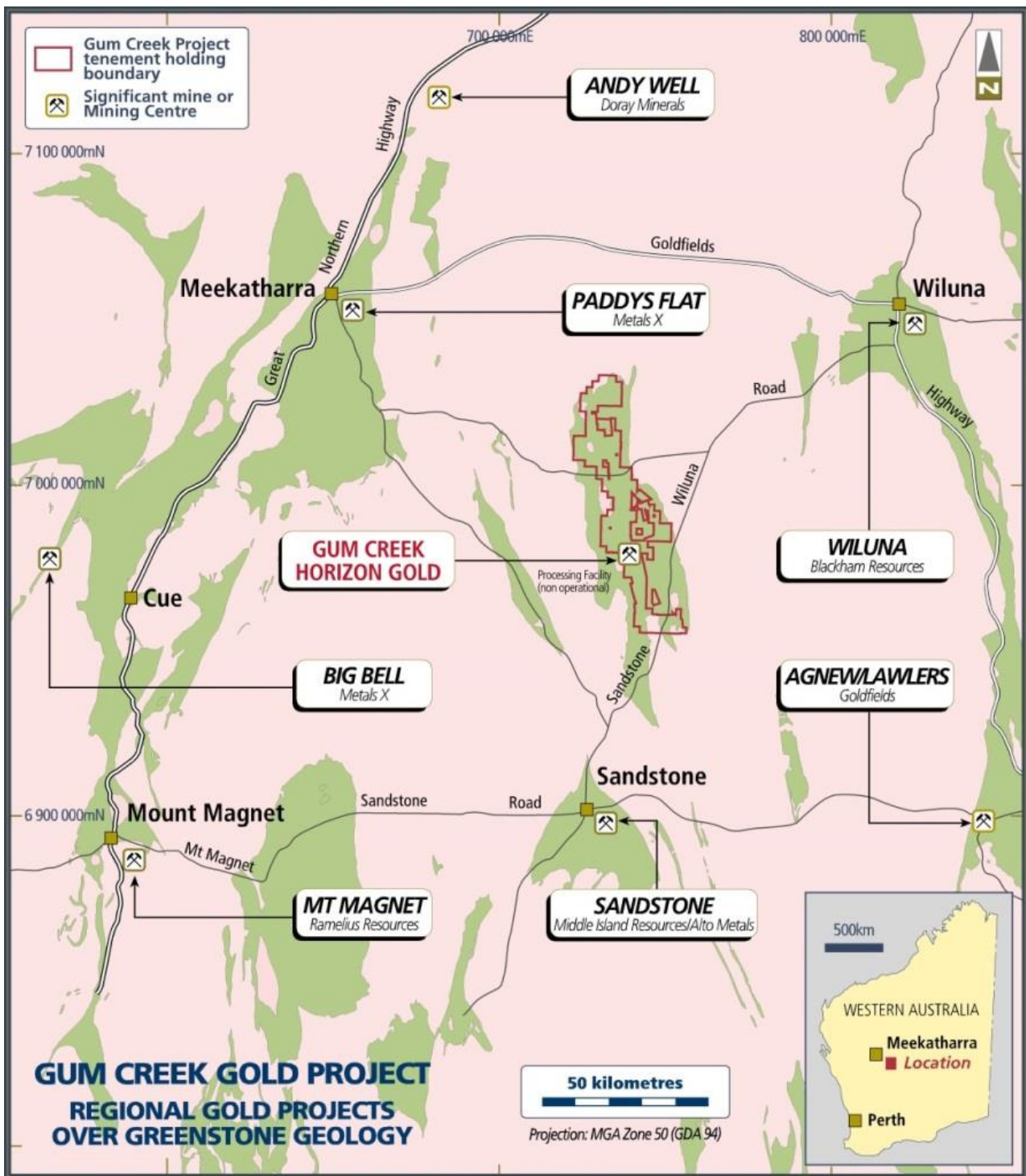
Horizon Gold Limited (**ASX Code: HRN**) (**Horizon** or the **Company**) completed a \$15M Initial Public Offering (IPO) and commenced trading on the ASX on 21 December 2016. Horizon is a new independent gold company focussed on exploration and development activities at the 100% owned Gum Creek Project in Western Australia. Gum Creek has historically produced over one million ounces of gold. The funds raised from the IPO will be used to fund an aggressive exploration program and development studies at Gum Creek.

