

28 July 2020

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2020

Key Points

- **Geological review underway** for the 100% owned Gum Creek Gold Project near Meekatharra in Western Australia which hosts a Mineral Resource of 15.9Mt @ 2.7g/t Au for 1.39 million ounces.
- **Board changes:**
 - Mr Peter Sullivan joined the Board as Non-Executive Chairman in early July, taking over from Mr Dugald Morrison who will remain with the Company as a Non-Executive Director.
 - Mr Morrison and Executive Director Jamie Sullivan joined the Board in April.
 - In early July Non-Executive Director Mr Paul Bennett resigned from the Board.
- **Additional funding secured** by way of a short-term funding facility from major shareholder Zeta Resources Ltd (ASX:ZER) of up to \$800,000 to allow Horizon to complete its review of the Gum Creek Gold Project and assess future funding requirements
- Completion of the divestment of Horizon shares by foundation shareholder Panoramic Resources Ltd (ASX:PAN) to Zeta Resources.

Details

Horizon Gold Limited (ASX:HRN) (**Horizon** or the **Company**) is focussed on progressing its exploration and development activities at the 100% owned Gum Creek Gold Project (**Gum Creek** or the **Project**) in Western Australia (Figure 1).

Gum Creek has historically produced more than 1 million ounces of gold and hosts a current Mineral Resource of 1.39 million ounces (Appendix 1). The Project covers 620km² of contiguous tenure over the Gum Creek greenstone belt that has supported more than 30 open pit mines and three underground mines in the modern era.

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 are located on granted mining leases. The project also has significant infrastructure in place, including a 100-man camp, an operating airstrip, a 600ktpa CIL processing facility (requiring refurbishing), haul roads and a tailings storage facility.

Geological Review

Following the change of management on 1 May 2020, the Company advised that it would be undertaking a review of geological data and previous work completed at the Gum Creek Gold Project. The review will inform future work programs with the aim of commencing drilling in the September quarter 2020.

To date, the review has highlighted the significant exploration and development potential of the project. The new Board and management team is working towards implementing an exploration strategy that will increase resources and provide the Company with greater development optionality. The Company expects to outline its exploration strategy including the immediate work priorities in the September quarter 2020.

