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A\$6M NEW FUNDING SECURED FOR BOORARA MINE DEVELOPMENT AND ACCELERATED DRILLING PROGRAM

HIGHLIGHTS

- Placement of 25 million ordinary shares at A\$0.08 per share to raise A\$2 million representing an 8% premium to the last closing price as at 10 March 2020
- Formal loan documentation executed with a German investment company for a A\$4 million Working Capital Facility including loan facilitation options
- The Working Capital Facility provides sufficient funding for development of the Boorara gold project through to first gold production planned for the September Quarter 2020 ²
- Proceeds from the Placement, adding to current cash reserves of A\$2.2M will be used for the upcoming drilling program, Feasibility Study and general working capital
- Planned Stage 1 mining phase of Boorara gold project using toll milling comprises ¹:
 - Open pit mine design producing 159,000t at a fully diluted grade of 1.86g/t Au over a six month mine life
 - Ore processing at 91.5% metallurgical recovery produces 8,700 ounces recovered
 - C1 Cost of A\$1,570/oz and All In Sustaining Cost of A\$1,680/oz
 - Project generates A\$5.4M in free cash flow at a current gold price of A\$2,400/oz (after all costs including debt and interest repayment)
- Board approval for Boorara mine development and award of key mining and haulage contracts expected in coming weeks with statutory approvals on track for planned mine commencement in the June Quarter 2020 ²
- Exploration drilling program planned to commence early in the June Quarter 2020 ²

Commenting on the funding package, Horizon Managing Director Mr Jon Price said:

“A balance of debt and equity in these extremely volatile market conditions minimises dilution to our shareholders while enabling the Company to bring Boorara into production rapidly to capitalise on the high Australian dollar gold price, accelerate a resource growth and exploration drilling program and complete the Feasibility Study in 2020.”

“We welcome Sparta AG as a new international strategic financier and thank all other new and existing domestic and international institutions and sophisticated investors for their support as we move into a very exciting growth phase for the Company in a world class gold producing region.”

¹ As per the Feasibility Study results announced to the ASX on 10 February 2020. ² Please see Forward Looking and Cautionary Statements on Page 5.

Overview

Horizon Minerals Limited (ASX: HRZ) (“Horizon” or “the Company”) is pleased to advise that it has successfully secured debt and equity funding for a total of \$6 million for development of the Boorara Stage 1 gold project and an accelerated resource growth and exploration drilling program. The funding comprises a \$4 million working capital facility for Boorara Stage 1 mine development and a \$2 million equity Placement to new and existing institutional and sophisticated investors both in Australia and overseas. This is in addition to the Company’s current cash reserve of \$2.2 million.

