



Horizon Gold Limited

ABN:27 614 175 923

Interim Report for the period ended 31 December 2022

Horizon Gold Limited

Interim Financial Report For the period ended 31 December 2022

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

The interim financial report is presented in Australian dollars.

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

The Company's registered office is:

Horizon Gold Limited
Suite 8, 47 Havelock Street
West Perth WA 6005

Directors' Report

The directors present their report on the consolidated entity consisting of Horizon Gold Limited (or “the Company”) and the entity it controlled at the end of, or during, the interim period ended 31 December 2022 (“the Group”).

Directors

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

Peter Sullivan

Leigh Ryan

James Sullivan

Dugald Morrison

Peter Venn

Company secretary

Trevor O’Connor

Operating and Financial Review

Operating Result for the Period

The Group recorded a loss after tax for the interim period ended 31 December 2022 of \$679,000 (2021: \$819,000).

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

- a loss on the remeasurement of the rehabilitation provision liability of \$250,000 (2021: \$409,000);
- finance costs of \$198,000 (2021: \$84,000)
- share-based payment expense of Nil (2021: \$134,000).

Review of operations

Exploration and Evaluation Activities

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

During the reporting period Horizon Gold Limited completed a total of 245 reverse circulation (RC) holes for 24,835 metres at the Kingfisher, Hawk, Shiraz, Heron, Heron South, Hyperno, Deep South, Think Big, Howards, Howards South, Eagles Peak, Fangio, Kearrys, Specimen Well, Melbourne Bitter and Wedge prospects. A total of four diamond holes for 1,081.2m were also completed at the Kingfisher and Altair prospects.

Metallurgical test work, rock density measurements, and resource modelling is underway as part of the process to update the Gum Creek Gold Project Mineral Resource Estimate (MRE) which is expected to be completed in the first half of 2023.

Details of the planned exploration program for 2023 will be announced during the next reporting period.

Corporate Activities

On 30 August 2022 the Company completed a placement of 1,476,602 shortfall shares at \$0.35 raising \$517,000 relating to the renounceable entitlement issue to shareholders which was announced on 28 April 2022 and closed on 31 May 2022.

Other than the above there were no significant corporate activities that occurred during the interim period ended 31 December 2022.

Interim Dividend

No interim dividend was or has been declared for the period ended 31 December 2022 (2021: Nil).

Subsequent events

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

Rounding

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 5.

Signed in accordance with a resolution of the directors.



Peter Sullivan

Chairman

Perth, 13 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Horizon Gold Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
13 March 2023



B G McVeigh
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Horizon Gold Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Horizon Gold Limited ("the Group") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Material uncertainty related to going concern

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2023



B G McVeigh
Partner

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

In the directors' opinion:

- (a) the interim financial statements and notes of Horizon Gold Limited for the interim period ended 31 December 2022:
 - (i) gives a true and fair view of the group's financial position as at 31 December 2022 and of its performance for the interim period ended on that date; and
 - (ii) complies with Accounting Standard AASB134: *Interim Financial Reporting*; and
- (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.

On behalf of the Board

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

Peter Sullivan

Chairman

Perth, 13 March 2023

Horizon Gold Limited
Consolidated statement of comprehensive income
For the interim period ended 31 December 2022

	Consolidated Period ended	
Notes	31 December 2022 \$'000	31 December 2021 \$'000
Other income	96	82
Care and maintenance expenses	(4)	(3)
Corporate and administration costs	(303)	(251)
Gain / (loss) on remeasurement of rehabilitation provision	(250)	(409)
Share-based payments	-	(134)
Right of use amortisation	(20)	(20)
Finance costs	3 (198)	(84)
Loss before income tax	(679)	(819)
Loss for the period	(679)	(819)
Other comprehensive income / loss for the period, net of tax	-	-
Total comprehensive loss for the period	(679)	(819)
Loss for the half year is attributable to:		
Owners of Horizon Gold Limited	(679)	(819)
Total comprehensive loss for the half year is attributable to:		
Owners of Horizon Gold Limited	(679)	(819)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share	(0.5)	(0.8)

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

Horizon Gold Limited
Consolidated statement of financial position
As at 31 December 2022