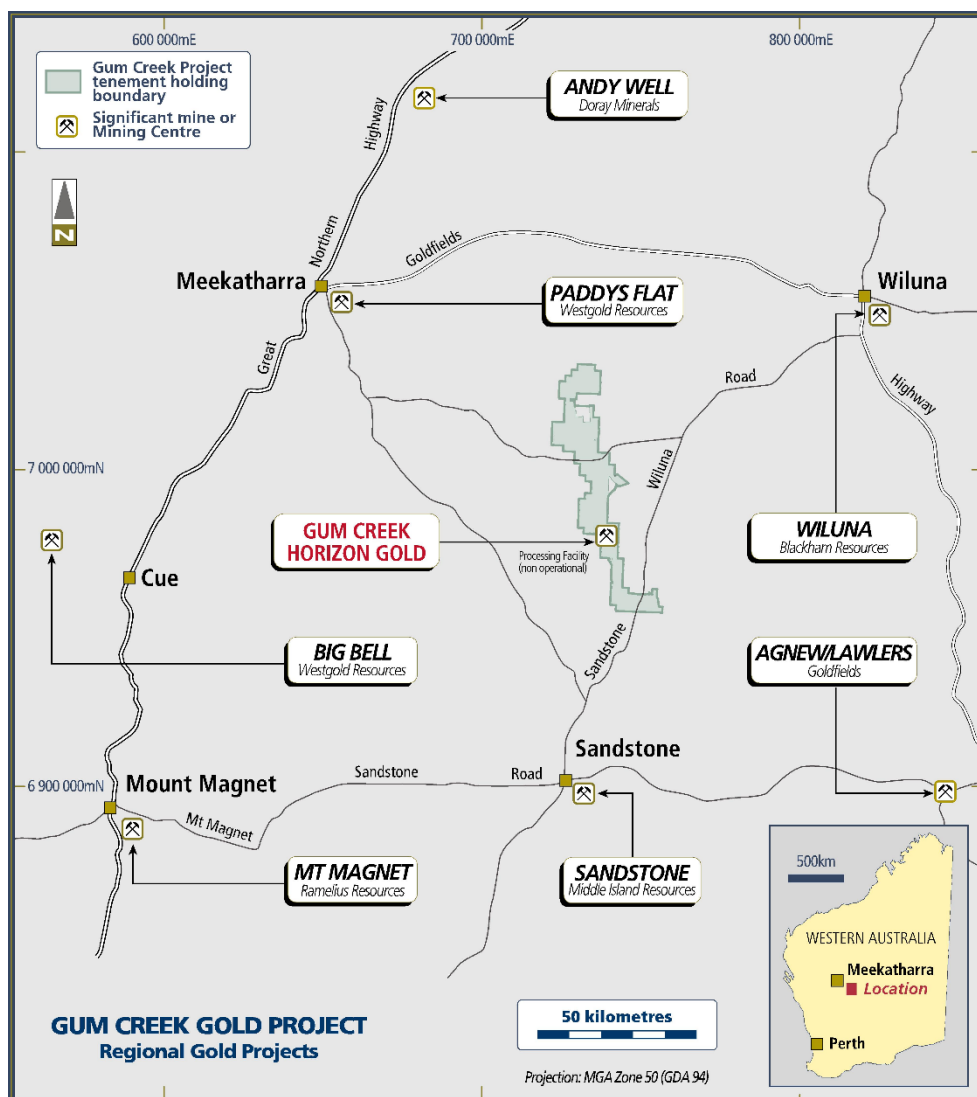


Figure 1 – Gum Creek Gold Project location and significant nearby gold projects/operations

Corporate

Changes to the Board of Directors

Subsequent to the quarter end, the Company announced the appointment of Mr Peter Sullivan as a Non-Executive Director and Chairman. Previous Chairman Mr Dugald Morrison will remain on the Board as 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), Resolute Mining Limited (appointed 2001), GME Resources Limited (appointed 1996) and Panoramic Resources Limited (appointed 2015).

Mr Morrison joined the Board in April, along with Mr Jamie Sullivan who joined as Executive Director. The appointments were part of the termination of the Management Agreement with Panoramic which also included the resignation of Mr Victor Rajasooriar as Chairman and Non-Executive Director.

Mr Jamie Sullivan has over 30 years of 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. Previous roles include Executive Director of Kumarina Resources Limited and Bligh Resources Limited, both of which held gold projects in the North Eastern Goldfields of Western Australia. Mr Sullivan is currently the Managing Director of GME Resources Limited.

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

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

Short-Term Funding Facility

As outlined in the Company's March Quarterly Report and further to an announcement made on 24 June, Horizon has agreed with Zeta Resources to an increase of its short-term funding facility to the Company from \$300,000 to up to \$800,000 and for an extension of the earliest time of repayment from 30 June 2020 to 30 September 2020.

In summary, the terms of the facility are that the funds are unsecured, can be drawn in tranches of not less than \$5,000 and interest is payable at 7.5% per annum. In addition, a facility fee of 1.5% of the total facility will be payable.

The increase and the extension will allow the Company additional time to complete its review of the Gum Creek project before deciding whether to undertake an entitlement offer, both of which are permitted under the Facility Agreement. Prior to 30 September, any equity capital raising by the Company would only be through such entitlement offer (if the Company announces such offer) or as otherwise required by the Company.

Panoramic Resources sell-down to Zeta Resources

On 30 March 2020, Panoramic Resources Limited (Panoramic) announced it had received commitments to purchase its remaining 24.6%, representing 18,793,580 shares in Horizon Gold from sophisticated and professional investors at a price of \$A0.20 per share. This included purchase commitments of 17,183,580 shares from Zeta Resources Limited (Zeta) and 250,000 shares from Paul Bennett and 100,000 shares from Peter Venn, both Non-Executive Directors of Horizon.



The sale price represented a premium of 19.8% to the Horizon 10-day VWAP up to and including Friday, 27 March 2020 of \$0.167 per share.

The sale of Panoramic's remaining shareholding to investors other than Zeta was completed on 1 April 2020 and the completion of the sale to Zeta was approved by Panoramic shareholders at a General Meeting held on 29 June 2020.

Panoramic ceased to be a shareholder of Horizon Gold following the completion of the sale and transfer of 17,183,580 Horizon Gold shares to Zeta on 9 July 2020. Zeta's direct shareholding in Horizon of 52,826,967 shares currently represents approximately 69.03% of Horizon's share capital.

ASX Listing Rule 5.3.5 Disclosures

As per ASX Listing Rule 5.3.5 and as disclosed in 6.1 of the accompanying Appendix 5B Mining exploration entity or oil and gas exploration entity quarterly cash flow report the Company discloses that the aggregate paid to related parties and their associates included in item 1 during the quarter totalled approximately \$37,000 and was made up of directors fees and related superannuation payments.

In addition approximately \$12,000 of services was incurred but not paid for the period 1 April 2020 to 30 April 2020 for technical, commercial, managerial, and administrative services provided to the Company pursuant to the "Management Agreement" (October 2016) between the Company and Panoramic. The Management Agreement terminated on 30 April 2020.