### **Gum Creek Project**

Gum Creek provides an exciting gold exploration and potential development opportunity. The Project covers approximately 724 square kilometres and hosts JORC 2012 Mineral Resources of **17.3 million tonnes averaging 2.25g/t gold for 1.25 million ounces of gold** (refer *Panoramic Resources Limited's ASX announcement of 14 October 2016*). It is located within a well-endowed gold region that hosts multi-million ounce deposits including Big Bell, Wiluna, Mt Magnet, Meekatharra and Agnew/Lawlers (*Figure 1*).

Existing infrastructure at the site includes a 110 person camp, operational airstrip, tailings storage facilities, and an extensive road network. A 600,000tpa processing plant is also on site, however due to its age and condition significant capital investment would be required to return the plant to operating status. The Company believes there are multiple high priority drill targets and possible resource extension opportunities at the Project which will be the focus of near-term exploration activities.

**Figure 1: Horizon Gold Limited Project Location**



## Strategy

The Company's strategy for the Gum Creek Project is as follows:

1. undertake extensional and infill drilling to grow the known resources and lift defined resources into higher-confidence JORC categories;
2. undertake regional exploration targeting new gold discoveries outside of the known resources; and
3. carry out development studies (including but not limited to metallurgical and processing investigations) on the free milling and refractory mineralisation.

