# HORSESHOE METALS

LIMITED

**A.B.N. 20 123 133 166**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

# CORPORATE INFORMATION

## Directors

Alan Still (Non-Executive)
Craig Hall (Non-Executive)
Kate Stoney (Non-Executive)

## Company Secretary

Kate Stoney

## Registered Office

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

## Solicitors

Mills Oakley
Level 24, 240 St George's Terrace
Perth WA 6000
Telephone: 61 8 6167 9800
Facsimile: 61 8 6167 9898

## Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

## Share Register

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

## Auditors

Rothsay Audit & Assurance Pty Ltd
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

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# DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Horseshoe Metals Limited and controlled entity (**the Group**) for the year ended 31 December 2022.

The names of the Directors in office at any time during, or since the end of the year are:

| NAME | POSITION | APPOINTED/RETIRED |
|---|---|---|
| Mr Alan Still | Non-executive Director | Appointed 23 June 2014 |
| Mr Craig Hall | Non-executive Director | Appointed 30 April 2019 |
| Ms Kate Stoney | Non-executive Director | Appointed 16 February 2021 |

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

## INFORMATION ON DIRECTORS

The names, qualifications and experience of the current Directors are:

**Mr Alan Still**

*(appointed 23 June 2014)*

Mr Still is a metallurgist with over 40 years' experience in a variety of commodities.

**Craig Hall**

*(appointed 30 April 2019)*

Mr Hall is an experienced geologist with over 30 years of mineral industry experience in exploration, development and production roles in a range of commodities, principally precious and base metals. He has held a variety of senior positions with mid-tier and junior sector resource companies within Australia and overseas.

Mr Hall is currently a non-executive director of the following ASX-listed companies:

- Auris Minerals Limited

In the previous three years Mr Hall was also a director of the following ASX-listed companies:

- Scorpion Minerals Limited – resigned 7 June 2022

**Kate Stoney**

*(appointed 16 February 2021)*

Ms Stoney is Horseshoe's General Manager – Finance and Company Secretary having been appointed in December 2019. Ms Stoney is a CPA qualified accountant with over 15 years' experience working with public companies in administration, finance and company secretarial positions.

Ms Stoney is currently a non-executive director of the following ASX-listed companies:

- Scorpion Minerals Limited

## COMPANY SECRETARY

Ms Kate Stoney

## CURRENT DIRECTORS' INTERESTS

At the date of this report, the interests of each current Director in the securities of Horseshoe Metals Limited were:

| Director | Fully Paid Shares | Unlisted Options | Performance Rights |
|---|---|---|---|
| Alan Still | 1,500,000 | 6,000,000 | - |
| Craig Hall | 1,500,000 | 6,000,000 | - |
| Kate Stoney | 1,750,000 | 6,000,000 | - |

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2022 and the number of meetings attended by each Director were:

| Director | Number eligible to attend in 2022 | Number attended in 2022 |
|---|---|---|
| Alan Still | 0 | 0 |
| Craig Hall | 0 | 0 |
| Kate Stoney | 0 | 0 |

The directors note that they met regularly and informally during the year to discuss Company matters.

## DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, declared or recommended by the Directors during the year.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Group has agreed to indemnify all the Directors of the Group for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as Directors of the Group and its controlled entity, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Group paid a premium in respect of a contract insuring the Directors and Officers of the Group against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 31 December 2022:

| | 2022 $ | 2021 $ |
|---|---|---|
| Taxation compliance services by Rothsay Audit & Assurance Pty Ltd and their related parties | 4,500 | - |

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2022 has been received and can be found on page 19 of the financial report.

## PRINCIPAL ACTIVITIES

Details of the operations of the Group are set out in the Review of Operations. There were no significant changes in the nature of the Group's principal activities during the year.

## REVIEW OF OPERATIONS

### Exploration and Evaluation

***Horseshoe Lights Copper-Gold Project, WA (HOR: 100%)***

The Horseshoe Lights Copper-Gold Project comprises a package of tenements in the Bryah Basin of Western Australia approximately 800km north-northeast of Perth and 140km north of Meekatharra (refer Figure 1). The project includes the historic open pit of the Horseshoe Lights copper-gold mine, the original Cu/Au VMS discovery in the Bryah Basin. Horseshoe Lights operated until 1994, producing over 300,000 ounces of gold and 54,000 tonnes of contained copper, including over 110,000 tonnes of direct shipping ore (DSO) which graded between 20-30% copper.

Horseshoe Lights contains a current in situ resource of 129,000 tonnes of copper metal at a cut-off grade of 0.5% (refer Figure 2 and Table 1 below). During the year the Company continued its work to redefine the potential scale and grade of the Horseshoe Lights mineralised system, with activities completed providing additional clarity around the broader mineralisation structure and demonstrating significant potential for resource extensions.

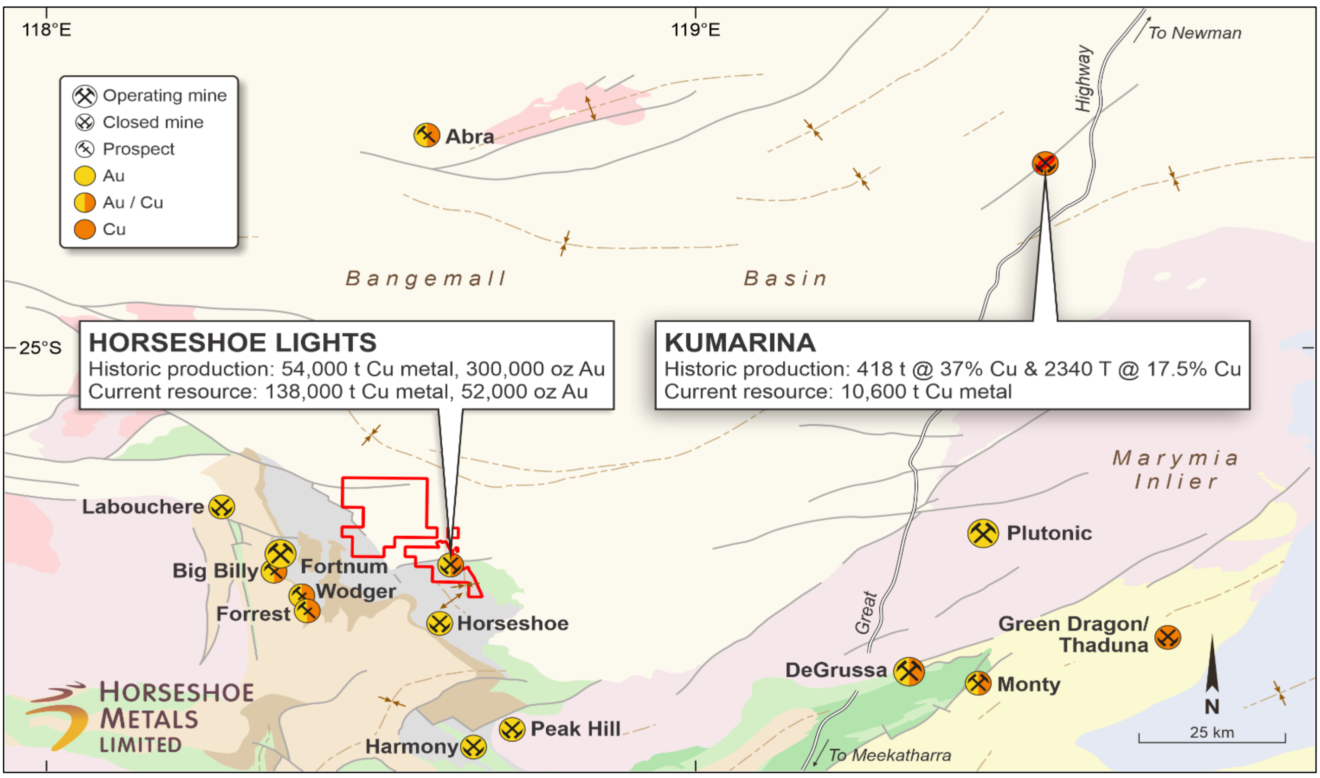



*Figure 1: Location of Horseshoe Lights and Kumarina Projects, Western Australia, with regional geology*

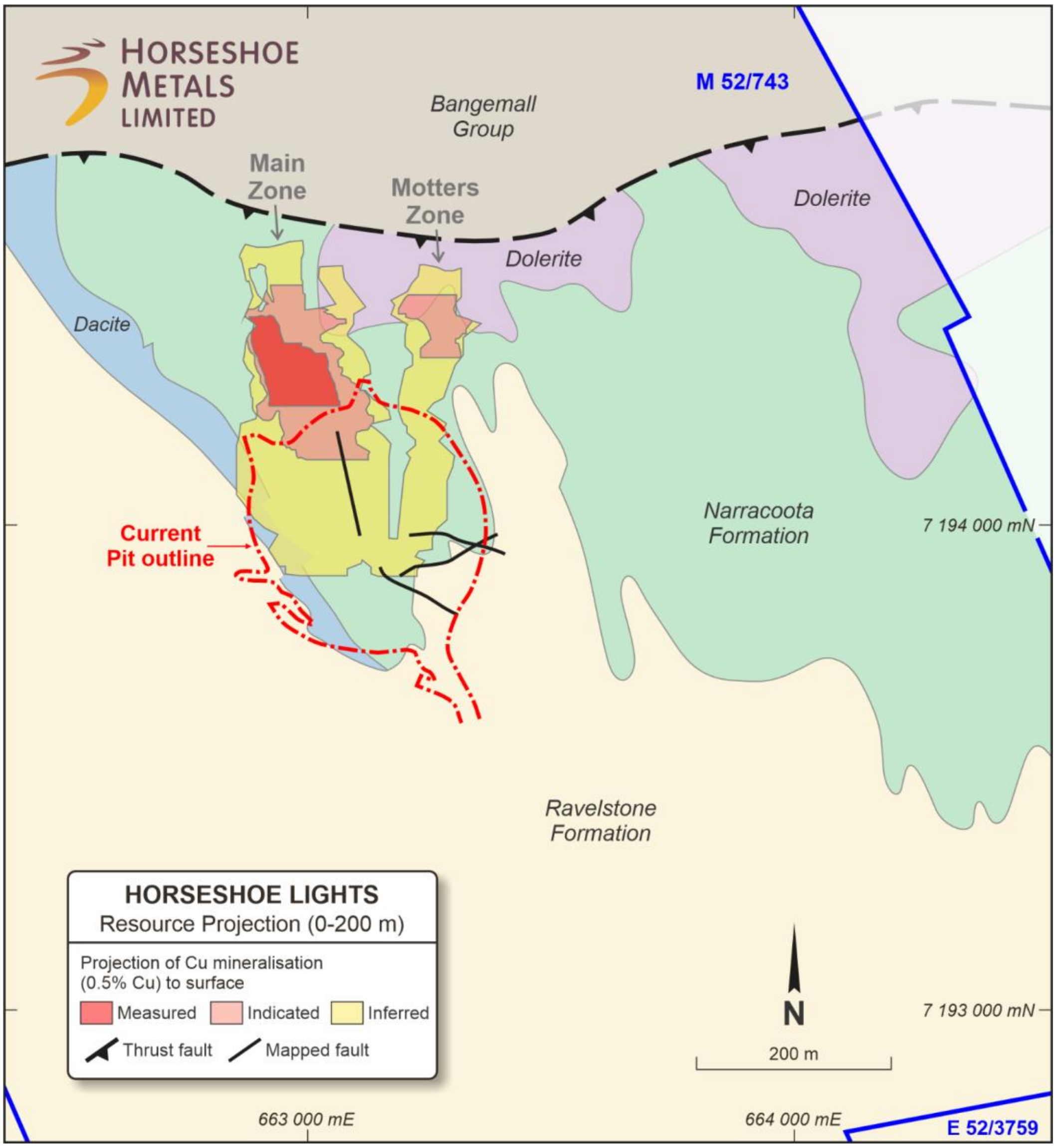



***Figure 2: Surface interpreted geology plan of Horseshoe Lights showing resource confidence classifications***

**TABLE 1**
**HORSESHOE LIGHTS PROJECT**
**SUMMARY OF MINERAL RESOURCES**
**AS AT 31 December 2022**

| Location | Category | Tonnes (Mt) | Cu (%) | Au (g/t) | Ag (g/t) | Cu metal (tonnes) | Au metal (oz) | Ag metal (k oz) |
|---|---|---|---|---|---|---|---|---|
| **In-situ Deposit** (0.5% Cu cut-off grade) | *Measured* | *1.73* | *1.04* | *0.0* | *0.5* | *18,000* | *1,900* | *28.8* |
| | *Indicated* | *2.43* | *0.95* | *0.0* | *0.7* | *23,200* | *3,400* | *52.2* |
| | *Inferred* | *8.69* | *1.01* | *0.1* | *2.6* | *87,400* | *30,700* | *712.4* |
| | **Total** | **12.85** | **1.00** | **0.1** | **1.9** | **128,600** | **36,000** | **793.4** |
| **Flotation Tailings** | **Inferred** | **1.421** | **0.48** | **0.34** | **6.5** | **6,800** | **15,300** | **294.8** |
| **M15 Stockpiles** | **Inferred** | **0.243** | **1.10** | **0.17** | **4.7** | **2,650** | **1,300** | **36.7** |
| Note: At 0% Cu cut-off grade unless otherwise stated | | | | | **TOTAL** | **138,050** | **52,600** | **1,124.9** |

The above Mineral Resource Estimates all meet the reporting requirements of the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

**Fieldwork – in situ resource**

In May 2022, the Company undertook a Phase 2 reverse circulation (RC) drilling programme at Horseshoe Lights, with 21 holes completed for 2,966m at the Motters Zone and a single 206m hole in the north-west extension to the Main Zone. The programme targeted the northern portion of the Motters strike to a depth of up to 200m below surface, with the object of confirming and extending mineralisation and improving the confidence level for resource classification in future resource modelling. The single hole completed in the north-west extension of the Main Zone was designed to a test a gap in the existing information on the north-west extension and confirm continuity of mineralisation immediately north of the existing open pit.

