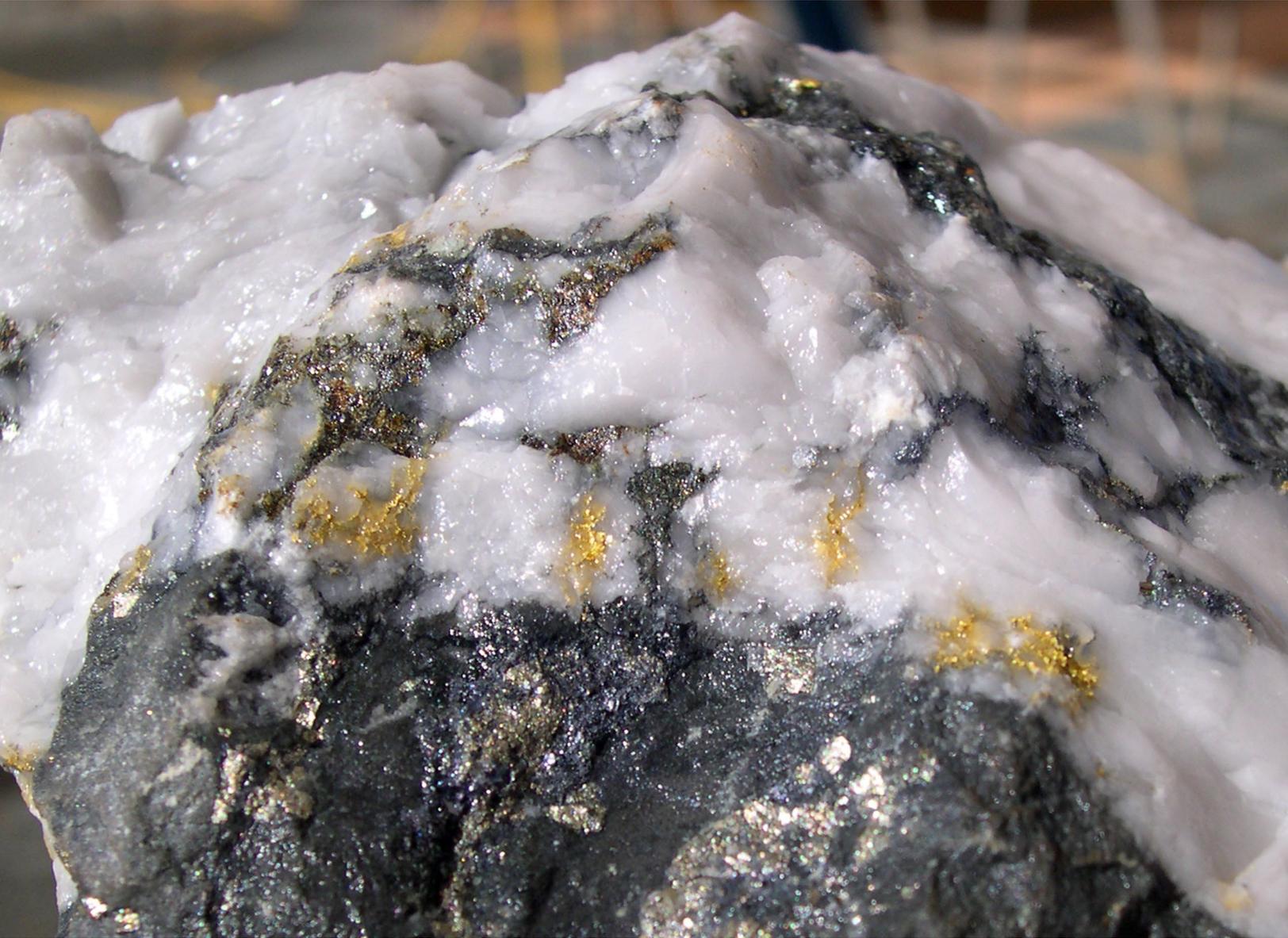


# 2021 Annual Report



**HORIZON GOLD**

L I M I T E D

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## Chairman's Letter

Dear Shareholder,

Over the past 12 months Horizon Gold Limited has focused on increasing the value of the Company's 100% owned Gum Creek Gold Project by building on the current JORC-compliant Mineral Resource Estimate of 1.36 million ounces of gold and broadening its development optionality.

The geological review completed during the year generated over 40 priority targets that will guide future exploration and Mineral Resource growth within the extensive 620 square kilometre landholding. Unsurprisingly many of these targets occur proximal to the historic open pits and underground gold mines that have been subject to very little modern exploration, either for near-mine strike or depth extensions and represent significant brownfield opportunities. In addition to these priority targets the 80 kilometres of continuous and prospective strike also provides abundant scope for greenfield exploration opportunities.

The Company has recently raised over \$6.6m through a well-supported shareholder rights issue with the funds being used to undertake a planned 40,000 metres of RC and diamond drilling programs to advance the priority exploration targets at Gum Creek.

The programs are well underway and recent drilling has returned numerous highly significant gold intercepts, and has successfully defined shallow strike and down plunge extensions to gold mineralisation at the Swan, Swift and Howards Deposits, and at the Eagle and Kingston Town Prospects. We expect further significant intercepts to be reported as the assay backlog is cleared and ongoing RC and diamond drilling continues.

The Board believes that Gum Creek represents a compelling development opportunity, and with the positive outlook for gold we are confident that our gold-focused strategy will add significant value for shareholders.

On behalf of the Board, I would like to thank our Shareholders for their ongoing support as we look forward to sharing more exciting drilling results and exploration progress during the year ahead.

Yours sincerely



Peter Sullivan  
**Chairman**

# Review of Operations

**Horizon Gold Limited** (ASX:HRN) (Horizon or the Company) is focused on expanding its gold resources and unlocking the economic potential of its 100% owned Gum Creek Gold Project (Gum Creek or the Project) located in the world class Yilgarn Craton in Western Australia.

Gum Creek has historically produced more than 1 million ounces of gold and hosts a current Mineral Resource of 1.36 million ounces. The Project covers 620km<sup>2</sup> of contiguous tenure over the Gum Creek greenstone belt located in the Mid-West Region of Western Australia (Figure 1), and contains 37 open pit mines and three underground mines.

The Project not only represents a significant brownfields exploration opportunity, but also offers substantial greenfields exploration upside along 80km of prospective and continuous strike. All of the existing resources and most of the potential resource areas are located on granted Mining Leases. The project also has significant infrastructure in place, including a 110-man camp, an operating airstrip, a 600,000tpa CIL processing facility (requiring refurbishment), extensive haul road network and a large tailings storage facility.

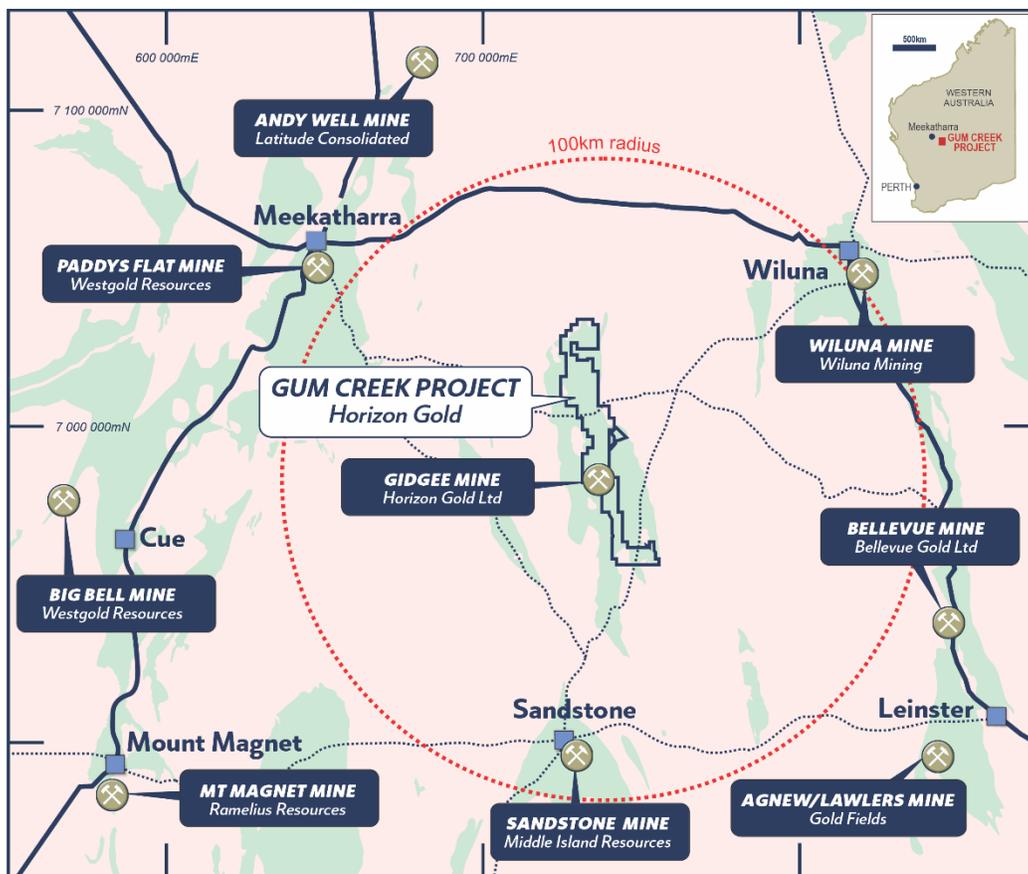


Figure 1: Gum Creek Gold Project and surrounding mines over simplified geology.

## Project History

Gold was first discovered in the area at Jonesville (now part of the Swan deposit) in 1926, with first recorded gold production in 1931. Modern mining operations commenced in the 1980's and ceased in 2005 when the gold price was approximately A\$560/oz. To that time, more than one million ounces of gold was produced from over thirty open pits and three underground mines, with the main gold-producing areas being Swan-Swift, Kingfisher and Omega.

## Unlocking Value at the Gum Creek Gold Project

During the reporting period the Company completed a comprehensive independent geological review (**Review**) of all available historic data to identify and rank targets within the Company's extensive tenement portfolio. The geological review generated over 40 targets that span a range of different stages of advancement that will guide future exploration and potential mineral resource growth within the Company's highly prospective Project.

An extensive Reverse Circulation (RC) drilling program commenced across the top ranked prospects during the period to upgrade the integrity of the open pit resources and to build on the current 1.36Moz Mineral Resource Estimate (MRE) at Gum Creek . Numerous spectacular results have been received from both existing resource and potential resource target areas, with RC drilling ongoing and diamond drilling about to commence.

As results are evaluated further updates to the Project's MRE will be reported.

## Regional Geology

The Project covers a majority of the Gum Creek Greenstone Belt, situated within the Southern Cross Province of the Youanmi Terrane, a part of the mineral resource rich Archaean Yilgarn craton in Western Australia. The Gum Creek Greenstone Belt is an elongate, broadly sinusoidal formation about 110km long and 24km wide, dominated by mafic volcanic and sedimentary sequences, intruded by granitoids of various ages and composition (Figure 2). The margins of the belt are typically dominated by contact-metamorphosed basalts and banded iron formations (BIF).

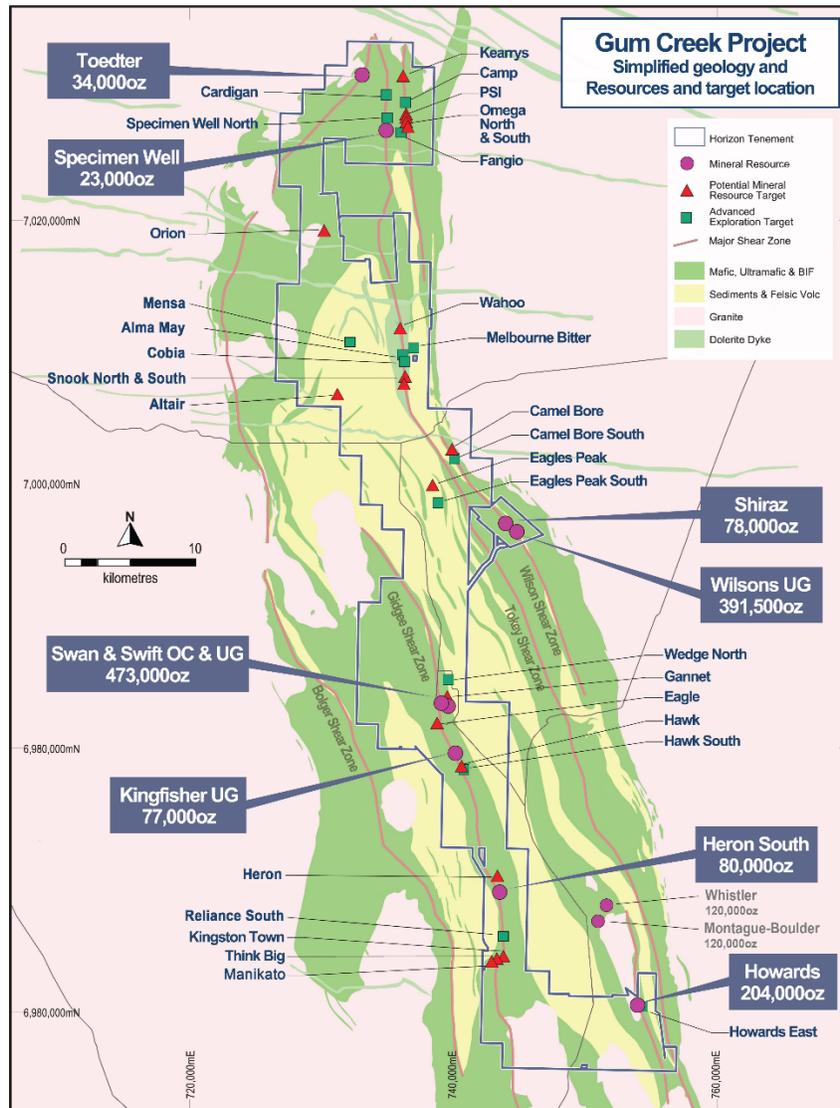


Figure 2: Gum Creek Gold Project current mineral resources and exploration targets over regional geology.

Historically gold has been mined from structurally controlled Archean lode-gold deposits and associated near surface supergene gold enrichment zones. Deposits are hosted in a variety of rock types including mafic volcanics, BIF and fine-grained sediments. The Project contains numerous gold and lesser base metal prospects and deposits along its entire strike length.

### Mineral Resources

The Gum Creek Project hosts global Mineral Resources of 18.6Mt @ 2.3g/t Au for 1.36 million ounces contained gold (Table 1) reported in accordance with the JORC Code (2012 Edition) and based on documentation prepared by Competent Persons as defined by the JORC Code. There has been no change in the MRE for the 2021 Financial year since the Company's 12 February 2021 ASX Announcement titled "Gum Creek Gold Project Resource Update". A comparison of the MRE compared to the previous year is detailed in the Additional ASX Shareholder Information at the end of this report. The resources have been delineated in nine discrete deposit areas and are a mixture of open cut and underground resources. No Ore Reserves have been declared for the Gum Creek Gold Project. A geological map of the belt and project resource locations are shown in Figure 2.

Table 1: Mineral Resources Statement as at 30 June 2021

Resource	Resource Date	Cut-off grade (g/t Au)	Mineralisation Type	Indicated		Inferred		Total		Contained Gold (oz)
				Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
<b>Open Pit Resources</b>										
Swan & Swift OC	Jan-21	0.7	Free Milling	2,642,000	2.6	1,516,000	2.0	4,158,000	2.4	323,000
Heron South	Aug-16	0.5	Refractory	1,135,000	2.2	2,000	1.3	1,137,000	2.2	80,000
Howards	Jul-13	0.4	Free Milling	5,255,000	1.1	716,000	1.0	5,971,000	1.1	204,000
Specimen Well	Aug-16	0.5	Free Milling			361,000	2.0	361,000	2.0	23,000
Toedter	Aug-16	0.5	Free Milling			690,000	1.5	690,000	1.5	34,000
Shiraz	Jul-13	0.4	Refractory	2,476,000	0.8	440,000	0.8	2,916,000	0.8	78,000
<b>Underground Resources</b>										
Swan UG	Jan-21	2.5 / 3.0*	Free Milling	293,000	7.1	221,000	6.9	514,000	7.0	115,000
Swift UG	Jan-21	3.0	Free Milling			181,000	5.9	181,000	5.9	35,000
Kingfisher UG	Aug-16	3.5	Free Milling			391,000	6.1	391,000	6.1	77,000
Wilsons UG	Jul-13	1.0	Refractory	2,131,000	5.3	136,000	6.0	2,267,000	5.4	391,500
<b>Total</b>				<b>13,932,000</b>	<b>2.2</b>	<b>4,654,000</b>	<b>2.5</b>	<b>18,586,000</b>	<b>2.3</b>	<b>1,360,500</b>

\* cut-off grades are 2.5g/t Au for Swan UG Indicated, and 3.0g/t Au for Swan and Swift UG Inferred.

