Horizon Minerals Limited

A new dawn

April 2025

Recommendation: BUY

- **Merging 1.8Moz gold Resource with the Black Swan Mill near Kalgoorlie, WA**
- **Derisked with +A$65m cash inflow over the next 12 months from toll milling**
- **Aggressive standalone development path; first production end 2026**

ASX: HRZ

Share Price: $0.064

Target Price: $0.12

M/Cap.: $137M

Valuation: $0.12/share

Valuation: $366M

Shares: 2140.3

Monthly T/over: $13.9M

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Petra Capital Pty Ltd

Contents

Figure 1: Top 20 Shareholders (Dated March 2025)

	Name	Amount	%
1	CITICORP NOMINEES PTY LIMITED	275,735,117	12.88
2	SHIPBARK PTY LIMITED <MATTERSON FAMILY A/C>	52,241,321	2.44
3	SPARTA INVEST AG	42,200,000	1.97
4	EDISON METALS PTY LTD	39,009,429	1.82
5	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	31,553,803	1.47
6	FMR INVESTMENTS PTY LIMITED <FMR UNIT A/C>	27,731,119	1.30
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	27,156,059	1.27
8	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS>	26,758,428	1.25
9	BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	26,631,581	1.24
10	ROMAN DENTAL PTY LTD <PINHASOV HYBRID A/C>	23,329,192	1.09
11	JETOSEA PTY LTD	22,027,472	1.03
12	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	21,150,000	0.99
13	ADVANCED TACTICS SMSF LIMITED PTY LTD	19,315,614	0.90
14	SHIPBARK PTY LIMITED <MATTERSON FAMILY A/C>	18,942,222	0.89
15	SPARTA INVEST AG	15,090,397	0.71
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,641,484	0.68
17	GOLDFIELDS HOTELS PTY LTD <PALACE INVESTMENT A/C>	13,936,696	0.65
18	MS DANIELLE SHARON TUDEHOPE	13,640,800	0.64
19	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	13,456,806	0.63
20	YANDAL INVESTMENTS PTY LTD	12,906,000	0.60
	Total	**737,453,540**	**34.46**

Source: Iress

Horizon Minerals Limited (HRZ) BUY Share Price: A$0.06

A new dawn Target Price: A$0.12

The merger of Horizon's (HRZ) 1.8Moz Gold Resource with Poseidon's processing infrastructure at Black Swan has created a new near-term gold development opportunity in the prolific WA goldfields. A 50,000m exploration program is defining mineable ounces to underpin an initial five-year mine plan, while GR Engineering has commenced mill refurbishment and conversion studies. In the nearer term, HRZ's operating capability and funding capacity is advancing via mining and toll treating agreements, with cash of +A$65m expected to be generated over the coming year. This puts HRZ in a strong position to fund an aggressive development timeline to bring the repurposed Black Swan mill back online in late 2026, producing +80kozpa at A$2,175/oz AISC for at least 5 years. We initiate with a BUY and A$0.12/sh PT, lifting to A$0.22/sh at spot.

Horizon 2.0 in a Tier-1 location

- The merger of HRZ and POS has created a significant emerging gold producer in the Tier-1 Kalgoorlie-Coolgardie district, consolidating HRZ's 1.8Moz gold Resource with the Black Swan processing plant.
- The 2.2Mtpa Black Swan Ni concentrator (on care & maintenance) is readily amenable to processing free-milling gold ore through cost-effective refurbishment and addition of conventional gravity, CIL, and elution circuits.
- An aggressive 50,000m exploration program is designed to both expand and improve the confidence in the current 1.8Moz gold Resource, with the core objective of defining a robust initial five-year mine plan. Key targets include Burbanks, Greater Boorara, Coote-Crake, Penny's Find, Kalpini & greenfield prospects adjacent to Black Swan.

De-risking with cash inflows over the next 12 months

- HRZ to receive cash inflows over the next 12-15 months from separate toll milling and Ore Sales Agreements (OSA). We estimate A$10m net cash to HRZ in Dec. Q'25 from a 0.2Mt toll milling agreement (Phillips Find open pit) plus +A$55m net cash over the next 12 months (i.e., to Jun. Q'26) from a 1.24Mt OSA (Boorara open pit).