Assays received in August 2022 confirmed wide zones of mineralisation including the below significant results:

- 72m @ 1.11% Cu from 32m, incl. 29m @ 1.65% Cu from 32m and 12m @ 1.52% Cu from 182m (Main Zone)
- 16m @ 1.10% Cu from 50m (Motters Zone)
- 37m @ 0.68% Cu from 54m incl. 12m @ 1.02% Cu from 75m (Motters Zone)

In December 2022, the Company undertook a follow-up RC programme at Horseshoe Lights, with 5 holes completed for 1,148m at Motters and 4 holes completed for 730m at the Main Zone. The programme was designed to test mineralisation at Motters south along strike from the late cross cutting dolerite dyke and above the dolerite down plunge to the south, and to test the northern strike extension of the Main Zone including an interpreted northern plunge to the mineralisation.

Assays received after year-end confirmed the below significant results:

- 55m @ 0.88% Cu from 22m, incl. 14m @ 1.30% Cu from 22m, 21m @ 1.15% Cu from 44m and 3m @ 4.33% Cu from 56m (Main Zone)
- 10m @ 1.62% Cu from 252m, incl 2m @ 5.19% Cu from 252m (Motters Zone)
- 19m @ 1.49% Cu from 269m, incl. 11m @ 2.37% Cu from 275m (Motters Zone)

These results highlight significant mineralisation outside the existing in situ resource and clear expansion potential at depth, with the Main Zone remaining open down plunge to the north and at depth below 400m (refer Figure 3), and the Motters sulphide zone remaining open down dip and plunge below 200m (refer Figure 4).

Planning is underway to create drilling access on the north-west waste dump for follow-up testing of the northern strike and down extension of the Main Zone mineralisation. Further drill testing of the Motters southern extension down plunge is also planned.

*For additional information on the Horseshoe Lights Project please refer to the below ASX releases:*

| | |
|---|---|
| *12/09/2018* | *"Exploration Update- Horseshoe Lights Project"* |
| *06/08/2021* | *"Horseshoe Lights Exploration Activities Update"* |
| *10/09/2021* | *"Horseshoe Lights Phase 1 Auger Programme Completed"* |
| *13/09/2021* | *"Horseshoe Lights Phase 1 RC Drilling Programme Completed"* |
| *29/10/2021* | *"Horseshoe Lights RC Drilling Results"* |
| *26/11/2021* | *"Horseshoe Lights Phase 1 Stockpile Results Received"* |
| *21/02/2022* | *"Horseshoe Metals Successful Relisting"* |
| *03/03/2022* | *"Horseshoe Lights Activities Update"* |
| *11/03/2022* | *"Horseshoe Lights Copper-Gold Resource Grade-Tonnage Review"* |
| *21/04/2022* | *"RC Drilling Underway at Horseshoe Lights Project"* |
| *19/05/2022* | *"RC Drilling Campaign Complete at HSL Project"* |
| *11/08/2022* | *"Significant Drilling Results in Copper-Gold Surface Material at Horseshoe Lights"* |
| *31/08/2022* | *"Outstanding Copper Results at Horseshoe Lights"* |
| *11/10/2022* | *"Review Confirms Broad Zones of Copper Mineralisation"* |
| *27/10/2022* | *"Broad Zones of Copper up to 8.3%"* |
| *17/11/2022* | *"RC Drilling Commences at Main Zone, Motters and North Dump"* |

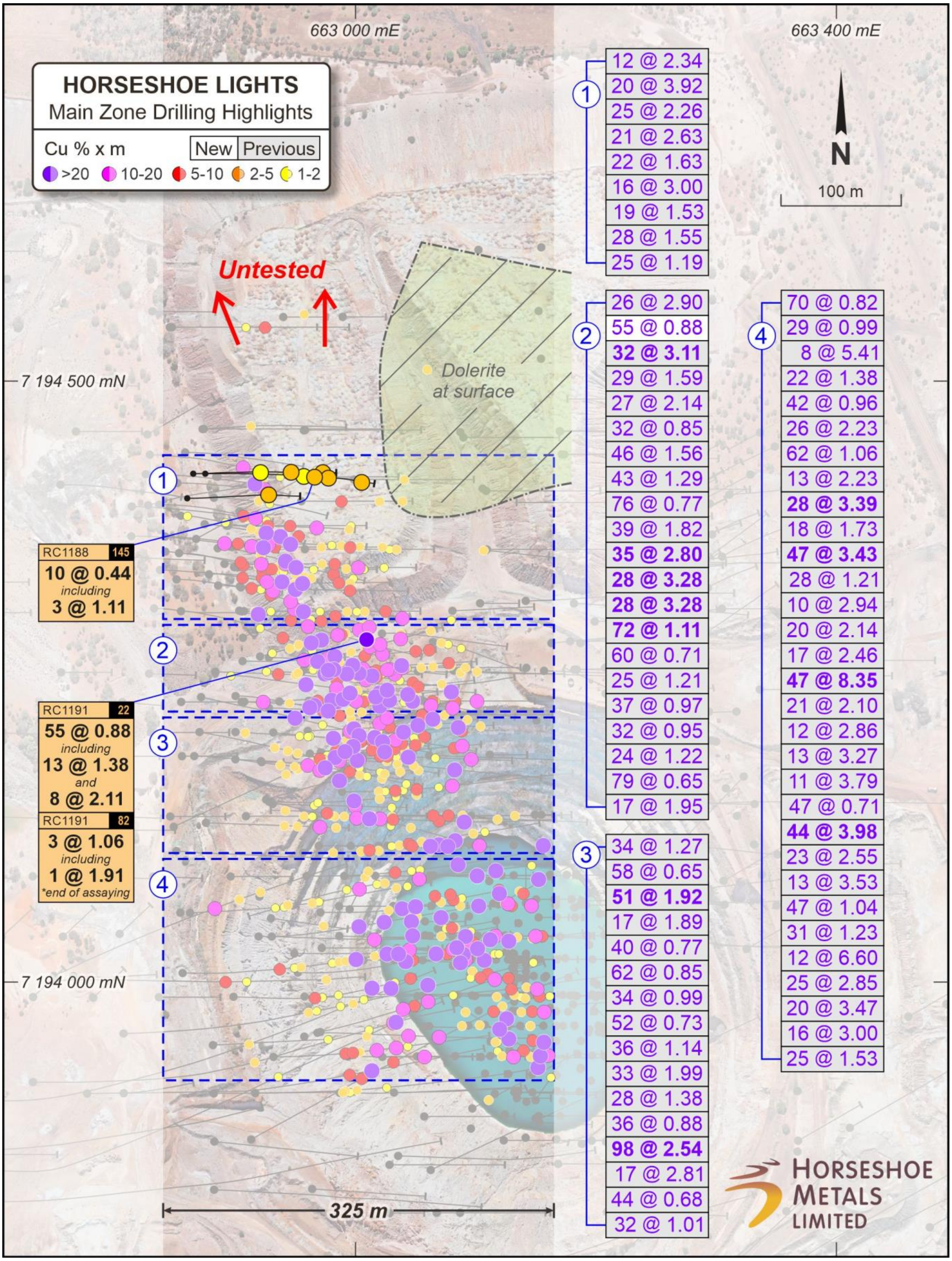



*Figure 3: Main Zone with drilling highlights from December 2022 RC programme*

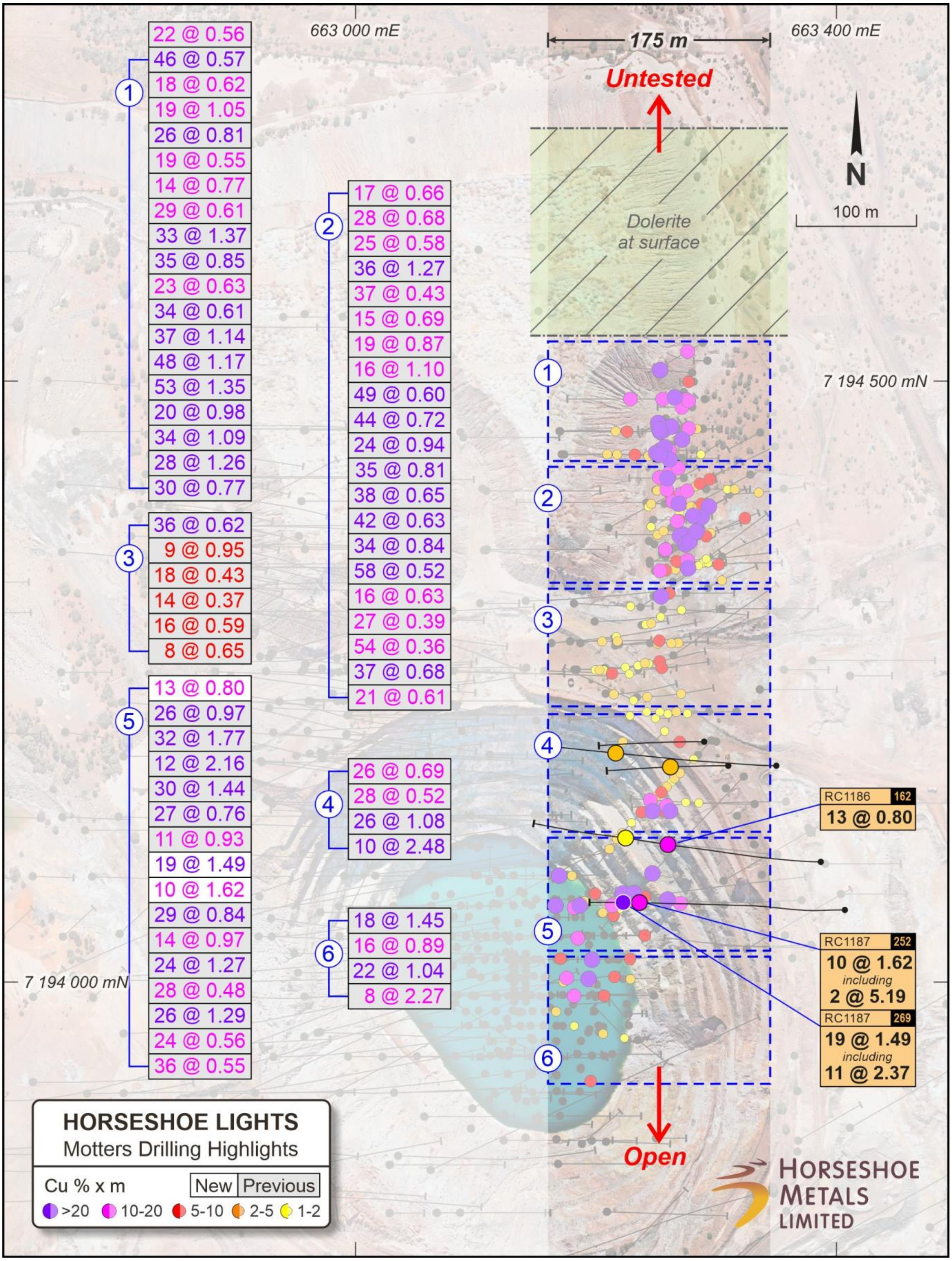



*Figure 4: Motters Zone with drilling highlights from December 2022 RC programme*

**Fieldwork – surface materials**

During the year, the Company continued its evaluation of the significant copper-gold surface materials at Horseshoe Lights, including tailings, stockpiles and dumps (refer Figure 5). A technical review completed in March 2022 highlighted the potential for the commercialisation of the surface materials in light of favourable copper and gold pricing inputs.