NB. rounding may cause slight discrepancies in totals.

## Geological Review of Gum Creek Gold Project

The comprehensive geological Review analysed over 56,000 holes for a combined total of over 2,400km of drilling. The Review showed that more than 65% of holes drilled within the Gum Creek Project are less than 50m deep, highlighting the under-explored nature of the Project and the excellent regional exploration potential.

The Review generated 48 targets categorised as follows and located in Figure 2:

- Nine high-priority drill ready targets at existing Mineral Resources across the project area that can be upgraded and extended including Swan, Swift, Kingfisher, Howards, Heron South, Specimen Well and Wilsons;
- Twenty drill ready targets at known mineralised areas with previous drilling and potential to host new Mineral Resources after further drilling is completed including Eagle, Kingston Town, Think Big, Manikato, Omega, PSI, Orion, Camel Bore, Snook and Wahoo prospects;
- Thirteen advanced exploration targets which warrant further exploration and drill testing; and
- Six early stage greenfields targets with potential for major new discoveries.

The four categories of advancement provide an extensive exploration target pipeline for Horizon. Each target has been ranked and prioritised based on mineralisation style, host rock type, structural control, metallurgy, target depth, and target grade. The results and recommendations of the Review and ranking exercise were incorporated into the planning of Phase 1 drill programs that are currently in progress.

The Review also recommended further generative exploration work including; aeromagnetic surveying, detailed geochemical data analysis and geological assessment and interpretation, which will likely result in additional targets being identified.

## Exploration and Resource Drilling

During the year the Company completed a total of 76 RC holes for 10,234 metres at the Eagle, Swift and Swan deposit areas located within the main Gidgee resource area, and 20 RC holes for 2,053 metres at the Kingston Town Prospect and 33 RC holes for 3,174 metres at the Howards deposit located approximately 20km south and 28km southeast of the old Gidgee processing plant respectively (Figure 2). The holes were successful in defining shallow strike and down plunge extensions to interpreted high grade gold shoots at Eagle, Swift and Howards, and extending the strike of shallow mineralisation at the Swan North and Finch targets. The Kingston Town drilling successfully intercepted shallow strike extensions to supergene gold mineralisation to the north and south of previous drilling, and confirmed a moderate south plunge to high grade primary gold shoots.

### Swift Mineralised Trend (Vigilant-Swift-Gannet)

Numerous impressive spectacular intercepts >30 GxM (i.e. average intercept gold Grade (G) multiplied by downhole intercept width in Metres (M)), were returned from RC drilling along the Swift mineralised trend, particularly from beneath the Swift open pit (Figures 3 to 5)<sup>1</sup>.including:

- 29m @ 9.1g/t Au from 70m (SBRC105)
- 9m @ 12.7g/t Au from 111m (SBRC105)
- 12m @ 7.4g/t Au from 113m (SBRC110)
- 21m @ 2.8g/t Au from 110m (SBRC108)
- 8m @ 7.0g/t Au from 95m (SBRC094)
- 12m @ 5.3g/t Au from 68m (SBRC098)
- 15m @ 4.0g/t Au from 145m (SWRC006)
- 12m @ 3.4g/t Au from 60m (SBRC091)
- 17m @ 2.6g/t Au from 107m (SBRC106)
- 11m @ 3.5g/t Au from 114m (SWRC003)

Mineralisation is associated with quartz veined, strongly silica-sericite-pyrite altered mafic units. The drilling has confirmed the locations of interpreted high-grade plunging gold shoots, and the presence of broad zones of potentially open pit gold mineralisation in the Swift resource area.

The geological understanding of these gold shoots will be further improved once the planned diamond drilling is completed. Mineralisation remains open and further extensional RC drilling in the Swift area is required.

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<sup>1</sup> Refer to Horizon Gold Limited ASX announcement "Spectacular high-grade gold intercepts returned from the Swift and Swan North Deposits" dated 14 December 2020, CP M.Gunther & K.Joyce, & Horizon Gold Ltd ASX announcement "Significant RC Drilling Results from Swift, Swan and Eagle Targets" dated 16 June 2021, CP L.Ryan.

### Swan Mineralised Trend (Finch-Swan-Swan North)

Several very significant drill intercepts were also returned from Swan North including: **17m @ 3.7g/t Au** from 139m (SBRC114), **24m @ 2.7g/t Au** from 143m (SBRC124), and **12m @ 1.6g/t Au** from 79m including **8m @ 2.2g/t Au** from 81m (SNRC003) (Figures 3 & 6)<sup>2</sup>. This mineralisation remains open to the north where extension resource drilling is planned.

A number of other significant high grade gold intercepts were returned from the sparsely drilled Finch target immediately east of the Butcherbird pit (Figure 3), including: **6m @ 5.4g/t Au** from 115m incl. **2m @ 15.4g/t Au** from 117m (FIRC005), **8m @ 3.7g/t Au** from 40m (FIRC006), **5m @ 2.5g/t Au** from 153m (FIRC008), and **3m @ 3.4g/t Au** from 20m (FIRC002)<sup>3</sup>. This shallow mineralisation is not part of the current Swan MRE. Additional infill and extension resource drilling is planned for this area prior to updating the Company's Swan/Swift open cut MRE.



Figure 3: Eagle-Swift-Swan drill hole location plan with all FY2021 intercepts >30 GxM labelled.

<sup>2</sup> Refer to Horizon Gold Limited ASX announcement "Spectacular high-grade gold intercepts returned from the Swift and Swan North Deposits" dated 14 December 2020, CP M.Gunther & K.Joyce, & Horizon Gold Ltd ASX announcement "Significant RC Drilling Results from Swift, Swan and Eagle Targets" dated 16 June 2021, CP L.Ryan.

<sup>3</sup> Refer to Horizon Gold Ltd ASX announcement "Significant RC Drilling Results from Swift, Swan and Eagle Targets" dated 16 June 2021, CP L.Ryan.

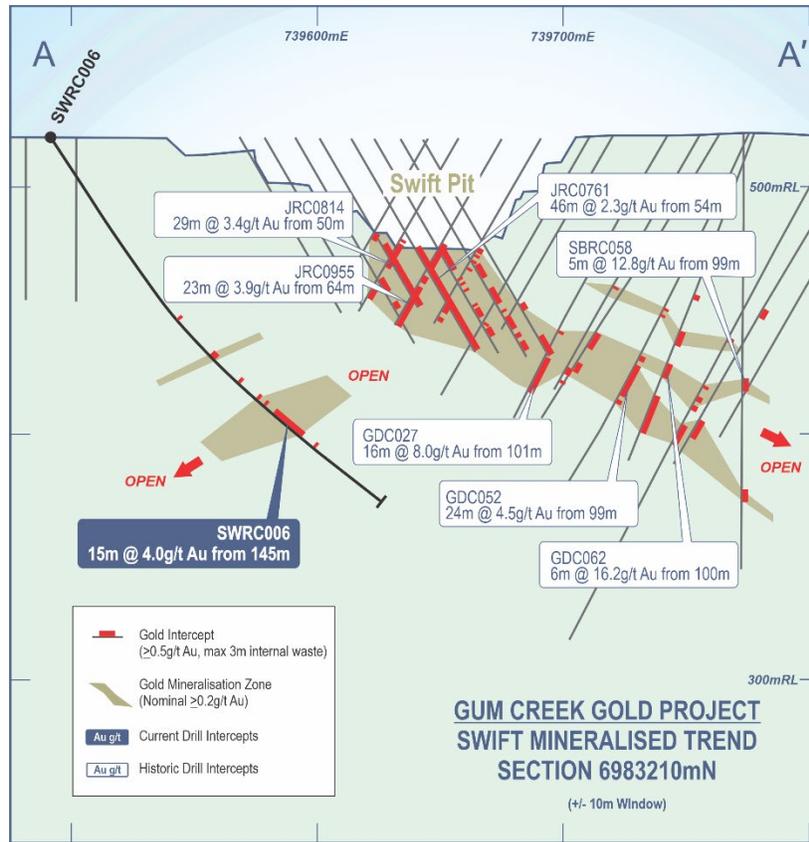


Figure 4: Swift cross section (6983210N) showing recent and previous drill intercepts (>40GxM), and existing Swift open pit.

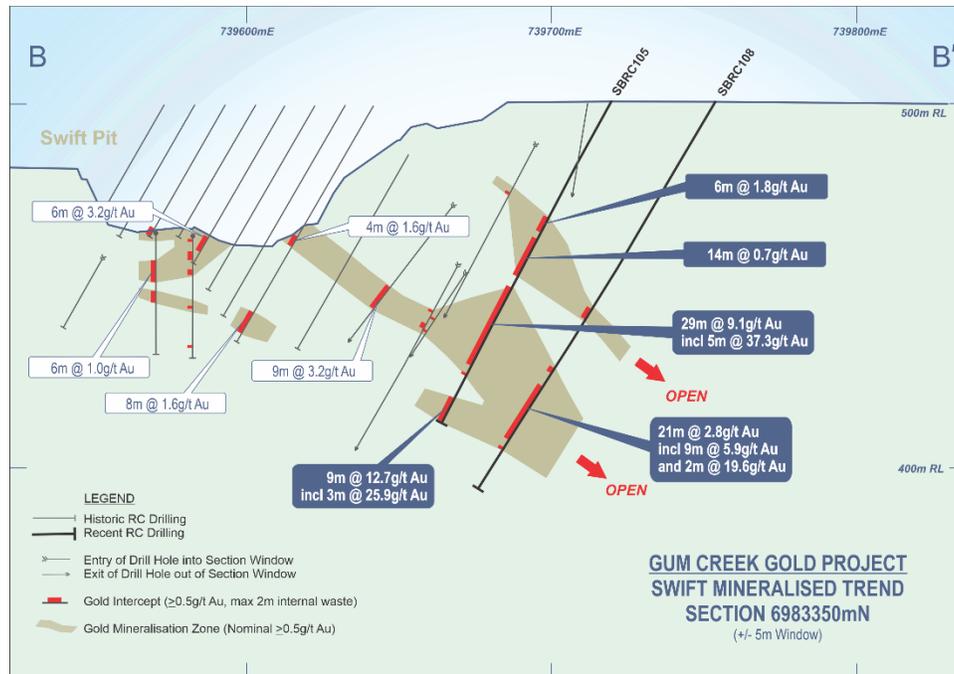


Figure 5: Swift cross section (6983350N) showing recent and previous drill intercepts (>6 GxM), and existing Swift open pit.

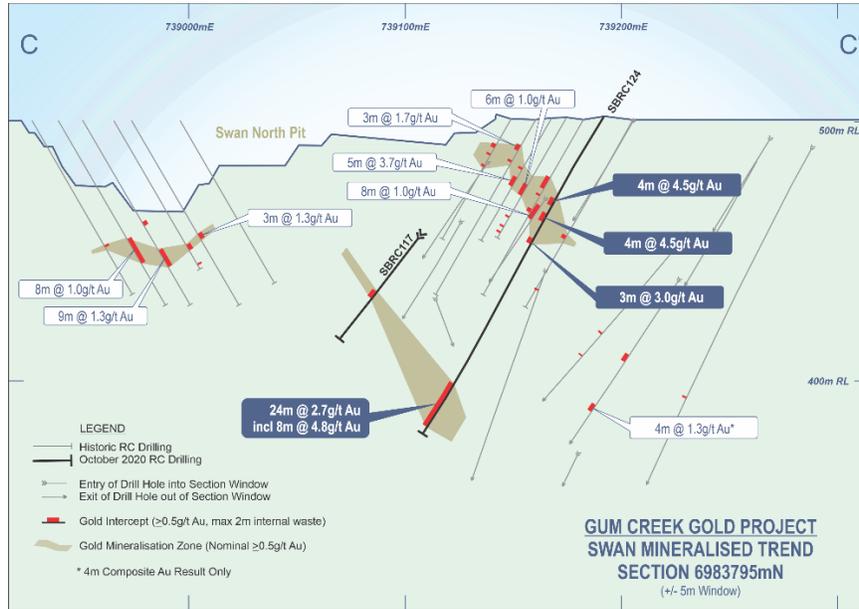


Figure 6: Swan cross section (6983795N) showing recent and previous drill intercepts (> 0.5g/t Au), and existing Swan open pit.

### Eagle Prospect

Encouraging intercepts were returned from three RC holes drilled beneath the Eagle open pit including: **7m @ 5.5g/t Au** from 169m (EARC003), and **4m @ 3.3g/t Au** from 173m (EARC002) (Figure 7)<sup>4</sup>. Mineralisation is associated with quartz-carbonate-pyrite veins within sericite-carbonate altered amygdaloidal basalt.

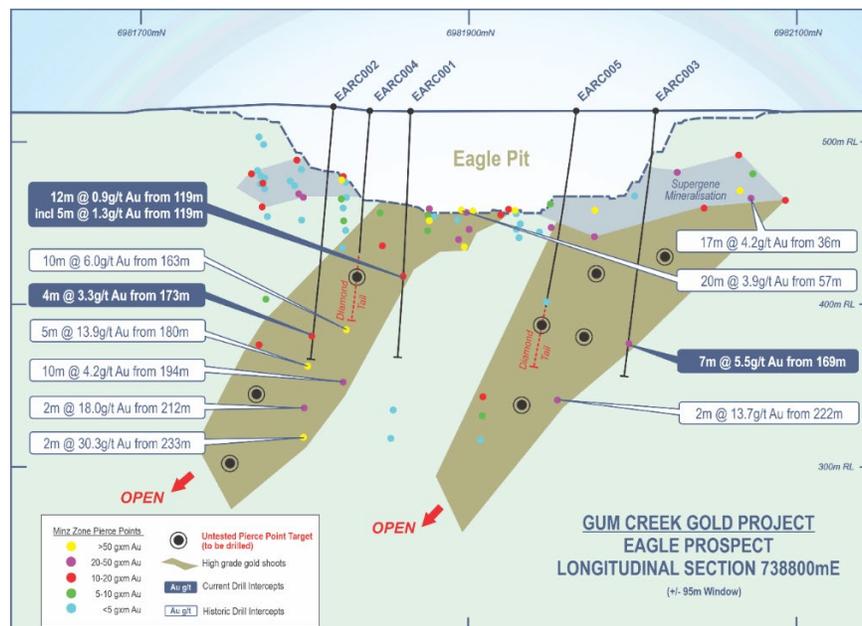


Figure 7: Eagle long section - interpreted high-grade lodes, & GxM pierce points for recent & previous intercepts that remain open at depth.

<sup>4</sup> Refer to Horizon Gold Ltd ASX announcement dated 16 June 2021, "Significant RC Drilling Results from Swift, Swan and Eagle Targets". CP L.Ryan.

The results confirmed the previously interpreted plunging gold shoots and highlights the potential for further high gold mineralisation at depth. EARC004 and 005 are pre-collars for planned diamond drilling that will test proposed target zones and provide drill core to help determine the controls on mineralisation. This drilling will also assist the planning of future infill and extension drilling at the Eagle Prospect. The planned diamond core tails and phase 2 RC drill targets will further test high grade gold intercepts including 10m @ 4.2g/t Au (SBRC045) and 5m @ 13.9g/t Au (GDC105) that remain open down plunge (Figure 7)<sup>5</sup>.

Metallurgical sampling and gold recovery test work including Knelson gravity tests, NaCN leach tests, Au, Ag, As, Cu, & total S analysis, grind establishment and specific gravity determination on the mineralised Eagle RC samples has commenced.

### Kingston Town Prospect

Numerous >2g/t Au RC drill intercepts were returned from within three sub-parallel lodes at Kingston Town (Figure 8). Gold mineralisation has a continuous strike of over 300m and remains open to the north, south and at depth in all three lodes.

