

**Horseshoe Metals  
Limited**

**ABN 20 123 133 166**

**Financial report for the half-year ended  
30 June 2017**

## **Corporate Information**

### **Board of Directors**

Michael George Fotios (Non-executive Chairman)  
Alan Wallace Still (Non-executive Director)  
Neil Porter (Non-executive Director)

### **Company Secretary**

Shannon Coates

### **Registered Office**

24 Mumford Place  
Balcatta, WA 6021  
Telephone: +61 8 6241 1844  
Facsimile: +61 8 6241 1811

### **Solicitors**

Squire Patton Boggs  
Level 21  
300 Murray Street  
Perth WA 6000

### **Bankers**

Westpac Banking Corporation Limited  
109 St George's Terrace  
Perth WA 6000

### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 11, 172 St George's Terrace  
Perth WA 6000  
Telephone: +61 8 9323 2000

### **Auditors**

Rothsay Auditing  
Level 1 Lincoln House  
4 Ventnor Avenue  
West Perth WA 6005  
Telephone: +61 8 9486 7094

### **Securities Exchange Listing**

The Company is listed on the Australian Securities Exchange  
ASX Code: HOR

### **Website**

[www.horseshoemetals.com.au](http://www.horseshoemetals.com.au)

## CONTENTS

	<b>Page</b>
Directors' Report	1
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Equity	8
Notes to the Financial Statements	9
Directors' Declaration	13
Independent Review Report	14

## Directors' report

Your Directors submit the financial report of the consolidated group ("the Group") consisting of Horseshoe Metals Limited ("the Company") and the entity it controlled during the period for the half year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The names of the Directors of the Company in office during the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Michael George Fotios	Non-executive Chairman
Alan Wallace Still	Non-executive Director
Neil Porter	Non-executive Director (appointed 13 January 2017)

### Review of Operations

The Group realised a net loss for the half-year of \$381,178 (2016:\$357,370).

Horseshoe Metals Limited (ASX: HOR) ("Horseshoe" or "the Company"), through its wholly owned subsidiary, Murchison Copper Mines Pty Ltd, holds a 100% interest in the Horseshoe Lights and Kumarina Projects located in the Peak Hill Mineral Field, north of Meekatharra in Western Australia.

### *Exploration and evaluation*

#### **Horseshoe Lights Copper/Gold Project (HOR: 100%) (GRR: 3% NSR Royalty)**

The Company recently completed a 15-hole RC drilling program, targeting bedrock areas and waste-rock landforms (WRL) to provide new drilling inputs to the SMART Project. Samples have been transported to Perth, and multi-element assays (primarily copper and gold) are awaited.

#### *Waste Rock Landform drilling*

Current generation (post-2010) drilling to the north of the pit targeting the Motters and NW Stringer Zones had to collar through the North Waste Landform from the previous mining event. These incidental samples have previously returned copper and gold intersections of economic interest. As other WRL and stockpiled mineralised dumps on the property had limited information, an initial 12 RC hole (WRL01 - 12) drill program totalling 180 m was completed on the Northwest and Southern WRLs to investigated landforms as possible resources for the SMART Project. The programme was very broad in nature and only intended as an indicative assessment of potential, and as a secondary check of volume. Formal results from the programme are awaited.

#### *Bedrock Target Areas*

##### Eastern Footwall Zone

Current generation drilling of the Eastern Footwall Zone has proved to be difficult due to the position of the pit wall. A specialty drilling rig completed two flat angled holes (RC1142 and RC1143) in a target area believed to be a linkage between the Main mineralised Zone and the Motters Zone. A third planned hole (refer ASX:HOR March 2017 quarterly) further south was not drilled.

##### Northwest Stringer Zone

Drill hole RC1444 was designed to test the continuity of oxide mineralization between holes on Section 4350 of the Northwest Stringer Zone, and provide bulk material for SMART testwork. Three separate mineralized zones were encountered in Narracoota Fm volcanic rock as indicated by RC drilling chips containing coarse malachite. Material from oxide zones were retained to provide new sampling inputs to the SMART Project.