Mining Tenements

The status of the Horizon Group mining tenements as at 30 June 2020 are detailed in Appendix 2.

This ASX announcement was authorised for release by the Horizon Board.

For further information contact

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About the Company

Horizon Gold Limited (ASX:HRN) is an exploration company focused on its 100% owned Gum Creek Gold Project in Western Australia. The Gum Creek Gold Project hosts JORC 2012 Mineral Resources of 1.39 million ounces of gold (*refer Appendix 1*). It is located within a well-endowed gold region that hosts multi-million ounce deposits including Big Bell, Wiluna, Mt Magnet, Meekatharra and Agnew/Lawlers. Horizon is undertaking exploration and development studies with the aim of recommencing operations at the Gum Creek Gold Project.

APPENDIX 1:

Table 1: Gum Creek Project Mineral Resources Statement

(refer to the Company's ASX announcement of 12 July 2019 titled "Mineral Resources as at 30 June 2019")

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)	
Open Pit Resources										
Swan OC	May-19	0.5	Free Milling	80,000	8.8	880,000	6.8	960,000	7.0	216,000
Swift OC	May 19	0.5	Free Milling	100,000	5.0	740,000	7.5	840,000	7.2	195,000
Heron South	Aug-16	0.5	Refractory	1,140,000	2.2	2,000	1.3	1,140,000	2.2	80,000
Howards	Jul-13	0.4	Free Milling	5,250,000	1.1	720,000	1.0	5,970,000	1.1	204,000
Specimen Well	Aug-16	0.5	Free Milling			360,000	2.0	360,000	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	2,480,000	0.8	440,000	0.8	2,920,000	0.8	78,000
Underground Resources										
Swan UG	May-19	2.5	Free Milling	10,000	12.9	280,000	8.4	280,000	8.6	78,000
Swift UG	May-19	2.5	Free Milling			70,000	4.9	70,000	4.9	10,000
Kingfisher UG	Aug-16	3.5	Free Milling			390,000	6.1	390,000	6.1	77,000
Wilson's UG	Jul-13	1.0	Refractory	2,130,000	5.3	140,000	6.0	2,270,000	5.4	391,000
Total				11,190,000	2.0	4,700,000	4.3	15,890,000	2.7	1,388,000

The Company confirms that it is not aware of any additional 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 announcement continue to apply and have not materially changed.

APPENDIX 2:

(a) Horizon Group Mining Tenements held as at 30 June 2020

Holder: GUM CREEK = Gum Creek Gold Mines Pty Ltd (100% Subsidiary of Horizon Gold Limited)