A highly significant intercept of **16m @ 2.3g/t Au** from 27m incl. **4m @ 5.7g/t Au** from 30m (KTRC001) was returned from the southern end of the central lode, with several other shallow intercepts including: **8m @ 2.0g/t Au** from 57m (KTRC008), **5m @ 2.9g/t Au** from 48m (KTRC010), **12m @ 1.0g/t Au** from 35m (KTRC009), and **4m @ 2.3g/t Au** from 36m (KTRC007) returned from the northern end of the western and central lodes. Other significant intercepts returned from the central and eastern lodes included: **7m @ 2.0g/t Au** from 101m (KTRC017), **9m @ 1.5g/t Au** from 33m (KTRC018) and **5m @ 3.1g/t Au** from 126m (KTRC018) (Figure 8)<sup>6</sup>.

Mineralisation intercepted in weathered rock (above ~80m) corresponds to vein quartz within limonitic saprolite. Mineralisation within fresh rock is associated with strong quartz veining and disseminated pyrite within albite-sericite-carbonate altered dolerite and basalt. The drilling has confirmed the presence of multiple zones of potentially open pitable gold mineralisation at the Kingston Town Prospect. Follow up drilling will test for extensions to mineralisation that remains open along strike and at depth.

KTRC020 is a pre-collar for a planned diamond drill hole tail, designed to intercept the centre of the southerly plunging high grade gold shoot associated within the central lode and provide lithostructural information to help determine the controls on mineralisation (Figure 8). This diamond drilling will assist in the planning of future down plunge extension drilling at the Kingston Town Prospect.

<sup>5</sup> Refer to Horizon Gold Ltd ASX announcement dated 15 February 2021, "Gum Creek Geological Review". CPs L.Ryan, M.Gunther, D.Archer.

<sup>6</sup> Refer to Horizon Gold Ltd ASX announcement dated 6 July 2021, "Significant RC Drilling Results from Kingston Town Prospect". CP L.Ryan.

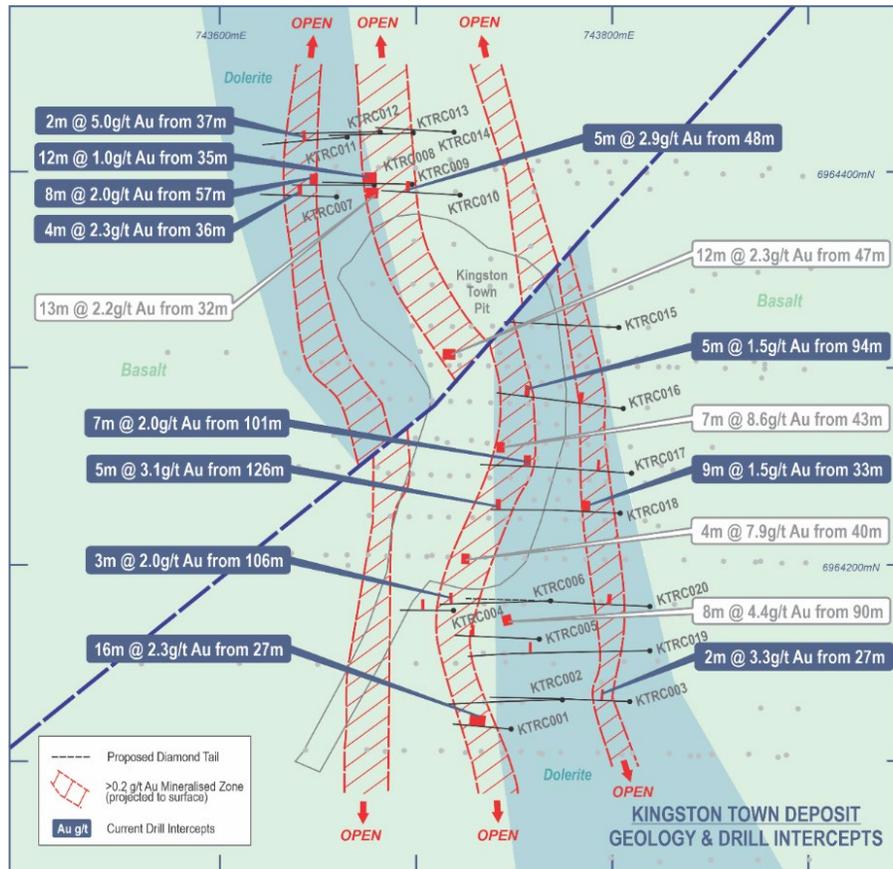


Figure 8: Kingston Town drill hole location plan with all recent intercepts >6 GxM and previous drill intercepts >27 GxM labelled.

## Howards Prospect

Drilling at Howards was designed to confirm and expand on the previously delineated shallow gold mineralisation associated with the current MRE of **5.97Mt @ 1.1g/t Au for 204,000oz** (Table 1). Drilling successfully intercepted near surface strike extensions to gold mineralisation to the north and south of previous drilling, and infill drill lines confirmed the broad widths and grade of historic intercepts within the northern, central and southern lodes.

Numerous broad >40 GxM gold intercepts were returned from the central lode of the Howards Prospect (Figure 9), including **77m @ 1.1g/t Au from 64m** including **31m @ 1.8g/t Au from 75m** (HWRC236), **65m @ 1.2g/t Au from 0m to EOH** including **13m @ 2.5g/t Au from 22m** and **7m @ 3.0g/t Au from 53m** (HWRC240), **28m @ 1.5g/t Au from 102m** including **11m @ 2.8g/t Au from 109m** (HWRC242), **79m @ 0.9g/t Au from 18m** including **35m @ 1.3g/t Au from 48m** (HWRC238), **54m @ 0.8g/t Au from 65m** including **13m @ 2.2g/t Au from 101m** (HWRC254) and **3m @ 19.6g/t Au from 141m** (HWRC248)<sup>7</sup>. Other highly significant intercepts included **24m @ 0.8g/t Au from 78m** including **8m @ 1.4g/t Au from 79m** (HWRC250 - northern lode), and **14m @ 1.2g/t Au from 28m** including **5m @ 2.7g/t Au from 30m** (HSRC010 - southern lode) (Figure 9).

<sup>7</sup> Refer to Horizon Gold Ltd ASX announcement dated 30 August 2021, "Wide Zones of Shallow Gold Mineralisation from Initial RC Drilling at Howards". CP L.Ryan.

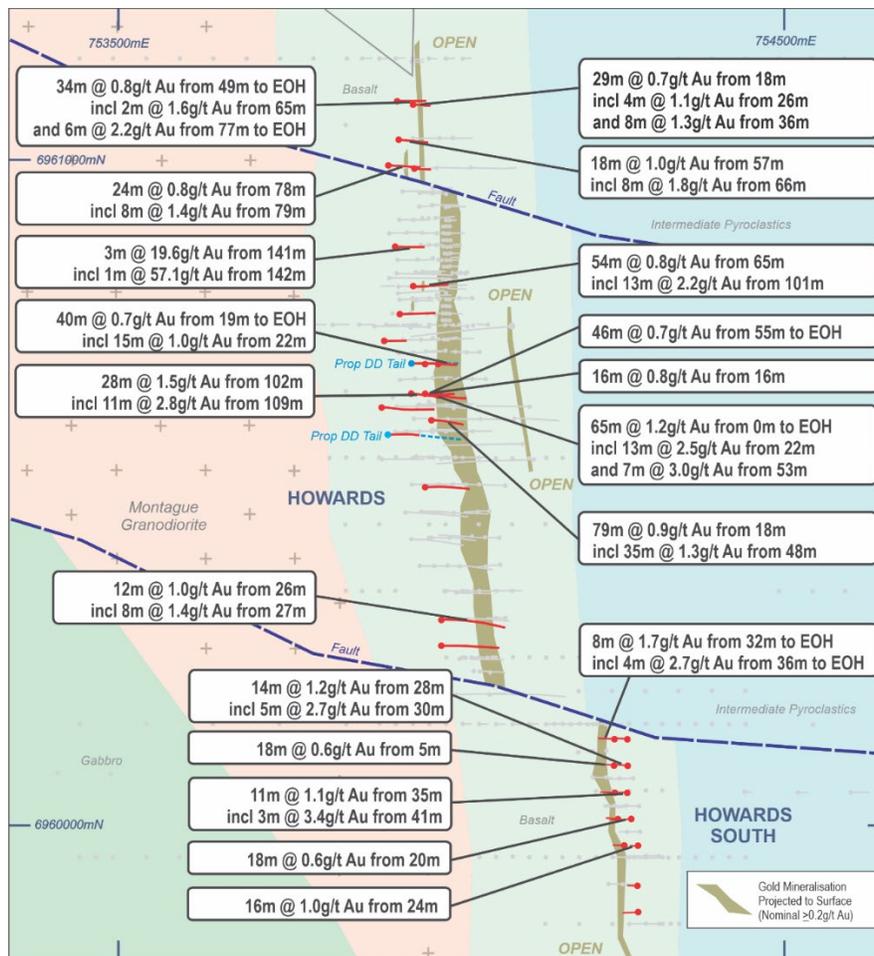


Figure 9: Howards drill hole location plan with all recent primary intercepts >10 GxM labelled.

Gold mineralisation at Howards is hosted within a broad, north-south trending, vertical to steep west-dipping shear zone, approximately 150m from, and sub-parallel to the east-dipping eastern contact of the Montague granodiorite. Mineralisation is associated with strong quartz veining and intense silica-albite-biotite alteration within a sheared basalt above a footwall dolerite unit. Two sinistral northwest-trending faults offset the northern (northern lode) and southern (southern lode) extensions of the main Howards lode by 30m and 150m respectively (Figure 9).

Drilling has confirmed the presence of broad zones of potentially open pit gold mineralisation that has now been defined over a continuous strike of over 1.3km, with mineralisation remaining open to the north, south and at depth within the northern, southern and central lodes. Large tonnage resources such as Howards could potentially compliment the higher grade Swan-Swift mineralisation in a future development scenario.

HWRC237 and HWRC245 are RC pre-collars for planned diamond drill hole tails, designed to intercept gold mineralisation towards the centre of the central lode and provide lithostructural information to help determine the controls on mineralisation (Figure 9). This drilling will assist the planning of future depth extension drilling at the Howards Prospect, with HWRC237 designed to test the Howards Shear Zone where it is interpreted to intercept the Montague Granodiorite at ~200m below surface. A diamond rig has been secured and is due to commence drilling at Howards and other prospects in September 2021. Infill resource drilling and additional follow up extension drilling is ongoing and a new MRE will be completed once the limits of the mineralisation are defined.

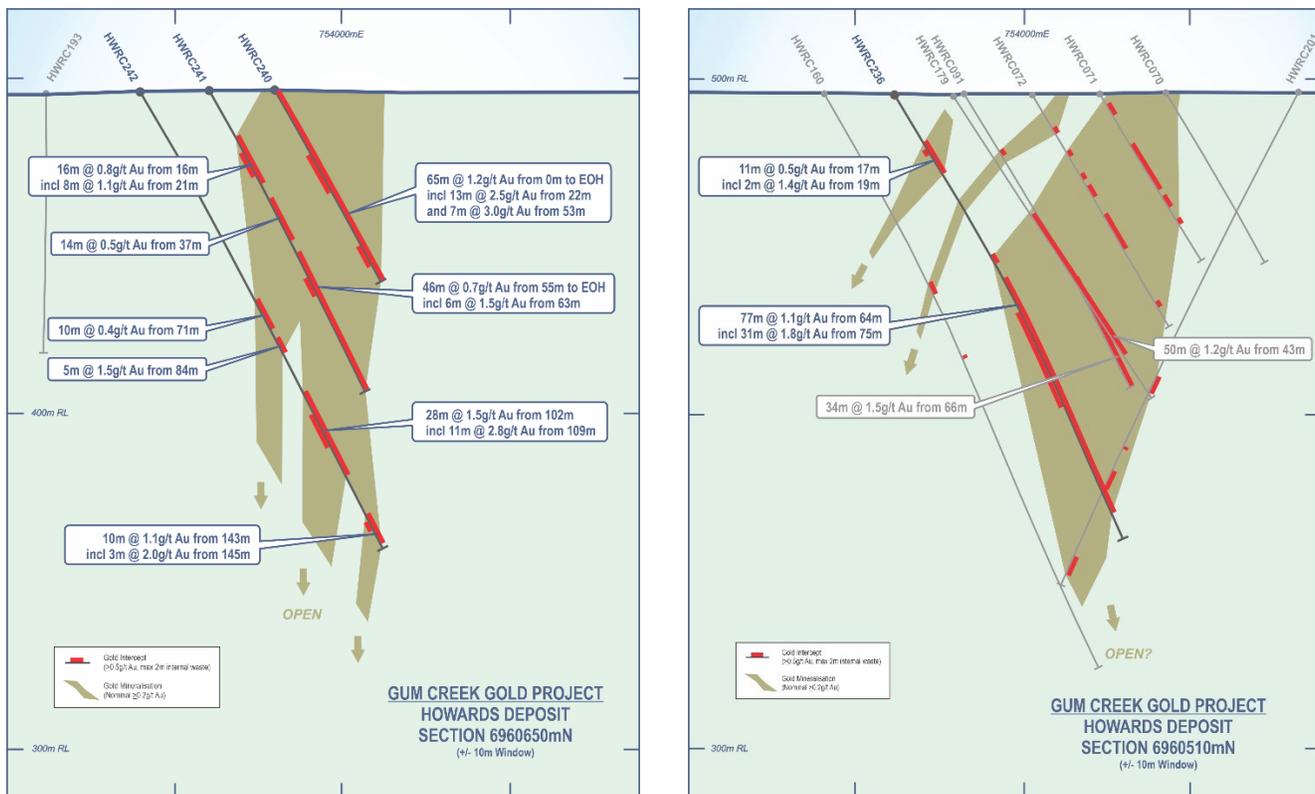


Figure 10: Howards Prospect cross sections (6960510N – left, 6960650N - right) showing mineralised envelope, recent intercepts >4 GxM (bold) and historic drill intercepts >60 GxM (pale grey).

### Current and Planned Drilling at other Prospects

Initial infill and extension RC drilling has been completed at Heron South, Kingfisher, and Camel Bore (see Figure 2) and samples dispatched for assaying. Assay results for Think Big and Manikato Prospects are still pending.

All Programs of Work for the 2021 calendar year have been approved with RC drilling at the Snook Prospect underway, and drilling at Wahoo, Orion, Specimen Well and Omega/PSI targets to follow. All target areas have the potential to quickly add significant ounces to Horizon’s Gum Creek MRE.

## Corporate

### Board and Management Changes

During the year a number of changes were made to the Board and management of the Company:

#### Appointment of Managing Director

Mr Leigh Ryan, the Company’s new Managing Director, commenced work on 14 December 2020. Mr Ryan is a qualified geologist with 30 years of experience in the exploration and resource industry, which has included various project evaluation, exploration management and executive management roles throughout Australia and Africa. He has worked extensively in WA, Queensland, NSW and various African countries and has been involved in the discovery and resource definition of numerous gold and base metal deposits.

Mr Ryan was most recently Managing Director of Alchemy Resources Limited and before this Managing Director of Chrysalis Resources Limited and earlier the Managing Director of Boss Resources Limited. Prior to this he was Resolute Mining Limited's Group Exploration Manager for Africa and Australia. Mr Ryan is a member of the Australian Institute of Geoscientists and has completed a graduate certificate in Mineral Economics at the Curtin School of Business, Western Australia.

Following a brief handover period, on 1 February 2021 Mr Jamie Sullivan reverted to a Non-Executive Director.

### **Appointment of new Chairman and resignation of a director**

On 7 July 2020 the Company announced the appointment of Mr Peter Sullivan as a Non-Executive Director and Chairman. Previous Chairman Mr Dugald Morrison remains on the Board as a Non-Executive Director.

Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for over 25 years. Mr Sullivan is also a Director of Zeta Resources Limited (appointed 2013), Copper Mountain Mining Corporation (appointed 2020), GME Resources Limited (appointed 1996) and Panoramic Resources Limited (appointed 2015).

The Company also announced on the 6 July 2020 that Non-Executive Director Mr Paul Bennett had resigned from the Board to focus on executive commitments.

### **Renounceable Entitlement Issues – July 2020 and March 2021**

During the year two important fund raisings were undertaken.

