



Horizon Gold Limited

ABN:27 614 175 923

Interim Report for the period ended 31 December 2020

Horizon Gold Limited

Interim Financial Report For the period ended 31 December 2020

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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 2020 and any public announcements made by Horizon Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporation Act 2001.

The financial statements in this interim financial report are for Horizon Gold Limited and its wholly owned subsidiary Gum Creek Gold Mines Pty Ltd (formerly 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
Unit 5, 78 Marine Terrace
Fremantle WA 6160

Directors' Report

The directors present their report on the consolidated entity consisting of Horizon Gold Limited (or "the Company") and the entity it controlled at the end of, or during, the interim period ended 31 December 2020.

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 Sullivan (appointed 7 July 2020)

Leigh Ryan (appointed 14 December 2020)

James Sullivan

Dugald Morrison

Peter Venn

Paul Bennett (resigned 6 July 2020)

Company secretary

Trevor O'Connor

Operating and Financial Review

Operating Result for the Period

The consolidated entity recorded a loss after tax for the interim period ended 31 December 2020 of \$339,000 (2019: \$1,125,000).

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

- a \$303,000 decrease in the Gum Creek Gold Project care and maintenance expenses to \$224,000 (2019: \$527,000); and
- a gain on the remeasurement of the Rehabilitation Provision Liability of \$287,000 as compared to a loss in the 2019 comparable period of \$218,000.

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 reporting period Horizon Gold Limited completed a total of 38 reverse circulation (RC) holes for 4,737 metres at the Swift and Swan North deposits.

In addition, during the period three highly experienced Archean gold geologists completed a full comprehensive review of the Gum Creek Gold Project exploration data. The key objective of the review was to target and prioritise exploration targets with a focus on immediate mineral resource growth.

The review generated 48 targets which have been ranked and prioritised based on mineralisation style, host rock type, structural control, metallurgy, target depth, and target grade. These targets were subsequently categorised as follows:

- nine existing mineral resources that can be upgraded and extended;
- twenty new mineral resource targets;
- thirteen advanced exploration targets; and
- six new greenfield exploration targets.

Further details of the exploration data review and target ranking, along with proposed drilling details will be announced during the next reporting period.

Corporate Activities

On 6 July 2020, Paul Bennett resigned as a non-executive director and on 7 July 2020 Peter Sullivan was appointed as a non-executive director and Chairman of the Company.

On 29 July 2020 the Company announced a renounceable one for seven rights entitlement issue at 30 cents each which resulted in 10,541,580 shares being issued on 2 September 2020 and funds raised of \$3,162,474.

On 25 August 2020 the Company repaid the short-term funding facility from Zeta Resources Limited in full totaling \$509,247 through the offset of part of Zeta's contribution for its Rights Entitlement Issue described above.

On 29 October 2020 the Company fully extinguished a \$316,267 debt from Panoramic Resources Limited (previously the parent entity of the Company) through the issue of 726,550 Horizon Gold Limited shares.

On 14 December 2020 Leigh Ryan commenced employment and was officially appointed as Managing Director of the Company.

Interim Dividend

No interim dividend was or has been declared for the period ended 31 December 2020 (2019: Nil).

Subsequent events

No matters or circumstances have 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 6.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'P. Sullivan', with a stylized flourish at the end.

Peter Sullivan

Chairman

Perth, 8 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Horizon Gold Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
08 March 2021

B G McVeigh
Partner

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Horizon Gold Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Horizon Gold Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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, for the group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Horizon Gold Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group's financial position as at 31 December 2020 and of its 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(d) in the financial report, which indicates 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.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
08 March 2021



B G McVeigh
Partner

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 2020:
 - (i) gives a true and fair view of the group's financial position as at 31 December 2020 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(d), 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 Sullivan

Chairman

Perth, 8 March 2021

Horizon Gold Limited
Consolidated statement of comprehensive income
For the interim period ended 31 December 2020