The Company's May 2022 drilling programme at Horseshoe Lights included further infill testing of the north-west and south-west dumps, the C20 stockpile, and the low-grade oxide and subgrade Cu stockpiles, with a total of 70 holes completed for 778m. The programme was designed as an initial follow to historic reconnaissance drilling with the objective of confirming the nature of mineralisation within the surface materials.

Assays results received in August 2022 confirmed the presence of significant oxide gold and copper mineralisation at the C20 and subgrade stockpiles, with the Company considering the below Exploration Targets to be appropriate given grade assessments of recoverable volumes within the stockpiles and preliminary investigations of the stockpile volumes and anticipated density.

- **C20 stockpile**: 41,000 to 50,000 tonnes grading between 0.85 to 0.94g/t Au and 0.28% Cu, containing metal of 1,100 to 1,500 oz Au
- **Subgrade stockpile**: 27,000 to 34,000 tonnes grading between 0.4% to 0.8% Cu, containing metal of 110 to 270 tonnes Cu

The Company's December 2022 drilling programme included 2 holes for 94m at the North Dump, with assays results received post after year-end confirming significant oxide copper-gold mineralised material exists in the upper 10 to 12 metres.

Follow-up RC and/or auger infill drilling of the surface materials is planned, in addition to metallurgical test work on the oxide copper stockpiles and targets and gravity recovery test work on copper flotation and CIP tailings.

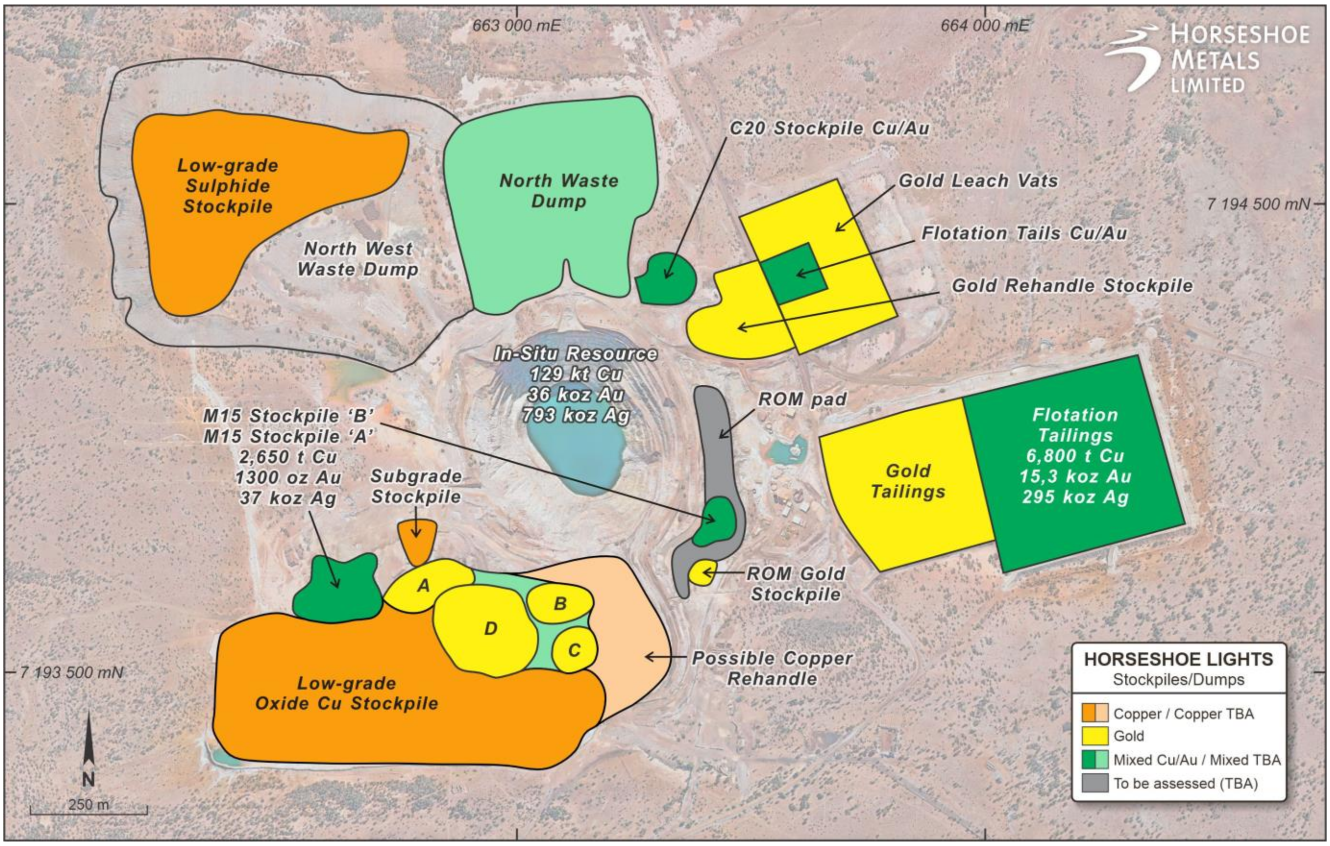



***Figure 5: Locations of surface stockpiles and dumps at Horseshoe Lights***

***Horseshoe West Copper Project, WA (HOR: 100%)***

The Horseshoe West tenements comprise an area of 32.4km$^2$ located approximately 1.5km west of the existing Horseshoe Lights copper deposit and are considered prospective for Horseshoe Lights style Volcanogenic Massive Sulphide (VMS) copper-gold and shear-zone hosted gold mineralisation. Subsequent to the end of the period, the Company expanded its ground position in the region with successful applications for tenements E52/4229 and E52/4230, which abut the existing Horseshoe West tenements.

During the year, the Company regained 100% control over the Horseshoe West tenements, which were previously subject to a Farm-in and Joint Venture Agreement between the Company's wholly owned subsidiary Murchison Copper Mines Pty Ltd and Kopore (WA) Pty Ltd, a wholly owned subsidiary of ENRG Elements Ltd (ASX:EEL) (**ENRG**). The agreement was terminated with effect from 30 November 2022.

The Company has received the exploration data accumulated by ENRG, including the results of a Dipole-Dipole Induced Polarisation (DDIP) completed in August 2022 (refer EEL announcement 16 August 2022), an auger geochemical survey programme completed in November 2021 (refer EEL announcement 15 November 2021), and an airborne drone magnetic survey completed in July 2021 (refer EEL announcement 29 July 2021).

The Horseshoe West tenements remain largely underexplored and a review of the data obtained by ENRG has commenced to identify future copper and gold targets.

*For additional information on the Horseshoe West Project please refer to the below ASX releases:*

*28/01/2021 "Horseshoe West Copper/Gold Farm-in and Joint Venture Agreement" (ASX:HOR)*
*02/03/2021 "Geophysical Review Identifies New Targets at Horseshoe West" (ASX:EEL)*
*29/07/2021 "Horseshoe West Project Update" (ASX:EEL)*
*15/11/2021 "Horseshoe West Soil Anomalies Identified" (ASX:EEL)*
*17/11/2021 "Licenses Within Kopore Earn-in and JV Agreement Area Renewed" (ASX:EEL)*
*07/02/2022 "Kopore Meets Expenditure Milestone for Horseshoe West" (ASX:EEL)*
*16/08/2022 "Horseshoe West Project Update" (ASX:EEL)*
*02/11/2022 "Horseshoe West Farm-in and Joint Venture Update" (ASX:HOR)*

***Kumarina Copper Project, WA (HOR: 100%)***

The Kumarina Project is located 95km north of Sandfire Resources NL's DeGrussa copper-gold mine in the Gascoyne region of Western Australia (refer Figure 1 above). It consists of a small mining lease (M52/27) and a mining lease application (MLA52/1078) covering approximately 3.2km$^2$. The mining lease application covers the Rinaldi resource (refer Table 2 below), contiguous with M52/27. The Company continues to progress a Project Agreement as part of the application process with the Native Title Party and its lawyers.

**TABLE 2**
**KUMARINA PROJECT**
**SUMMARY OF MINERAL RESOURCES**
**AS AT 31 December 2022**

| Location | Category | Tonnes (t) | Cu (%) | Cu metal (tonnes) |
|---|---|---|---|---|
| **Rinaldi Prospect** (0.5% Cu cut-off) | *Measured* | *415,000* | *1.46* | *6,100* |
| | *Indicated* | *307,000* | *1.16* | *3,500* |
| | *Inferred* | *114,000* | *0.9* | *1,000* |
| | **Total** | **835,000** | **1.3** | **10,600** |

The Mineral Resource Estimate meets the reporting requirements of the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve.

***Glenloth Gold Project, SA (HOR: 100%)***

The Glenloth Project is located in the Central Gawler Craton of South Australia. The project consists of a single exploration licence, EL 6301, which comprises two areas totalling 107km$^2$ (refer Figure 6). The larger eastern block 'Glenloth' covers 81km$^2$ and includes the Glenloth Goldfield and part of the Harris Greenstone Belt. The smaller western block 'Old Well' takes in the northern trend of the 1.0Moz Tunkillia gold deposit located 6km to the south, under development by Barton Gold Holdings Ltd (ASX:BGD).The Company also holds the rights to explore and develop ML 5848, ML 5849, ML 5885 and MPL 62 within the eastern block of EL 6301.

During the year, the Company undertook its maiden RC drilling programme at Glenloth, completing 19 holes for 1,500m in August 2022. The programme targeted historic workings at key prospects not previously tested by drilling, including Darleys, Blue Peter, Pork, Pioneer Extension, Royal Tiger/Searchlight, Golden Stairs, Ivanhoe and Specimen Flat.

**Project background**

The Glenloth Goldfield was identified by discovery of alluvial gold in 1893 and established in 1901 when auriferous reefs were identified. Between 1901 and 1955, approximately 9800 oz (315 kg) of gold was produced from 14,620t of ore, at an average grade of 21.6g/t. The Fabian 3, Royal Tiger (both excised from tenure) and the Glen Markie and Jay-Jay mines were considered the largest historical producers. Since 1955, gold production has been small and sporadic.

At Glenloth gold occurrences typically consist of relatively thin (ca. 1m width), high-grade mineralised quartz veins, hosted by sheared and fractured Archaean to Paleoproterozoic Glenloth Granite, and contacts with dolerite dykes. A shallow Hiltaba Suite batholith has been proposed as the source of mineralisation. Six kilometres south of Old Well, the Tunkillia deposits (Areas 223, 191, 51) are characterised by a large hydrothermal system associated with the Yarlbrinda Shear Zone, which passes into the Old Well tenure.

