



Horizon Gold Limited

ABN: 27 614 175 923

Interim Report for the period ended 31 December 2018

Interim Financial Report

For the period ended 31 December 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Horizon Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements in this interim financial report are for Horizon Gold Limited and its wholly owned subsidiary, Panoramic Gold Pty Ltd.

The interim financial report is presented in Australian dollars.

Horizon Gold Limited is a Company limited by shares, incorporated and domiciled in Australia.

The Company's registered office is:

Horizon Gold Limited
Level 9
553 Hay Street
Perth WA 6000

Directors' report

The directors present their report on the consolidated entity consisting of Horizon Gold Limited and the entity it controlled at the end of, or during, the interim period ended 31 December 2018.

Directors

The names of the directors of the Company during the period and until the date of this report are as below. Directors were in office for the entire interim period unless otherwise stated.

Peter J Harold
Peter J Venn
Paul W Bennett

Company secretary

Trevor R Eton
Timothy J Shervington – alternate Company Secretary

Operating and Financial Review

Operating Result for the Period

The consolidated entity recorded a loss after tax for the interim period ended 31 December 2018 of \$828,000 (2017: \$866,000).

The results, in comparison to the previous corresponding period, reflect:

- lower interest income of \$66,000 was earned over the reporting period (2017: \$98,000);
- a \$214,000 decrease in the Gum Creek Gold Project care and maintenance expenses to \$503,000 (2017: \$717,000); and
- no adjustment to the carrying value of the Gum Creek Gold Project was made at the end of the interim period (2017: nil).

Review of operations

Exploration and Evaluation Activities

The tenements comprising the Gum Creek Gold Project are at various stages of exploration and development.

During the financial period, the consolidated entity undertook the following activities:

Butcherbird Shear/Premium Lode Prospect

A 12-hole diamond drilling program was completed on 22 August 2018 for a total of 4,897 drill metres to test the high-grade Butcherbird Shear/Premium Lode system at Swan Bitter/Swift. The Company considered the results of the drill program to be significant and worthy of additional drilling and a 7-hole follow-up diamond drilling program was planned with the aim to 1) improve the confidence in the controls to gold mineralisation in this area; and 2) demonstrate a potential link between the Premium Lode to the north and the cluster of high-grade historical Butcherbird Shear intercepts to the south. Two holes of the seven-hole follow-up drill program were completed in December 2018, with the remaining holes completed in January 2019. Assay results were still pending as at the date of this report.

Altair Zinc-Copper Prospect

In August 2018, the Company undertook and completed an initial drill hole at the Altair Zinc-Copper Prospect, being one of the ten prospective areas highlighted from the prospectivity analysis of the Gum Creek Belt referred in the Company's IPO Prospectus, submitted to ASIC in October 2016. The intercept returned with the most significant base metal drill result achieved at Altair, which formed the view that the Altair Prospect has many hallmarks of a polymetallic, hydrothermal VHMS/SEDEX mineralising event, being also anomalous in gold, silver, lead, cobalt, tin and other minor metals. In November 2018, the Company commenced an eight-hole follow-up diamond drill program designed to establish a clearer understanding of the geological setting, orientation and the extent of the Altair zinc-copper mineralisation. This follow-up drill program was completed in December 2018, with the assay results from the program of sufficient encouragement (*refer to the Company's ASX announcements of 21 December 2018 and 13 February 2019*) for the Company to undertake a further drill program in early 2019. This drill program, to test for the continuation of mineralisation, comprised of 12-holes and was completed in March 2019. Assay results were still pending as at the date of this report.

Review of operations

Exploration and Evaluation Activities (continued)

Toedter West and Wahoo East Prospects

Assay results for the air core drill programs completed at the Toedter and Wahoo East Prospects in August 2018 did not meet the Company's expectations. As such, a further refinement of targeting criteria at these prospects is being assessed, with no further work planned as at the date of this report.

Corporate Activities

On 14 December 2018, the Company extended its Management Agreement with Panoramic Resources Limited ("Panoramic") for a further six months, from 22 December 2018 to 21 June 2019. Under the Agreement, Panoramic is responsible and accountable for the day to day running of the Group.

Interim Dividend

No interim dividend was or has been declared for the period ended 31 December 2018 (2017: Nil).

Subsequent events

In the interval between the end of the interim period and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

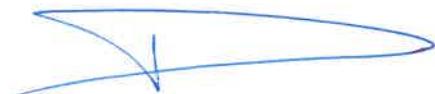
Rounding

The amounts contained in this report and in the interim financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016.

Auditor Independence Declaration

A copy of the auditor's independence declaration is set out on page 4.

Signed in accordance with a resolution of the directors.