Target price A$0.12/sh, lifting to A$0.22/sh at spot

- We value HRZ at A$0.12/sh (fully diluted) assuming Black Swan is developed as a 1.5Mtpa operation for A$100m capex, producing an average of 83kozpa at AISC of A$2,175/oz for 5.5yrs; first production Mar. Q'27.

Key Dates Ahead

- Mid-May 2025 – initial Black Swan restart parameters.
- Jun. Q'25 – Start of 50,000m drilling program.
- Sep. Q'25 – Pre-Feasibility Study (PFS).
- Dec. Q'25 – Definitive Feasibility Study (DFS).
- Mar. Q'26 – Start of Black Swan refurb. and conversion.
- Mar. Q'27 – Maiden gold production at Black Swan.

Company Data

Shares – ordinary (M)	2140.3
Options/rights (M)	122.6
Diluted for options/rights (M)	2263
Market capitalisation ($M)	137
12 month low/high ($)	0.03/ 0.08
Average monthly turnover ($M)	13.9
GICS Industry	Metals & Mining

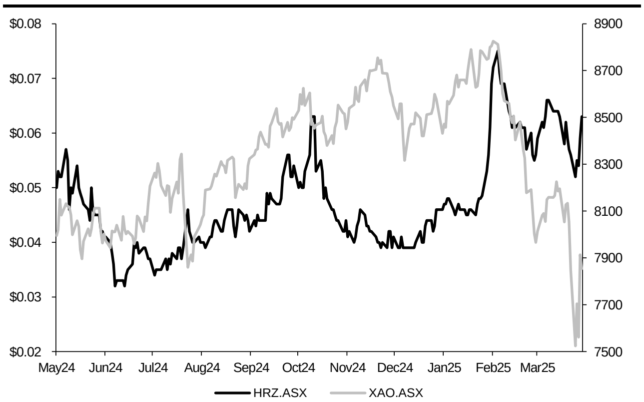
Financial Summary (fully diluted/normalised)

Year End June	FY25F	FY26F	FY27F	FY28F	FY29F
Revenue ($M)	23.3	199.5	133.4	274.6	256.0
Costs ($M)	-28.0	-151.4	-70.4	-145.7	-145.2
EBITDA ($M)	-4.7	48.1	63.0	128.8	110.8
NPAT ($M)	-8.7	50.8	58.1	110.4	66.5
EPS (¢ps)	-0.5	2.0	2.0	3.7	2.2
EPS growth (%)	na	>100%	-2%	90%	-40%
PER (x)	na	3.2	3.3	1.7	2.9
Op. Cashflow ($M)	-8.4	46.4	55.0	121.6	83.6
OCFPS (¢ps)	-0.5	1.8	1.8	4.1	2.8
POCFPS (x)	na	3.5	3.5	1.6	2.3
EV ($M)	136	101	110	22	-30
EV / EBITDA (x)	na	2.1	1.7	0.2	-0.3
Payout ratio (%)	na	na	na	na	na
Dividends (¢ps)	0.0	0.0	0.0	0.0	0.0
Yield (%)	na	na	na	na	na
Franking (%)	na	na	na	na	na

Board

Director	Position	Executive
Ashok Parekh	Chairman	No
Grant Haywood	MD & CEO	Yes
Warren Hallam	Director	No

HRZ – performance over one year



Analysis

Horizon Minerals Limited (HRZ)

Year End June

Share price (A$)	0.064	
Issued Shares (m)	2,140	
Market Cap (A$m)	137	
Options/Rights (m)	122.6	
To issue (m)	833	*Assume A$50m new equity @ A$0.06/sh*
Fully Diluted no. of Shares (m)	3,096	