Lease	Location	Area of Interest	Status	Expiry Date	Holder	Horizon's Interest	Mineral Rights	Application Date
E51/1538	Gidgee	Gum Creek	Granted	03-Feb-24	GUM CREEK	100%	All	
E51/1844	Gidgee	Gum Creek	Granted	22-Jan-23	GUM CREEK	100%	All	
E53/1725	Gidgee	Gum Creek	Granted	03-Jul-23	GUM CREEK	100%	All	
E53/1955	Gidgee	Gum Creek	Granted	18-Jan-23	GUM CREEK	100%	All	
E57/1093	Gidgee	Gum Creek	Granted	14-Jan-2024	GUM CREEK	100%	All	
E57/1100	Gidgee	Gum Creek	Granted	21-Jan-2024	GUM CREEK	100%	All	
E57/1104	Gidgee	Gum Creek	Granted	9-Jun-2024	GUM CREEK	100%	All	
E57/1105	Gidgee	Gum Creek	Granted	1-May-2024	GUM CREEK	100%	All	
L51/93	Gidgee	Gum Creek	Granted	24-Nov-34	GUM CREEK	100%	Infrastructure	
L53/46	Gidgee	Gum Creek	Granted	28-Feb-20	GUM CREEK	100%	Infrastructure	
L53/47	Gidgee	Gum Creek	Granted	26-Sep-20	GUM CREEK	100%	Infrastructure	
L53/95	Gidgee	Gum Creek	Granted	13-Dec-23	GUM CREEK	100%	Infrastructure	
L53/96	Gidgee	Gum Creek	Granted	13-Dec-23	GUM CREEK	100%	Infrastructure	
L53/116	Gidgee	Gum Creek	Granted	30-Jul-23	GUM CREEK	100%	Infrastructure	
L53/199	Gidgee	Gum Creek	Granted	29-Jul-36	GUM CREEK	100%	Infrastructure	
L57/20	Gidgee	Gum Creek	Granted	20-Jun-23	GUM CREEK	100%	Infrastructure	
L57/44	Gidgee	Gum Creek	Granted	12-Jun-33	GUM CREEK	100%	Infrastructure	
L57/47	Gidgee	Gum Creek	Granted	13-Aug-34	GUM CREEK	100%	Infrastructure	
M51/104	Gidgee	Gum Creek	Granted	11-May-29	GUM CREEK	100%	All	
M51/105	Gidgee	Gum Creek	Granted	09-May-31	GUM CREEK	100%	All	
M51/157	Gidgee	Gum Creek	Granted	09-Mar-30	GUM CREEK	100%	All	
M51/185	Gidgee	Gum Creek	Granted	18-Feb-30	GUM CREEK	100%	All	
M51/186	Gidgee	Gum Creek	Granted	18-Feb-30	GUM CREEK	100%	All	
M51/290	Gidgee	Gum Creek	Granted	09-May-31	GUM CREEK	100%	All	
M51/410	Gidgee	Gum Creek	Granted	10-Mar-34	GUM CREEK	100%	All	
M51/458	Gidgee	Gum Creek	Granted	09-Feb-35	GUM CREEK	100%	All	
M53/10	Gidgee	Gum Creek	Granted	24-Nov-25	GUM CREEK	100%	All	
M53/11	Gidgee	Gum Creek	Granted	24-Nov-25	GUM CREEK	100%	All	
M53/105	Gidgee	Gum Creek	Granted	29-Aug-30	GUM CREEK	100%	All	
M53/153	Gidgee	Gum Creek	Granted	28-Jun-32	GUM CREEK	100%	All	
M53/251	Gidgee	Gum Creek	Granted	02-Sep-34	GUM CREEK	100%	All	
M53/500	Gidgee	Gum Creek	Granted	21-May-21	GUM CREEK	100%	All	
M53/716	Gidgee	Gum Creek	Granted	07-Sep-40	GUM CREEK	100%	All	
M53/904	Gidgee	Gum Creek	Granted	28-Sep-21	GUM CREEK	100%	All	
M53/988	Gidgee	Gum Creek	Granted	12-Mar-24	GUM CREEK	100%	All	
M57/634	Gidgee	Gum Creek	Granted	14-Jul-35	GUM CREEK	100%	All	
M57/635	Gidgee	Gum Creek	Granted	01-Sep-35	GUM CREEK	100%	All	
P53/1577	Gidgee	Gum Creek	Granted	22-Aug-20	GUM CREEK	100%	All	
P53/1582	Gidgee	Gum Creek	Granted	04-Oct-20	GUM CREEK	100%	All	
P57/1304	Gidgee	Gum Creek	Granted	23-Aug-20	GUM CREEK	100%	All	

E = Exploration Licence (WA)

M = Mining Lease (WA)

P = Prospecting Licence (WA)

L = Miscellaneous Licence (WA)

(b) Changes of Interest in mining tenements during the quarter

Tenement Reference and Location	Nature of Interest	Interest at beginning of Quarter	Interest at end of Quarter
Nil			
Nil			

(c) Farm-in or farm-out changes during the Quarter

Tenement Reference and Location	Nature of Interest	Interest at beginning of Quarter	Interest at end of Quarter
Nil			
Nil			

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HORIZON GOLD LIMITED

ABN

27 614 175 923

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Jun 2020) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) C&M staff costs (inc. oncosts)	(36)	(206)
(e) direct site costs (inc. working capital)	(163)	(413)
(f) administration and corporate costs	(42)	(450)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (FY 2019 WA State MRF payment)	-	(147)
1.9 Net cash from / (used in) operating activities	(232)	(1,198)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	(5)
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(20)	(811)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Jun 2020) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	12	12
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(8)	(804)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	300	300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	300	300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	117	1,879
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(232)	(1,198)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(804)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	300

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Jun 2020) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	177	177

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	147	147
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	177	177

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
37
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	800	300
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	800	300

7.5 **Unused financing facilities available at quarter end** 500

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 23 April 2020 Horizon secured a short term funding facility of up to \$300,000 from Zeta Resources Limited and on 24 June 2020 it was increased to \$800,000. In summary the terms of the facility are that the funds are unsecured, can be drawn in tranches of not less than \$5,000 and interest is payable at 7.5% per annum. In addition, a facility fee of 1.5% of the total facility will be payable. The earliest the funds are repayable is 30 September 2020.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(232)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(20)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(252)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	177
8.5 Unused finance facilities available at quarter end (Item 7.5)	500
8.6 Total available funding (Item 8.4 + Item 8.5)	677
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2020

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.