### **Kumarina Copper Project (HOR: 100%)**

The Kumarina Project consists of two exploration licences and one mining lease covering approximately 433km<sup>2</sup>. The project is located 95km north of Sandfire Resources NL's DeGrussa copper-gold mine, in the Gascoyne region of Western Australia. The Company recently undertook a site visit to review access for planned aircore drilling of priority targets generated by soil auger anomalism surrounding the previous focus of drilling.

### **Other Activities**

A high-resolution remote-sensing survey using an unmanned aerial vehicle was also completed over M52/743 and E52/2042 during the quarter, generating accurate surface imagery and elevation models for geological and environmental purposes. The Company also commenced an audit of the rehabilitation of previous exploration activities.

The Company has also recently received approval for a Programme of Work on E52/2042 for proposed aircore drilling to the south of the Horseshoe Mine.

### **Corporate**

On 13 January 2017, Mr Neil Porter was re-appointed as a Director of the Company. Mr Porter had previously resigned as a Director on 29 November 2016 however was re-appointed after the personal circumstances that lead to his resignation changed.

On 31 March 2017, the Company announced that it had entered into an unsecured loan agreement for up to \$1,000,000 with entities associated with Mr Michael Fotios, the Company's major shareholder and Non-Executive Chairman (**Loan**).

Material terms of the Loan are:

Lenders:	Related entities of Mr Fotios
Loan Amount:	Up to \$1,000,000
Interest Rate:	8% per annum
Repayment:	Within 10 days of receipt by the Company of sufficient funds from future capital raising (the terms of which have not been determined at this date) provided that, if any such capital raising is not completed by 30 June 2017, then interest, repayment terms and/or conversion of the Loan will be re-negotiated between the parties. The Loan will be repayable upon demand in the discretion of the Lenders until those revised are agreed.
Conversion:	Subject to any required regulatory and/or shareholder approval, all or part of the Loan (subject to a minimum conversion amount of \$50,000) may be converted into shares, at the Lender's election, at a conversion price equal to the issue price of shares under future capital raising and on the same terms as the capital raising, including any free attaching securities issued as part of such capital raising at the same ratio.
Use of funds:	The funds will be applied towards the Company's immediate working capital requirements.

On 3 April 2017, the Company advised that 12,450,000 unlisted options exercisable at \$0.045 each on or before 31 March 2017 lapsed unexercised.

On 30 May 2017, the Company held its Annual General Meeting where all resolutions put to the meeting were passed unanimously on a show of hands.

**Auditor's Independence Declaration**

The Company has obtained an independence declaration from its auditors, Rothsay Auditing, as per s.307(C) of the Corporations Act 2001 which forms part of this report. A copy of that declaration is included on page 4 of this report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



**Michael Fotios**

Chairman

Perth, WA

13 September 2017

# ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

The Directors  
Horseshoe Metals Limited  
24 Mumford Place  
Balcatta WA 6021

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2017 half year financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham R Swan FCA (Lead auditor)

Rothsay

Dated 13 September 2017



Chartered Accountants

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 30 JUNE 2017**

	<u>Note</u>	<b>Consolidated</b>	
		<b>Half-year to 30 Jun 2017</b>	<b>Half-year to 30 Jun 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Interest income		-	2
Other income		-	-
		-	2
<b>Expenses</b>			
Occupancy expenses		-	-
Consultancy expenses		-	-
Administrative expenses		(145,656)	(185,793)
Depreciation expenses		(5,558)	(8,451)
Directors' remuneration		(15,000)	(27,000)
Exploration expensed		(212,891)	(136,128)
Other expenses		(2,073)	-
Rehabilitation expenses		-	-
<b>Loss before income tax expense</b>		<b>(381,178)</b>	<b>(357,370)</b>
Income tax expense		-	-
<b>Loss after tax from continuing operations</b>		<b>(381,178)</b>	<b>(357,370)</b>
<b>Loss for the period</b>		<b>(381,178)</b>	<b>(357,370)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(381,178)</b>	<b>(357,370)</b>
<b>Loss per share:</b>			
Basic loss per share (cents per share)		(0.20)	(0.21)
Diluted loss per share (cents per share)		(0.20)	(0.21)