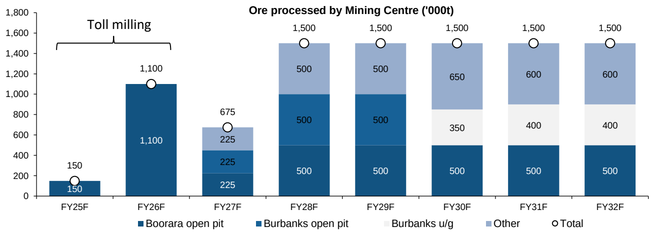
P&L Statement (A$M)	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F
Revenue	0.0	23.3	199.5	133.4	274.6	256.0
Costs	(1.9)	(28.0)	(151.4)	(70.4)	(145.7)	(145.2)
EBITDA	**(1.9)**	**(4.7)**	**48.1**	**63.0**	**128.8**	**110.8**
Depreciation & Amortisation	(0.04)	(2.0)	(6.1)	(6.0)	(19.3)	(19.3)
Operating profit	**(1.9)**	**(6.7)**	**42.0**	**57.0**	**109.6**	**91.5**
NOI	0.0	(1.2)	9.0	0.0	0.0	0.0
EBIT	**(2)**	**(8)**	**51**	**57**	**110**	**92**
Interest income	0.1	0.1	0.3	1.1	0.8	3.4
Interest expense	(1.7)	(0.9)	(0.5)	0.0	0.0	0.0
Tax expense*	0.0	0.0	0.0	0.0	0.0	(28.5)
Minority interest/Other	0.0	0.0	0.0	0.0	0.0	0.0
Reported NPAT	**(3.5)**	**(8.7)**	**50.8**	**58.1**	**110.4**	**66.5**
EPS Reported (A$c)	(0.5)	(0.5)	2.0	2.0	3.7	2.2
DPS - Declared (A$c)	0.0	0.0	0.0	0.0	0.0	0.0
Avg. no. of shares (m)**	714	1,629	2,557	2,974	2,974	2,974
YE no. of shares (m)	1,119	2,140	2,974	2,974	2,974	2,974

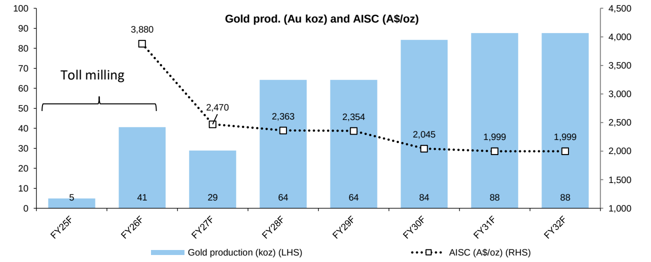
Commodity prices & FX	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F
Gold price (US$/oz)	2,079	2,748	3,100	3,050	2,800	2,650
AUD:USD	0.66	0.64	0.63	0.65	0.66	0.67
Gold price (A$/oz)	3,170	4,290	4,921	4,730	4,275	3,986
ARP (A$/oz) assumed unhedged	*na*	*na*	*na*	*4,730*	*4,275*	*3,986*
Ore Processed (Mt)	**-**	**0.15**	**1.10**	**0.68**	**1.50**	**1.50**
Boorara open pit	-	0.15	1.10	0.23	0.50	0.50
Burbanks open pit	-	-	-	0.23	0.50	0.50
Other	-	-	-	0.23	0.50	0.50
Grade (g/t Au)	**-**	**1.1**	**1.2**	**1.42**	**1.42**	**1.42**
Boorara open pit	-	1.1	1.2	1.00	1.00	1.00
Burbanks open pit	-	-	-	1.75	1.75	1.75
Other	-	-	-	1.50	1.50	1.50
Gold contained (koz Au)	**0.0**	**5.3**	**43.9**	**30.7**	**68.3**	**68.3**
Recovery (%)	na	92.5%	92.5%	94.0%	94.0%	94.0%
Gold recovered (koz Au)	**0.0**	**4.9**	**40.6**	**28.9**	**64.2**	**64.2**
Gold sales (koz Au)	0.0	4.9	40.6	28.9	64.2	64.2
AISC (A$/oz)	-	-	3,880	2,470	2,363	2,354