*For additional information on the Glenloth Project please refer to the below ASX releases:*

*8/7/2020* *"Glenloth Gold Project Acquisition Update"*
*21/01/2021* *"Operations/Activities Update"*
*16//08/2022* *"Glenloth Goldfield RC Drilling Commences"*

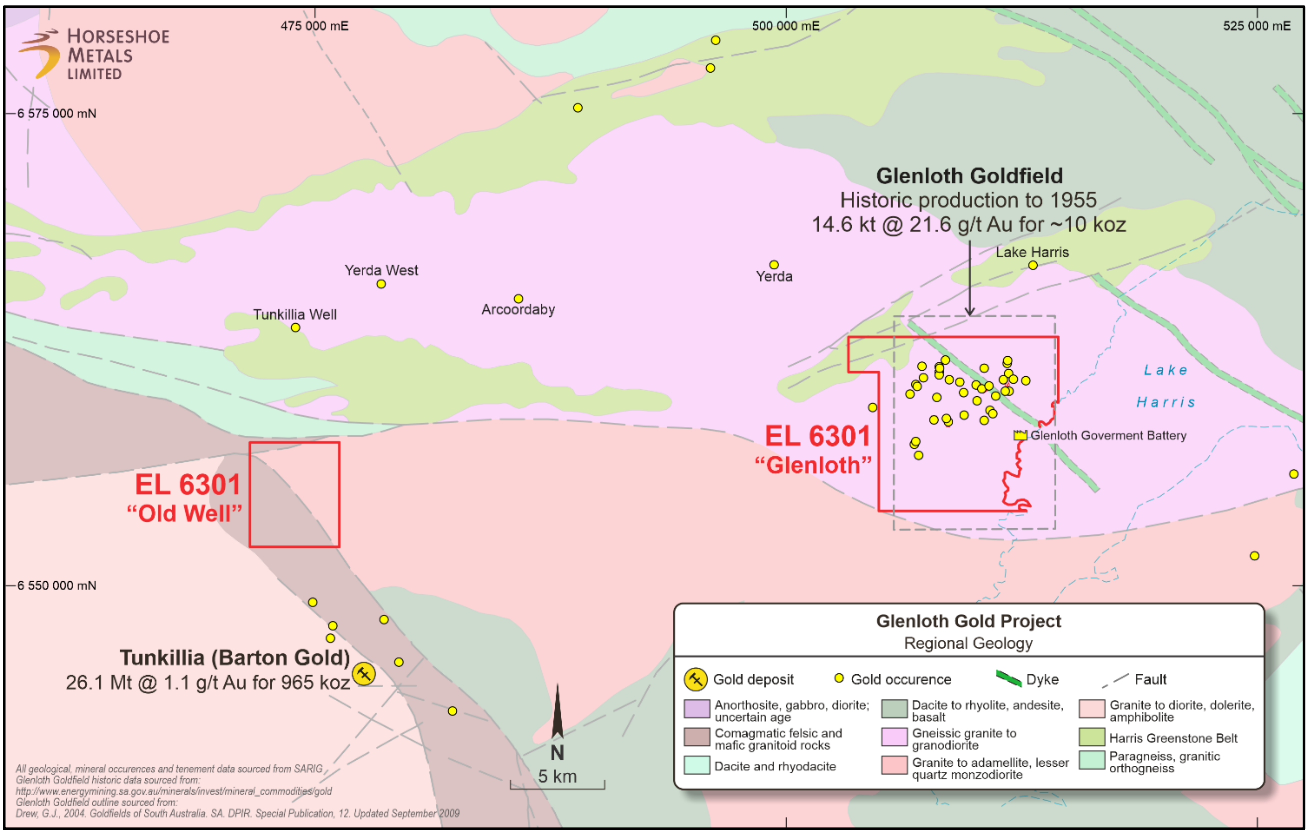



***Figure 6: Glenloth Gold Project regional geology, including known gold occurrences and significant resources***

***Forward Looking Statements***

Horseshoe Metals Limited has prepared this report based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Horseshoe Metals Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward-looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

***Competent Persons Statement***

The information in this report that relates to the Exploration Results, Mineral Resources and Exploration Targets at the Horseshoe Lights and Kumarina Projects is based on information reviewed by Mr Craig Hall, who is a member of the Australian Institute of Geoscientists. Mr Hall is a director of and contractor to Horseshoe Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the data in the form and context in which it appears.

The information in this report that relates to the Horseshoe Lights Project In-situ Mineral Resources is based on information originally compiled by Mr Dmitry Pertel, an employee of CSA Global Pty Ltd, and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "40% increase in Copper Resource at Horseshoe Lights Copper/Gold Project", released to the ASX on 5 June 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company's ASX release "Quarterly Report Period Ended 30 June 2013", released on 31 July 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

The information in this report that relates to the Horseshoe Lights Project surface stockpile Mineral Resources is based on information compiled by a previous employee of Horseshoe Metals Limited and reviewed by Mr Hall. The information was previously issued in announcements released to the ASX on 26 February 2015 and 9 March 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

The information in this report that relates to the Kumarina Project (Rinaldi Prospect) Mineral Resources is based on information compiled by or under the supervision of Mr Robert Spiers, an independent consultant to Horseshoe Metals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. The information was originally issued in the Company's ASX announcement "Horseshoe releases Maiden Mineral Resource Estimate for Kumarina", released to the ASX on 4 March 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company's ASX release "Quarterly Report Period Ended 30 June 2013", released on 31 July 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

## RESULTS OF OPERATIONS

The consolidated loss of the Group after providing for income tax amounted to $2,366,649 (31 December 2021: loss $2,309,460).

The net assets of the Group have increased from a net asset deficiency of $1,836,287 at 31 December 2021 to a net asset deficiency of $1,533,736 at 31 December 2022. This increase is largely due to the capital raisings undertaken during the year.

## CORPORATE

On 18 February 2022, the Company's shares were reinstated to quotation by ASX, following confirmation that the Company had met the conditions precedent for reinstatement set out by ASX. These conditions included the successful closure of its non-renounceable entitlement offer under the prospectus dated 15 December 2021, under which eligible shareholders were offered one fully paid ordinary share for every four shares held, at an issue price of $0.02 per share. The Company issued 47,479,831 shares on 2 February 2022 to eligible shareholders who accepted their entitlements and an additional 61,618,745 shares on 9 February 2022 to successful applicants for the shortfall offer to the rights issue, raising a total of $2,181,971 before costs.

The Annual General Meeting of the Company was held on 26 May 2022, with all resolutions passed by shareholders.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group is focused on the exploration and development of its mineral assets and as such, needs to issue equity to raise exploration funds. No significant changes in the Group's state of affairs occurred during the year.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 14 February 2023, the Company issued 80,000,000 fully paid ordinary shares to new and existing investors at an issue price of 2.5 cents per share to raise $2 million before costs.

The Company is not aware of any other matter or circumstance that has arisen since the end of the reporting period 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.

## LIKELY DEVELOPMENTS

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial periods, as the Directors believe that it would be speculative and prejudicial to the interests of the Group to include any such information in this report.

## ENVIRONMENTAL ISSUES

The Group's operations are subject to various environmental laws and regulations under government legislation. The exploration tenements held by the Group are subject to these regulations and there have been no breaches of the Group's environmental obligations in this regard.

At the Horseshoe Lights Project, there are several unrehabilitated legacy areas including dumps, stockpiles and tailings storage facilities associated with previous mining operations. A review of the cost to rehabilitate these areas has been completed during the reporting period and the financial statements of the Group adjusted where required. A remediation programme to address possible standing water in the immediate mine environs after heavy rainfall is planned in the current year.

# REMUNERATION REPORT (AUDITED)

Directors and Key Management Personnel are disclosed in this report (see page 1 for details about each Director). During the financial year there were no Key Management Personnel other than the Directors.

| Name | Position |
|---|---|
| Alan Still | Non-Executive Director |
| Craig Hall | Non-Executive Director |
| Kate Stoney | Non-Executive Director and Company Secretary |

The information provided in this Remuneration Report has been audited as required under Section 308 (3C) of the Corporations Act 2001.

### Assessing performance and claw-back of remuneration

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team. There were no remuneration consultants engaged by the Group during the financial year. The Board's policy for determining the nature and amount of remuneration for Board members and senior Executives of the Group (if any) is as follows:

### Remuneration Policies for Non-Executive Directors

The Board will adopt remuneration policies for Non-Executive Directors (including fees, travel and other benefits). In adopting such policies, the Board will take into account the following guidelines:

- Non-Executive Directors should be remunerated by way of fees – in the form of cash, non-cash benefits or superannuation contributions;
- Non-Executive Directors should not participate in schemes designed for remuneration of executives;
- Non-Executive Directors should not receive bonus payments;
- Non-Executive Directors should not be provided with retirement benefits other than statutory superannuation.

The maximum aggregate annual remuneration is approved by shareholders.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is currently $200,000 which was approved at a General Meeting held on 22 January 2008. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in employee option plans.

### Remuneration Policies for Executive Directors and Executive Management

The Board will adopt remuneration policies for Executive Directors and Executive Management, including:

- Fixed annual remuneration (including superannuation) and short term and long-term incentive awards (including performance targets);
- Any termination payments (which are to be agreed in advance and include provisions in case of early termination); and
- Offers of equity under Board approved employee equity plans. Any issue of Company shares or options (if any) made to Executive Directors are to be placed before shareholders for approval.

The Board's objectives are that the remuneration policies:

- Motivate Executive Directors and Executive Management to pursue the long-term growth and success of the Company;
- Demonstrate a clear relationship between performance and remuneration; and
- Involve an appropriate balance between fixed and incentive remuneration, to reflect the short and long-term performance objectives appropriate to the Company's circumstances and goals.

### Performance based remuneration

There was no performance-based remuneration paid to Directors during the financial year. Based upon the present stage of development of the Company, performance-based remuneration is not considered appropriate.

### Group performance, shareholder wealth and Directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors and Executives' performance. Currently, this is facilitated through the issue of options to Executives to encourage the alignment of personal and shareholder interests. No market-based performance remuneration has been paid in the current year.

## Details of remuneration

The amount of remuneration of the Directors (as defined in *AASB 124 Related Party Disclosures*) is set out below. During the financial year there were no Key Management Personnel other than the Directors.

| | Short-Term Salary & Fees | Superannuation | Share-based Payments Shares | Share-based Payments Options | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Directors** | | | | | |
| Alan Still | | | | | |
| 2022 | 36,000 | - | - | 53,811 | 89,811 |
| 2021 | 29,500 | - | 12,000 | 5,507 | 47,007 |
| Craig Hall | | | | | |
| 2022 | 34,290 | 1,710 | - | 53,811 | 89,811 |
| 2021 | 29,500 | - | 12,000 | 5,507 | 47,007 |
| Kate Stoney | | | | | |
| 2022 | 54,000 | - | - | 53,811 | 107,811 |
| 2021 | 44,250 | - | 12,000 | 5,507 | 61,757 |
| **Total Key Management Personnel compensation** | | | | | |
| **2022** | **124,290** | **1,710** | **-** | **161,433** | **287,433** |
| **2021** | **108,500** | **-** | **36,000** | **16,521** | **161,021** |

As at 31 December 2022 the following remuneration payable to the Directors remained unpaid:

- Alan Still $96,000
- Craig Hall $22,000
- Kate Stoney $4,500

There are no cash bonuses or non-monetary benefits relating to any of the Directors and Key Management Personnel during the year other than the share-based payments detailed above.

## Shareholdings of Key Management Personnel

| 31 December 2022 | Balance at beginning of year | Granted as remuneration | Entitlements taken up [1] | On exercising of options | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Mr Alan Still | 1,000,000 | - | - | 500,000 | 1,500,000 |
| Mr Craig Hall | 1,000,000 | - | - | 500,000 | 1,500,000 |
| Ms Kate Stoney | 1,000,000 | - | 250,000 | 500,000 | 1,750,000 |
| | 3,000,000 | - | 250,000 | 1,500,000 | 4,750,000 |

[1] Entitlements taken up under the Company's 1-for-4 entitlement offer under the prospectus dated 15 December 2021.

### Option holdings of Key Management Personnel

| 31 December 2022 | Balance at beginning of year | Granted as remuneration | Granted as remuneration – not yet vested | On exercising of options | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Mr Alan Still | 3,000,000 | 500,000 | 3,000,000 | (500,000) | 6,000,000 |
| Mr Craig Hall | 3,000,000 | 500,000 | 3,000,000 | (500,000) | 6,000,000 |
| Ms Kate Stoney | 3,000,000 | 500,000 | 3,000,000 | (500,000) | 6,000,000 |
| | 9,000,000 | 1,500,000 | 9,000,000 | (1,500,000) | 18,000,000 |

### Service agreements

As at the date of this report there are no executives or Key Management Personnel, other than the Directors, engaged by the Company. Formal appointment letters are in place with Non-Executive Directors, each of which are entitled to a fee of $36,000 per annum effective from 1 January 2022 ($30,000 per annum previous year). There are no termination payments payable.

The Board has determined that should a Non-Executive Director incur or be asked to incur excessive time in assisting the Company on specific matters, the Non-Executive Director is entitled to charge the Company for this additional time. The Board has also agreed that payments to Non-Executive Directors for the provision of such services shall be on reasonable commercial terms.