These financial statements should be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2017**

	Note	Consolidated	
		30 Jun 2017	31 Dec 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,811	6,839
Trade and other receivables		104,789	81,462
Other assets		152	7,279
<b>Total current assets</b>		<b>107,752</b>	<b>95,130</b>
<b>Non-current assets</b>			
Plant and equipment		53,162	53,173
Exploration and evaluation expenditure	2	6,508,801	6,508,801
<b>Total non-current assets</b>		<b>6,561,963</b>	<b>6,561,974</b>
<b>Total assets</b>		<b>6,669,715</b>	<b>6,657,104</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4	1,293,045	1,031,631
Borrowings	5	2,744	2,237
Provisions	3	838	838
<b>Total current liabilities</b>		<b>1,296,627</b>	<b>1,034,706</b>
<b>Non-current Liabilities</b>			
Borrowings	5	334,148	202,279
Provisions	3	4,234,100	4,234,100
<b>Total Non-current Liabilities</b>		<b>4,568,248</b>	<b>4,436,379</b>
<b>Total liabilities</b>		<b>5,864,875</b>	<b>5,471,085</b>
<b>Net assets</b>		<b>804,840</b>	<b>1,186,019</b>
<b>Equity</b>			
Issued capital	6	17,158,393	17,158,393
Reserves		94,260	94,260
Accumulated losses		(16,447,813)	(16,066,634)
<b>Total equity</b>		<b>804,840</b>	<b>1,186,019</b>

These financial statements should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE HALF-YEAR ENDED 30 JUNE 2017**

	Consolidated	
	Consolidated Half-year to 30 Jun 2017 \$	Consolidated Half-year to 30 June 2016 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(61,001)	(66,265)
Interest received	-	2
Financing costs	-	-
Fuel tax rebate received	-	36,960
<b>Net cash used in operating activities</b>	<b>(61,001)</b>	<b>(29,303)</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of plant and equipment	(5,547)	-
Payment for exploration and evaluation activities	(69,406)	(96,601)
<b>Net cash used in investing activities</b>	<b>(74,953)</b>	<b>(96,601)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(558,609)
Proceeds from the issue of shares	-	622,500
Proceeds from borrowings	132,376	148,680
<b>Net cash flows from/(used in) financing activities</b>	<b>132,376</b>	<b>212,571</b>
Net increase/(decrease) in cash and cash equivalents	(3,578)	86,667
Cash and cash equivalents at the beginning of the period	(6,389)	11,452
<b>Cash and cash equivalents at the end of the period</b>	<b>2,811</b>	<b>98,119</b>

These financial statements should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF-YEAR ENDED 30 JUNE 2017**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
<b>Balance as at 1 Jan 2017</b>	17,158,393	(16,066,635)	94,260	1,602,852
Loss attribute to members of the parent entity	-	(381,178)	-	(381,178)
Other comprehensive income	-	-	-	
<b>Total comprehensive income</b>	-	(381,178)	-	(381,178)
Shares issues	-	-	-	-
Transaction costs	-	-	-	-
<b>Sub-total</b>	-	(381,178)	-	(381,178)
<b>Balance as at 30 June 2017</b>	17,158,393	(16,447,813)	94,260	804,840

**FOR THE HALF-YEAR ENDED 30 JUNE 2016**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
<b>Balance as at 1 Jan 2016</b>	16,535,893	(15,198,171)	-	1,337,722
Loss attribute to members of the parent entity	-	(357,370)	-	(357,370)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(357,370)	-	(357,370)
Shares issues	622,500	-	-	622,500
Transaction costs	-	-	-	-
<b>Sub-total</b>	622,500	(357,370)	-	265,130
<b>Balance as at 30 June 2016</b>	17,158,393	(15,555,541)	-	1,602,852

These financial statements should be read in conjunction with the accompanying notes.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard 134 'Interim Financial Reporting'.