Peter Harold
Chairman

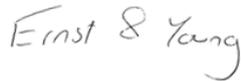
Perth, 15 March 2019

Auditor's Independence Declaration to the Directors of Horizon Gold Limited

As lead auditor for the review of the half year financial report of Horizon Gold Limited for the half year ended 31 December 2018, I declare 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 Horizon Gold Limited and the entities it controlled during the financial period.



Ernst & Young



Philip Teale
Partner
15 March 2019

Independent auditor's review report to the members of Horizon Gold Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Horizon Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1(c) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the Company 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 the *Corporations Act 2001* and 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.

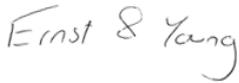
Auditor's responsibility

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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.

Independence

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



Ernst & Young



Philip Teale
Partner
Perth
15 March 2019

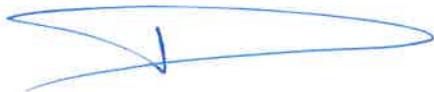
**Horizon Gold Limited
Directors' declaration
31 December 2018**

In accordance with a resolution of the directors of Horizon Gold Limited, I state that:

In the directors' opinion:

- (a) the interim financial statements and notes of Horizon Gold Limited for the interim period ended 31 December 2018:
 - (i) gives a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the interim period ended on that date; and
 - (ii) complies with Accounting Standard AASB134: Interim Financial Reporting; and
- (b) subject to the achievement of matters set out in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Harold
Chairman

Perth, 15 March 2019

Horizon Gold Limited
Consolidated income statement
For the interim period ended 31 December 2018

	Consolidated	
	Period ended	
Notes	31 December	31 December
	2018	2017
	\$'000	\$'000
Other income	66	224
Care and maintenance expenses	(503)	(717)
Corporate and administration costs	(297)	(286)
Finance costs	(94)	(87)
	3	
Loss before income tax	(828)	(866)
Loss for the period	(828)	(866)
Loss for the period is attributable to:		
Owners of Horizon Gold Limited	(828)	(866)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per cents/share	(1.1)	(1.1)
Diluted loss per cents/share	(1.1)	(1.1)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Horizon Gold Limited
Consolidated statement of comprehensive income
For the interim period ended 31 December 2018

	Consolidated Period ended	
	31 December 2018	31 December 2017
	\$'000	\$'000
Loss for the period	(828)	(866)
Other comprehensive income / (loss) for the period, net of tax	-	-
Total comprehensive loss for the period	(828)	(866)
Total comprehensive loss for the period is attributable to: Owners of Horizon Gold Limited	(828)	(866)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Horizon Gold Limited
Consolidated statement of financial position
As at 31 December 2018

		Consolidated entity	
		31 December	30 June
		2018	2018
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	4,127	7,160
Trade and other receivables		84	21
Prepayments		47	15
Total current assets		4,258	7,196
Non-current assets			
Property, plant and equipment		4,296	4,296
Exploration and evaluation	5	15,332	12,741
Total non-current assets		19,628	17,037
Total assets		23,886	24,233
LIABILITIES			
Current liabilities			
Trade and other payables		839	546
Borrowings		78	27
Provisions		44	50
Total current liabilities		961	623
Non-current liabilities			
Provisions		9,985	9,842
Total non-current liabilities		9,985	9,842
Total liabilities		10,946	10,465
Net assets		12,940	13,768
EQUITY			
Contributed equity	6	29,671	29,671
Accumulated losses		(16,731)	(15,903)
Total equity		12,940	13,768

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

Horizon Gold Limited
Consolidated statement of changes in equity
For the interim period ended 31 December 2018

Consolidated entity	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance 1 July 2017	29,671	(1,138)	28,533
Loss for the period	-	(866)	(866)
Total comprehensive loss for the period	-	(866)	(866)
Balance at 31 December 2017	29,671	(2,004)	27,667

Consolidated entity	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2018	29,671	(15,903)	13,768
Loss for the period	-	(828)	(828)
Total comprehensive loss for the period	-	(828)	(828)
Balance at 31 December 2018	29,671	(16,731)	12,940

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

Horizon Gold Limited
Consolidated statement of cash flows
For the interim period ended 31 December 2018

		Consolidated	
		Period ended	
		31 December	31 December
Notes		2018	2017
		\$'000	\$'000
Cash flows from operating activities			
	Payments to suppliers and employees (inclusive of goods and services tax)	<u>(559)</u>	<u>(1,202)</u>
	Net cash outflow from operating activities	<u>(559)</u>	<u>(1,202)</u>
Cash flows from investing activities			
	Payments for property, plant and equipment	-	(33)
	Interest received	66	98
	Payments for exploration and evaluation expenditure	<u>(2,591)</u>	<u>(2,042)</u>
	Net cash outflow from investing activities	<u>(2,525)</u>	<u>(1,977)</u>
Cash flows from financing activities			
	Proceeds from / (repayment of) borrowings from related parties	<u>51</u>	<u>(127)</u>
	Net cash inflow / (outflow) from financing activities	<u>51</u>	<u>(127)</u>
	Net decrease in cash and cash equivalents	(3,033)	(3,306)
	Cash and cash equivalents at the beginning of the financial period	<u>7,160</u>	<u>11,705</u>
4	Cash and cash equivalents at end of the period	<u>4,127</u>	<u>8,399</u>

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

1 Basis of Preparation of interim financial report

The interim financial report of Horizon Gold Limited (the Company) for the period ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 15 March 2019.