Cash Flow (A$M)	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F
EBITDA	(1.9)	(4.7)	48.1	63.0	128.8	110.8
Investment in working capital	1.6	(3.7)	(1.7)	(8.0)	(7.2)	1.3
Tax expense	0.0	0.0	0.0	0.0	0.0	(28.5)
Operating Cash Flow	**(0.2)**	**(8.4)**	**46.4**	**55.0**	**121.6**	**83.6**
Capex (growth)	5.7	0	(50)	(55)	(20)	(20)
Capex (sustaining)	0	(2.5)	(10)	(5)	(10)	(10)
Exploration	(2.0)	(2.0)	(10)	(5)	(5)	(5)
Investing Cash Flow	**3.7**	**(9)**	**(70)**	**(65)**	**(35)**	**(35)**
Net interest received / (paid)	(1.5)	(0.8)	(0.2)	1.1	0.8	3.4
Debt drawdown / (repayment)	1.3	1.5	(9.7)	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised / (repaid)	0.0	23.6	50.0	0.0	0.0	0.0
Financing Cash Flow	**(0.3)**	**24.4**	**40.1**	**1.1**	**0.8**	**3.4**
Minority interest / Other	(4.6)	(1.2)	9.0	0.0	0.0	0.0
Inc/(Dec) in Cash	**(1.3)**	**6.3**	**26**	**(8.9)**	**87.4**	**52.0**

Mineral Resource	Mt	g/t Au	Moz Au	Moz Aueq (100%)
Gold (ex orig. HRZ)	**30.6**	**1.84**	**1.80**	**1.80**
Gold (ex orig. POS)	6.0	0.84	0.16	0.16
Nimbus Ag-Zn Project	12Mt @ 0.2g/t Au, 52g/t Ag, 0.9% Zn			0.39
Mt Thirsty Ni-Co Project (HRZ 50%)	66Mt @ 0.43% Ni, 0.06% Co, 0.45% Mn			2.03
Ni (ex orig. POS)	43.1Mt @ 0.94% Ni for 407kt Ni			2.05

Note: Aueq resources at Nimbus, Mt Thirsty , POS Ni calculated pre-met. recovery and payability





Balance Sheet (A$M)	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F
Cash & Equivalents	4.3	10.5	36	27	115	167
Receivables	0.6	0.6	4.0	10.7	22.0	20.5
Inventories	0.0	3.7	4.0	10.7	16.5	15.4
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
PPE and Explo/Dev.	48	54	118	177	193	209
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	6.2	6.2	6.2	6.2	6.2	6.2
Total Assets	**59**	**75**	**169**	**232**	**352**	**417**
Payables and other CL	2.4	2.4	4.4	9.8	19.7	18.4
Short Term Debt	8.2	9.7	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Liabilities	2.0	2.0	2.0	2.0	2.0	2.0
Non-controlling interest (NCI)	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities incl NCI	12.7	14.2	6.5	11.8	21.7	20.4
Equity	46	61	162	220	331	397
Total Liabilities and Equity	**59**	**75**	**169**	**232**	**352**	**417**

Valuation	(A$m)	(A$/sh)
Black Swan Gold Project NPV8 (444koz mine inventory)	255	0.09
Residual Resource (1,310koz @ A$50/oz)	66	0.02
Boorara Ore Sale Agreement (49koz Au)	40	0.01
Nimbus Ag-Zn Project & Mt Thirsty Ni-Co Project (nominal)	27.5	0.01
Ni assets (BS/GS, Lake Johnson, Mt Windarra) (nominal)	10	0.00
Corporate & Investments	(32)	(0.01)
Enterprise value	365	0.12
Net cash /(debt) FY25F	0.8	0.00
Equity value	**366**	**0.12**

Ratios	FY24A	FY25F	FY26F	FY27F	FY28F	FY29F
P/E (x)	na	na	3.2	3.3	1.7	2.9
Debt/Equity	17.7%	15.8%	0.0%	0.0%	0.0%	0.0%
Price/Book (x)	-75.3	-28.9	0.8	0.6	0.4	0.3
EV/EBITDA (x)	-75.3	-28.9	2.1	1.7	0.2	-ve EV