This half-year report does not include full disclosures of the type normally included within the annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Horseshoe Metals Limited and the consolidated entity ("the Group") as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 31 December 2016 and any public announcements made by Horseshoe Metals Limited during the half-year in accordance with continuous disclosure requirements arising under the ASX Listing Rules.

#### **Basis of Preparation**

The half-year report has been prepared on a historical cost basis modified, where applicable, by measurement at fair value of selected items. Cost is based on the fair values of the consideration given in exchange for assets.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period. The half-year report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

#### **Accounting policies and methods of computation**

The accounting policies adopted are consistent with those applied and disclosed in the 31 December 2016 annual report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### **Going concern**

For the half-year ended 30 June 2017 the Group recorded an operating cash outflow of \$61,001 (half-year ended 30 June 2016: outflow of \$29,303) and at 30 June 2017 had a net working capital deficit of \$1,188,875 (31 December 2016 deficit of \$732,295).

The directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Group to secure additional funding through either the issue of further shares and or options. The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. As such, the directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

Should the Group not achieve the matters set out above there is a material uncertainty that the group may be unable to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

Michael Fotios as chairman of the board of Eastern Goldfields Ltd, Whitestone Minerals Pty Ltd, Delta Resources Management Pty Ltd and Investmet Ltd has confirmed unconditionally that these entities will not call on or demand any repayment of the advances made to the company up to 30 June 2017 and will only do so if and when the Group's financial position improves.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

#### Significant accounting judgments and key estimates

The preparation of interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2016.

### NOTE 2: EXPLORATION AND EVALUATION ASSETS

The following table details the movement in deferred exploration and evaluation expenditure reported in the statement of financial position during the half year ended 30 June 2017.

	<b>Consolidated</b>
	<b>Half-year to 30</b>
	<b>June 2017</b>
	<b>\$</b>
Costs carried forward in respect of areas of interest	
At 1 January 2017	6,508,801
Exploration costs	212,891
Expensed (i)	<u>(212,891)</u>
At 30 June 2017	<u>6,508,801</u>

The recoupment of deferred exploration and evaluation costs carried forward is dependent upon the successful development and commercialisation or sale of the areas of interests being explored and evaluated.

(i) In light of the continuation of the poor market conditions, the directors determined that it was prudent to expense all exploration and evaluation incurred on its mineral projects during the period. As a result the Group's capitalised deferred exploration and evaluation costs remains at a balance of approximately \$6.5 million as at 30 June 2017. As this is an estimate, the actual recoverable amount may be significantly different to this value. Future exploration and evaluation results and changes in commodity prices may change the estimated recoverable amount in the future, which may result in reversal of some or all of the impairment charge recognised.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 30 JUNE 2017**

**NOTE 3: PROVISIONS**

	<b>Consolidated AS AT 30 JUNE 2017 \$</b>	<b>Consolidated AS AT 31 DECEMBER 2016 \$</b>
<b>(a) Current</b>		
Provision for Employee Entitlements	838	838
<b>Total Current</b>	<u>838</u>	<u>838</u>
<b>(b) Non Current</b>		
Provision for Rehabilitation (i)	4,234,100	4,234,100
<b>Total Non-Current</b>	<u>4,234,100</u>	<u>4,234,100</u>

(i) Pursuant to the Mining Rehabilitation Fund Regulations 2013 (WA) the Company is required to assess its rehabilitation obligations across all its tenement holdings as at 30 June each year. The assessed estimated cost of rehabilitation as at 30 June 2017 using the methodology adopted under the Mining Rehabilitation Fund Regulations 2013 (WA) is \$4,234,100.