Horizon Gold Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The interim financial report should be read in conjunction with the annual financial report of Horizon Gold Limited as at 30 June 2018.

It is also recommended that the interim financial report be considered together with any public announcements made by Horizon Gold Limited and its controlled entity during the period ended 31 December 2018 in accordance with the continuous disclosure obligations arising under ASX listing rules.

(a) Basis of preparation of interim financial report

The half-year financial report is a condensed general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. The half-year financial report has been prepared on a historical cost basis. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2018, except for the adoption of new standards and interpretations as of 1 July 2018.

The Company had to change its accounting policy as a result of adopting AASB 9 *Financial Instruments*.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. The Company had to change its accounting policy in relation to recognition and measurement of financial instruments as a result of adopting AASB 9 as detailed below:

Transition adjustments

The Group has cash which are subject to the expected credit loss requirements of AASB 9, the identified impairment loss was immaterial and accordingly the adoption of AASB 9 did not give rise to any material transitional adjustments or reclassifications.

Impairment

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other debt financial assets (i.e., cash on deposit at bank), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

1 Basis of Preparation of interim financial report (continued)

The Group has cash on deposit at bank which is considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL basis. While cash and cash equivalents are subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Other than the new accounting standard outlined above, the adoption of any new and revised standards and interpretation effective 1 July 2018 has not resulted in any changes to the Group's accounting policies and has no material effect on the amounts reported to the current or prior period.

(c) Going concern basis

The Group incurred a net loss for the period ended 31 December 2018 of \$828,000 (2017: \$866,000) and a net cash outflow from operating activities of \$559,000 (2017: \$1,202,000). As at 31 December 2018, the Group had cash and cash equivalents of \$4,127,000 (2017: \$7,160,000).

Based on the Group's cashflow forecast, the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual premium tenement expenditure commitment.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funding to continue to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis.

Should the Group not achieve the funding outcomes set out above, there is significant uncertainty as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

2 Segment information

Description of segments

The Company operates in one segment, being gold exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

The accounting policies applied for internal reporting purposes are consistent with those applied in preparation of the financial statements.

All of the company's assets are located in Australia and the company has no major customers as it does not generate any revenue.

3 Loss for the interim period

	Consolidated Period ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Unwinding of discount - rehabilitation	94	87

4 Current assets - Cash and cash equivalents

	Consolidated entity	
	31 December 2018 \$'000	30 June 2018 \$'000
Cash at bank and on hand	1,188	1,941
Deposits at call	2,939	5,219
	4,127	7,160

5 Non-current assets - Exploration and evaluation

The carrying value of exploration and evaluation expenditure has increased by \$2,591,000 during the current reporting period due to multiple diamond and air core drilling programs completed in the Butcherbird Shear, Premium Lode, Altair Zinc-Copper, Toedter and Wahoo East Prospects. The ongoing carrying value of the Group's interest in exploration and evaluation expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest, results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

6 Contributed equity

(a) Ordinary share capital

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$'000	30 June 2018 \$'000
Ordinary shares - issued and fully paid	76,530,617	76,530,617	29,671	29,671
Total contributed equity	76,530,617	76,530,617	29,671	29,671

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2017	Opening balance	76,530,617		29,671
30 June 2018	Closing balance	76,530,617		29,671
1 July 2018	Opening balance	76,530,617		29,671
31 December 2018	Closing balance	76,530,617		29,671

7 Dividends

No final dividend was declared for the period ended 31 December 2018 (2017: nil).

8 Contingencies

The Group had no contingent liabilities at 31 December 2018 (2017: nil).

9 Commitments

There were no changes in commitments since the last annual financial report.

10 Related party transactions

On 21 October 2016, the Company entered into a Management Agreement with Panoramic Resources Limited (Panoramic), the parent entity, to secure the benefit of Panoramic's resources and expertise in providing certain services to the Company. Panoramic will provide technical, commercial, managerial and administrative expertise and services in connection with the Gum Creek Gold Project and such other assets that the Company may, from time to time, specify. On 14 December 2018, the Management Agreement was extended for a further six months to 21 June 2019.

The management fees are based on daily salary rates of the Panoramic Resources Limited personnel who provide that services to the Company and a mark up of 28.6% to cover Panoramic's fixed office overheads.

During the period, the Company incurred management fees amounting to \$0.150 million (2017: \$0.177 million) from Panoramic.

11 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

12 Financial Instruments

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.