*Note: * Assumed 0% corporate tax until FY29F on forward tax losses. ** Diluted for forecast A$50m in new equity at A$0.06/sh.*

Source: Petra Capital

Executive Summary

Transformational acquisition creates Horizon Minerals 2.0

HRZ's February 2025 acquisition of POS has created a new mid-tier, near term gold development opportunity in WA's prolific Kalgoorlie-Coolgardie region. The merging of HRZ's significant 1.8Moz gold Resource base with POS's processing infrastructure at Black Swan forms the foundation of a +80kozpa gold producer within the next 18-24 months. An aggressive 50,000m extensional and resource definition drilling program aims to underpin an initial five-year mine plan to provide ore to a refurbished and converted Black Swan Mill, with first production targeted for early 2027. HRZ has an experienced and incentivised Board and management team; key recent appointments include a Group Mining Engineer and Project Manager to progress HRZ's operational production plans.

Currently producing via toll milling and ore sale agreements….

HRZ is currently producing gold via toll milling and ore sale agreements:

- **Ore Sale Agreement (OSA) with Norton Gold Fields'** Paddington Mill (56km from Boorara) to treat 1.24Mt @ 1.24g/t Au for 49.5koz gold from HRZ's Boorara open pit mine; ore is contract mined and hauled. The first ore parcel was processed in Mar. Q'25 and Boorara is now at steady state ore production with ore delivered in 80-100kt parcels every month. Over the life of the agreement (Petra est. to Jun. Q'26), we forecast A$55m in net cash to HRZ.
- **Toll Treatment Agreement with Focus Minerals'** (ASX:FML) Three Mile Hill processing plant at Coolgardie (replacing an earlier Agreement with FMR Investment's Greenfields Mill) to treat ore from HRZ's Phillips Find open pit mine. Total tonnage is 0.2Mt, with the ore mined under a JV with mining contractor BML Ventures. Under the BML profit share agreement, we forecast attributable cash flow of A$10m to HRZ in Dec. Q'25.

…. with a standalone Black Swan development targeting gold in early 2027

An aggressive 50,000m exploration program to expand the current 1.8Moz gold Resource and improve Resource confidence is planned for FY25/FY26. Note: 55% of the global Resource is already in the higher confidence Measured and Indicated categories. Key targets include Burbanks (20,000m), Greater Boorara, Coote-Crake, Penny's Find, and Kalpini. In addition, HRZ has prioritised maiden drilling (10,000m) of prospective gold trends around Black Swan identified from limited historical exploration. The objective of the drilling program is defining mineable ounces for an initial 5-year period.

The 2.2Mtpa Black Swan Ni concentrator is readily amenable to processing free-milling gold ore through cost-effective refurbishment and the addition of conventional gravity, CIL, and elution circuits. HRZ recently appointed GR Engineering Services (GRES) to carry out engineering studies on refurbishing and repurposing Black Swan to a gold plant. Ahead of the preliminary study findings expected in mid-May 2025, we assume Black Swan is brought online at 1.5Mtpa for A$50m capex. Note: GRES estimated capex of A$38m in a Nov.'22 BFS to refurbish Black Swan to a 1.1Mtpa nickel operation.

A PFS on the Black Swan Project is targeted for Sep. Q'25, with a DFS in late 2025; predicated on Study findings and funding, HRZ is targeting first gold in late 2026 (Petra Capital: Mar. Q'27).

Target price A$0.12/sh; initiate with a BUY

Predicated on a 444koz mine inventory, we calculate a NPV_8-derived value for HRZ of A$366m, equivalent to A$0.12/sh fully diluted for A$50m new equity at A$0.06/sh. Our valuation assumes a forecast average gold price of A$4,112/oz (US$2,703/oz at US$0.66) over the mine life. A ±10% change in forecast gold price impacts our target price by ±29%; our TP lifts to A$0.22/sh at spot (A$5,148/oz). At our forecast FY26F production of 41koz (from the Boorara OSA), we calculate that HRZ trades at an EV/Production of A$2,587/oz, significantly below the producer peer average of A$9,880/oz.