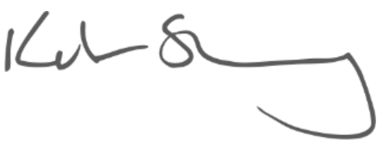
### Share-based compensation

**Options granted to Directors and Officers of the Company**
At the Company's Annual General Meeting held on 26 May 2022, shareholders approved the issue of the below incentive options to each Director:

- 500,000 options with a strike price of $0.00 expiring 26 May 2024;
- 1,500,000 options with a strike price of $0.00 expiring 26 May 2025, exercisable from 26 May 2023 subject to the condition that the recipient remain in office as a Director of the Company at that date; and
- 1,500,000 options with a strike price of $0.00 expiring 26 May 2026, exercisable from 26 May 2024 subject to the condition that the recipient remain in office as a Director of the Company at that date.

This is the end of the audited remuneration report.

Signed in accordance with a resolution of the Board of Directors:



Kate Stoney
Non-executive Director
31 March 2023

ROTHSAY
AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION
## UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Horseshoe Metals Limited,

As lead auditor of the audit of Horseshoe Metals Limited and its controlled entity for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Horseshoe Metals Limited and the entity it controlled during the year.

**Rothsay Audit & Assurance Pty Ltd**

**Daniel Dalla**
**Director**

31 March 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022 $ | 2021 $ |
|---|---|---|---|
| Rental income | | 20,800 | 32,590 |
| Other income | | 691 | 60,715 |
| | | **21,491** | **93,305** |
| Administrative expenses | | (397,858) | (428,961) |
| Consulting expenses | | (169,282) | (151,494) |
| Depreciation expense | | (33,798) | (3,967) |
| Directors' remuneration | 19 | (287,433) | (161,021) |
| Share-based payments – employees and contractors | | (366,788) | - |
| Impairment of investments | | (243,000) | - |
| Interest expense | | (74,446) | (175,459) |
| Project exploration and evaluation expenses | | (815,535) | (1,481,863) |
| **Loss before income taxes** | | **(2,366,649)** | **(2,309,460)** |
| Income tax expense | 4 | - | - |
| Other comprehensive income, net of tax | | - | - |
| **Total comprehensive income** | | **(2,366,649)** | **(2,309,460)** |
| **Total comprehensive income attributable to members of the parent entity** | | **(2,366,649)** | **(2,309,460)** |

| | NOTE | 2022 | 2021 |
|---|---|---|---|
| **Loss per share** | | | |
| Basic and diluted loss per share (cents) | 15 | (0.44) | (0.87) |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

| | NOTE | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 6,778 | 1,373,995 |
| Trade and other receivables | 6 | 129,587 | 127,987 |
| Other current assets | 7 | 110,408 | 322 |
| **TOTAL CURRENT ASSETS** | | **246,773** | **1,502,304** |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 8 | 57,877 | 13,998 |
| Exploration and evaluation expenditure | 9 | 7,950,975 | 6,708,801 |
| Investments | | - | 243,000 |
| **TOTAL NON-CURRENT ASSETS** | | **8,008,852** | **6,965,799** |
| **TOTAL ASSETS** | | **8,255,625** | **8,468,103** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | 1,120,687 | 2,167,973 |
| Borrowings | 11 | 724,780 | 26,953 |
| **TOTAL CURRENT LIABILITIES** | | **1,845,467** | **2,194,926** |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | 1,261,676 | 684,784 |
| Borrowings | 11 | 869,328 | 1,611,790 |
| Provisions | 12 | 5,812,890 | 5,812,890 |
| **TOTAL NON-CURRENT LIABILITIES** | | **7,943,894** | **8,109,464** |
| **TOTAL LIABILITIES** | | **9,789,361** | **10,304,390** |
| **NET ASSETS** | | **(1,533,736)** | **(1,836,287)** |
| | | | |
| **EQUITY** | | | |
| Issued Capital | 13 | 23,685,172 | 21,374,429 |
| Reserves | 14 | 415,148 | 56,691 |
| Accumulated losses | | (25,634,056) | (23,267,407) |
| **TOTAL EQUITY** | | **(1,533,736)** | **(1,836,287)** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

**2022**

| | NOTE | ISSUED CAPITAL $ | ACCUMULATED LOSSES $ | SHARE BASED PAYMENT RESERVE $ | TOTAL EQUITY $ |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | | 21,374,429 | (23,267,407) | 56,691 | (1,836,287) |
| **Comprehensive loss for the year** | | | | | |
| Losses attributable to members of the parent entity | | - | (2,366,649) | - | (2,366,649) |
| **Transactions with owners in their capacity as owners** | | | | | |
| Shares issued during the year | 13 | 2,181,971 | - | - | 2,181,971 |
| Options issued during the year | 14 | - | - | 590,057 | 590,057 |
| Options exercised during the year | 14 | 231,600 | - | (231,600) | - |
| Capital raising costs | 13 | (102,828) | - | - | (102,828) |
| **Balance at 31 December 2022** | | **23,685,172** | **(25,634,056)** | **415,148** | **(1,533,736)** |

**2021**

| | NOTE | ISSUED CAPITAL $ | ACCUMULATED LOSSES $ | SHARE BASED PAYMENT RESERVE $ | TOTAL EQUITY $ |
|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | 18,152,393 | (20,957,947) | - | (2,805,554) |
| **Comprehensive loss for the year** | | | | | |
| Losses attributable to members of the parent entity | | - | (2,309,460) | - | (2,309,460) |
| **Transactions with owners in their capacity as owners** | | | | | |
| Shares issued during the year | 13 | 3,530,632 | - | - | 3,530,632 |
| Options issued during the year | 14 | - | - | 56,691 | 56,691 |
| Capital raising costs | 13 | (308,596) | - | - | (308,596) |
| **Balance at 31 December 2021** | | **21,374,429** | **(23,267,407)** | **56,691** | **(1,836,287)** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

| | NOTE | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **CASH FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 22,384 | 97,007 |
| Payments to suppliers and employees | | (988,602) | (195,959) |
| Interest paid | | (52,316) | (18,256) |
| Interest received | | 691 | - |
| Payments for exploration and evaluation expenditure | | (2,172,913) | (838,321) |
| **Net cash used by operating activities** | 24 | **(3,190,756)** | **(955,529)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for property, plant and equipment | | (47,677) | - |
| **Net cash used by investing activities** | | **(47,677)** | **-** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | 13 | 2,008,972 | 1,500,000 |
| Share application monies | | - | 173,000 |
| Proceeds from borrowings | | - | 804,000 |
| Repayment of borrowings | | (66,764) | - |
| Capital raising costs | | (70,992) | (245,746) |
| **Net cash provided by financing activities** | | **1,871,216** | **2,231,254** |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | (1,367,217) | 1,275,725 |
| | | | |
| Cash and cash equivalents at the beginning of the year | | 1,373,995 | 98,270 |
| **Cash and cash equivalents at the end of the year** | 5 | **6,778** | **1,373,995** |

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

# NOTES TO FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

This financial report includes the consolidated financial statements and notes of Horseshoe Metals Limited and Controlled Entity (the 'Group'). The financial statements were authorised for issue by the Board of Directors on 31 March 2023.

Horseshoe Metals Limited is a public company limited by shares, incorporated in Australia. The Company is domiciled in Western Australia.

The nature of operations and principal activities of the Company are described in the Directors' Report. The registered office and principal place of business of the Company is 24 Mumford Place, Balcatta WA 6021.

## 2. BASIS OF PREPARATION

### (a) General information

This financial report:

- Has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity.
- Has been prepared on a historical cost basis.
- Is presented in Australian dollars, which is the functional currency of the Company and each of its subsidiaries.
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 January 2022.
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

### (b) Going concern

The financial statements have been prepared on the going concern basis that contemplates normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Group had cash and cash equivalents on hand as at 31 December 2022 of $6,778 and a net current asset deficiency of $1,598,694.

The Directors believe it is reasonably foreseeable that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- After the close of the reporting period, the Company raised $2,000,000 (before costs) from the issue of 80,000,000 fully paid ordinary shares at $0.025 per share;
- The Company has executed a loan facility agreement with entities associated with a former Director of the Company, Mr Michael Fotios. The undrawn loan balance available to the Company as at 31 December 2022 from the entities was $1,209,764; and
- The Group has the capacity, if necessary, to raise further capital or reduce its operating cost structure in order to manage its working capital requirements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Horseshoe Metals Limited at the end of the reporting period. A controlled entity is any entity over which Horseshoe Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 21 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

**(b) Revenue and other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(c) Income tax**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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 date.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Horseshoe Metals Limited and its 100% owned Australian resident subsidiary are a consolidated group for tax purposes.

### (d) Plant and equipment

Each class of plant and equipment is stated at historical cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less accumulated depreciation and impairment.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives used for each class of depreciable assets are:

- Plant and equipment 5 – 15 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### (e) Financial instruments

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

*Classification and subsequent measurement*

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

*Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

The Group did not hold any fair value through profit or loss investments in the current or comparative financial year.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*De-recognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

### (f) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options for immediate are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the Company's option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

### (g) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Group would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

Impairment losses are recognised as an expense immediately.

**(h) Exploration and development expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Exploration and evaluation assets are initially measured at cost and include acquisition of mining tenements, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Deferred exploration and evaluation accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The mining extraction and processing activities of the Group normally give rise to obligations for site closure or rehabilitation.

Costs of site restoration are provided over the life of the facility from when exploration commences except when rehabilitation obligations are assumed through a business combination. When provisions for closure and rehabilitation are recognised, or remeasured more than one year after being assumed through a business combination, the corresponding cost is expensed. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology discounted to their present value.

A farm-out arrangement typically involves an entity (the farmor) agreeing to provide a working interest in a mining property to a third party (the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the property to earn that interest. The Group was a party to a farm-out arrangement during the period ended 31 December 2022, which was terminated prior to the end of the period. Where the Group is the farmor the Group uses the carrying amount of the interest before the farm-out as the carrying amount for the portion of the interest retained and credits any cash consideration received against the carrying amount, with any excess included as a gain in profit or loss. The Group does not record exploration expenditures on the property made by the farmee.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

**(j) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance includes both current and non-current liabilities.

**(k) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions relating to the rehabilitation of land as the result of exploration and evaluation activities are expensed in the consolidated statement of comprehensive income rather than capitalised as deferred exploration expenditure.

### (l) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

*Equity-settled compensation*

The Group operates equity-settled share-based payment share, right and option schemes. The fair value of the equity to which personnel become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The fair value of the performance rights issued are calculated via a hybrid share option pricing model that simulates the share price as at the expiry date using a Monte-Carlo model. The amount to be expensed is determined by reference to the fair value of the options, rights or shares granted. This expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options or rights which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

### (m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 both externally and within the Group.

*Key estimates – impairment*

The Group assesses impairment at the end of each reporting year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions.

*Key estimates – provisions for rehabilitation*

Included in liabilities at the end of each reporting period is an amount that represents an estimate of the cost to rehabilitate the land upon which the Group has carried out its exploration and evaluation for mineral resources. Provisions are measured at the present value of management's best estimate of the costs required to settle the obligation at the end of the reporting period. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, and discount rates could affect the carrying amount of this provision.

*Key judgments – exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $7,950,975.

**(p) New Accounting Standards**

**New Standards, Interpretations and Amendments**

In the year ended 31 December 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**Impact of standards issued but not yet applied by the Group**

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2022. Again, the result of this review determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

## 4. INCOME TAX EXPENSE

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Statement of comprehensive income** | | |
| Current income tax | - | - |
| Current income tax charges/(benefits) | - | - |
| **Deferred tax expense** | | |
| Relating to the origination and reversal of temporary differences | - | - |

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| - Loss for the year at 25% (2021: 26%) | (591,662) | (600,459) |
| Add: | | |
| - tax losses not brought to account as DTA | (591,662) | (600,459) |
| | - | - |

At 31 December 2022 the Group had unused tax losses for which no deferred tax asset has been recognised in the amount of approximately $10,388,936 (2021: $9,797,274). The availability of these losses is subject to satisfying Australian taxation legislation requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements because the Directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

## 5. CASH AND CASH EQUIVALENTS

The following table details the components of cash and cash equivalents as reported in the statement of financial position.

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Cash at bank | 6,778 | 1,373,995 |
| | 6,778 | 1,373,995 |

## 6. TRADE AND OTHER RECEIVABLES

The following table details the major components of current trade and other receivables as reported in the statement of financial position.