		Consolidated	
	Notes	31 December	30 June
		2022	2022
		\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	167	211
Other assets	5	1,287	5,416
Trade and other receivables		82	129
Prepayments		13	39
Total current assets		1,549	5,795
Non-current assets			
Property, plant and equipment		4,367	4,367
Right of use assets		20	40
Exploration and evaluation	6	35,601	31,767
Total non-current assets		39,988	36,174
Total assets		41,537	41,969
LIABILITIES			
Current liabilities			
Trade and other payables		313	975
Lease liabilities		21	40
Provisions		21	20
Total current liabilities		355	1,035
Non-current liabilities			
Provisions	7	10,914	10,466
Total non-current liabilities		10,914	10,466
Total liabilities		11,269	11,501
Net assets		30,268	30,468
EQUITY			
Contributed equity	8	46,111	45,632
Reserves		294	294
Accumulated losses		(16,137)	(15,458)
Total equity		30,268	30,468

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

Horizon Gold Limited
Consolidated statement of changes in equity
For the interim period ended 31 December 2022

Consolidated	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance 1 July 2021	39,690	160	(14,971)	24,879
Loss for the period	-	-	(819)	(819)
Total comprehensive loss for the period	-	-	(819)	(819)
Share based payments	-	134	-	134
Balance at 31 December 2021	39,690	294	(15,790)	24,194

Consolidated	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance 1 July 2022	45,632	294	(15,458)	30,468
Loss for the period	-	-	(679)	(679)
Total comprehensive loss for the period	-	-	(679)	(679)
Issue of shares – rights issue shortfall	517	-	-	517
Transaction costs	(38)	-	-	(38)
Balance at 31 December 2022	46,111	294	(16,137)	30,268

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

Horizon Gold Limited
Consolidated statement of cash flows
For the interim period ended 31 December 2022

	Consolidated	
	Period ended	
Notes	31 December	31 December
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(502)	(453)
Rent and other income received	20	11
Interest received	5	1
Interest paid	(1)	(2)
Net cash outflow from operating activities	(478)	(443)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(14)
Payments for exploration and evaluation expenditure	(4,242)	(4,159)
Repayment of loans from related parties	4,200	3,434
Net cash outflow from investing activities	(42)	(739)
Cash flows from financing activities		
Proceeds from issue of shares	517	-
Transaction costs related to issue of shares	(41)	-
Proceeds from borrowings from related parties	-	-
Net cash inflow from financing activities	476	-
Net increase / (decrease) in cash and cash equivalents	(44)	(1,182)
Cash and cash equivalents at the beginning of the financial period	211	1,273
Cash and cash equivalents at end of the period	4 167	91

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

1 Basis of Preparation of interim financial report

The interim financial report of Horizon Gold Limited (the Company) for the period ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 10 March 2023.

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

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

The interim financial report should be read in conjunction with the annual financial report of Horizon Gold Limited as at 30 June 2022.

It is also recommended that the interim financial report be considered together with any public announcements made by Horizon Gold Limited and its controlled entity during the period ended 31 December 2022 in accordance with the continuous disclosure obligations arising under ASX listing rules.

(a) Basis of preparation of interim financial report

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

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

(b) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2022, except for the adoption of new standards and interpretations as of 1 July 2022.

The adoption of any new and revised standards and interpretation effective 1 July 2022 has not resulted in any changes to Group's accounting policies and has no material effect on the amounts reported to the current or prior period.

(c) New or amended Accounting Standards and Interpretations adopted

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

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

(d) Going concern basis

The Group incurred a net loss for the period ended 31 December 2022 of \$679,000 (2021: \$819,000) and a net cash outflow from operating activities of \$478,000 (2021: \$443,000). As at 31 December 2022, the Group had cash and cash equivalents of \$167,000 (30 June 2022: \$211,000) and a working capital surplus of \$1,194,000 (30 June 2022: \$4,760,000).