On 29 July 2020, the Company announced a one for seven Renounceable Entitlement Issue ("the Issue") at \$0.30 per share, to raise up to approximately \$3,300,000. The Issue was very successful and the Company received acceptances in respect to 10,541,580 shares, representing a 96.7% take up of the entitlement offer. The total funds from these acceptances was approximately \$3,162,474. Given the small size of the shortfall and the attractive nature of the entitlement offer, the Directors resolved not to issue any shortfall shares. The new shares in relation to the Issue were allotted on 2 September 2020.

On 10 March 2021, the Company announced a one for 4.4 Renounceable Entitlement Issue ("the Issue") at \$0.35 per share, to raise approximately \$7,000,000. The Company received acceptances in respect to 18,893,269 shares, representing a 94.7% take up of the Issue. Total funds of approximately \$6,612,644 was received. Given the small size of the shortfall, the Directors resolved not to issue any shortfall shares. The new shares in relation to the Issue were allotted on 16 April 2021.

### **Settlement of Panoramic Resources Limited Debt**

On 6 October 2020 the Company announced that it had agreed to settle the \$316,267 debt to Panoramic Resources Limited as disclosed in the 30 June 2020 Financial Accounts 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.

# Directors' Report

30 June 2021

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Horizon Gold Limited ("Company" or "Horizon") and the entity it controlled at the end of, or during, the year ended 30 June 2021.

## Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows (directors were in office for the entire period unless otherwise stated):

### **Peter Sullivan B.Eng, MBA (Non-Executive Chairman)**

*Appointed 7 July 2020*

Peter Sullivan is an engineer with extensive experience as a non-executive director and in senior executive roles, including in chief executive officer and operational roles. He brings wide-ranging and global experience working in listed and unlisted resource companies.

Peter has valuable insight and experience in engineering and construction, investment banking and capital markets and managing mining operations in Australia and internationally.

Peter has over 30 years' experience working with ASX-listed companies and has a broad strategic perspective and understanding of the long-term cyclical nature of the resources industry.

Peter has been closely involved with the strategic development of resource projects and companies with input across technical, financial, regulatory and governance matters. He has worked across multiple jurisdictions including countries in Africa, North America, Europe and Asia.

During the past three years, Peter has served as a director of the following listed companies:

- Zeta Resources Limited (appointed 2013)
- Panoramic Resources Limited (appointed 2015)
- Copper Mountain Mining Corporation (appointed 2020)
- GME Resources Limited (appointed 1996)
- Resolute Mining Limited (appointed 2001, resigned 2021)
- Bligh Resources Limited (appointed 2017, resigned 2019)

### **Leigh Ryan B.Sc.(Geol), Grad. Cert. Min. Econ., MAIG (Managing Director)**

*Appointed 14 December 2020*

Leigh Ryan is a qualified geologist with 30 years of experience in the exploration and resource industry, which has included various project evaluation, exploration management and executive management roles throughout Australia and Africa. He has worked extensively in WA, Queensland, NSW, Zambia, Tanzania, Burkina Faso, Mali, and Cote d'Ivoire, has been involved in the discovery and resource definition of numerous gold and base metal deposits.

Leigh was previously Resolute Mining Limited's Group Exploration Manager for Africa and Australia prior to becoming the Managing Director of Boss Resources Limited in 2011, Managing Director of Chrysalis Resources Limited in 2013, and Managing Director of Alchemy Resources Limited in 2017. He is a member of the Australian Institute of Geoscientists and has completed a graduate certificate in Mineral Economics at the Curtin School of Business, Western Australia.

During the past three years, Leigh has served as a director of the following listed companies:

- Alchemy Resources Limited (appointed 2017, resigned 2020)
- Peppermint Innovation Limited (formerly Chrysalis Resources Limited) (appointed 2014, resigned 2020)

# Directors' Report

30 June 2021

## **James Sullivan (Non-Executive Director)**

*Appointed 9 April 2020. Executive Director from 21 April 2020 to 31 January 2021*

Jamie Sullivan has over 30 years' experience in commerce, providing services to the mining and allied industries. This includes over 15 years in corporate roles with ASX-listed mining and exploration companies, including the successful IPO of Kumarina Resources Limited (now Zeta) in November 2011.

Jamie is currently the Managing Director of GME Resources Limited.

During the past three years, Jamie has also served as a director of the following listed companies:

- GME Resources Limited (appointed October 2004)
- Bligh Resources Limited (appointed 2017, resigned 2019)

## **Dugald Morrison BCA (Hons) (Non-Executive Director)**

*Appointed 9 April 2020. Non-Executive Chairman from 21 April 2020 to 7 July 2020.*

Dugald Morrison is General Manager, ICM NZ Limited. ICM Limited is the investment manager of Zeta Resources Limited.

Dugald is an experienced investment analyst having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom, and the United States. Dugald has held a number of governance roles, including non-executive director of Resimac Financial Services Limited and Pan Pacific Petroleum NL.

During the past three years, Dugald has served as a director of the following listed company:

- Bligh Resources Limited (appointed 2018, resigned 2019)

## **Peter Venn BSc (Geo)(Hons), MAIG, MAICD (Non-Executive Director)**

*Appointed 31 August 2016*

Mr Venn is a geologist with more than 32 years' resources industry experience and achievement. He has established and led highly successful teams and been closely involved in the exploration, acquisition, evaluation, and development of more than 10 mining operations, including Syama, Golden Pride, Obotan in Africa and Ravenswood, Chalice, Higginsville, Marymia and Mertondale in Australia.

His most recent managerial positions have been as Technical and Managing Director of Margosa Graphite Limited, an explorer and emerging producer of high grade vein graphite in Sri Lanka, and Chief Business Development Officer with Resolute Mining Limited, where his role included supervision of all technical aspects of exploration, resource development, feasibility, and oversight during design/construction/commissioning of a 1.5Mtpa Oxide Processing Facility at the Syama Gold Project in Mali, West Africa.

During the past three years, Peter has also served as a director of the following listed company:

- Rumble Resources Limited (appointed 2021)

# Directors' Report

30 June 2021

## **Paul Bennett MBA, MAusIMM, MAICD (Non-Executive Director)**

*Appointed 31 August 2016 and resigned on 6 July 2020*

Paul Bennett is a Mining Engineer with an MBA who has extensive experience in the operation, development and financing of resource companies and projects over a 25 year period. Paul has worked in technical, management and business development roles for Newcrest, Western Metals and Panoramic Resources and holds a WA First Class Mine Manager's Certificate. For nine years, Paul was a senior executive at RMB Resources, the resources investment banking business of Rand Merchant Bank (RMB). During Paul's time at RMB, he specialised in the provision of equity, quasi-equity/mezzanine and debt financing for small to mid-sized resource companies across a wide variety of commodities and jurisdictions. Paul is currently the Managing Director of Medallion Metals Limited, a mineral exploration and development company, with a focus on its flagship 100% owned Ravensthorpe Gold Project located 550km south-east of Perth in Western Australia.

During the past three years, Paul has served as a director of the following listed company:

- Medallion Metals Limited (appointed 2016)

## Company Secretary

### **Trevor O'Connor B.Bus(Acc), FGIA FCG (CS,CGP), CA**

*Appointed 9 April 2020*

Trevor O'Connor is a Chartered Accountant and Chartered Company Secretary with over 25 years' corporate experience. He has over 15 years' experience in the mining and energy industries operating both in Australia and overseas.

Trevor is currently also CFO / Company Secretary for CZR Resources Ltd and was recently CFO / Company Secretary of Exore Resources Ltd and before that Kasbah Resources Limited for 6 years until October 2017.

## **Meetings of Directors**

The number of meetings of directors held during the year ended 30 June 2021 and the number of meetings attended by each director during the year are as follows:

	<b>Number of Meetings Eligible to Attend</b>	<b>Number of Meetings Attended</b>
<b>Total number of meetings held during the year</b>	<b>5</b>	<b>-</b>
Peter Sullivan	4	4
Leigh Ryan	3	3
Dugald Morrison	4	4
Jamie Sullivan	5	5
Peter Venn	5	5
Paul Bennett	-	-

## **Committee Membership**

Due to the size of the Board, there are currently no separate committees of the Board as at the date of this report.

# Directors' Report

30 June 2021

## Directors' Interests

The relevant interest of each director in the share capital as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of signing is as follows:

Name of Director	Ordinary Shares		Options	
	Direct	Indirect	Direct	Indirect
Peter Sullivan	-	1,787,495	-	-
Leigh Ryan		40,000	-	1,000,000
Jamie Sullivan	56,103	1,199,353	-	-
Dugald Morrison	-	-	-	-
Peter Venn	-	377,797	-	-

## Principal Activities

The principal activities of the consolidated entity during the course of the financial year consisted of exploration, evaluation and development of the Gum Creek Gold Project (previously known as the Gidgee Gold Project), situated in the Central Murchison region of Western Australia.

The consolidated entity operates in only one segment, being exploration in Australia.

## Operating and Financial Review

### *Operating Result for the Year*

The consolidated entity recorded a net loss after tax for the financial year ending 30 June 2021 of \$1,072,000 (2020: \$4,580,000 net profit after tax).

### *Financial Performance*

The Group's performance during the 2021 financial year and for the four previous financial years, are set out in the table below after noting the basis of preparation of the financial results as in the notes to the consolidated financial statements. The financial results shown below were all prepared under Australian Accounting Standards.

Year Ended 30 June	2021	2020	2019	2018	2017
Income (\$'000)	17	30	105	224	344
Corporate and administration costs (\$'000)	(620)	(553)	(542)	(562)	(326)
Care and maintenance expenses (\$'000)	(486)	(866)	(760)	(774)	(1,386)
IPO expenses (\$'000)	-	-	-	-	(444)
Share based payments (\$'000)	(160)	-	-	-	-
Gain / (Loss) on remeasurement of liability (\$'000)	230	(497)	(377)	-	-
Reversal of / (impairment) of assets (\$'000)	-	7,006	-	(12,569)	9,178
Finance costs (\$'000)	(34)	(108)	(101)	(464)	(139)
Exploration expenditure written-off	(19)	(432)	(901)	(619)	-
<b>Profit /(loss) before tax (\$'000)</b>	<b>(1,072)</b>	<b>4,580</b>	<b>(2,576)</b>	<b>(14,764)</b>	<b>7,227</b>
Income tax benefit (expense)	-	-	-	-	1,714
<b>Net profit/(loss) after tax (\$'000)</b>	<b>(1,072)</b>	<b>4,580</b>	<b>(2,576)</b>	<b>(14,764)</b>	<b>8,941</b>
Earnings/(loss) per share (\$)	(0.01)	0.06	(0.03)	(0.19)	0.21
Market capitalisation (\$'000)	42,677	35,204	13,393	11,862	22,959
Closing share price (\$ per share)	0.400	0.460	0.175	0.155	0.300

# Directors' Report

30 June 2021

## **Income**

Income of \$17,000 (2020: \$30,000) was made up of interest revenue of \$13,000 (2020: \$21,000) and sundry income of \$4,000 (2020: \$9,000).

## **Corporate and Administration Costs**

Corporate and administration costs of \$620,000 (2020: \$553,000) were incurred by the Company, a 12% increase from the previous financial year.

## **Care and Maintenance (C&M) Costs**

Care and maintenance costs at the Gum Creek Gold Project totaling \$486,000 (2020: \$866,000) a 56% decrease from the previous financial year.

## **Exploration expenditure written off**

Exploration expenditure written off during the year was \$19,000 (2020: \$432,000). These relate to previously capitalised exploration and evaluation assets on tenements relinquished or area of interest abandoned.

## **Reversal of Impairment Loss**

The carrying value of the Gum Creek Gold Project is re-assessed at each balance date to ensure that it is being carried at the lower of its carrying value (adjusted for depreciation and amortization) and fair value. As at 30 June 2021, there were no indicators for the Company to book an impairment or to reverse an impairment charge from a previous period.

In the previous period an impairment reversal of \$7,006,000 was made against the carrying values of the Projects assets during the financial year (refer to note 12 of the "Notes to the Consolidated Financial Statements" for further details).

## **Income Tax Benefit**

There was no tax benefit booked on the consolidated entity's loss for the financial year as the corresponding equivalent deferred tax asset was not recognised in the consolidated statement of financial position at 30 June 2021.

## **Review of Financial Condition**

### **Balance Sheet**

#### ***Net Working Capital - current assets less current liabilities***

The consolidated entity's net working capital position is now in surplus by \$5,141,000 compared to the net working capital position at the previous balance date of \$710,000 in deficit.

The operating activities of the consolidated entity resulted in a net cash outflow of \$1,254,000 (2020: \$1,199,000).

Net cash outflow from investing activities of \$7,033,000 (2020: \$803,000) included \$4,500,000 on cash funds deposited with Zeta Resources at the end of the year and \$2,481,000 expenditure on exploration and evaluation activities at the Gum Creek Gold Project. There were net cash inflow from financing activities of \$9,383,000 (2020: \$300,000) which was principally a result of equity raisings through rights issues raising \$9,266,000.

At 30 June 2021, the consolidated entity had cash and cash equivalents of \$1,273,000 (30 June 2020: \$177,000). This does not include \$4,506,000 of funds deposited with Zeta Resources Limited (the Company's ultimate parent) as a short-term loan which is repayable on call.

# Directors' Report

30 June 2021

## **Net Tax Balances**

At balance date, the consolidated entity had an unrecognised net deferred tax asset of \$5,108,000 (2020: \$4,718,000). Due to the Gum Creek Gold Project being in a stage of exploration and development and not profit generating, the net deferred tax asset has not been recognised in the consolidated statement of financial position as at 30 June 2021.

## **Net Assets/Equity**

The net asset position of the consolidated entity increased 58% to \$24,879,000 (30 June 2020: \$15,772,000) due principally to capital raisings in the form of rights issues raising \$9,266,000.

## **Financial and Business Risks**

The business, assets and operations of the consolidated entity have the potential to influence the operating and financial performance of the consolidated entity in the future. The Board aims to manage these risks by carefully planning its activities and implementing risk mitigation measures. A list of the key business and financial risks of the consolidated entity, include:

- *Exploration* - the tenements comprising the Gum Creek Gold Project are prospective for gold and polymetallic mineral resources, however the prospects within the Project are at various stages of exploration. Mineral exploration is a high-risk undertaking, and there is a risk that the contemplated extensional and infill resource drilling programs, or the regional exploration activities to generate new gold and polymetallic resources will not be successful;
- *Development Studies* - there is a risk that the contemplated metallurgical and process investigations on the known mineralisation types at the Gum Creek Gold Project may not lead to a viable processing route. Furthermore, there is a risk that the contemplated development studies may not lead to a project that is economically viable;
- *Licences, permits and approvals* - the Gum Creek Gold Project has the necessary statutory operational and environmental licences, permits and approvals to conduct current exploration activities at the project. However, the consolidated entity may be required to obtain certain authorisations in future to undertake new exploration and development on the Gum Creek Gold Project tenements. These requirements include Program of Work (POW) approvals and Aboriginal heritage clearances (in certain circumstances). Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the consolidated entity's operations;
- *Management Team* - the Company does not have a full management team and relies heavily on contractors and consultants to perform key technical, commercial, managerial and administrative services. The Company will continue to assess this structure as the Project develops;
- *Commodity prices and foreign exchange rate fluctuations* - the value and profitability of the Gum Creek Gold Project and any other assets developed or acquired by the Company in the future may be adversely affected by fluctuations in commodity prices and foreign exchange rate fluctuations, in particular the price of gold;
- *Government Legislation changes* - changes in state and federal legislation and regulations may adversely affect ownership of mineral interests, taxation, royalties, land access, native title, labour relations and the mining and exploration activities of the consolidated entity;
- *COVID-19* - The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates (including the USD / AUD rate);
- *COVID-19* - The virus has not had any material impact on the Company's operations, however, significant changes to infection rates within Western Australia or Australia as a whole may result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on future cash flows and financial condition;
- *COVID-19* - Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, financial position and prospects; and

# Directors' Report

30 June 2021

- *COVID-19* - The Company has implemented a COVID-19 management plan across its business at all locations in order to minimise the risk of infection for individuals. This includes encouraging employees to undertake vaccinations, non-essential travel bans for personnel and working from home when necessary. The COVID-19 management plan is reviewed and updated based on the latest guidance from health professionals and the government as the situation develops.

## **Dividends**

No final dividend has been declared for the financial year ended 30 June 2021 (2020: nil).