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Trade receivables | 4,490 | 5,574 |
| Bonds receivable | 25,000 | - |
| ATO receivables | 100,097 | 122,413 |
| | 129,587 | 127,987 |

The Group expects the above trade and other receivables to be recovered within 12 months of 31 December 2022 and therefore considers the amounts shown above at cost to be a close approximation of fair value.

Trade and other receivables expose the Group to credit risk as potential for financial loss arises should a debtor fail to repay their debt in a timely manner. Disclosure on credit risk can be found at Note 17(a).

## 7. OTHER ASSETS

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| CURRENT | | |
| Prepayments | 110,408 | 322 |
| | 110,408 | 322 |

## 8. PLANT AND EQUIPMENT

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| PLANT AND EQUIPMENT | | |
| At cost | 297,340 | 219,663 |
| Accumulated depreciation | (239,463) | (205,665) |
| | 57,877 | 13,998 |

**MOVEMENTS IN CARRYING AMOUNTS**

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

| | VEHICLES | PLANT AND EQUIPMENT | TOTAL |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 31 December 2022** | | | |
| Balance at the beginning of year | - | 13,998 | 13,998 |
| Additions | 31,069 | 46,608 | 77,677 |
| Depreciation expense | (12,297) | (21,501) | (33,798) |
| | 18,772 | 39,105 | 57,877 |
| **Balance at 31 December 2021** | | | |
| Balance at the beginning of year | - | 17,965 | 17,965 |
| Additions | - | - | - |
| Depreciation expense | - | (3,967) | (3,967) |
| 31 December 2017 | - | 13,998 | 13,998 |

## 9. EXPLORATION AND EVALUATION EXPENDITURE

The following table details the movement in deferred exploration and evaluation expenditure reported in the statement of financial position during the year ended 31 December 2022.

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Carrying amount at beginning of year | 6,708,801 | 6,708,801 |
| Capitalised expenditure during the year | 1,242,174 | - |
| Impairment | - | - |
| | 7,950,975 | 6,708,801 |

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.

## 10. TRADE AND OTHER PAYABLES

| | 2022 $ | 2021 $ |
|---|---|---|
| CURRENT | | |
| Trade payables | 1,083,267 | 1,795,578 |
| Other payables[1] | 37,420 | 372,395 |
| | 1,120,687 | 2,167,973 |
| NON-CURRENT | | |
| Related party creditors | 1,261,676 | 684,784 |
| *Reconciliation of carrying amount of related party creditors* | | |
| Directors of the Company and associated entities | 139,050 | 108,500 |
| Delta Resource Management Pty Ltd | 970,555 | 576,284 |
| Michael Fotios Family Trust | 11,000 | - |
| Target Exploration Pty Ltd | 141,071 | - |
| | 1,261,676 | 684,784 |

[1] Other payables comprise $22,000 in accrued audit fees and $15,420 in payroll liabilities.

## 11. BORROWINGS

| | 2022 $ | 2021 $ |
|---|---|---|
| CURRENT | | |
| Loan – Other | - | 26,953 |
| Loan – Investmet Limited | 724,780 | - |
| | 724,780 | 26,953 |
| NON-CURRENT | | |
| Loan – Delta Resource Management Pty Ltd | 843,158 | 791,767 |
| Loan – Investmet Limited | - | 684,071 |
| Loan – Whitestone Minerals Pty Ltd | - | 89,754 |
| Loan – Azurite Corporation Pty Ltd | 26,170 | 24,522 |
| Loan – Other | - | 21,676 |
| | 869,328 | 1,611,790 |

The Company has executed a loan facility agreement with entities associated with Mr Michael Fotios, a former Director of the Company who resigned on 30 April 2019. The facility is for $2 million and it bears interest of 8% p.a., with an undrawn loan balance of $1,209,764 as at 31 December 2022. Prior to a capital raising, any lender may convert all or some of the outstanding balance of the loan in ordinary shares at the price at which the capital raising is to be completed. Conversion of the loan to ordinary shares is subject to compliance with the applicable laws and regulations including requirements to seek shareholder approval where necessary.

## 12. PROVISIONS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| NON-CURRENT | | |
| Environmental rehabilitation | 5,812,890 | 5,812,890 |
| | **5,812,890** | **5,812,890** |

Rehabilitation obligations in relation to the Company's tenements exist. The majority of the outstanding rehabilitation obligations are associated with tenement M52/743 at the Company's Horseshoe Lights Project, in particular the flotation tailings dam, the waste dumps, and the plant and camp site.

In July 2013 the Group successfully applied for participation in the State Government of Western Australia's Mine Rehabilitation Fund ("MRF"), which administered by the Department of Mines, Industry Regulation and Safety (DMIRS). Through this application process a calculation of rehabilitation costs is determined by DMIRS and this was used to establish the Group's contribution amount to the MRF.

The provision is measured at the present value of management's best estimate of the costs required to settle the obligations. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, and discount rates could affect the carrying amount of this provision.

## 13. CONTRIBUTED EQUITY

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Ordinary shares – 551,942,881 (31 December 2021: 436,394,305) | 25,150,840 | 22,737,269 |
| Share issue costs written off against issued capital | (1,465,668) | (1,362,840) |
| | **23,685,172** | **21,374,429** |

### MOVEMENT IN ORDINARY SHARES

| | No. | $ |
|---|---|---|
| Balance at beginning of year | 436,394,305 | 22,737,269 |
| Shares issued under Entitlement Offer (including Shortfall Offer) | 109,098,576 | 2,181,971 |
| Shares issued upon exercise of options | 6,450,000 | 231,600 |
| **Balance at end of year** | **551,942,881** | **25,150,840** |

## 14. RESERVES

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Balance at beginning of year | 56,691 | - |
| Issue of unlisted options | 590,057 | 56,691 |
| Transfer on exercise of options | (231,600) | - |
| **Balance at end of year** | **415,148** | **56,691** |

## 15. EARNINGS PER SHARE

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Earnings used to calculate overall earnings per share | (2,366,649) | (2,309,460) |

| | 2022 | 2021 |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 537,033,488 | 264,491,154 |
| Anti-dilutive options on issue not used in EPS calculation | - | - |

## 16. COMMITMENTS

The Group is required to meet certain minimum expenditure commitments on the mineral exploration assets in which it has an interest. Exploration commitments at the date of this report were determined with regard to the annual minimum expenditure required on tenements and the number of expenditure periods before expiry.

| **EXPLORATION EXPENDITURE COMMITMENTS** | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Payable: | | |
| - no later than 1 year | 601,380 | 611,380 |
| - between 1 year and 5 years | 864,560 | 864,560 |
| - greater than 5 years | 1,483,500 | 1,483,500 |
| | 2,949,440 | 2,959,440 |

## 17. FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects and ensure that net cash flows are sufficient to support the delivery of the Group's financial targets whilst protecting future financial security. The Group continually monitors and tests its forecast financial position against these objectives.

The main risks the Group is exposed to through its financial instruments are credit risk and liquidity risk and market risk consisting of interest rate risk and commodity price risk.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to subsidiaries.

The totals for each category of financial instruments as detailed in the accounting policies to these financial statements, are as follows:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Financial Assets** | | |
| Cash and cash equivalents | 6,778 | 1,373,995 |
| Trade and other receivables | 129,587 | 127,987 |
| Investments | - | 243,000 |
| **Total financial assets** | 136,365 | 1,744,982 |
| **Financial Liabilities** | | |
| Trade and other payables | 2,382,363 | 2,852,757 |
| Borrowings | 1,594,108 | 1,638,743 |
| **Total financial liabilities** | 3,976,471 | 4,491,500 |

**FINANCIAL RISK MANAGEMENT POLICIES**

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Board of Directors is responsible for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

Mitigation strategies for specific risks faced are described below:

**SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

**(a) CREDIT RISK**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables.

The Group's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

**(b) LIQUIDITY RISK**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;

- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of current financial liabilities with the realisation profile of current financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

***Financial liability maturity analysis***

| | WITHIN 1 YEAR | | 1 TO 5 YEARS | | OVER 5 YEARS | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Trade and other payables | 1,120,687 | 2,167,973 | 1,261,676 | 684,784 | - | - | 2,382,363 | 2,852,757 |
| Borrowings | 724,780 | 26,953 | 869,328 | 1,611,790 | - | - | 1,594,108 | 1,638,743 |
| Total contractual outflows | 1,845,467 | 2,194,926 | 2,131,004 | 2,296,574 | - | - | 3,976,471 | 4,491,500 |

The timing of expected outflows is not expected to be materially different from contracted cashflows.

### (c) FAIR VALUE ESTIMATION

The fair values of financial assets and financial liabilities can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | NET CARRYING VALUE | NET FAIR VALUE | NET CARRYING VALUE | NET FAIR VALUE |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Cash and cash equivalents | 6,778 | 6,778 | 1,373,995 | 1,373,995 |
| Trade and other receivables | 129,587 | 129,587 | 127,987 | 127,987 |
| Investments | - | - | 243,000 | 243,000 |
| **Total financial assets** | 136,365 | 136,365 | 1,744,982 | 1,744,982 |
| **Financial liabilities** | | | | |
| Trade and other payables | 2,382,363 | 2,382,363 | 2,852,757 | 2,852,757 |
| Borrowings | 1,594,108 | 1,594,108 | 1,638,743 | 1,638,743 |
| **Total financial liabilities** | 3,976,471 | 3,976,471 | 4,491,500 | 4,491,500 |

## 18. OPERATING SEGMENTS

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 Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (the 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.

## 19. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term employee benefits | 124,290 | 108,500 |
| Post-employment benefits | 1,710 | - |
| Share-based payments | 161,433 | 52,521 |
| | 287,433 | 161,021 |

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2022.

Information on the valuation of share-based payments made to key management personnel is included in Note 25 below.

## 20. AUDITORS' REMUNERATION

| | 2022 $ | 2021 $ |
|---|---|---|
| Remuneration of the auditor of the Group for: | | |
| - auditing or reviewing the financial statements | 31,000 | 29,000 |

## 21. CONTROLLED ENTITIES

| | COUNTRY OF INCORPORATION | PERCENTAGE OWNED (%) 2022 | PERCENTAGE OWNED (%) 2021 |
|---|---|---|---|
| **Subsidiaries:** | | | |
| Murchison Copper Mines Pty Ltd | Australia | 100 | 100 |

## 22. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2022 (31 December 2021: nil).

## 23. RELATED PARTY TRANSACTIONS

At 31 December 2022 Horseshoe Metals Limited had a loan receivable from its subsidiary in the amount of $11,915,122 (2021: $11,583,811). The loan is non-interest bearing and has no specific repayment date nor is it subject to any contract. The loan balance is eliminated on Group consolidation.

*Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 19.

Mr Alan Still, a Director of the Company, provides technical consulting services to the Company on an ad hoc basis, in accordance with the Board's determination that Non-Executive Directors incurring excessive time in assisting the Company on specific matters be entitled to charge the Company for this additional time, on reasonable commercial terms. During the period ended 31 December 2022 the Company made payments for consulting services of $20,374 to Zedsee Enterprises (Private) Limited, an entity controlled by Mr Still.

## 24. CASH FLOW INFORMATION

Reconciliation of net income to net cash provided by operating activities:

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Net loss for the period | (2,366,649) | (2,309,460) |
| **Non-cash flows in profit:** | | |
| - interest expense not paid | 74,446 | 175,459 |
| - depreciation | 33,798 | 3,967 |
| - share-based payments | 528,221 | 92,691 |
| **Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:** | | |
| - decrease/(increase) in trade and other receivables | (1,600) | (55,951) |
| - decrease/(increase) in investment | 243,000 | - |
| - decrease/(increase) in other assets | (147,082) | (29,103) |
| - (decrease)/increase in trade and other payables | (1,554,890) | 1,166,868 |
| **Cashflow from operations** | (3,190,756) | (955,529) |

## 25. SHARE-BASED PAYMENTS

In the reporting period, share-based payments to the value of $528,221 were recognised in the profit and loss statement (31 December 2021: $161,021), comprising $366,788 in share-based payments to employees and contractors of the Company and $161,433 in share-based payments to Directors of the Company (refer Note 19 above).