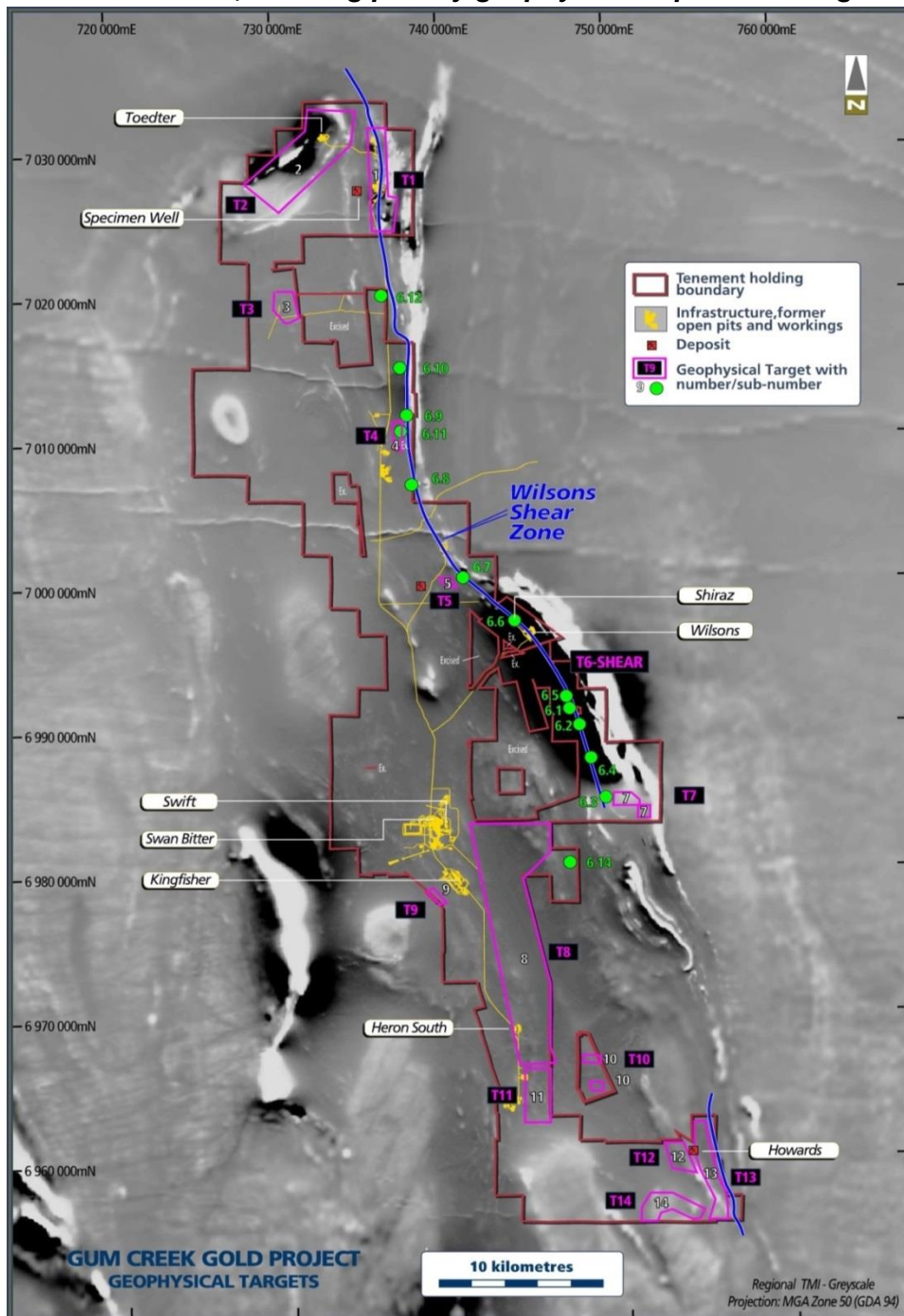


## Previous Exploration

The previous owner of the Gum Creek Project, Panoramic Resources Limited (ASX Code: PAN) (**Panoramic**), assembled fully integrated, high quality, belt scale geological, geophysical and geochemical datasets. These datasets were used to generate high priority gold targets, which are the basis for Horizon’s exploration program over the next two years.

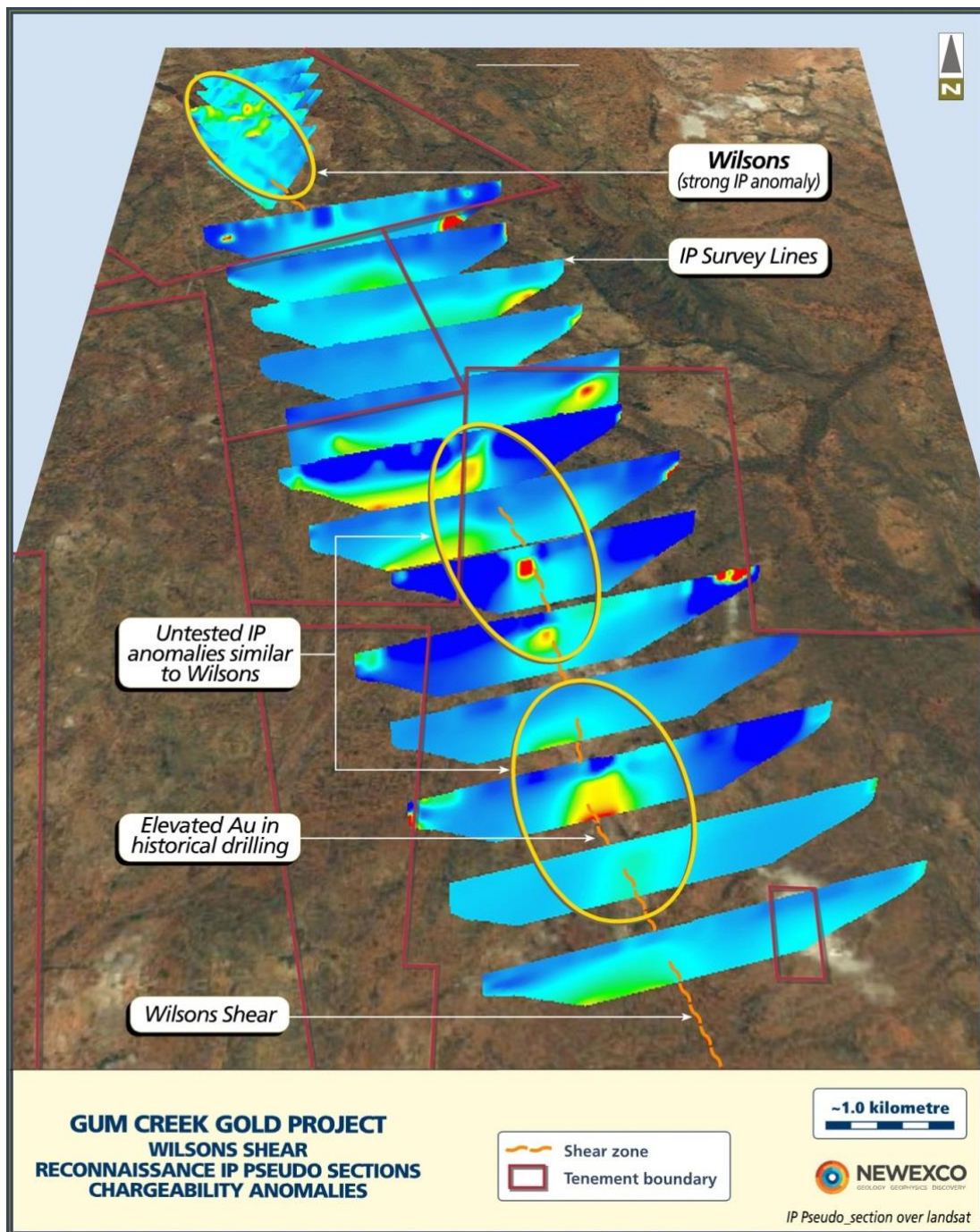
The integration of geophysical data collected from ground gravity and airborne electromagnetic (EM) surveys with existing magnetic surveys, geological mapping and the drill-hole database led to **14 high priority regional targets identified for follow-up exploration**, labelled T1 to T14 in Figure 2 (also refer to the Company’s IPO Prospectus submitted to ASIC on 21 October 2016).

