



## **Horizon Gold Limited**

*ABN: 27 614 175 923*

Interim Report for the period ended 31 December 2019

# Horizon Gold Limited ABN 27 614 175 923

## Interim Financial Report

For the period ended 31 December 2019

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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 2019 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 2019.

### 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.

Victor Rajasooriar (appointed 20 November 2019)  
Peter J Venn  
Paul W Bennett  
Peter Harold (retired 20 November 2019)

### Company secretary

Darryl Edwards (appointed 28 January 2020)  
Timothy J Shervington – alternate Company Secretary (retired 28 January 2020)  
Trevor R Eton (retired 28 January 2020)

## Operating and Financial Review

### *Operating Result for the Period*

The consolidated entity recorded a loss after tax for the interim period ended 31 December 2019 of \$1,125,000 (2018: \$828,000).

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

- lower interest income of \$17,000 was earned over the reporting period (2018: \$66,000);
- a \$24,000 increase in the Gum Creek Gold Project care and maintenance expenses to \$527,000 (2018: \$503,000); and
- a \$57,000 increase in the Horizon Gold corporate and administration costs to \$354,000 (2018: \$297,000).

### 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:

#### *Swan and Swift Evaluation Studies*

The Company undertook a series of open pit evaluation studies of the Swan and Swift areas. As part of these studies, a series of Whittle open pit shell optimisations identified the area as having the highest potential for open pit mining.

As the initial evaluations of the conceptual pit optimisations described above were positive, in September 2019, the Company commenced a technical and commercial evaluation ("Scoping Study") of mining the Swan North and Swift deposits and treating the in-pit resources at a third-party processing facility. The Scoping Study was completed in November 2019 and the Scoping Study considered in detail the timing and cost associated with permitting, site establishment, mining, material haulage, processing, administration and closure associated with the development concept. The results of the Scoping Study were sufficiently positive to justify undertaking an in-fill drill program in the area to increase the confidence in the Resources at those deposits in the second half of the financial year, subject to funding.

#### *Altair Zinc-Copper Prospect*

During the period, the Company designed a follow-up reverse circulation / diamond ("RCD") drill program to test the series of continuous moving loop electro-magnetic ("MLEM") conductors that were defined and modelled between Altair and Mensa. Statutory approval has already been received from the Department of Mines, Industry

## Review of operations (continued)

### *Exploration and Evaluation Activities (continued)*

Regulation and Safety ("DMIRS") to proceed with the follow-up drill program. Preparatory drill site works and access tracks were completed during the December 2019 quarter. Subject to securing new funding, the drill program is being planned to commence in the March 2020 quarter.

#### *Altair preliminary metallurgical test work program*

The Company undertook and completed a preliminary metallurgical test-work program to determine the broader comminution and flotation characteristics of the Altair zinc-copper-silver mineralisation. The results of the test work program indicated that the Altair mineralisation is similar to many other multi-mineral complex sulphide ore types. These sulphide ore bodies traditionally do not respond well to conventional single mineral sequential flotation due to a proportion of "locked" fine grained composite minerals within ores. Subject to securing new funding, further hydrometallurgical test-work program will be required to test other methodologies to recover and produce separate metals from these ore types.

### **Corporate Activities**

On 25 November 2019, the Company extended its Management Agreement with Panoramic Resources Limited ("Panoramic") for a further six months, from 22 December 2019 to 21 June 2020. Under the Agreement, Panoramic is responsible and accountable for the day to day running of the Group.

The Company is considering various funding options to facilitate the planned activities mentioned earlier in the Review of Operations.

### **Interim Dividend**

No interim dividend was or has been declared for the period ended 31 December 2019 (2018: Nil).

### **Subsequent events**

Subsequent to year end, major shareholder Panoramic Resources Limited sold a portion of its shareholding in the Company reducing its holding from 51% to 24.6%. The sale was made to Zeta Resources Limited ("Zeta") with Zeta's direct shareholding increasing to 45.6%. There was no change in Zeta's relevant interest in the Company as a result of the transaction which remains at 71.1%.

No other 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.

### **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.



Victor Rajasooriar  
Chairman

Perth, 13 March 2020



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## **Auditor's independence declaration to the directors of Horizon Gold Limited**

As lead auditor for the review of Horizon Gold Limited for the half year ended 31 December 2019, 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*

Ernst & Young

P Teale  
Partner  
13 March 2020



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## **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 2019, 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 2019 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*.