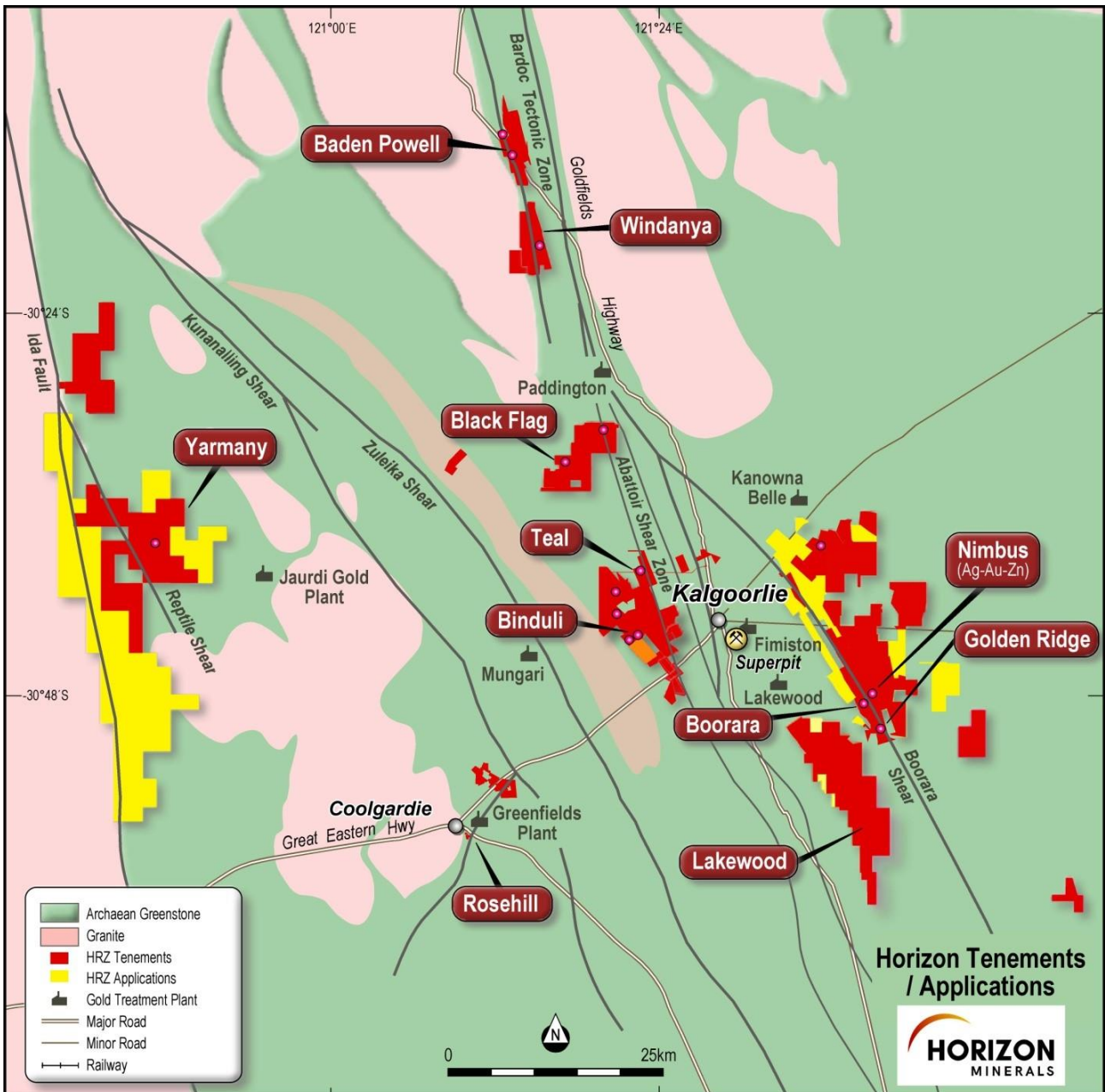


Figure 1: Horizon’s gold project locations, regional geology and surrounding infrastructure

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Working Capital Facility details

Formal documentation has been executed with German investment company Sparta AG, an entity associated with DELPHI Unternehmensberatung AG. Sparta has been actively investing in Australian listed resources companies over the past 12 months and we welcome them as a new strategic partner.

The formal documents consist of a Loan Deed including loan facilitation options between Sparta and Horizon and a first-ranking Mining Mortgage over the Boorara Gold Mine between Polymetals (WA) Pty Ltd (a subsidiary of Horizon and the holder of the Boorara tenements) and Sparta.

The Key terms of the Working Capital Facility reflected in the formal documents are as follows:

- Provision of a A\$4 million facility secured by a first ranking Mining Mortgage over the Boorara Gold Mine
- Upon registration of the Mining Mortgage at the Department of Mines, the loan may be drawn down as a single borrowing within one month
- Repayment/maturity date is 18 March 2021. Horizon may elect to repay early without penalty
- Interest rate of 20% per annum calculated quarterly and payable on maturity
- Borrower to issue loan facilitation options with a 2.5 year expiry as per below:
 - 12 million unlisted options with a strike price of \$0.12 (50% premium)
 - 12 million unlisted options with a strike price of \$0.16 (100% premium)

Funds from the facility will be used as a working capital cash buffer for the development of the initial stage of the Boorara gold mine to effectively manage cash flow from the planned commencement of mining in the June Quarter to first gold production and revenue in the September Quarter 2020 ¹. Mining during Stage 1 is planned to take place over a period of six months. Ore will be processed through Golden Mile Milling's 1Mtpa Lakewood mill in close proximity (Figure 1) under an executed toll milling agreement as announced to the ASX on 10 February 2020.

The Boorara Stage 1 Feasibility Study announced to the ASX on 10 February 2020 involves the mining of three starter pits at Boorara over 6 months and processing 159kt grading 1.86g/t Au for 8,700 ounces recovered at a 91.5% metallurgical recovery ¹.

At a current Australian dollar gold price of \$2,400/oz, the Boorara Stage 1 Gold project generates approximately \$5.4 million net cash after all costs including debt and interest repayment ¹.

Placement details

The Placement consists of 25 million new fully paid ordinary shares to be issued at a price of \$0.08 per share to raise a total of \$2 million before issue costs utilising the Company's existing placement capacity under Listing Rules 7.1.

¹ As per the Feasibility Study results announced to the ASX on 10 February 2020. ² Please see Forward Looking and Cautionary Statements on Page 5.

ASX ANNOUNCEMENT

The Issue Price represents a:

- 8% premium to the last closing price on 10 March 2020 of \$0.074
- 10% discount to the 15 day VWAP of \$0.089

New shares issued under the Placement will rank equally with existing ordinary shares on issue.

Jett Capital Advisors LLC and Bell Potter Securities Limited acted as Joint Lead Managers to the Placement.

Kamara Group provided debt advisory services for the working capital loan facility.

Proceeds from the Placement and existing cash reserves will be used for the accelerated reserve conversion and resource growth exploration drilling program which will commence early in the June Quarter 2020. Drilling will comprise reverse circulation and diamond drilling at the core Boorara, Binduli, Rose Hill and Teal gold project areas to be incorporated into the consolidated Feasibility Study due for completion in the December Quarter 2020 ¹.

New discovery drilling will also be conducted across the portfolio including the Windanya-Baden Powell, Yarmany, Gunga West and Lakewood prospect areas.

The Company is now fully funded with Board approval expected in coming weeks to ¹:

- Bring Boorara Stage 1 into production for cash generation in 2020 leveraging off the high Australian gold price environment and to prove the grade control for the larger scale development
- Commence the exploration drilling program to grow reserves and resources and continue the search for the next large scale gold discovery in the WA Goldfields
- Complete the consolidated Feasibility Study evaluating all advanced open cut and underground development projects to deliver a robust 4-5 year mine plan and underpinning a standalone processing plant at Boorara

Authorised for release by the Board of Directors

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¹ Please see Forward Looking and Cautionary Statements on Page 5.

Forward Looking and Cautionary Statements

Some statements in this report regarding estimates or future events are forward looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward looking statements. These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain any additional mine licenses, permits and other regulatory approvals required in connection with mining and third party processing operations, competition for among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward looking statements will prove to be correct.

Statements regarding plans with respect to the Company’s mineral properties may contain forward looking statements in relation to future matters that can only be made where the Company has a reasonable basis for making those statements.

This announcement has been prepared in compliance with the JORC Code (2012) and the current ASX Listing Rules.

The Company believes that it has a reasonable basis for making the forward looking statements in the announcement, including with respect to any production targets and financial estimates, based on the information contained in this and previous ASX announcements.

This announcement has been prepared for publication in Australia and may not be released to any newswire service in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.