Risks

Risks include (i) exploration success in establishing an economic Resource, (ii) capital requirements and timeframe associated with progressing the Project to commercial production, (iii) production profile and operating costs, (iv) commodity price and exchange rate volatility and, (v) regulatory environment.

Valuation and target price

Underpinned by a post-tax NPV_8 of A$255m for the Black Swan Gold Project, we calculate HRZ's equity value at A$366m (A$0.12 per diluted share) – Figure 2.

Figure 2: HRZ valuation summary

Item	A$m	A$/sh
Black Swan Gold Project NPV8 (444koz mine inventory)	255	0.09
Residual Resource (1,310koz @ A$50/oz)	66	0.02
Boorara Ore Sale Agreement (49koz Au)	40	0.01
Nimbus Ag-Zn Project & Mt Thirsty Ni-Co Project (nominal)	27.5	0.01
Ni assets (BS/GS, Lake Johnson, Mt Windarra) (nominal)	10	0.00
Corporate & Investments	(32)	(0.01)
Enterprise value	365	0.12
Net cash /(debt) FY25F	0.8	0.00
Equity value	**366**	**0.12**

Source: Petra Capital

Key valuation assumptions

The Project is pre-study (pre-feasibility study (PFS) expected in September 2025) with HRZ targeting an initial five-year mine plan, and first gold production from a refurbished and re-purposed Black Swan mill, in late 2026 (Figure 3).

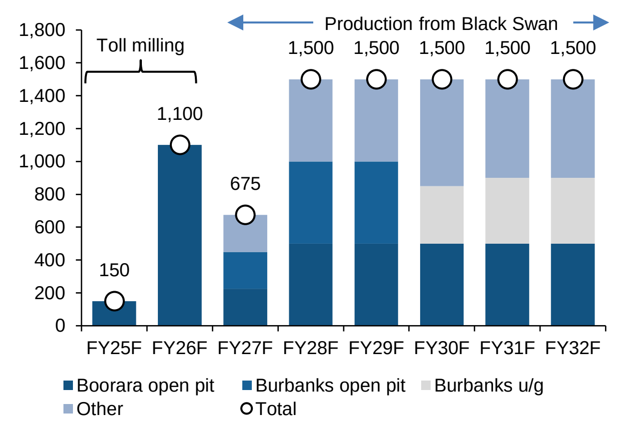
Figure 3: Indicative timeline of upcoming cash flow (toll milling) and pathway to gold from Black Swan

Source: Company (10 February 2025)

Ahead of the PFS outcomes, our key assumptions for a standalone Black Swan Project include:

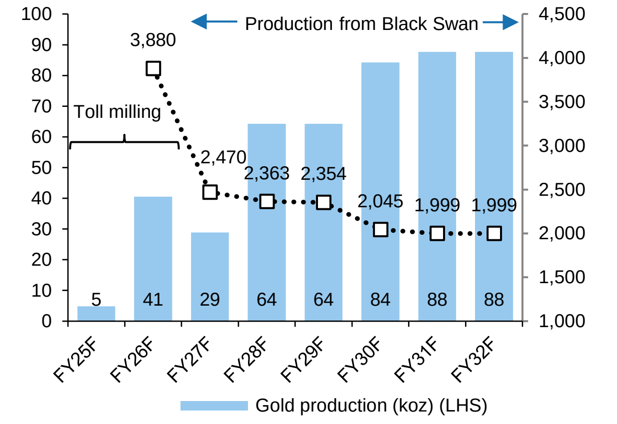
- Mill throughput of 1.5Mtpa, initial 5.5-year LOM, first gold Mar. Q'27 which is slightly later than HRZ's Dec. '26 target (Figures 3 and 4).
- Mine inventory of 8.2Mt @ 1.69g/t Au for 444koz contained gold:
    - 2.7Mt (33%) from Boorara open pit.
    - 1.2Mt (15%) from Burbanks open pit and 1.2Mt (15%) from Burbanks underground.
    - 3.1Mt (37%) from other open pit deposits.
- LOM prod. of 417koz at average AISC A$2,175/oz, 83koz average annual production (Fig. 5)
- A$100m pre-production capex (A$50m mine development, A$50m Black Swan refurbishment & conversion) funded via internal cash flows and A$50m new equity capital at A$0.06/sh.
- We treat the Nebari US$5.1m (A$7m) convertible note as debt (current conversion price of A$0.042/sh), and assume it is repaid as per the loan agreement in November 2025.