#### **Emphasis of matter - material uncertainty related to going concern**

We draw attention to Note 1(c) Going concern basis in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about 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 2019 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.



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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*.

A handwritten signature in cursive script that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Philip Teale'.

Philip Teale  
Partner  
Perth  
13 March 2020

**Horizon Gold Limited  
Directors' declaration  
31 December 2019**

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 2019:
  - (i) gives a true and fair view of the consolidated entity's financial position as at 31 December 2019 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



Victor Rajasooriar  
*Chairman*

Perth, 13 March 2020



**Horizon Gold Limited**  
**Consolidated income statement**  
**For the interim period ended 31 December 2019**

	<b>Consolidated</b>	
	<b>Period ended</b>	
Notes	<b>31 December</b>	31 December
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Other income	17	66
Care and maintenance expenses	(527)	(503)
Corporate and administration costs	(354)	(297)
Loss on remeasurement of liability	(218)	-
Finance costs	3 (43)	(94)
<b>Loss before income tax</b>	<b>(1,125)</b>	<b>(828)</b>
<b>Loss for the period</b>	<b>(1,125)</b>	<b>(828)</b>
Loss for the period is attributable to:		
Owners of Horizon Gold Limited	(1,125)	(828)
	<b>Cents</b>	Cents
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>		
Basic loss per cents/share	(1.5)	(1.1)
Diluted loss per cents/share	(1.5)	(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 2019**

	<b>Consolidated Period ended</b>	
	<b>31 December 2019</b>	31 December 2018
	<b>\$'000</b>	<b>\$'000</b>
<b>Loss for the period</b>	<b>(1,125)</b>	(1,125)
Other comprehensive income / (loss) for the period, net of tax	-	-
<b>Total comprehensive loss for the period</b>	<b>(1,125)</b>	<b>(1,125)</b>
Total comprehensive loss for the period is attributable to: Owners of Horizon Gold Limited	<b>(1,125)</b>	(1,125)

*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 2019**

		<b>Consolidated entity</b>	
		<b>31 December</b>	<b>30 June</b>
		<b>2019</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	424	1,879
Trade and other receivables		16	19
Prepayments		3	28
<b>Total current assets</b>		<b>443</b>	<b>1,926</b>
<b>Non-current assets</b>			
Property, plant and equipment		4,303	4,299
Exploration and evaluation	5	16,407	15,715
<b>Total non-current assets</b>		<b>20,710</b>	<b>20,014</b>
<b>Total assets</b>		<b>21,153</b>	<b>21,940</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		191	287
Borrowings	6	257	90
Provisions		57	47
<b>Total current liabilities</b>		<b>505</b>	<b>424</b>
<b>Non-current liabilities</b>			
Provisions		10,581	10,324
<b>Total non-current liabilities</b>		<b>10,581</b>	<b>10,324</b>
<b>Total liabilities</b>		<b>11,086</b>	<b>10,748</b>
<b>Net assets</b>		<b>10,067</b>	<b>11,192</b>
<b>EQUITY</b>			
Contributed equity	7	29,671	29,671
Accumulated losses		(19,604)	(18,479)
<b>Total equity</b>		<b>10,067</b>	<b>11,192</b>

*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 2019**

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

<b>Consolidated entity</b>	<b>Contributed equity \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2019	29,671	(18,479)	11,192
Loss for the period	-	(1,125)	(1,125)
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>(1,125)</u>	<u>(1,125)</u>
<b>Balance at 31 December 2019</b>	<u><b>29,671</b></u>	<u><b>(19,604)</b></u>	<u><b>10,067</b></u>