Rehabilitation provisions mostly relate to rehabilitation obligations on the Horseshoe Lights Mining Lease M52/743 associated with the flotation tailings dam, the waste dumps and the plant and camp sites.

**NOTE 4: TRADE AND OTHER PAYABLES**

	<b>Consolidated AS AT 30 JUNE 2017 \$</b>	<b>Consolidated AS AT 31 DECEMBER 2016 \$</b>
Trade Payables	1,182,332	924,893
Directors' Fees Payable	46,000	46,000
Other Fees Payable	64,713	60,648
	<u>1,293,045</u>	<u>1,031,631</u>

**NOTE 5: BORROWINGS**

	<b>Consolidated AS AT 30 JUNE 2017 \$</b>	<b>Consolidated AS AT 31 DECEMBER 2016 \$</b>
<b>CURRENT</b>		
Hire Purchase	2,744	2,237
	<u>2,744</u>	<u>2,237</u>
<b>NON CURRENT</b>		
Loan – Delta	82,120	78,597
Loan – EGS	12,098	12,098
Loan – Investmet	238,117	107,992
Loan – Whitestone	1,719	3,497
Loan – Redbank Copper	95	95
	<u>334,148</u>	<u>202,279</u>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE HALF-YEAR ENDED 30 JUNE 2017**

**NOTE 6: ISSUED CAPITAL**

	<b>Consolidated as at 30 Jun 2017 \$</b>	<b>Consolidated as at 31 Dec 2016 \$</b>
Ordinary Shares		
Ordinary Shares – Fully Paid	17,158,393	17,158,393
	<b>Number</b>	<b>Number</b>
Ordinary Shares – Fully Paid	194,652,190	194,652,190
	<b>Ordinary shares (Number)</b>	<b>Value (\$)</b>
At 1 January 2017	194,652,190	17,158,393
Ordinary Shares Issue	-	-
Transaction Costs	-	-
<b>At 30 June 2017</b>	<b>194,652,190</b>	<b>17,158,393</b>

*Unlisted options*

12,450,000 unlisted options exercisable at \$0.045 each on or before 31 March 2017 lapsed unexercised during the reporting period

**NOTE 7: SEGMENT REPORTING**

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals and evaluation of investment opportunities for its investors, presently solely in Western Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (chief operating decision maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

**NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance that has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

On 31 March 2017, the Company announced that it had entered into an unsecured loan agreement for up to \$1,000,000 with entities associated with Mr Michael Fotios, the Company's major shareholder and Non-Executive Chairman (**Loan**). There has been no further action or renegotiation of these terms since 30 June 2017.

## DIRECTORS' DECLARATION

In the directors' opinion:

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



**Michael Fotios**

Chairman

Perth, WA

13 September 2017





Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005  
P.O. Box 8716, Perth Business Centre WA 6849  
Phone (08) 9486 7094 [www.rothsayresources.com.au](http://www.rothsayresources.com.au)

### **Independent Review Report to the Members of Horseshoe Metals Limited**

#### **The financial report and directors' responsibility**

The interim financial report comprises the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Horseshoe Metals Limited for the half-year ended 30 June 2017.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 financial position as at 30 June 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Horseshoe Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an 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*.

#### **Conclusion**

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 Horseshoe Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 30 June 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants



**Material Uncertainty related to Going Concern**

Without modifying our conclusion, we draw attention to Note 1 in the financial report which states that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability to secure additional funding through either the issue of shares and or options

In the event the Group is unable to raise additional funds there is a material uncertainty as to whether the Group could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

**Rothsay Auditing**

**Graham R Swan  
Partner**

Dated *13* September 2017



Chartered Accountants