## **Review of Operations**

Refer to Review of Operations on Pages 4-16

## **Corporate**

The Company is limited by shares and is domiciled and incorporated in Australia.

## **Employees**

At the end of the financial year, the Group had 1 permanent, full time employee (2020: 1).

## **Significant Changes in the State of Affairs**

During the financial year the Company undertook two significant capital raisings:

- 1) on 2 September 2020 the Company issued 10,541,580 shares in relation to 1 share for every 7 shares Rights Issue at 30 cents each to raise \$3,162,474 before costs; and
- 2) on 16 April 2021 the Company issued 18,893,269 shares in relation to 1 share for every 4.4 shares Rights Issue at 35 cents each to raise \$6,612,644 before costs.

There were no other significant events of the consolidated entity during the financial period of a corporate nature.

## **Matters subsequent to the end of the financial year**

In the interval between the end of the financial year 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 operation and results of the consolidated entity or the state of affairs of the consolidated entity, in future financial years.

## **Business Strategies and Prospects (incorporating likely developments and expected results)**

The Company's short to medium term focus is to deliver safe and cost effective exploration programs aimed at increasing its gold resource inventory.

Increased resources provide the Company greater optionality in relation to its goal to develop a standalone gold operation at Gum Creek.

## **Shares Options**

At the date of signing, there is only 1,000,000 unissued ordinary shares of the Company under Option which are exercisable at 45.3 cents and expire on 14 December 2023 (2020: nil share options).

# Directors' Report

30 June 2021

## **2021 Remuneration Report (Audited)**

This 2021 remuneration report outlines the remuneration arrangements in place for the key management personnel of the Company and the Group in accordance with the *Corporations Act 2001* and its *Regulations* (the Act). The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### **(a) Basis of Disclosure**

For the purposes of this report, Key Management Personnel (“KMP”) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Prior to 30 April 2020, the Board of Directors delegated responsibility for the day-to-day operations and administration (“Services”) of the Company and the Group to members of the “Executive Management Team”, meaning personnel from Panoramic Resources Limited (ACN 095 792 288) (“Panoramic”) under the 21 October 2016 Management Agreement between the Company and Panoramic. The management fees payable to Panoramic during the period for the services provided to the Company and the Group were based on the daily rates for the Panoramic personnel who provide those services to the Company plus a mark-up of 28.6% to cover Panoramic’s fixed office overheads.

Since 30 April 2020 an Executive Director was appointed and then a Managing Director as well as consultants engaged to perform the responsibilities of the Executive Management Team.

For the purposes of this report, from 1 July 2020 until the date of this report, the term ‘executive’ encompasses the senior executives of the Executive Management Team.

### **(b) Key Management Personnel disclosed in this Report**

#### **(i) Directors**

Peter Sullivan	Chairman (Non-Executive) (appointed 7 July 2020)
Leigh Ryan	Managing Director (appointed 14 December 2020)
Dugald Morrison	Director (Non-Executive) (was Chairman from 21 April 2020 to 7 July 2020)
Jamie Sullivan	Director (Non-Executive) (was Executive Director from 21 April 2020 to 31 January 2021)
Peter Venn	Director (Non-Executive)
Paul Bennett	Director (Non-Executive) (resigned 6 July 2020)

#### **(ii) Other Senior executives**

Trevor O’Connor	Company Secretary
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### **(c) Remuneration Committee**

Due to the size of the Board, the Board of Directors of the Company has determined there are no efficiencies, at this time, of establishing a separate remuneration committee.

### **(d) Use of remuneration consultants**

Where appropriate, the Board seek advice from independent remuneration consultants to ensure the remuneration paid to the directors is appropriate and in line with the market. The Company did not receive independent remuneration advice during the financial year as defined under the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration)*.

# Directors' Report

30 June 2021

## (e) Non-executive director remuneration policy

### (i) Fixed Remuneration

#### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Currently, there is no direct correlation between a non-executive director's fixed remuneration and the Company's financial performance as the Company does not have a project that is in production and earning income.

#### *Structure*

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed from time to time. The Board considers fees paid to non-executive directors of comparable companies when undertaking the review process. Each director receives a fee for being a director of the Company. This fee is inclusive for each Board committee on which a director sits, if applicable.

The fees paid to non-executive directors for the period ending 30 June 2021 are detailed in Table 1 on page 27 of this report. Fees for the non-executive directors are determined within an aggregate directors' fee pool limit of \$250,000, which was last approved by the Company's then sole shareholder on 31 August 2016.

### (ii) Variable Remuneration

The Company does not reward non-executive directors with variable remuneration. Any shares in the Company that are held by non-executive directors at the date of this report are separately purchased and held by each director and have not been issued by the Company as part of each director's remuneration package.

## (f) Executive Remuneration

### (i) Fixed Remuneration

#### *Objective*

Prior to 30 April 2020, the Board had determined that the day to day running of the Company was best served by engaging the Services of the "Executive Management Team" under the Management Agreement with Panoramic.

Under the Agreement, the remuneration for the Services provided to the Company was determined and agreed on a commercial basis between the Company and Panoramic, to be paid on a monthly basis in arrears on the presentation of a single tax invoice instead of individual amounts paid to each member of the Executive Management Team. The remuneration terms agreed under the Agreement were fixed for a two year period from 19 December 2016 (the day the Company was admitted to the Official List of ASX Limited) until 19 December 2018 and was extended several times before expiring on 30 April 2020.

Since 30 April 2020 the Board aims to ensure that remuneration practices for executives are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

# Directors' Report

30 June 2021

## **Structure**

All executives receive director fees, consulting fees or a salary, part of which may be taken as superannuation. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

## **(ii) Variable Remuneration**

From time to time, the Company may consider encompassing performance-based components into an executive's overall remuneration package. During the 2021 financial year period for the first time, options were issued to the Managing Director as part of his overall remuneration package. The Options provided are valued using a Black-Scholes option pricing model. The Company does not operate an employee share option plan.

## **(g) Service Agreements**

### **(i) Non-Executive Directors**

All non-executive directors are engaged under a contract with the Company and conduct their duties under the following terms:

- The appointment of a non-executive director is in accordance with the Constitution of the Company, the *Corporations Act 2001* and the Company's charters and policies.
- A non-executive director is currently unable to be remunerated by way of equity or other incentive based remuneration. However, remuneration may be provided to a non-executive director in such a manner that the Board of directors decide (including by way of contribution to a superannuation fund on behalf of the non-executive director) and if any part of the fees of any non-executive director is to be provided other than cash, the Board of directors may determine the manner in which the non-cash component of the fees is to be valued.
- A non-executive director is not remunerated by way of a commission on or a percentage of profits or a commission on or a percentage of operating revenue.
- All non-executive directors are entitled to be reimbursed for reasonable expenses incurred for performing their duties, including the cost of attending Board Meetings, travel, accommodation and entertainment where agreed to by the Company's Board of directors.
- A non-executive director may resign from his position and thus terminate his arrangement with the Company on written notice.
- The Company may ask for a non-executive director to resign, if, for any reason, the director becomes disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company. Where termination with such cause occurs, the non-executive director is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

### **(ii) Managing Director – Leigh Ryan**

Mr Ryan is remunerated pursuant to an ongoing Executive Service Agreement under which he is paid a base salary of \$200,000 plus superannuation. The Executive Service Agreement has no fixed term and either party can terminate the Agreement (without cause) with three months' notice.

# Directors' Report

30 June 2021

## (h) Details of Remuneration

**Table 1: Remuneration of Directors and Senior Executive Officers**

The remuneration in Table 1 of each named person is the total of fixed remuneration (base salary, superannuation and non-monetary benefits) and variable remuneration (short term and long term incentives).

Excluding the cash component of remuneration, the total remuneration shown is the amount expensed by the Company and does not, in every case, represent what each named individual ultimately received in cash.

2021	Short-term benefits		Post-employment benefits	Long-term benefits				
Name	Cash salary and fees	Bonus	Superannuation	Annual Leave & Long Service Leave Movement	Share based payments	Termination / Resignation payments	Total	Performance related
	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>								
P Sullivan (a)	58,850	-	-	-	-	-	58,850	-
L Ryan (b)	110,145	-	10,464	6,803	160,290	-	287,702	-
D Morrison (c)	-	-	-	-	-	-	-	-
J Sullivan (d)	77,245	-	7,338	-	-	-	84,583	-
P Venn	33,482	-	1,518	-	-	-	35,000	-
P Bennett (e)	516	-	49	-	-	-	565	-
	<b>280,238</b>	-	<b>19,369</b>	-	<b>160,290</b>	-	<b>466,700</b>	-
<b>Senior Executives</b>								
T O'Connor	112,665	-	-	-	-	-	112,665	-
	<b>392,903</b>	-	<b>19,369</b>	<b>6,803</b>	<b>160,290</b>	-	<b>579,365</b>	-

**Notes:**

- (a) Appointed on 7 July 2020.
- (b) Appointed on 14 December 2020.
- (c) Dugald Morrison has agreed to waive his director fees for the year ended 30 June 2021.
- (d) Executive director to 31 January 2021 and Non-executive director subsequent to this date.
- (e) Resigned 6 July 2020.

# Directors' Report

30 June 2021

2020	Short-term benefits		Post-employment benefits	Long-term benefits				
	Cash salary and fees	Bonus	Superannuation	Annual Leave & Long Service Leave Movement	Share based payments	Termination / Resignation payments	Total	Performance related
Name	\$	\$	\$	\$	\$	\$	\$	%
<b>Directors</b>								
D Morrison (a)	-	-	-	-	-	-	-	-
J Sullivan (b)	21,309	-	2,024	-	-	-	23,333	-
P Venn	33,482	-	1,518	-	-	-	35,000	-
P Bennett	32,723	-	2,277	-	-	-	35,000	-
P Harold (c)(e)	37,174	-	-	-	-	-	37,174	-
V Rajasooriar (d)(e)	2,895	-	-	-	-	-	2,895	-
	<b>127,583</b>	-	<b>5,819</b>	-	-	-	<b>133,402</b>	-
<b>Senior Executives</b>								
T O'Connor(b)	29,725	-	-	-	-	-	29,725	-
	<b>157,308</b>	-	<b>5,819</b>	-	-	-	<b>163,127</b>	-

**Notes:**

- (a) Appointed on 9 April 2020. Dugald Morrison has agreed to waive his director fees for the year ended 30 June 2020.
- (b) Appointed on 9 April 2020.
- (c) Resigned on 20 November 2019.
- (d) Appointed on 20 November 2019 and resigned 9 April 2020.
- (e) For the period 1 July 2019 to 30 April 2020, in accordance with the Management Agreement between the Company and Panoramic, the Group incurred management fees amounting to \$284,493 for Services provided by the Executive Management Team. Of this amount, \$37,174 was incurred by the Group for Services provided by Peter Harold and \$2,895 was incurred by the Group for Services provided by Victor Rajasooriar as a member of the Executive Management Team (inclusive of the 28.6% fixed office overhead). These amounts were not payable to Peter Harold and Victor Rajasooriar.

**(i) Details of share-based compensation and bonuses**

**Options**

As a sign on incentive Leigh Ryan (Managing Director) was issued 1,000,000 options over unissued ordinary shares as part of his remuneration package:

Grant Date	Issue Date	Exercise Price	Expiry Date	Fair Value	Vesting Condition
5 Oct 2020	14 Dec 20	\$0.453	14 Dec 23	\$0.294	Upon 12 months of continuous employment or change of control

No options for Horizon ordinary shares were granted during the 2020 financial year.

**Performance Rights to Shares**

No performance rights to Horizon ordinary shares were granted as compensation to key management personnel during both the 2021 and 2020 financial years.

**Bonuses**

No cash bonuses were paid as compensation to key management personnel during both the 2021 and 2020 financial years.

# Directors' Report

30 June 2021

## (j) Equity instrument disclosures relating to key management personnel

### Share holdings

The number of shares in the Company held during the financial year by each director of Horizon Gold Limited and key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as remuneration.

2021 Ordinary shares	Balance at the start of the year	Purchase / (Disposal) of Shares	Other changes during the year	Balance at end of the year
<b>Directors</b>				
P Sullivan	-	513,076	1,274,419 <sup>(a)</sup>	1,787,495
L Ryan	-	17,000	10,000 <sup>(b)</sup>	27,000
D Morrison	-	-	-	-
J Sullivan	895,096	360,360	-	1,255,456
P Venn	233,709	144,088	-	377,797
P Bennett	370,000	-	(370,000) <sup>(c)</sup>	-
<b>Senior Executives</b>				
T O'Connor	-	25,000	-	25,000
	<b>1,498,805</b>	<b>1,059,524</b>	<b>914,419</b>	<b>3,472,748</b>

### Notes:

- (a) Held on date of appointment (7 July 2020)  
 (b) Held on date of appointment (14 December 2020)  
 (c) Held on date of resignation (6 July 2020)

### Option holdings

The number of options in the Company held during the financial year by each director of Horizon Gold Limited and key management personnel of the Group, including their personally related parties, are set out below:

2021 Options	Balance at the start of the year	Received as Compensation	Other changes during the year	Balance at end of the year
<b>Directors</b>				
P Sullivan	-	-	-	-
L Ryan	-	1,000,000	-	1,000,000
D Morrison	-	-	-	-
J Sullivan	-	-	-	-
P Venn	-	-	-	-
P Bennett	-	-	-	-
<b>Senior Executives</b>				
T O'Connor	-	-	-	-
	-	<b>1,000,000</b>	-	<b>1,000,000</b>

There were no loans to directors or other key management personnel at any time during the year ended 30 June 2021. There were no transactions involving key management personnel other than compensation and the issue of Options in Horizon as discussed in the remuneration report.

***This marks the end of the 2021 Remuneration Report.***

# Directors' Report

30 June 2021

## **Indemnifying Officers or Auditor**

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001* every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

## **Environmental regulation**

The Gum Creek Gold Project is subject to significant environmental regulations under both Commonwealth and State legislation in relation to its exploration activities. The Company monitors compliance with the relevant environmental legislation. The directors are not aware of any breaches of the legislation during the period covered by this report.

## **Rounding of Amounts**

The amounts contained in this report and in the 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's Independence Declaration**

Section 307C of the *Corporations Act 2001* requires the Company's auditor, HLB Mann Judd, to provide the directors of Horizon Gold Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 30 June 2021. This Independence Declaration is attached to the Directors' Report and forms a part of the Directors' Report.

## **Non-audit Services**

No non-audit services were provided by the consolidated entity's previous auditor, Ernst & Young during the 2021 financial year.

The following non-statutory audit services were provided by the current consolidated entity's auditor, HLB Mann Judd. The directors are satisfied that the provision of non-statutory audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised.

HLB Mann Judd received or are due to receive the following amounts for the provision of non-statutory audit services:

- Audit of tenements of \$1,500.

Signed in accordance with a resolution of the directors.



Peter Sullivan  
Chairman

Perth, 23 September 2021

A decorative gold line with a small cross-like mark at its center, extending from the top left towards the right.

# Corporate Governance Statement

30 June 2021

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such Horizon Gold Limited has adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2020.

The Company's Corporate Governance Statement for the financial year ending 30 June 2021 was approved by the Board on 23 September 2021. The Corporate Governance Statement can be located on the Company's website <https://horizongold.com.au/corporate-governance/>.

## Directors' declaration

30 June 2021

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

1. In the directors' opinion:

- (a) the financial statements and notes set out on pages 38 to 66 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) subject to the achievement of the matters set out in Note 1(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ending 30 June 2021.