Based on the Group's cashflow forecast, the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and

extinguishment of liabilities as and when they fall due, including progression of its exploration and project development activities and meeting its annual tenement expenditure commitment.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funding and obtain support from the Company's major shareholder to continue to meet its debts as and when they fall due and it is appropriate for the financial statements to be prepared on a going concern basis. The directors also note they have loans receivable at call of \$1,287,000 to assist in cash flow management (see Note 5 Other Assets for details).

Should the Group not achieve the funding outcomes set out above, there is a material uncertainty which may cast significant doubt 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 Group not continue as a going concern.

2 Segment information

Description of segments

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

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

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

3 Loss for the interim period

	Consolidated	
	Period ended	
	31 December	31 December
	2022	2021
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest on leased assets	1	2
Unwinding of discount - rehabilitation	197	82
	198	84

4 Current assets - Cash and cash equivalents

	Consolidated	
	31 December	30 June
	2022	2022
	\$'000	\$'000
Cash at bank and on hand	147	191
Term deposits	20	20
	167	211

5 Other assets

	Consolidated	
	31 December	30 June
	2022	2022
	\$'000	\$'000
Opening net book amount at the beginning of the period	5,416	4,506
Loans provided	-	5,400
Interest on loans	71	103
Repayment of loans	(4,200)	(4,593)
Closing net book value at the end of the period	1,287	5,416

As part of the Company's capital management strategy, Horizon agreed to deposit surplus cash funds with Zeta Resources Limited (the Company's ultimate parent, holding 71.4%) as short-term loans. The loans are unsecured, repayable on call by the Company and accrue interest at a rate of 5% per annum. 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.

6 Non-current assets - Exploration and evaluation

	Consolidated	
	31 December	30 June
	2022	2022
	\$'000	\$'000
Opening net book amount at the beginning of the period	31,767	26,118
Additions	3,834	5,656
Capitalised exploration and evaluation expenditure written off	-	(7)
Closing net book value at the end of the period	35,601	31,767

The carrying value of exploration and evaluation expenditure has increased by \$3,834,000 during the current reporting period due to RC and diamond drilling programs and subsequent resource update work carried out by the Company on various prospects throughout the Gum Creek Gold Project. See further details outlined in the "Exploration and Evaluation Activities" section of the Directors' Report. The ongoing carrying value of the Group's interest in exploration and evaluation expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest, results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

7 Non-current liabilities - Provisions

	Consolidated	
	31 December	30 June
	2022	2022
	\$'000	\$'000
Employee benefits – long service leave	3	2
Rehabilitation	10,911	10,464
	10,914	10,466
Movement in Rehabilitation Provisions:		
Opening net book amount at the beginning the period	10,464	10,719
Unwinding of discount	197	163
Remeasurement of liability	250	(418)
Closing net book value at the end of the period	10,911	10,464

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

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

8 Contributed equity

(a) Ordinary share capital

	Consolidated	
	31 December	30 June
	2022	2022
	\$'000	\$'000
Issued share capital	46,111	45,632
Total contributed equity	46,111	45,632

(b) Movements in ordinary share capital

	31 December 2022 Shares	31 December 2022 \$'000	30 June 2022 Shares	30 June 2022 \$'000
Opening balance	123,705,039	45,632	106,692,016	39,690
Add: Issue of shares				
- Rights Issue			17,013,023	5,955
- Rights Issue Shortfall	1,476,602	517	-	-
Less: Transaction costs	-	(38)		(13)
Closing balance	<u>125,181,641</u>	<u>46,111</u>	<u>123,705,039</u>	<u>45,632</u>

On 30 August 2022 the Company completed a placement of 1,476,602 shortfall shares at \$0.35 raising \$517,000 relating to the renounceable entitlement issue to shareholders which was announced on 28 April 2022 and closed on 31 May 2022.

9 Non-cash investing and financing activities

Interest on short-term loan funding to Zeta Resources Limited (see note 5) of \$71,000 (2021: 70,000) for the period 1 July 2022 to 31 December 2022 has been capitalised into the outstanding loan balance.

10 Dividends

No final dividend was declared for the period ended 31 December 2022 (2021: nil).

11 Contingencies

The Group had no contingent liabilities at 31 December 2022 (2021: nil).

12 Events occurring after the reporting period

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

13 Financial Instruments

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