	Consolidated Period ended	
Notes	31 December 2020 \$'000	31 December 2019 \$'000
Other income	4	17
Care and maintenance expenses	(224)	(527)
Corporate and administration costs	(367)	(354)
Gain / (loss) on remeasurement of Rehabilitation Provision liability	287	(218)
Exploration and evaluation expenditure written off	(19)	-
Finance costs	3 (20)	(43)
Loss before income tax	(339)	(1,125)
Loss for the period	(339)	(1,125)
Other comprehensive income / loss for the period, net of tax	-	-
Total comprehensive income for the period	(339)	(1,125)
Loss for the half year is attributable to:		
Owners of Horizon Gold Limited	(339)	(1,125)
Total comprehensive loss for the half year is attributable to:		
Owners of Horizon Gold Limited	(339)	(1,125)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per cents/share	(0.4)	(1.5)

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

Horizon Gold Limited
Consolidated statement of financial position
As at 31 December 2020

		Consolidated entity	
	Notes	31 December	30 June
		2020	2020
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	1,072	177
Trade and other receivables		81	-
Prepayments		16	29
Total current assets		1,169	206
Non-current assets			
Property, plant and equipment		4,321	4,303
Exploration and evaluation	5	24,277	23,100
Total non-current assets		28,598	27,403
Total assets		29,767	27,609
LIABILITIES			
Current liabilities			
Trade and other payables		249	246
Borrowings	6	-	618
Provisions		-	52
Total current liabilities		249	916
Non-current liabilities			
Provisions	7	10,649	10,921
Total non-current liabilities		10,649	10,921
Total liabilities		10,898	11,837
Net assets		18,869	15,772
EQUITY			
Contributed equity	8	33,107	29,671
Accumulated losses		(14,238)	(13,899)
Total equity		18,869	15,772

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 2020

Consolidated entity	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance 1 July 2019	29,671	(18,479)	11,192
Loss for the period	-	(1,125)	(1,125)
Total comprehensive loss for the period	-	(1,125)	(1,125)
Balance at 31 December 2019	29,671	(19,604)	10,067
Consolidated entity	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance 1 July 2020	29,671	(13,899)	15,772
Loss for the period	-	(339)	(339)
Total comprehensive loss for the period	-	(339)	(339)
Issue of shares as consideration	3,479	-	3,479
Transaction costs	(43)	-	(43)
Balance at 31 December 2020	33,107	(14,238)	18,869

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

Horizon Gold Limited
Notes to the consolidated interim financial statements
31 December 2020

	Consolidated	
	Period ended	
Notes	31 December	31 December
	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(877)	(527)
Interest received	4	17
Net cash outflow from operating activities	(873)	(510)
Cash flows from investing activities		
Payments for property, plant and equipment	(18)	(4)
Payments for exploration and evaluation expenditure	(1,014)	(941)
Net cash outflow from investing activities	(1,032)	(945)
Cash flows from financing activities		
Proceeds from issue of shares	2,653	-
Transaction costs related to issue of shares	(43)	-
Proceeds from borrowings from related parties	190	-
Net cash inflow from financing activities	2,800	-
Net increase / (decrease) in cash and cash equivalents	895	(1,455)
Cash and cash equivalents at the beginning of the financial period	177	1,879
Cash and cash equivalents at end of the period	4 1,072	424

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 2020 was authorised for issue in accordance with a resolution of the Directors on 9 March 2021.

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 annual financial report.

The interim financial report should be read in conjunction with the annual financial report of Horizon Gold Limited as at 30 June 2020.

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 2020 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.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated, under the option available to the Company under Australian Securities and Investment Commission ("ASIC") (Rounding in Financial/Directors' Report) Instrument 2016/191. The Company is an entity to which the instrument applies.

(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 2020, except for the adoption of new standards and interpretations as of 1 July 2020.

The adoption of any new and revised standards and interpretation effective 1 July 2020 has not resulted in any changes to Group's accounting policies and has no material effect on the amounts reported to the current or prior period.

(c) New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Going concern basis

The Group incurred a net loss for the period ended 31 December 2020 of \$339,000 (2019: \$1,125,000) and a net cash outflow from operating activities of \$873,000 (2019: \$510,000). As at 31 December 2020, the Group had cash and cash equivalents of \$1,072,000 (30 June 2020: \$177,000).