On behalf of the Board



Peter Sullivan  
Chairman

Perth, 23 September 2021

# Audit Independence Declaration

30 June 2021



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Horizon Gold Limited for the year ended 30 June 2021, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia  
23 September 2021

**B G McVeigh**  
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# Independent Auditor's Report

30 June 2021



## INDEPENDENT AUDITOR'S REPORT

To the members of Horizon Gold Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Horizon Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material uncertainty related to going concern*

We draw attention to Note 1b in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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# Independent Auditor's Report

30 June 2021



Key Audit Matter	How our audit addressed the key audit matter
<b>Carrying value of exploration and evaluation assets Note 12</b>	
<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company capitalises all exploration acquisition expenditure and subsequently applies the cost model after recognition.</p> <p>Our audit focussed on the Company's assessment of the carrying amount of the capitalised exploration asset, as this is one of the most significant assets of the Company.</p> <p>We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to the following:</p> <p>We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;</p> <ul style="list-style-type: none"> <li>• We considered the Directors' assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Company has current rights to tenure of its areas of interest;</li> <li>• We examined the exploration budget for the upcoming period and discussed with management the nature of planned ongoing activities;</li> <li>• We enquired with management, reviewed ASX announcements and minutes to ensure that the Company had not resolved to discontinue exploration and evaluation at any of its areas of interest; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report

30 June 2021



In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# Independent Auditor's Report

30 June 2021



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Horizon Gold Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd

HLB Mann Judd  
Chartered Accountants

Perth, Western Australia  
23 September 2021



B G McVeigh

B G McVeigh  
Partner

# Consolidated Income Statement for year ended

30 June 2021

	Notes	2021 \$'000	2020 \$'000
Income	3	17	30
Corporate and administration costs		(620)	(553)
Exploration expenditure written-off	12	(19)	(432)
Gain / (Loss) on remeasurement of liability	17	230	(497)
Reversal of impairment loss	12	-	7,006
Care and maintenance expenses		(486)	(866)
Share based payment expense		(160)	-
Finance costs	4	(34)	(108)
<b>Profit / (loss) before income tax</b>		<b>(1,072)</b>	<b>4,580</b>
<b>Income tax expense</b>	5	<b>-</b>	<b>-</b>
<b>Profit / (loss) for the year</b>		<b>(1,072)</b>	<b>4,580</b>
Profit / (loss) for the year is attributable to the: Owners of Horizon Gold Limited		<b>(1,072)</b>	<b>4,580</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings / (loss) per share attributable to the ordinary equity holders of the Company:</b>			
Basic earnings / (loss) per share	29	<b>(1.2)</b>	6.0
Diluted earnings / (loss) per share	29	<b>(1.2)</b>	6.0

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

# Consolidated Statement of Comprehensive Income for year ended

30 June 2021

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Profit / (loss) for the year</b>	<b>(1,072)</b>	4,580
<b>Other comprehensive income</b>		
Other comprehensive income / (loss) for the year, net of tax	-	-
<b>Total comprehensive income / (loss) for the year attributable to: Owners of Horizon Gold Limited</b>	<b>(1,072)</b>	4,580

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

# Consolidated Statement of Financial Position

## as at

30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,273	177
Other assets	7	4,506	-
Trade and other receivables	8	161	-
Prepayments	9	47	29
<b>Total current assets</b>		<b>5,987</b>	<b>206</b>
<b>Non-current assets</b>			
Exploration and evaluation	12	26,118	23,100
Property, plant and equipment	10	4,339	4,303
<b>Total non-current assets</b>		<b>30,457</b>	<b>27,403</b>
<b>Total assets</b>		<b>36,444</b>	<b>27,609</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	839	246
Borrowings	14	-	618
Provisions	15	7	52
<b>Total current liabilities</b>		<b>846</b>	<b>916</b>
<b>Non-current liabilities</b>			
Provisions	17	10,719	10,921
<b>Total non-current liabilities</b>		<b>10,719</b>	<b>10,921</b>
<b>Total liabilities</b>		<b>11,565</b>	<b>11,837</b>
<b>Net assets</b>		<b>24,879</b>	<b>15,772</b>
<b>EQUITY</b>			
Contributed equity	18	39,690	29,671
Reserves	19	160	-
Accumulated losses		(14,971)	(13,899)
<b>Total equity</b>		<b>24,879</b>	<b>15,772</b>

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

# Consolidated Statement of Changes in Equity for year ended

30 June 2021

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>	29,671	-	(18,479)	11,192
Profit for the year	-	-	4,580	4,580
<b>Total comprehensive profit for the year</b>	-	-	4,580	4,580
<b>Balance at 30 June 2020</b>	29,671	-	(13,899)	15,772
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2020</b>	29,671	-	(13,899)	15,772
Loss for the year	-	-	(1,072)	(1,072)
<b>Total comprehensive loss for the year</b>	-	-	(1,072)	(1,072)
Issues of shares – rights issues	9,776	-	-	9,776
Issue of shares – settlement of debt	316	-	-	316
Share based payments	-	160	-	160
Transaction costs	(73)	-	-	(73)
<b>Balance at 30 June 2021</b>	39,690	160	(14,971)	24,879

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

# Consolidated Statement of Cash Flows

## For year ended

30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of goods and services tax)		(1,265)	(1,217)
Interest received		7	18
Other receipts		4	-
<b>Net cash outflow from operating activities</b>	28	<b>(1,254)</b>	<b>(1,199)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(46)	(4)
Proceeds from sale of property, plant and equipment		-	12
Payments for exploration and evaluation expenditure		(2,481)	(811)
Loans to Zeta Resources Limited		(4,500)	-
Payments for security deposits		(11)	-
Receipt of security deposits		5	-
<b>Net cash outflow from investing activities</b>		<b>(7,033)</b>	<b>(803)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		9,266	-
Payments for issue costs		(73)	-
Proceeds from borrowings from related parties		190	300
<b>Net cash inflow from financing activities</b>		<b>9,383</b>	<b>300</b>
<b>Net decrease in cash and cash equivalents</b>		<b>1,096</b>	<b>(1,702)</b>
Cash and cash equivalents at the beginning of the financial period		177	1,879
<b>Cash and cash equivalents at end of year</b>	6	<b>1,273</b>	<b>177</b>

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

# Notes to the consolidated financial statements for year ended

30 June 2021

## 1 Summary of significant accounting policies

The financial report of Horizon Gold Limited (the Parent or the Company) and its subsidiaries (the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 23 September 2021.

Horizon Gold Limited (the Parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal place of business and registered office is Suite 8, Level 3, 47 Havelock Street, West Perth WA 6005.

The principal activities of the Group during the course of the financial year consisted of exploration, evaluation, development, and production of mineral deposits.

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board.

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.

The significant accounting policies adopted by the Company in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to periods presented unless otherwise stated.

### (b) Going concern basis

The Group incurred a net loss for the period ended 30 June 2021 of \$1,072,000 (2020: profit of \$4,580,000) and a net cash outflow from operating activities of \$1,254,000 (2020: \$1,199,000). As at 30 June 2021, the Group had cash and cash equivalents of \$1,273,000 (2020: \$177,000) and a working capital surplus of \$5,141,000 (2020: working capital deficit of \$710,000).

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.

# Notes to the consolidated financial statements for year ended

30 June 2021

## (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## (d) Changes in accounting policies and disclosures

Since 1 July 2020, the Group has adopted all Accounting Standards and Interpretations effective from 1 July 2020. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

## (e) New accounting standards and interpretations adopted by the Group

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting period beginning on or after 1 July 2020. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations issued on the Company and, therefore, no change is necessary to its accounting policies.

# Notes to the consolidated financial statements for year ended

30 June 2021

## **(f) New accounting standards and interpretations not yet mandatory or early adopted**

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Company's financial statements.

## **(g) Significant accounting judgements, estimates and assumptions**

The Directors evaluate estimates and judgements incorporated into the Financial Information based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained internally and externally.

### *(i) Determination of Mineral Resources and Ore Reserves*

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC code') as a minimum standard. The information on Mineral Resources and Ore Reserves was prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the Mineral Resources and Ore Reserves determined either under the 2012 or 2004 editions of the JORC code.

There are numerous uncertainties inherent in estimating Mineral Resources and Ore Reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Significant judgement is required in assessing the available reserves. Factors that must be considered in determining reserves and resources are the Company's history of converting resources to reserves and the relevant time frame, market and future developments.

Changes in the forecast prices of commodities, foreign currency exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

### *(ii) Impairment of capitalised exploration and evaluation expenditure*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' ("VIU") and 'fair value less costs to dispose' ("FVLCD").

# Notes to the consolidated financial statements for year ended

30 June 2021

The FVLCD is determined based on transaction multiple for resources in comparable companies.

Variations to transaction multiples could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results. Refer to note 12 for further information.

### *(iii) Impairment of property, plant and equipment*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. Significant judgment is involved in determining if there was an indicator that an impairment loss recognised in prior periods may either need to be reversed in full or in part or whether further impairment was required. Where a review for impairment or impairment reversal is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' ("VIU") and 'fair value less costs to dispose' ("FVLCD").

### *(iv) Provision for decommissioning and rehabilitation*

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques, discount rates or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

The carrying amount of the provision as at 30 June 2021 was \$10,719,000 (2020: \$10,921,000), (see note 17 for provision for decommissioning and rehabilitation). The Group estimates that the costs would be realised towards the end of the respective mine lives and calculates the provision by discounting future cash flows based on expected costs to be incurred to rehabilitate the disturbed area. These costs are discounted at 1.52% (2020: 0.26%) and expected to be incurred post 2023 based on the current life of mine plans.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

### *(v) Share-based payments*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options is determined by using a Black-Scholes model, with all assumptions detailed in note 24. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period, but may impact expenses and equity.

### **(h) Cash and cash equivalents**

Cash on hand and in banks and short-term deposits are measured at amortised cost.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the banks short-term deposits with either original maturities not exceeding three months or, if greater than three months, principal amounts can be redeemed in full with interest receivable at the same cash rate from inception as per the agreement with each bank.

# Notes to the consolidated financial statements for year ended

30 June 2021

## (i) Income tax

Income tax for the consolidated entity is accounted for using the full liability balance sheet method.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:
- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each balance sheet date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### Tax consolidation legislation

Horizon Gold Limited and its wholly-owned Australian controlled entities have resolved to implement tax consolidation as of 8 December 2016.

The head entity, Horizon Gold Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

# Notes to the consolidated financial statements for year ended

30 June 2021

In addition to its own current and deferred tax amounts, Horizon Gold Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

## **(j) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

## **(k) Property, plant and equipment**

Items of plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of plant and equipment constructed by the consolidated entity, where applicable, includes the cost of materials and direct labour. Other incidental costs directly attributable to its construction are also capitalised to the cost of plant and equipment.

### *Depreciation and amortisation*

Depreciation and amortisation is calculated on a units of production basis.

### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of FVLCD and VIU.

Property, plant and equipment that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## **(l) Exploration, evaluation, development, mine properties and rehabilitation expenditure**

### *(i) Exploration and evaluation expenditure*

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale. Similarly, the costs associated with acquiring an exploration and evaluation asset are also capitalised.

# Notes to the consolidated financial statements for year ended

30 June 2021

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated and a decision to develop has been made, any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

## *Impairment*

The carrying value of capitalised exploration expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of FVLCD and VIU.

An impairment exists when the carrying amount of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

## *(ii) Provision for decommissioning and rehabilitation*

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided in the period in which obligation arise. The cost is capitalised when it gives rise to future benefits. Over time, the liability is increased for the change in net present value based on a risk adjusted pre-tax discount rate appropriate to the risk inherent in the liability. The unwinding of the discount is included in financing cost. Expected decommissioning and rehabilitation costs are based on detailed plans prepared for each site. Where there is a change in the expected decommissioning and rehabilitation costs, the value of the provision and any related asset are adjusted and the effect is recognised in the income statement on a prospective basis over the remaining life of the operation.

## **(m) Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

## **(n) Employee benefits**

### *(i) Short term benefits*

Liabilities for short-term benefits expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows.

## **(o) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds.

# Notes to the consolidated financial statements for year ended

30 June 2021

## (p) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

## (q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## (r) Share-based payment transactions

The Group provides benefits to employees (including directors and executives) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Horizon Gold Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

# Notes to the consolidated financial statements for year ended 30 June 2021

If an equity-settled award is cancelled, other than forfeiture, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## 2 Segment information

### Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

During the period, the Group operated predominantly in one business and geographical segment being exploration in Australia and accordingly as only one operating segment has been identified, no further disclosure is required in the notes to the consolidated financial statements.

## 3 Other income

	2021 \$'000	2020 \$'000
Interest income	13	21
Sundry income	4	9
	17	30

## 4 Expenses

	2021 \$'000	2020 \$'000
<b>Loss before income tax includes the following specific expenses:</b>		
<b>Finance costs</b>		
Unwinding of discount – rehabilitation	28	106
Interest on borrowings	6	2
<b>Total finance costs</b>	34	108
<b>Breakdown of employee benefits expenses</b>		
Salaries and wages	285	179
Payroll tax	-	10
Superannuation	22	19
	307	208
<b>Share based payment expense</b>	160	-

# Notes to the consolidated financial statements for year ended

30 June 2021

## 5 Income tax

### (a) Numerical reconciliation of income tax benefit to prima facie tax

	2021 \$'000	2020 \$'000
Profit / (loss) from continuing operations before income tax benefit	(1,072)	4,580
Tax expense (benefit) at the Australian tax rate of 30% (2020 - 30%)	(322)	1,374
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustments in respect of current income tax of previous year	-	-
Other expenses not deductible for tax	48	-
Utilisation of deferred tax asset not recognised in the prior year	-	(1,374)
Tax losses and timing differences for which no deferred tax assets has been recognised	274	-
Deferred tax asset not recognised	-	-
<b>Income tax expense (benefit)</b>	<b>-</b>	<b>-</b>

For value of unrecognised deferred tax balances refer to note 11.

### Tax Consolidation

On 8 December 2016, the Group resolved to be treated as a single entity ("Horizon Tax Group") for income tax purposes. On 17 February 2017, the Company and Gum Creek Gold Mines Pty Ltd (100% owned subsidiary) executed a Tax Funding Agreement (TFA).

## 6 Current assets - Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank and on hand	1,253	147
Deposits at call	20	30
	<b>1,273</b>	<b>177</b>

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2021 \$'000	2020 \$'000
Cash at bank and in hand and deposits at call	1,273	177

### (b) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates. The weighted average interest rate achieved for the year was 0.34% (2020: 1.1%).

### (c) Deposits at call

The weighted average interest rate achieved for the year was 1.05% (2020: 2.3%).

### (d) Fair value

The carrying amount for cash and cash equivalents approximates the fair value.

# Notes to the consolidated financial statements for year ended

30 June 2021

## 7 Current assets – Other Assets

	2021 \$'000	2020 \$'000
Loan to Zeta Resources Ltd (Funds on Deposit)	<u>4,506</u>	<u>-</u>

As part of the Company's capital management strategy, Horizon agreed to deposit surplus cash funds of \$4,500,000 with Zeta Resources Limited (the Company's ultimate parent, holding 69.5%) as short-term loans. The loans are unsecured, repayable on call by the Company and accrue interest at a rate of 5.00% per annum.

The initial \$4,500,000 deposit funds were temporarily surplus to the Company's cash requirements and are to be recalled as needed for the Company's ongoing exploration programs over the next ~12 months. The short-term loans enable the Company to earn a much higher interest rate on these surplus cash funds compared to the interest rate earned on bank term deposits.

The Company expects no credit losses on this balance.

## 8 Current assets - Trade and other receivables

	2021 \$'000	2020 \$'000
Other receivables - at amortised cost	<u>161</u>	<u>-</u>

These amounts relate to receivables for goods and services tax, diesel fuel rebates and sundry items. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

## 9 Current assets - Prepayments

	2021 \$'000	2020 \$'000
Prepayments	<u>47</u>	<u>29</u>

## 10 Non-current assets - Property, plant and equipment

	2021 \$'000	2020 \$'000
<b>Plant and equipment</b>		
Gross carrying amount - at cost	4,339	4,303
Accumulated depreciation and impairment	-	-
Net book value	<u>4,339</u>	<u>4,303</u>

	Plant and equipment \$'000
<b>Year ended 30 June 2021</b>	
Opening net book amount	4,303
Additions	<u>36</u>
<b>Closing net book value</b>	<u>4,339</u>
<b>Year ended 30 June 2020</b>	
Opening net book amount	4,299
Additions	<u>4</u>
<b>Closing net book value</b>	<u>4,303</u>

In accordance with accounting policy Note 1(k), depreciation is charged on a unit of production basis and as no units were produced during the period no depreciation has been recognised.

# Notes to the consolidated financial statements for year ended 30 June 2021

## 11 Non-current assets - Deferred tax assets

	2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Tax losses	7,852	6,010
Employee benefits	2	16
Provisions	3,216	3,276
Business related costs	17	83
Other	6	24
Deferred tax asset not recognised	<u>(5,108)</u>	<u>(4,718)</u>
	5,985	4,691
Set-off of deferred tax liabilities pursuant to set-off provisions (note 16)	<u>(5,985)</u>	<u>(4,691)</u>
<b>Net deferred tax assets</b>	<u>-</u>	<u>-</u>

As at 30 June 2021 the Company had \$26.2 million (2019: \$20.0 million) in unrecognised tax losses. These tax losses arose from Australian tax jurisdictions and can be carried forward indefinitely from the year of the loss.