The fair value of the options has been calculated using the Black-Scholes option pricing model. The model inputs are shown in the table below:

| Date of issue | Date of expiry | Exercise price ($) | Underlying share price at issue ($) | Risk-free interest rate | Volatility | Number of options granted | Value expensed in period ($) |
|---|---|---|---|---|---|---|---|
| 2 May 2022 [2] | 2 May 2024 | 0.00 | 0.038 | 2.00% | 75% | 5,950,000 | 196,100 |
| 2 May 2022 [2] | 2 May 2025 | 0.00 | 0.038 | 2.00% | 75% | 4,025,000 | 113,844 |
| 2 May 2022 [2] | 2 May 2026 | 0.00 | 0.038 | 2.00% | 75% | 4,025,000 | 56,844 |
| | | | | | | ***Share-based payments to employees and contractors*** | **366,788** |
| 26 May 2022 [3] | 26 May 2024 | 0.12 | 0.029 | 2.00% | 75% | 1,500,000 | 43,500 |
| 26 May 2022 [3] | 26 May 2025 | 0.12 | 0.029 | 2.00% | 75% | 4,500,000 | 78,658 |
| 26 May 2022 [3] | 26 May 2026 | 0.12 | 0.029 | 2.00% | 75% | 4,500,000 | 39,275 |
| | | | | | | ***Share-based payments to Directors*** | **161,433** |
| | | | | | | ***Total share-based payments*** | **528,221** |

**Notes on share-based payments**

1. Options in these classes were issued to employees and contractors of the Company under the Company's Employee Share Option Plan (ESOP), comprising the below tranches:
    a. Tranche 1: 5,950,000 options subject to no vesting conditions; the full value of the options has been expensed in the reporting period;
    b. Tranche 2: 4,025,000 options vesting upon the recipient remaining employed or engaged by the Company until 2 May 2023. The value of the options expensed has been recorded in accordance with the portion of the vesting period falling within the reporting period.
    c. Tranche 3: 4,025,000 options vesting upon the recipient remaining employed or engaged by the Company until 2 May 2024. The value of the options expensed has been recorded in accordance with the portion of the vesting period falling within the reporting period.
2. Options in these classes were issued to Directors of the Company under the Company's Employee Share Option Plan (ESOP), comprising the below tranches:
    a. Tranche 1: 500,000 options subject to no vesting conditions; the full value of the options has been expensed in the reporting period;
    b. Tranche 2: 4,500,000 options vesting upon the recipient remaining in the position of Director of the Company until 26 May 2023. The value of the options expensed has been recorded in accordance with the portion of the vesting period falling within the reporting period.
    c. Tranche 3: 4,500,000 options vesting upon the recipient remaining in the position of Director of the Company until 26 May 2024. The value of the options expensed has been recorded in accordance with the portion of the vesting period falling within the reporting period.

## 26. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 14 February 2023, the Company issued 80,000,000 fully paid ordinary shares to new and existing investors at an issue price of 2.5 cents per share to raise $2 million (before costs).

The Company is not aware of any other matter or circumstance that has arisen since the end of the reporting period 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.

## 27. PARENT ENTITY

The following information has been extracted from the books and records of the parent, Horseshoe Metals Limited, and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, Horseshoe Metals Limited, has been prepared on the same basis as the consolidated financial statements.

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Statement of Financial Position** | | |
| *Assets* | | |
| Current assets | 220,732 | 1,377,498 |
| Non-current assets (i) | 14,857,737 | 14,142,473 |
| Total Assets | 15,078,469 | 15,519,971 |
| *Liabilities* | | |
| Current liabilities | 1,456,806 | 1,507,682 |
| Non-current liabilities | 2,131,004 | 2,286,097 |
| Total Liabilities | 3,587,810 | 3,793,779 |

| | | |
|---|---|---|
| **Net Assets** | **11,490,659** | **11,726,192** |
| *Equity* | | |
| Issued capital | 23,685,172 | 21,374,429 |
| Retained earnings | (12,609,661) | (9,704,928) |
| Reserves | 415,148 | 56,691 |
| **Total Equity** | **11,490,659** | **11,726,192** |
| **Statement of Comprehensive Income** | | |
| Total comprehensive income | (2,904,733) | (2,105,856) |

(i) Included in non-current assets is a loan receivable from the subsidiary in the amount of $11,915,122 (2021: $11,583,811)

*Contingent Liabilities*

The parent entity did not have any contingent liabilities as at 31 December 2022 or 31 December 2021.

*Contractual Commitments*

The parent entity did not have any commitments as at 31 December 2022 or 31 December 2021 other than as disclosed in Note 16.

# DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out above, are in accordance with the *Corporations Act 2001* and:
   (a) comply with International Financial Reporting Standards and Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the year ended on that date of the Company and consolidated Group;
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2022, comply with Section 300A of the Corporations Act 2001, and
4. the Directors have been given the declarations by the Non-executive Chairman and Chief Financial Officer pursuant to Section 295(5) of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Kate Stoney
Non-executive Director

Perth Western Australia
Dated this 31st day of March 2023

**HORSESHOE METALS LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

To the members of Horseshoe Metals Limited

## Opinion

We have audited the financial report of Horseshoe Metals Limited ("the Company") and its controlled entity ("the Group"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion the 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 31 December 2022 and of its performance for the year ended on that date; 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 (including Independence Standards)* ("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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Emphasis OF Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report which describes events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion 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.

### Borrowings

The Group's borrowings are considered to be key to its ability to continue its operations on going concern basis.

We do not consider borrowings to be at a high risk of significant misstatement, however due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

### How our Audit Addressed the Key Audit Matter

Our procedures over the completeness of the Group's borrowings and repayment terms included but were not limited to:

- Documenting and assessing the terms and conditions of the debt agreements;
- Agreeing the outstanding debt amounts to third-party confirmations; and
- Reviewing and agreeing interest calculations provided by the management.
- We have also assessed the appropriateness of the disclosures included in the financial report.

### Exploration and Evaluation Expenditure

The Group incurred significant exploration and evaluation expenditure during the year and it is the most significant asset on the Group's Statement of Financial Position.

We do not consider exploration and evaluation expenditure to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

### How our Audit Addressed the Key Audit Matter

Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following:

- We assessed the reasonableness of capitalising exploration and evaluation expenditure in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.
- We reviewed and agreed the amount of rehabilitation and restoration provision to third party documentation;
- We reviewed the management's analysis of the potential need for impairment of the capitalised assets; and
- We have also assessed the appropriateness of the disclosures included in the financial report.

## Other Information

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 31 December 2022, 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.

## Director's Responsibility 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability 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.

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.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 17 of the directors' report for the year ended 31 December 2022. 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.

## Opinion

In our opinion the Remuneration Report of Horseshoe Metals Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

**Rothsay Audit & Assurance Pty Ltd**

Daniel Dalla
Director

Perth, 31 March 2023

# TENEMENTS

| SUMMARY OF MINING TENEMENT INTERESTS AS AT 31 December 2022 | | | | | |
|---|---|---|---|---|---|
| Location | Tenement | Interest At Beginning Of Year (%) | Interests relinquished, reduced or lapsed (%) | Interests acquired or increased (%) | Interest At End Of Year (%) |
| Horseshoe Lights, WA | M52/743 | 100% | - | - | 100%[1,2] |
| Horseshoe Lights, WA | L52/42 | 100% | - | - | 100% |
| Horseshoe Lights, WA | L52/43 | 100% | - | - | 100% |
| Horseshoe Lights, WA | L52/44 | 100% | - | - | 100% |
| Horseshoe Lights, WA | L52/45 | 100% | - | - | 100% |
| Horseshoe Lights, WA | L52/66 | 100% | - | - | 100% |
| Horseshoe Lights, WA | P52/1542 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1543 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1544 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1545 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1546 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1547 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1548 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1549 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | P52/1550 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | E52/3759 | 100% | - | - | 100%[2] |
| Horseshoe Lights, WA | E52/3906 | 100% | - | - | 100% |
| Horseshoe Lights, WA | E52/3908 | 100% | - | - | 100% |
| Horseshoe Lights, WA | E52/3909 | 100% | - | - | 100% |
| Horseshoe Lights, WA | E52/3939 | 100% | - | - | 100% |
| Kumarina, WA | M52/27 | 100% | - | - | 100% |
| Kumarina, WA | MLA52/1078 | 0% | - | - | 0% [3] |
| Glenloth, SA | EL6301 | 100% | - | - | 100% |

Notes:

1. Horseshoe Gold Mine Pty Ltd (a wholly owned subsidiary of Grange Resources Limited) retains a 3% net smelter return royalty in respect to all production derived from M52/743
2. Tenements P52/1542, P52/1543, P52/1544, P52/1545, P52/1546, P52/1547, P52/1548, P52/1549, P 52/1550, E52/3759 and a portion of M52/743 were previously subject to a Farm-In and Joint Venture Agreement between the Company's wholly owned subsidiary Murchison Copper Mines Pty Ltd and Kopore (WA) Pty Ltd, a wholly owned subsidiary of ENRG Elements Limited (ASX:EEL), as announced to the ASX on 28 January 2021. This agreement was terminated with effect from 30 November 2022.
3. The Company has applied for a Mining Lease to cover the Rinaldi resource within E52/1998, contiguous with M52/27

# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the ASX Limited Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 March 2023.

## A. Distribution of equity security holders

| HOLDING | NUMBER OF SHARES | NUMBER OF HOLDERS |
|---|---|---|
| 1 - 1,000 | 11,645 | 45 |
| 1,001 - 5,000 | 256,094 | 89 |
| 5,001 - 10,000 | 699,305 | 80 |
| 10,001 - 100,000 | 15,976,050 | 397 |
| 100,000 and over | 614,999,787 | 475 |
| | 631,942,881 | 1,086 |

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Options do not carry any voting rights.

There were 371 holders of less than a marketable parcel of ordinary shares, being 22,727 shares at 31 March 2023.

## B. Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

| | | NUMBER HELD | % OF ISSUED SHARES |
|---|---|---|---|
| 1 | Delta Resource Management Pty Ltd | 39,695,372 | 6.28 |
| 2 | Obsidian Metals Group Pty Ltd | 27,000,000 | 4.27 |
| 3 | Mr Steven Sickerdick <The Mines A/C> | 17,000,000 | 2.69 |
| 4 | Mr Eric Peter Murphy & Mrs Kim Lea Murphy <Murphy Family S/F A/C> | 17,000,000 | 2.69 |
| 5 | Helios Corporation Pty Ltd <The Michael Fotios Family A/C> | 12,294,642 | 1.95 |
| 6 | Mr Anthony Harold Fotios <Fotios Family A/C> | 11,880,693 | 1.88 |
| 7 | Mr Philip Colin Hammond & Mrs Betty Jeanette Moore <MGB Super A/C> | 11,489,584 | 1.82 |
| 8 | Whitehall Nominees Pty Ltd <DJ Smith No 2 Family A/C> | 10,743,500 | 1.70 |
| 9 | Ms Betty Jeanette Moore & Mr Philip Colin Hammond <BJM Super A/C> | 9,500,000 | 1.50 |
| 10 | Garic Pty Ltd <K A Landon A/C> | 8,000,000 | 1.27 |
| 11 | Ralmana Pty Ltd | 8,000,000 | 1.27 |
| 12 | Sharic Superannuation Pty Ltd <Farris Super Fund A/C> | 7,754,233 | 1.23 |
| 13 | Whimplecreek Pty Ltd <The Stawell Family A/C> | 7,666,668 | 1.21 |
| 14 | Farris Corporation Pty Ltd <The Peter Farris Super A/C> | 7,000,000 | 1.11 |
| 15 | Blackburne Capital Pty Ltd <Blackburn Capital A/C> | 6,650,000 | 1.05 |
| 16 | Mr Kimberley Ross Gartrell & Mrs Jennifer Margaret Gartrell <K&J Gartrell Super Fund A/C> | 6,500,000 | 1.03 |
| 17 | Stockworks Exploration & Mining Pty Ltd | 6,000,000 | 0.95 |
| 18 | Mrs Susan Joyce Redhead | 5,473,978 | 0.87 |
| 19 | Orbit Drilling Pty Ltd | 5,370,000 | 0.85 |
| 20 | Ms Betty Jeanette Moore & Mr Philip Colin Hammond <BJM Super A/C> | 5,000,000 | 0.79 |
| | | **230,018,670** | **36.41** |

## C. Substantial shareholders

The number of substantial shareholders and their associates are set out below:

| SHAREHOLDER | NO. OF SHARES | % OF ORDINARY SHARES |
|---|---|---|
| Delta Resource Management Pty Ltd | 39,695,372 | 6.28 |

## D. Corporate Governance

The Company's Corporate Governance Statement is located on pages 49 to 54 of this report.