*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 2019**

		<b>Consolidated</b>	
		<b>Period ended</b>	
		<b>31 December</b>	31 December
Notes		<b>2019</b>	2018
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
	Payments to suppliers and employees (inclusive of goods and services tax)	<u>(527)</u>	<u>(559)</u>
	<b>Net cash outflow from operating activities</b>	<u><b>(527)</b></u>	<u><b>(559)</b></u>
<b>Cash flows from investing activities</b>			
	Payments for property, plant and equipment	(4)	-
	Interest received	17	66
	Payments for exploration and evaluation expenditure	<u>(941)</u>	<u>(2,591)</u>
	<b>Net cash outflow from investing activities</b>	<u><b>(928)</b></u>	<u><b>(2,525)</b></u>
<b>Cash flows from financing activities</b>			
	Proceeds from borrowings from related parties	<u>-</u>	<u>51</u>
	<b>Net cash inflow from financing activities</b>	<u><b>-</b></u>	<u><b>51</b></u>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,455)</b>	<b>(3,033)</b>
	Cash and cash equivalents at the beginning of the financial period	<u>1,879</u>	<u>7,160</u>
<b>4</b>	<b>Cash and cash equivalents at end of the period</b>	<u><b>424</b></u>	<u><b>4,127</b></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 2019 was authorised for issue in accordance with a resolution of the Directors on 13 March 2020.

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 2019.

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 2019 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 Group's annual financial report for the year ended 30 June 2019, except for the adoption of new standards and interpretations as of 1 July 2019.

The adoption of any new and revised standards and interpretation effective 1 July 2019 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 2019 of \$1,125,000 (2018: \$828,000) and a net cash outflow from operating activities of \$527,000 (2018: \$559,000). As at 31 December 2019, the Group had cash and cash equivalents of \$424,000 (30 June 2019: \$1,879,000).

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. A major shareholder has committed to providing financial support prior to raising additional funding, if required.

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 and obtain support from a major shareholder 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

	<b>Consolidated Period ended</b>	
	<b>31 December 2019 \$'000</b>	31 December 2018 \$'000
<b>Loss before income tax includes the following specific expenses:</b>		
<i>Finance costs</i>		
Unwinding of discount - rehabilitation	<b>43</b>	94

## 4 Current assets - Cash and cash equivalents

	<b>Consolidated entity</b>	
	<b>31 December 2019 \$'000</b>	30 June 2019 \$'000
Cash at bank and on hand	<b>194</b>	845
Deposits at call	<b>230</b>	1,034
	<b>424</b>	1,879

## 5 Non-current assets - Exploration and evaluation

The carrying value of exploration and evaluation expenditure has increased by \$941,000 during the current reporting period due to evaluation studies carried out by the Company on the Swan and Swift areas and metallurgical test work done on the Altair Zinc-Copper Prospects. See further details outlined in the "Exploration and Evaluation Activities" section of the Directors' Report. 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 Current liabilities - Borrowings

	Consolidated entity	
	31 December 2019 \$'000	30 June 2019 \$'000
<b>Unsecured</b>		
Loans from related parties	257	90
Total unsecured current borrowings	257	90

The loan was from Panoramic Resources Limited (the parent entity of the Company, "Panoramic"). The loan is at call, unsecured and interest free.

## 7 Contributed equity

### (a) Ordinary share capital

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$'000	30 June 2019 \$'000
Ordinary shares - issued and fully paid	76,530,617	76,530,617	29,671	29,671
<b>Total contributed equity</b>	<b>76,530,617</b>	76,530,617	<b>29,671</b>	29,671

### (b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2018	Opening balance	76,530,617		29,671
30 June 2019	Closing balance	76,530,617		29,671
1 July 2019	Opening balance	76,530,617		29,671
<b>31 December 2019</b>	<b>Closing balance</b>	<b>76,530,617</b>		<b>29,671</b>

## 8 Dividends

No final dividend was declared for the period ended 31 December 2019 (2018: nil).

## 9 Contingencies

The Group had no contingent liabilities at 31 December 2019 (2018: nil).



## **10 Commitments**

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

## **11 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 25 November 2019, the Management Agreement was extended for a further six months to 21 June 2020.

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 \$0.229 million (2018: \$0.150 million) from Panoramic.

Other than the above, no significant changes to related party transactions.

## **12 Events occurring after the reporting period**

### *Partial sale of the parent entity's shareholding in the Company*

Subsequent to year end, major shareholder Panoramic Resources Limited sold a portion of its shareholding in the Company reducing its holding from 51% to 24.6%. The sale was made to Zeta Resources Limited ("Zeta") with Zeta's direct shareholding increasing to 45.6%. There was no change in Zeta's relevant interest in the Company as a result of the transaction which remains at 71.1%.

No other 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.

## **13 Financial Instruments**

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