**Figure 2: Grey-scale magnetic (total magnetic intensity) image of the Gum Creek Greenstone Belt, showing priority geophysical exploration targets.**



The Wilsons Shear is one of the 14 target zones identified (T6), with a further 14 discrete geophysical targets identified along the shear (T6.1 to T6.14 in Figure 2). In 2016, Panoramic conducted an Induced Polarisation (IP) test survey over the Wilsons deposit which identified a clear chargeable source coincident with the known Wilsons mineralisation. Following on from the Wilsons IP test survey, Panoramic surveyed across the Wilsons Shear for a distance of 6km to the south of the Wilsons deposit and identified **two further IP chargeable anomalies similar to that outlined at Wilsons (Figure 3)**. Neither of these anomalies has been previously tested by drilling and currently only ten percent of the Wilsons Shear has been tested by IP. Work planned in 2017 will include extending the IP coverage along the Wilsons Shear and drill testing the highlighted chargeable anomalies.

**Figure 3: Wilsons IP pseudo-sections highlighting chargeable zones**





## 2017 Exploration Activities

Regional exploration activities to be undertaken in 2017 include staged programs of ground EM surveys, IP surveys and air-core drilling, to better define and rank the newly delineated high priority targets. This is to be followed by reverse circulation (RC) and air core (AC) drilling of prospects that warrant further investigation. Approximately 200 line kilometres of EM, 400 line kilometres of IP, and 13,000m of air-core drilling is planned in the initial exploration phase, with approximately 13,000m of RC and core drilling planned in the advanced exploration phase. The amount of geophysical work and drilling is indicative only and may vary depending on results.

Early targets for infill and extension resource drilling include:

- infill and confirmatory RC and AC drilling at Swan North and Swift to enhance understanding of the controls on mineralisation and to improve Resource confidence; and
- drill testing for Resource extensions at depth and along strike at Heron South and Kingfisher.

A total of 7,000m of RC and AC drilling is proposed over the four targets. The first priority target is at Heron South, where previous drilling below the depth of weathering intersected significant thicknesses and grades of gold mineralisation. Heron South is open at depth and along strike.