## E. On-market buy-back

There is no current on-market buy-back.

## CORPORATE GOVERNANCE STATEMENT

Horseshoe Metals Limited's (**HOR or Company**) Board of Directors (**Board**) is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations (4th Edition) as published by the ASX Corporate Governance Council (**ASX Corporate Governance Principles**).

This Corporate Governance Statement has been approved by the HOR Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 January 2022 and to the date of this Statement. In addition to the information contained in this Statement, the Company's website at www.horseshoemetals.com.au contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where HOR considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (4th Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

| | **Recommendation** | **Comply Yes/No/ Partly** |
|---|---|---|
| 1.1 | A listed entity should have and disclose a board charter setting out:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | Yes<br>Yes |
| 1.2 | A listed entity should:<br>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and,<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director. | Yes<br>Yes |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment | Yes |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | Yes |

| | Recommendation | Comply Yes/No/ Partly |
|---|---|---|
| 1.5 | A listed entity should:<br>(a) have and disclose a diversity policy;<br>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and<br>(c) disclose in relation to each reporting period:<br>(1) the measurable objectives set for that period to achieve gender diversity;<br>(2) the entity's progress towards achieving those objectives; and<br>(3) either:<br>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or<br>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Indicators", as define3d in and published under the Act.<br><br>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period. | Yes<br>Yes<br><br>No<br><br>Not applicable |
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | Yes<br><br>No |
| 1.7 | A listed entity should:<br>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and<br>(b) disclose for each reporting period, whether a performance evaluation has been undertaken in in accordance with that process during or in respect of that period. | Yes<br>Not applicable |
| 2.1 | The board of a listed entity should:<br>(a) have a nomination committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose<br>(3) the charter of that committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or<br>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | Not applicable<br><br>Yes |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | Yes |

| | Recommendation | Comply Yes/No/ Partly |
|---|---|---|
| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | Yes<br>Yes<br>Yes<br>Yes |
| 2.4 | A majority of the board of a listed entity should be independent directors. | Yes |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | Not applicable |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | Yes |
| 3.1 | A listed entity should articular and disclose its values. | Yes |
| 3.2 | A listed entity should:<br>(a) have and disclose a code of conduct for its directors, senior executives and employees; and<br>(b) ensure that the board or a committee of the board is informed of any material breaches of that code. | Yes<br>Yes |
| 3.3 | A listed entity should:<br>(a) have and disclose a whistleblower policy; and<br>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | Yes<br>Yes |
| 3.4 | A listed entity should:<br>(a) have and disclose an anti-bribery and corruption policy; and<br>(b)ensure that the board or committee of the board is informed of any material breaches of that policy. | Yes<br>Yes |

| | Recommendation | Comply Yes/No/ Partly |
|---|---|---|
| 4.1 | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of members of the committee; and<br>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | Not applicable<br><br>Yes |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Yes |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | Yes |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | Yes |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | Yes |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | Yes |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | Yes |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | Yes |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | No |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | Yes |

| | Recommendation | Comply Yes/No/ Partly |
|---|---|---|
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically. | Yes |
| 7.1 | The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director;<br>and disclose<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | Not applicable<br><br><br><br><br><br><br>Yes |
| 7.2 | The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | No<br>No |
| 7.3 | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes. | Not applicable<br>Yes |
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks. | Yes |

| | Recommendation | Comply Yes/No/ Partly |
|---|---|---|
| 8.1 | The Board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | Not applicable<br><br>Yes |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | Yes |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. | Yes<br><br>Yes |
| 9.1 | A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents. | Not applicable |
| 9.2 | A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time. | Not applicable |
| 9.3 | A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | Not applicable |

# Appendix 4G

# Key to Disclosures
## Corporate Governance Council Principles and Recommendations

Name of entity

| |
|---|
| Horseshoe Metals Limited |

| ABN/ARBN | Financial year ended: |
|---|---|
| 20 123 133 166 | 31 December 2022 |

Our corporate governance statement[1] for the period above can be found at:[2]

| | | |
|---|---|---|
| ☐ | These pages of our annual report: | |
| ☒ | This URL on our website: | https://horseshoemetals.com.au/corporate-governance/ |

The Corporate Governance Statement is accurate and up to date as at 31 December 2022 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.[3]

| | |
|---|---|
| Date: | 31 March 2023 |
| Name of authorised officer authorising lodgement: | Kate Stoney |

[1] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.
The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

[2] Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

[3] Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT** | | | |
| 1.1 | A listed entity should have and disclose a board charter setting out:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | ☒<br>and we have disclosed a copy of our board charter at:<br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2 | A listed entity should:<br>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | ☒ | ☐ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | ☒ | ☐ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | ☒ | ☐ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

[4] Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with "*insert location*" underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert "our corporate governance statement". If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg "pages 10-12 of our annual report"). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg "www.entityname.com.au/corporate governance/charters/").

[5] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| 1.5 | A listed entity should:<br>(a) have and disclose a diversity policy;<br>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and<br>(c) disclose in relation to each reporting period:<br>(1) the measurable objectives set for that period to achieve gender diversity;<br>(2) the entity's progress towards achieving those objectives; and<br>(3) either:<br>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or<br>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.<br>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period. | ☒<br>and we have disclosed a copy of our diversity policy at:<br>wwww.horseshoemetals.com.au<br>and we have disclosed the information referred to in paragraph (c) at:<br>……………………………………………………………………………..<br>[*insert location*]<br>and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period. | ☒ set out in our Corporate Governance Statement **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | ☐<br>and we have disclosed the evaluation process referred to in paragraph (a) at:<br>www.horseshoemetals.com.au<br>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:<br>……………………………………………………………………………..<br>[*insert location*] | ☒ set out in our Corporate Governance Statement **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| 1.7 | A listed entity should:<br>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and<br>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | ☒<br>and we have disclosed the evaluation process referred to in paragraph (a) at:<br>www.horseshoemetals.com.au<br>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:<br>………………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| **PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE** | | | |
| 2.1 | The board of a listed entity should:<br>(a) have a nomination committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | ☐<br>*[If the entity complies with paragraph (a):]*<br>and we have disclosed a copy of the charter of the committee at:<br>………………………………………………………………………<br>[*insert location*]<br>and the information referred to in paragraphs (4) and (5) at:<br>………………………………………………………………………<br>[*insert location*]<br>*[If the entity complies with paragraph (b):]*<br>and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:<br>[*insert location*] | ☒ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership. | ☐<br>and we have disclosed our board skills matrix at:<br>………………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | ☒<br>and we have disclosed the names of the directors considered by the board to be independent directors at:<br>www.horseshoemetals.com.au<br>and, where applicable, the information referred to in paragraph (b) at:<br>………………………………………………………………………………<br>[*insert location*]<br>and the length of service of each director at:<br>………………………………………………………………………………<br>[*insert location*] | ☐ set out in our Corporate Governance Statement |
| 2.4 | A majority of the board of a listed entity should be independent directors. | ☒ | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | ☒ | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | ☒ | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY** | | | |
| 3.1 | A listed entity should articulate and disclose its values. | ☒<br>and we have disclosed our values at:<br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement |
| 3.2 | A listed entity should:<br>(a) have and disclose a code of conduct for its directors, senior executives and employees; and<br>(b) ensure that the board or a committee of the board is informed of any material breaches of that code. | ☒<br>and we have disclosed our code of conduct at:<br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement |
| 3.3 | A listed entity should:<br>(a) have and disclose a whistleblower policy; and<br>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | ☒<br>and we have disclosed our whistleblower policy at:<br>www.horseshoemetals.com.au. | ☐ set out in our Corporate Governance Statement |
| 3.4 | A listed entity should:<br>(a) have and disclose an anti-bribery and corruption policy; and<br>(b) ensure that the board or committee of the board is informed of any material breaches of that policy. | ☒<br>and we have disclosed our anti-bribery and corruption policy at:<br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS** | | | |
| 4.1 | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of the members of the committee; and<br>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | ☐<br>*[If the entity complies with paragraph (a):]*<br>and we have disclosed a copy of the charter of the committee at:<br>……………………………………………………………………<br>[*insert location*]<br>and the information referred to in paragraphs (4) and (5) at:<br>……………………………………………………………………<br>[*insert location*]<br>*[If the entity complies with paragraph (b):]*<br>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:<br>……………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | ☒ | ☐ set out in our Corporate Governance Statement |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | ☒ | ☐ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE** | | | |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | ☒<br><br>and we have disclosed our continuous disclosure compliance policy at:<br><br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | ☒ | ☐ set out in our Corporate Governance Statement |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | ☒ | ☐ set out in our Corporate Governance Statement |
| **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS** | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | ☒<br><br>and we have disclosed information about us and our governance on our website at:<br><br>www.horseshoemetals.com.au. | ☐ set out in our Corporate Governance Statement |
| 6.2 | A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | ☒ | ☐ set out in our Corporate Governance Statement |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | ☒<br><br>and we have disclosed how we facilitate and encourage participation at meetings of security holders at:<br><br>www.horseshoemetals.com.au | ☐ set out in our Corporate Governance Statement |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | ☒ | ☐ set out in our Corporate Governance Statement |
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | ☒ | ☐ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK** | | | |
| 7.1 | The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | ☐<br>*[If the entity complies with paragraph (a):]*<br>and we have disclosed a copy of the charter of the committee at:<br>……………………………………………………………………<br>[*insert location*]<br>and the information referred to in paragraphs (4) and (5) at:<br>……………………………………………………………………<br>[*insert location*]<br>*[If the entity complies with paragraph (b):]*<br>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:<br>……………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement |
| 7.2 | The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | ☒<br>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:<br>www.horseshoemetals.com.au | ☒ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| 7.3 | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes. | ☐<br>*[If the entity complies with paragraph (a):]*<br>and we have disclosed how our internal audit function is structured and what role it performs at:<br>……………………………………………………………………………<br>[*insert location*]<br>*[If the entity complies with paragraph (b):]*<br>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:<br>……………………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement |
| 7.4 | A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. | ☒<br>and we have disclosed whether we have any material exposure to environmental and social risks at:<br>www.horseshoemetals.com.au<br>and, if we do, how we manage or intend to manage those risks at:<br>……………………………………………………………………………<br>[*insert location*] | ☐ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY** | | | |
| 8.1 | The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | ☐<br>*[If the entity complies with paragraph (a):]*<br>and we have disclosed a copy of the charter of the committee at:<br>…………………………………………………………………………<br>[*insert location*]<br>and the information referred to in paragraphs (4) and (5) at:<br>…………………………………………………………………………<br>[*insert location*]<br>*[If the entity complies with paragraph (b):]*<br>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:<br>…………………………………………………………………………<br>[*insert location*] | ☒ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | ☒<br>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:<br>www.horseshoemetals.com.au | ☒ set out in our Corporate Governance Statement **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>(b) disclose that policy or a summary of it. | ☐<br>and we have disclosed our policy on this issue or a summary of it at:<br>……………………………………………………………………<br>[*insert location*] | ☐ set out in our Corporate Governance Statement **OR**<br>☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| **ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES** | | | |
| 9.1 | A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents. | ☐<br>and we have disclosed information about the processes in place at:<br>…………………………………………………………………<br>[*insert location*] | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☒ we do not have a director in this position and this recommendation is therefore not applicable **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 9.2 | A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time. | ☐ | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☒ we are established in Australia and this recommendation is therefore not applicable **<u>OR</u>**<br>☐ we are an externally managed entity and this recommendation is therefore not applicable |
| 9.3 | A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | ☐ | ☐ set out in our Corporate Governance Statement **<u>OR</u>**<br>☒ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable<br>☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable |
| **ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES** | | | |
| - | *Alternative to Recommendation 1.1 for externally managed listed entities:*<br>The responsible entity of an externally managed listed entity should disclose:<br>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and<br>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. | ☐<br>and we have disclosed the information referred to in paragraphs (a) and (b) at:<br>……………………………………………………………………….<br>[*insert location*] | ☐ set out in our Corporate Governance Statement |

| Corporate Governance Council recommendation | | Where a box below is ticked,[4] we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are:[5] |
|---|---|---|---|
| - | *Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:*<br>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager. | ☐<br>and we have disclosed the terms governing our remuneration as manager of the entity at:<br>…………………………………………………………………………….<br>[*insert location*] | ☐ set out in our Corporate Governance Statement |