## 12 Non-current assets - Exploration and evaluation

	2020 \$'000	2020 \$'000
Cost	64,340	61,322
Accumulated impairment	<u>(38,222)</u>	<u>(38,222)</u>
Net book value	<u>26,118</u>	<u>23,100</u>

	Exploration and Evaluation \$'000
<b>Year ended 30 June 2021</b>	
Opening net book amount	23,100
Additions	3,037
Written off to profit and loss	(19)
Reversal of impairment	-
<b>Closing net book value</b>	<u>26,118</u>
<b>Year ended 30 June 2020</b>	
Opening net book amount	15,715
Additions	811
Written off to profit and loss	(432)
Reversal of impairment	7,006
<b>Closing net book value</b>	<u>23,100</u>

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or the sale of the respective mining areas.

Exploration expenditure written off during the year relates to previously capitalised exploration and evaluation assets on tenements relinquished or area of interest abandoned.

# Notes to the consolidated financial statements for year ended 30 June 2021

## 13 Current liabilities - Trade and other payables

	2021 \$'000	2020 \$'000
Trade and other payables	708	40
Accrued expenses	131	206
	<b>839</b>	<b>246</b>

Trade and other payables are non interest bearing and are normally settled on 30 day terms.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

## 14 Current liabilities - Borrowings

	2021 \$'000	2020 \$'000
<b>Unsecured borrowings from related parties</b>		
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.

### (a) Changes in liabilities arising from financing activities

	Loan from Panoramic Resources Limited \$'000	Loan from Zeta Resources Limited \$'000	Total \$'000
<b>30 June 2020</b>	<b>316</b>	<b>302</b>	<b>618</b>
Proceeds - drawdowns	-	190	-
Other non-cash movements	(316)	(492)	(618)
<b>30 June 2021</b>	-	-	-
<b>30 June 2019</b>	90	-	90
Proceeds - drawdowns	-	300	300
Other non-cash movements	226	2	228
<b>30 June 2020</b>	316	302	618

The other non-cash movements include the issue of equity (see above) and the effect of accrued interest and management fee charges.

# Notes to the consolidated financial statements for year ended

30 June 2021

## 15 Current liabilities - Provisions

	2021 \$'000	2020 \$'000
Employee benefits - long service leave	-	27
Employee benefits - annual leave	7	25
	<u>7</u>	<u>52</u>

## 16 Non-current liabilities - Deferred tax liabilities

	2021 \$'000	2020 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Exploration and evaluation	4,919	3,737
Property, plant and equipment	1,052	945
Other	14	9
	<u>5,985</u>	<u>4,691</u>
Set-off of deferred tax liabilities pursuant to set-off provisions (note 11)	5,985	(4,691)
<b>Net deferred tax liabilities</b>	<u>-</u>	<u>-</u>

## 17 Non-current liabilities - Provisions

	2021 \$'000	2020 \$'000
Rehabilitation	10,719	10,921
	<u>10,719</u>	<u>10,921</u>

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. Refer to note 1(g)(iv) for inputs used in determining the provision for rehabilitation.

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.

### (a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2021	Rehabilitation \$'000
Carrying amount at start of year	10,921
- unwinding of discount	28
- remeasurement of liability	(230)
<b>Carrying amount at end of year</b>	<u>10,719</u>
2020	Rehabilitation \$'000
Carrying amount at start of year	10,318
- unwinding of discount	106
- remeasurement of liability	497
<b>Carrying amount at end of year</b>	<u>10,921</u>

# Notes to the consolidated financial statements for year ended 30 June 2021

## 18 Contributed equity

### (a) Share capital

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Ordinary shares - issued and fully paid	<b>106,692,016</b>	76,530,617	<b>39,690</b>	29,671
<b>Total contributed equity</b>	<b>106,692,016</b>	76,530,617	<b>39,690</b>	29,671

### (b) Movements in ordinary share capital

Date	Details	Number of shares	\$'000
1 July 2019	Opening balance	76,530,617	29,671
30 June 2020	Balance	76,530,617	29,671
1 July 2020	Opening balance	76,530,617	29,671
2 September 2020	Rights Issue <sup>1</sup>	10,541,580	3,163
30 October 2020	Settlement of Panoramic Resources Ltd Debt <sup>2</sup>	726,550	316
16 April 2021	Rights Issue <sup>3</sup>	18,893,269	6,613
	Issue Costs for the period	-	(73)
30 June 2021	Balance	106,692,016	39,690

<sup>1</sup> On 2 September 2020 the Company issued 10,541,580 shares in relation to 1 share for every 7 shares Rights Issue at 30 cents each.

<sup>2</sup> On 30 October 2020 the Company issued 726,550 shares at 43.53 cents per share to settle a debt that arose from Panoramic Resources Limited providing technical, commercial, managerial expertise and services up to 30 April 2020.

<sup>3</sup> On 16 April 2021 the Company issued 18,893,269 shares in relation to 1 share for every 4.4 shares Rights Issue at 35 cents each.

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

### (d) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is not subject to any externally imposed capital requirements.

Management considers that the total equity of the Group (contributed equity, reserves and retained earnings) plus borrowings (current and non-current) is what it manages as capital. At 30 June 2021 this was \$24.88 million (2020: \$16.39 million).

# Notes to the consolidated financial statements for year ended 30 June 2021

## 19 Reserves

	2021 \$'000	2020 \$'000
Share based payment reserves	160	-
	<u>160</u>	<u>-</u>

Share based payment reserve records the value of share options issued to Horizon's employees or others during the period. Refer to Note 24 for further details.

## 20 Dividends

### (a) Ordinary shares

No final dividend was paid for the year ended 30 June 2021 (2020: Nil)

### (b) Dividends not recognised at the end of the reporting period

No dividend has been declared since the end of the reporting period.

## 21 Remuneration of auditors

	2021 \$	2020 \$
Fees to HLB Mann Judd:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	29,545	-
Fees for other services – tenement audits	1,500	-
Total fees to HLB Mann Judd	<u>31,045</u>	<u>-</u>
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	2,002	50,007
Fees for other services – tax compliance	-	8,750
Total fees to Ernst & Young (Australia)	<u>2,002</u>	<u>58,757</u>
<b>Total Auditors Remuneration</b>	<u><b>33,047</b></u>	<u><b>58,757</b></u>

## 22 Contingencies

The Group had no contingent liabilities at 30 June 2021 (2020: nil).

# Notes to the consolidated financial statements for year ended

30 June 2021

## 23 Commitments

### (a) Office lease expenditure commitments

On the 19 May 2021 the Company entered into an operating lease for a premise commencing 1 July 2021 with lease terms of two years with an option for a further year. Future minimum rentals payable under the non-cancellable lease as at 30 June is as follows:

	2021 \$'000	2020 \$'000
<i>Office Lease</i>		
Not later than one year	42	-
Later than one year but not later than five years	42	-
Later than five years	-	-
	<b>84</b>	-

The Company has also entered into an informal office sharing arrangement whereby 50% of the above costs will be borne by another party.

### (b) Capital commitments

Capital expenditure contracted at the reporting date but not recognised as liabilities is as follows:

	2021 \$'000	2020 \$'000
<i>Mineral tenements expenditure commitments</i>		
Not later than one year	1,485	1,398
Later than one year but not later than five years	5,174	5,191
Later than five years	9,508	9,914
	<b>16,167</b>	16,503

## 24 Share based payments

	2021 \$'000	2020 \$'000
Share based payment expense	160	-
	<b>160</b>	-

As a sign on incentive Leigh Ryan (Managing Director) was issued 1,000,000 options over unissued ordinary shares as part of his remuneration package. The fair value of the Options were determined using the Black-Scholes option valuation methodology and applying the following inputs:

Grant Date	Issue Date	Exercise Price	Expiry Date	Risk Free Rate	Volatility	Fair Value per Option
5 Oct 2020	14 Dec 20	\$0.453	14 Dec 23	0.105%	100.96%	\$0.294

The Options vest after 12 months of continuous employment or in the event of a change of control.

# Notes to the consolidated financial statements for year ended

30 June 2021

## 25 Related party transactions

### (a) Ultimate parent

On 3 July 2020 Zeta Resources Limited became the ultimate parent entity of the Company.

On 23 April 2020 Horizon secured a short-term funding facility of up to \$300,000 from Zeta Resources Limited (a substantial shareholder of the Company at that point in time) and on 24 June 2020 it was increased to up to \$800,000. In summary the terms of the facility were that the funds were unsecured, 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 1.5% of the total facility 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.

In June 2021, as part of the Company's capital management strategy, Horizon agreed to deposit surplus cash funds of \$4,500,000 with Zeta Resources Limited as short-term loans. The loans are unsecured, repayable on call by the Company and accrue interest at a rate of 5.00% per annum. See note 7 for further details.

Prior to 20 February 2020 Panoramic Resources was the ultimate parent entity of the Company.

On 21 October 2016, the Company entered into a Management Agreement ("Agreement") with Panoramic Resources Limited ("Panoramic"), the then parent entity, to secure the benefit of Panoramic's resources and expertise in providing certain services to the Company. This Agreement was extended by mutual agreement to 30 April 2020. Panoramic provided technical, commercial, managerial and administrative expertise and services ("Services") in connection with the Gum Creek Gold Project and such other assets that the Company may, from time to time, specify.

The management fees were based on daily rates of the Panoramic Resources Limited personnel who provided Services to the Company and a mark-up of 28.6% to cover Panoramic's fixed office overheads.

During the 2020 year, the Group incurred management fees amounting to \$313,000 for Services provided by the Executive Management Team of Panoramic.

On the 29 October 2020, the debt of \$316,267 that arose from Panoramic Resources Limited under the Agreement up to 30 April 2020 was settled in full through the issue of 726,550 Horizon Gold Limited shares. The loan from Panoramic Resources Limited was at call, unsecured and interest free.

### (b) Compensation of key management personnel of the Group

The aggregate compensation made to the key management personnel of the Group is set out below:

	2021	2020
	\$	\$
Short-term employee benefits	392,903	157,308
Long-term employee benefits	6,803	-
Post-employment benefits	19,369	5,819
Share based payments	160,290	-
<b>Total</b>	<b>579,365</b>	<b>163,127</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Further details of compensation of the key management personnel of Horizon Gold Limited are set out in the Remuneration Report on page 24.

# Notes to the consolidated financial statements for year ended

30 June 2021

For the period 1 July 2019 to 30 April 2020, in accordance with the Management Agreement between the Company and Panoramic, the Group incurred management fees amounting to \$312,942 for services provided by the Executive Management Team. Of this amount, \$33,958, \$97,494, \$49,118 and \$4,643 was incurred by the Group for services provided by T R Eton, T S Mason, J D Hicks and M Ball, respectively, as a member of the Executive Management Team (inclusive of the 28.6% fixed office overhead). This amount was not payable to the employee.

## (c) Other Related Party Transactions

During the year the wife of Mr Ryan, the Managing Director, provided geological drafting and administration services to the value of \$15,990 (2020: nil). The services were provided on normal commercial terms and conditions.

During the year the Group hired earth moving equipment for use within the Gum Creek Project from Sullivan's Garage Pty Ltd, a company which Jamie Sullivan has an interest to the value of \$10,690 (2020: nil). The services were provided on normal commercial terms and conditions.

## 26 Subsidiaries

### (a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiary in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2020 %	2019 %
Gum Creek Gold Mines Pty Ltd (formerly Panoramic Gold Pty Ltd)	Australia	Ordinary	100	100

### 27 Events occurring after the reporting period

In the interval between the end of the financial year 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 operation and results of the consolidated entity or the state of affairs of the consolidated entity, in future financial years.

# Notes to the consolidated financial statements for year ended

30 June 2021

## 28 Consolidated Statement of Cash Flows

### (a) Reconciliation of profit / (loss) after income tax to net cash (outflow) / inflow from operating activities

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Profit / (loss) for the year	<b>(1,072)</b>	4,580
Impairment reversal of assets	-	(7,006)
Gain on sale of plant and equipment	-	(12)
Interest and borrowing costs settled through issue of equity	<b>17</b>	-
Unwinding of discount – rehabilitation liability	<b>28</b>	106
Exploration and evaluation assets written off	<b>19</b>	432
Share based payments	<b>160</b>	-
(Gain) / Loss on remeasurement of liability	<b>(230)</b>	496
Change in operating assets and liabilities:		
(Decrease) / increase in trade debtors and others	<b>(159)</b>	23
(Decrease) / increase in prepayments	<b>(18)</b>	(1)
Increase / (decrease) in trade creditors	<b>46</b>	(44)
Increase in borrowings	-	228
(Decrease) / increase in provisions	<b>(45)</b>	(1)
<b>Net cash outflow from operating activities</b>	<b>(1,254)</b>	<b>(1,199)</b>

### (b) Non cash financing and investing activities

On 25 August 2020 the Company repaid the short-term funding facility (including interest and borrowing costs) 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).

# Notes to the consolidated financial statements for year ended 30 June 2021

## 29 Earnings / (loss) per share

	2021 Cents	2020 Cents
<b>(a) Basic earnings / (loss) per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	(1.2)	6.0
<b>Total basic earnings / (loss) per share attributable to the ordinary equity holders of the Company</b>	<b>(1.2)</b>	<b>6.0</b>
<b>(b) Diluted earnings / (loss) per share</b>		
From continuing operations attributable to the ordinary equity holders of the Company	(1.2)	6.0
<b>Total diluted earnings / (loss) per share attributable to the ordinary equity holders of the Company</b>	<b>(1.2)</b>	<b>6.0</b>
<b>(c) Reconciliation of earnings / (loss) used in calculating loss per share</b>		
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<i>Basic earnings / (loss) per share</i>		
Earnings / loss from continuing operations	(1,072)	4,580
<b>Earnings / (loss) attributable to the ordinary equity holders of the Company used in calculating basic profit / (loss) per share</b>	<b>(1,072)</b>	<b>4,580</b>
<i>Diluted profit / (loss) per share</i>		
Profit / (loss) from continuing operations	(1,072)	4,580
<b>Profit / (loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings / (loss) per share</b>	<b>(1,072)</b>	<b>4,580</b>
<b>(d) Weighted average number of shares used as denominator</b>		
	<b>2021 Number</b>	<b>2020 Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings / (loss) per share	<b>89,589,692</b>	<b>76,530,617</b>

# Notes to the consolidated financial statements for year ended

30 June 2021

## 30 Parent entity financial information

### (a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2020 \$'000	2020 \$'000
<b>Balance sheet</b>		
Current assets	5,763	158
Non-current assets	-	-
<b>Total assets</b>	<u>5,763</u>	<u>158</u>
Current liabilities	88	381
Non-current liabilities	-	-
<b>Total liabilities</b>	<u>88</u>	<u>381</u>
<i>Shareholders' equity</i>		
Contributed equity	39,690	29,671
Reserves	160	-
Accumulated losses	<u>(34,175)</u>	<u>(29,894)</u>
<b>Capital and reserves attributable to owners of Horizon Gold Limited</b>	<u>5,675</u>	<u>(223)</u>
<b>Loss for the year</b>	<u>(4,281)</u>	<u>(2,004)</u>
<b>Total comprehensive loss</b>	<u>(4,281)</u>	<u>(2,004)</u>

The accounting policies of the parent entity, which have been applied in determining the financial information shown above, are the same as those applied in the consolidated financial statements except as set out below.

Investments in subsidiaries are accounted for at cost less accumulated impairment. Dividends received from subsidiaries are recognised in profit or loss when a right to receive the dividend is established, provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably.