**In January, Horizon commenced on-site IP surveys to further develop and refine the existing exploration targets for follow up drill testing. These geophysical surveys will also test along strike and down-plunge of the Wilsons and Camel Bore deposits to further assist the planning of future resource drilling. The budget for exploration activities to be undertaken in 2017 is approximately \$4.3 million.**

## 2017 Development Studies

Between 2012 and 2016, Panoramic completed scoping studies on the mining and processing of both free-milling and refractory mineralisation. As a result of these studies, a significant amount of data and knowledge has been accumulated on the technical and permitting aspects of the Project. Horizon will use the work carried out by Panoramic to undertake the following activities in 2017 to further advance the Gum Creek Project towards gold production:

- Optimisation studies on free milling material to identify areas for possible reductions in operating and capital costs; and
- Further metallurgical test work to confirm the suitability of Wilsons refractory mineralisation to treatment by a moderate temperature and pressure oxidation process. The aim is to develop and optimise a flowsheet, ensure repeatability and scalability and provide sufficient information for detailed design and costing to be carried out.

The results of work undertaken in 2017 will dictate future studies along with the prevailing gold price. Assuming all these factors are favourable, it is planned to commence a project development study in 2018, the scope of which may or may not include refractory material, depending on the results of metallurgical and other studies completed this year.

**Horizon has recently engaged GR Engineering Limited to complete a high level study on the current options for processing refractory ore.** The results of this study are expected to narrow down the refractory processing options for Gum Creek and define the additional testwork necessary to progress the development of an optimal processing route for free milling and refractory material.

**Further metallurgical test work on processing refractory material has now commenced.** The results of this work will be used in the high level processing study discussed above.

**The budget for development studies undertaken in 2017 is approximately \$800,000.**

## Corporate

### Cash Position

After raising \$15 million at listing, the Company made payments totalling \$1.37 million for various IPO costs and on Gum Creek Project costs as highlighted in the IPO Prospectus. **As at 31 December 2016, the Company's cash position was \$13.63 million.**

Attached to this report is Appendix 5B for the period from listing (21 December 2016) to 31 December 2016.

### Capital Structure

The capital structure of Horizon post the IPO is shown in Table 1.

**Table 1: Horizon Gold Limited - Capital Structure**

	Horizon Shares	%
Shares issued to Panoramic	39,030,617	51
Shares issued under the IPO	37,500,000	49
<b>Total Issued Capital</b>	<b>76,530,617</b>	<b>100</b>
Share Price (as at 24 January 2017)	\$0.37	
Market Cap	\$28.3 million	
Cash (as at 31 December 2016)	\$13.6 million	
<b>Enterprise Value</b>	<b>\$14.7 million</b>	

### Substantial Shareholders (Holding Not Less than 5%)

The IPO received strong solid from Panoramic shareholders and also from new institutional and retail investors.

Substantial Shareholders (holding not less than 5%) in accordance with notices provided to the Company as at 24 January 2017 are shown in Table 2.

**Table 2: Horizon Gold Limited - Substantial Shareholders**

Name of Shareholder	Number of Shares	% of Total
Panoramic Resources Limited <sup>1</sup>	39,030,617	51.00
Pan Pacific Petroleum NL	8,750,000	11.43
JP Morgan Chase & Co. and its affiliates	6,750,000	8.82

*Note 1: the shares held by Panoramic Resources Limited are escrowed until 21 December 2018*

### No New Information or Data

This announcement contains references to exploration results and Mineral Resource estimates, all of which were disclosed in previous market announcements made by Panoramic Resources Limited (ASX: PAN) and/or disclosed in the Company's IPO Prospectus lodged with ASIC on 21 October 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**Photo 1: Proud moment on the day of Horizon's ASX Listing (21 December 2016)**



### About the Company

Horizon Gold Limited (**ASX:HRN**) is an exploration company focused on its 100% owned Gum Creek Gold Project in Western Australia. The Gum Creek Gold Project covers approximately 724 square kilometres and hosts JORC 2012 Mineral Resources of 17.3 million tonnes averaging 2.25g/t gold for 1.25 million ounces of gold. It is located within a well-endowed gold region that host multi-million ounce deposits including Big Bell, Wiluna, Mt Magnet, Meekatharra and Agnew/Lawlers. Horizon believes there are multiple high priority drill targets and plans to undertake ongoing exploration and development studies with the aim of becoming a stand-alone gold producer. The Company had \$13.63 million in cash as at 31 December 2016.

**For further information contact:  
Peter Harold, Chairman  
+61 8 6266 8600**