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 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 and obtain support from the Company's 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

	Consolidated entity	
	Period ended	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
<i>Interest on borrowings</i>	5	-
Unwinding of discount - rehabilitation	15	43
	20	43

4 Current assets - Cash and cash equivalents

	Consolidated entity	
	31 December	30 June
	2020	2020
	\$'000	\$'000
Cash at bank and on hand	267	157
Term deposits < 3 months maturity	805	20
	1,072	177

5 Non-current assets - Exploration and evaluation

	Consolidated entity	
	31 December	30 June
	2020	2020
	\$'000	\$'000
Opening net book amount at the beginning of the period	23,100	15,715
Additions	1,196	811
Capitalised exploration and evaluation expenditure written off	(19)	(432)
Reversal of impairment	-	7,006
Closing net book value at the end of the period	24,277	23,100

The carrying value of exploration and evaluation expenditure has increased by \$1,177,000 during the current reporting period due to evaluation studies carried out by the Company on the Swan and Swift areas including an RC drilling program. 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	30 June
	2020	2020
	\$'000	\$'000
Unsecured		
Loans from related parties:		
Loan from Panoramic Resources Limited	-	316
Loan from Zeta Resources Limited	-	302
Total unsecured current borrowings	-	618

The loan from Panoramic Resources Limited (previously the parent entity of the Company) was at call, unsecured and interest free. The loan was fully repaid on 29 October 2020 through the issue of 726,550 Horizon Gold Limited shares. The debt arose from Panoramic Resources Limited providing technical, commercial, managerial expertise and services up to 30 April 2020 under a Management Agreement originally executed on 21 October 2016 and extended numerous times.

The loan from Zeta Resources Limited was in the form of an unsecured short term funding facility to a maximum of \$800,000. The funds could be drawn in tranches of not less than \$5,000 and interest was payable at 7.5% per annum. In addition, a facility fee of \$12,000 was payable. On the 25 August 2020 the Company repaid the short-term funding facility in full totalling \$509,247 through the offset of part of Zeta's contribution for its Rights Entitlement Issue. The Rights Issue closed on 2 September 2020 and was undertaken at 30 cents per share.

7 Non-current liabilities - Provisions

	Consolidated entity	
	31 December	30 June
	2020	2020
	\$'000	\$'000
Rehabilitation		
Opening net book amount at the beginning the period	10,921	10,318
Unwinding of discount	15	106
Remeasurement of liability	(287)	497
Closing net book value at the end of the period	10,649	10,921

A provision for rehabilitation is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the rehabilitation of a mining site. Estimates of the rehabilitation are based on the anticipated technology and legal requirements and future costs, which have been discounted to their present value. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislations in relation to rehabilitation of such mines in the future.

Impact from the remeasurement of the rehabilitation liability has been recognised through the profit or loss given that the plant and equipment relating to this provision has been written down to its recoverable value.

8 Contributed equity

(a) Ordinary share capital

	Consolidated entity	
	31 December	30 June
	2020	2020
	\$'000	\$'000
Issued share capital	33,107	29,671
Total contributed equity	33,107	29,671

(b) Movements in ordinary share capital

	31 December 2020	31 December 2020	31 December 2019	31 December 2019
	Shares	\$'000	Shares	\$'000
Opening balance	76,530,617	29,671	76,530,617	29,671
Add: Issue of shares				
- Rights Issue	10,541,580	3,163	-	-
- Settlement of Panoramic Resources Limited debt	726,550	316	-	-
Less: Transaction costs		(43)		-
Closing balance	87,798,747	33,107	76,530,617	29,671

9 Non cash investing and financing activities

On 25 August 2020 the Company repaid the short-term funding facility from Zeta Resources Limited in full totaling \$509,247 through the offset of part of Zeta's contribution for the one for seven Rights Entitlement announced by the Company on 29 July 2020 (offset of 1,697,490 entitlement shares @ 30 cents each).

10 Dividends

No final dividend was declared for the period ended 31 December 2020 (2019: nil).

11 Contingencies

The Group had no contingent liabilities at 31 December 2020 (2019: nil).

12 Events occurring after the reporting period

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.