## 31 Financial risk management

The Group's principal financial instruments comprise of cash, short term deposits and funds on deposit with Zeta Resources Limited in the form of a loan. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also holds other financial instruments such as trade receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate, credit and liquidity risk. The Group has in place a cash management policy ("Treasury Policy: Credit Risk") to ensure that up to 540 days (2020: 540 days) excess cash holdings are invested with a range of institutions and Zeta Resources Limited that have sufficient financial strength to ensure the security of the investment. The Board reviews and agrees this policy and other policies on an annual basis for managing each of these risks and they are summarised below:

### (a) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The Directors monitor the Group's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposits earning higher interest including funds loaned to Zeta Resources Limited as part of the groups cash management strategy. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

# Notes to the consolidated financial statements for year ended

30 June 2021

2021	Floating rates at call 000's	Fixed interest maturing in <1 year 000's	Non interest bearing at call 000's	Total 000's
<b>Financial Assets</b>				
Cash and cash equivalents	1,253	20	-	1,273
Other assets	-	4,506	-	4,506
Trade and other receivables	-	-	161	161
	<u>1,253</u>	<u>4,526</u>	<u>161</u>	<u>5,940</u>
Weighted average interest rate	<u>0.35%</u>	<u>4.99%</u>	<u>0.00%</u>	<u>3.88%</u>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	839	839
	<u>-</u>	<u>-</u>	<u>839</u>	<u>839</u>
Weighted average interest rate	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>2020</b>	<b>Floating rates at call 000's</b>	<b>Fixed interest maturing in &lt;1 year 000's</b>	<b>Non interest bearing at call 000's</b>	<b>Total 000's</b>
<b>Financial Assets</b>				
Cash and cash equivalents	147	30	-	177
	<u>147</u>	<u>30</u>	<u>-</u>	<u>177</u>
Weighted average interest rate	<u>0.25%</u>	<u>1.55%</u>	<u>0.00%</u>	<u>0.47%</u>
<b>Financial Liabilities</b>				
Trade and other payables	-	-	246	246
Borrowings	-	302	316	618
	<u>-</u>	<u>302</u>	<u>562</u>	<u>864</u>
Weighted average interest rate	<u>0.00%</u>	<u>7.50%</u>	<u>0.00%</u>	<u>2.62%</u>

## Sensitivity

No reasonable possible movement in interest rates would result in a significant impact on profit/loss/equity.

## (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

# Notes to the consolidated financial statements for year ended

30 June 2021

As part of the Company's capital management strategy, the Company agreed to deposit surplus cash funds of with Zeta Resources Limited as short-term loans. The loans are unsecured, repayable on call by the Company and accrue interest at a rate of 5.00% per annum. The deposit funds are temporarily surplus to the Company's cash requirements and as such will be loaned to Zeta and recalled as needed for the Company's ongoing exploration programs over the next ~12 months. The short-term loans enable the Company to earn a significantly higher interest rate on these surplus cash funds compared to the interest rate earned on term deposits. The Company is satisfied that Zeta Resources Limited's strong net tangible asset position ensures credit risk is minimal.

Other than funds on deposit with Zeta the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk is limited because the counterparties are banks with high credit ratings.

The maximum exposure to credit risk arises from the financial assets of the Group comprise of cash, cash equivalents, other assets in the form of loan deposit funds with Zeta Resources Limited and trade and other receivables.

## **(c) Liquidity risk**

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash are available to meet current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables and borrowings as disclosed in the Consolidated Statement of Financial Position. Trade and other payables are non-interest bearing and due within 2 months of balance date. Borrowings from Zeta Resources Limited was interest bearing and repayable within 3 months of the previous year's balance date and borrowings from Panoramic Resources Limited were at call and non-interest bearing.

## **(d) Fair value measurements**

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their respective fair value.

# Additional ASX Shareholder Information

As at 17 September 2021

## Stock Exchange Listing

Horizon Gold Limited shares are listed on the Australian Securities Exchange Limited. The Company's ASX code is HRN.

## Substantial Shareholders (Holding Not Less Than 5%) in accordance with notices provided to the Company

Name of Shareholder	Total Number of Voting Shares in Horizon Gold Limited in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Zeta Resources Limited*	74,104,807	69.46%

\* Zeta Resources Limited (Zeta) lodged a Substantial Shareholder Notice on 9 June 2020 advising that it holds 52,826,967 shares (69.03% shareholding interest in Horizon). Zeta is not required to lodge an updated substantial shareholder notice as its % has not changed by more than 1% but the above figures have been restated to allow for changes in Zeta's shareholding interest since that date, including participation in the Rights Entitlement Issue completed on 14 April 2021.

## Class of Shares and Voting Rights

There are 395 holders of 106,692,016 fully paid Ordinary shares of the Company. The voting rights attaching to the Ordinary shares are in accordance with the Company's Constitution being that:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder shall, in respect of each fully-paid share held by him, or in respect of which he is appointed a proxy, attorney or Representative have one vote for the share, but in respect of partly-paid shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to unquoted equity securities (if applicable). Voting rights will be attached to the issued Ordinary shares when the unquoted equity securities have been exercised.

## Unmarketable Shares

The number of parcels of shares with a value of less than \$500 was 37.

## Distribution of Shareholders

Number of Shares Held	Number of Shareholders	Number of Fully Paid Shares
1 - 1,000	24	6,840
1,001 - 5,000	102	328,653
5,001 - 10,000	86	646,780
10,001 - 100,000	134	3,894,214
100,001 – 1,000,001	42	11,206,734
1,000,001 and over	7	90,608,795
<b>Total</b>	<b>395</b>	<b>106,692,016</b>

# Additional ASX Shareholder Information

As at 17 September 2021

## Listing of 20 Largest Shareholders

Name of Ordinary Registered Shareholder	Number of Shares Held	Percentage of Shares Held %
1. J P MORGAN NOMINEES AUSTRALIA LIMITED	74,304,807	69.64
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,567,621	6.16
3. BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD<DRP A/C>	3,124,890	2.93
4. CITICORP NOMINEES PTY LIMITED	2,474,956	2.32
5. HARDROCK CAPITAL PTY LTD	1,787,495	1.68
6. LOTAKA PTY LTD	1,261,880	1.18
7. MR JAMES NOEL SULLIVAN + MRS GAIL SULLIVAN <SULLIVANS GARAGE S/F A/C>	1,087,146	1.02
8. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	921,521	0.86
9. SPACEFACE PTY LIMITED	911,688	0.85
10. MR KWOK LEUNG FUNG + MS YUEN MAN MOK	700,000	0.66
11. YELRIF INVESTMENTS PTY LIMITED <PENSION FUND A/C>	600,000	0.56
12. MR JOHN PAUL WELBORN	500,000	0.47
13. MISS STEPHANIE CARMELITA SAVILLE	445,837	0.42
14. MR PAUL WILLIAM BENNETT + MR STUART HAMILTON BENNETT <SCP BENNETT INVESTMENT A/C>	422,857	0.40
15. PONDEROSA INVESTMENTS (WA) PTY LTD <THE PONDEROSA INVESTMENT A/C>	405,000	0.38
16. MRS ALEXANDRA MAREE GILES	400,000	0.37
17. MJMD SUPER PTY LTD<MARK JM DITCHFIELD S/F A/C>	342,000	0.32
18. ONGAVA PTY LTD<PRH SUPER FUND A/C>	330,000	0.31
19. INGOT CAPITAL INVESTMENTS PTY LTD	320,027	0.30
20. INSKO HOLDINGS PTY LTD	280,518	0.26
<b>TOTAL</b>	<b>97,188,243</b>	<b>91.09</b>

## Unquoted Equity Securities

Only the following Options are on issue:

Name of Optionholder	Number of Options	Exercise Price	Expiry Date
Mr Leigh Ronald Ryan and Mrs Sandra Kay Ryan <Ryan Super Fund A/C>	1,000,000	\$0.453	14 December 2023

## Restricted Securities

There were no restricted securities

## Use of Proceeds

In accordance with ASX Listing Rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 30 June 2021.

# Additional ASX Shareholder Information

As at 17 September 2021

## Schedule of Mining Tenements

Project	Tenement	Jurisdiction	Status	Current	Area	Equity	Tenement Manager	Horizon Commitment	Current Registered Holders
Gum Creek	E51/1538	WA	Live	29	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E51/1844	WA	Live	23	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E53/1725	WA	Live	30	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E53/1955	WA	Live	34	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E57/1093	WA	Live	20	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E57/1100	WA	Live	5	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E57/1104	WA	Live	12	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E57/1105	WA	Live	25	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L51/93	WA	Live	5.82	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/116	WA	Live	8.9025	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/199	WA	Live	23.75	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/46	WA	Live	60	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/47	WA	Live	24	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/95	WA	Live	71	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L53/96	WA	Live	237	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L57/20	WA	Live	6.67	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L57/44	WA	Live	31.7	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	L57/47	WA	Live	36	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/104	WA	Live	36.805	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd

# Additional ASX Shareholder Information

As at 17 September 2020

Project	Tenement	Jurisdiction	Status	Current	Area	Equity	Tenement Manager	Horizon Commitment	Current Registered Holders
Gum Creek	M51/105	WA	Live	117.35	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/157	WA	Live	93.315	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/185	WA	Live	247.55	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/186	WA	Live	364.9	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/290	WA	Live	4.8595	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/410	WA	Live	353.75	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M51/458	WA	Live	619.95	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/10	WA	Live	9.6865	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/105	WA	Live	566.25	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/11	WA	Live	9.6875	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/153	WA	Live	916.5	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/251	WA	Live	170.45	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/500	WA	Live	390.15	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/716	WA	Live	254.1	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/904	WA	Live	8.3215	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M53/988	WA	Live	511.55	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M57/634	WA	Live	4,810.11	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	M57/635	WA	Live	1,443.00	HA	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E51/2027	WA	Live	4	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E51/2028	WA	Live	4	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E53/2162	WA	Application	1	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd

## Additional ASX Shareholder Information

As at 17 September 2020

Project	Tenement	Jurisdiction	Status	Current	Area	Equity	Tenement Manager	Horizon Commitment	Current Registered Holders
Gum Creek	E53/2168	WA	Application	1	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd
Gum Creek	E57/1177	WA	Application	8	BL	100%	Horizon	100% of Commit, Rents & Rates	Gum Creek Gold Mines Pty Ltd

## Annual Mineral Resource Statement as at 30 June 2021

(For more details see ASX Announcement titled "Gum Creek Gold Project Resource Update" dated 12 February 2021)

Resource	Resource Date	Cut-off grade (g/t Au)	Mineralisation Type	Indicated		Inferred		Total		Contained Gold (oz)
				Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
<b>Open Pit Resources</b>										
Swan & Swift OC	Jan-21	0.7	Free Milling	2,642,000	2.6	1,516,000	2.0	4,158,000	2.4	323,000
Heron South	Aug-16	0.5	Refractory	1,135,000	2.2	2,000	1.3	1,137,000	2.2	80,000
Howards	Jul-13	0.4	Free Milling	5,255,000	1.1	716,000	1.0	5,971,000	1.1	204,000
Specimen Well	Aug-16	0.5	Free Milling			361,000	2.0	361,000	2.0	23,000
Toedter	Aug-16	0.5	Free Milling			690,000	1.5	690,000	1.5	34,000
Shiraz	Jul-13	0.4	Refractory	2,476,000	0.8	440,000	0.8	2,916,000	0.8	78,000
<b>Underground Resources</b>										
Swan UG	Jan-21	2.5/3.0*	Free Milling	293,000	7.1	221,000	6.9	514,000	7.0	115,000
Swift UG	Jan-21	3.0	Free Milling			181,000	5.9	181,000	5.9	35,000
Kingfisher UG	Aug-16	3.5	Free Milling			391,000	6.1	391,000	6.1	77,000
Wilson's UG	Jul-13	1.0	Refractory	2,131,000	5.3	136,000	6.0	2,267,000	5.4	391,500
<b>Total</b>				<b>13,932,000</b>	<b>2.2</b>	<b>4,654,000</b>	<b>2.5</b>	<b>18,586,000</b>	<b>2.3</b>	<b>1,360,500</b>

\* cut-off grades are 2.5g/t Au for Swan UG Indicated, and 3.0g/t Au for Swan and Swift UG Inferred.

NB. rounding may cause slight discrepancies in totals.

### Comparison of Mineral Resource Statement as compared to Previous Year

The 2021 Gum Creek Gold Project MRE of 18.59Mt @ 2.3g/t gold for 1.36Moz contained gold has undergone a 26% increase in global Indicated resources and a less than 2% decrease in contained gold when compared to the 2020 Financial Year MRE of 15.89Mt @ 2.7g/t gold for 1.39Moz contained gold. The change is only the result of the remodeling work completed on the Swan and Swift MRE which included additional data from the October 2020 RC drill program and more conservative block model grade assumptions. Other resources areas MRE amounts have not changed.

## Additional ASX Shareholder Information

As at 17 September 2020

Compared to the previous year's MRE the updated Swan and Swift Open Cut MRE represents a 474% increase in Indicated gold ounces, a decrease of 66% in gold grade and a decrease of 21% in total gold ounces. The updated Swan and Swift Underground MRE represents a 1550% increase in Indicated gold ounces, a decrease of 15% in total UG gold grade and an overall increase of 70% in total gold ounces when compared to the 30 June 2020 Swan and Swift Underground MRE.

### Swan and Swift Open Cut Mineral Resource Comparison

Resource Category	2020 Swan & Swift OC			2021 Swan & Swift OC			Variance		
	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces
<b>Indicated</b>	183,000	6.69	39,000	2,642,000	2.64	224,000	1344%	-61%	474%
<b>Inferred</b>	1,622,000	7.12	371,000	1,516,000	2.02	99,000	-7%	-72%	-73%
<b>Total</b>	1,805,000	7.08	411,000	4,158,000	2.41	323,000	130%	-66%	-21%

### Swan and Swift Underground Mineral Resource Comparison

Resource Category	2020 Swan & Swift UG			2021 Swan & Swift UG			Variance		
	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces
<b>Indicated</b>	9,000	12.90	4,000	293,000	7.05	66,000	3156%	-45%	1550%
<b>Inferred</b>	340,000	7.86	85,000	402,000	6.45	84,000	18%	-18%	-1%
<b>Total</b>	349,000	7.86	88,000	695,000	6.71	150,000	99%	-15%	70%

The reasons for differences between the 30 June 2020 and 30 June 2021 MRE include the following:

- The 2021 modelling is based on intersection selection with a component of edge dilution and limited interpolation and extrapolation of grades. The previous model used implicit modelling software and interpreted structural trends to define mineralisation continuity with minimal edge dilution.
- The 2021 MRE used a A\$2,500/oz gold price to constrain the stated Open Cut Resource compared to A\$2,000 per ounce used in the previous model.
- Additional drillhole results obtained from the October 2020 drill program were incorporated into the 2021 model.
- In 2021 the cut-off grades applied to interpreted shapes were 2.5g/t Au for Swan UG Indicated, 3.0g/t Au for Swan and Swift UG Inferred. The previous model utilised a 2.5g/t Au cut-off grade for all underground resources.

### Annual Mineral Resource Review

The Company's Mineral Resources Statement has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

An annual review was completed of Mineral Resources on 23 September 2021 and it was concluded there was no movements in resource estimation since its announcement titled "Gum Creek Gold Project Resource Update" dated 12 February 2021.

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 announcements continue to apply and have not materially changed.

## Additional ASX Shareholder Information

As at 17 September 2020

### Governance and Quality Control

The Company ensure all resources calculations are undertaken and reviewed by independent, internationally recognized industry consultants.

All drill hole data is stored in-house within a commercially available purpose designed database management system and subjected to industry standard validation procedures. Quality control on resource drill programs have been undertaken to industry standards with implementation of appropriate drilling type, survey data collection, assay standards, sample duplicates and repeat analyses.

### Competent Person's Statement - Geology

The information in this report that relates to Exploration Results is based on information compiled by Mr Leigh Ryan, who is a member of The Australasian Institute of Geoscientists. Mr Ryan is the Managing Director of Horizon Gold Limited and holds shares and options in the Company, Mr Ryan has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.



## Corporate Directory

### **BOARD OF DIRECTORS**

Peter Sullivan  
*Non-Executive Chairman*

Leigh Ryan  
Managing Director

Jamie Sullivan  
Non-Executive Director

Dugald Morrison  
*Non-Executive Director*

Peter Venn  
*Non-Executive Director*

### **COMPANY SECRETARY**

Trevor O'Connor

### **REGISTERED OFFICE**

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### **AUSTRALIAN BUSINESS NUMBER**

27 614 175 923

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HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth, Western Australia, 6000

### **BANKER**

National Australia Bank  
100 St Georges Terrace  
Perth, Western Australia, 6000

### **SHARE REGISTRY**

Computershare Investor Services  
172 St Georges Terrace  
Perth, Western Australia, 6000