Figure 4: Mill feed by ore source (kt)



Source: Petra Capital forecasts

Figure 5: Gold production (koz) and AISC (A$/oz)

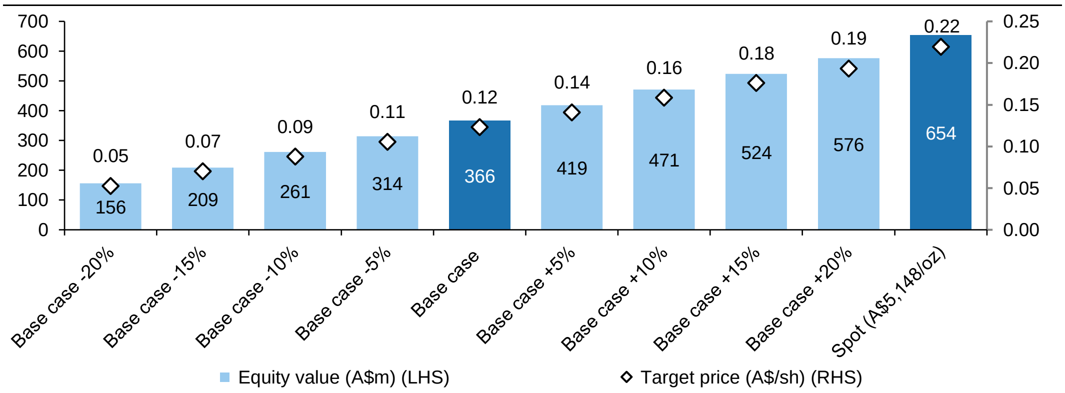


Source: Petra Capital forecasts

Gold price sensitivity

Our NPV$_8$-derived valuation of A$0.12/sh is predicated on a forecast average LOM (FY25F-32F) gold price of A$4,112/oz (US$2,703/oz @ at US$0.66). A ±10% change in our forecast gold price profile impacts our target price by ±29%; TP A$0.22/sh at spot gold (Figure 6).

Figure 6: Valuation sensitivity to the AUD gold price

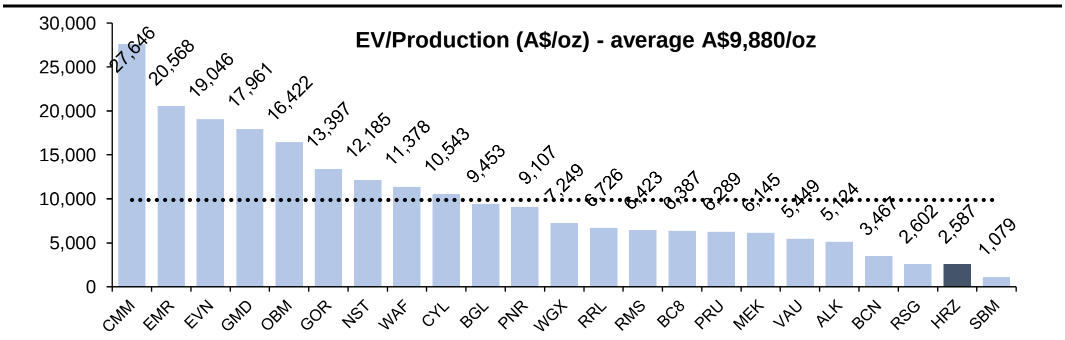


Source: Petra Capital

Peer comparison – offers significant value relative to producer peers

At our forecast FY26F production of 41koz (Boorara OSA), we calculate that HRZ trades at an EV/Production of A$2,587/oz, significantly below the producer peer average of A$9,880/oz (Figure 7).

Figure 7: Producer peer comp. – EV/Production (A$/oz)

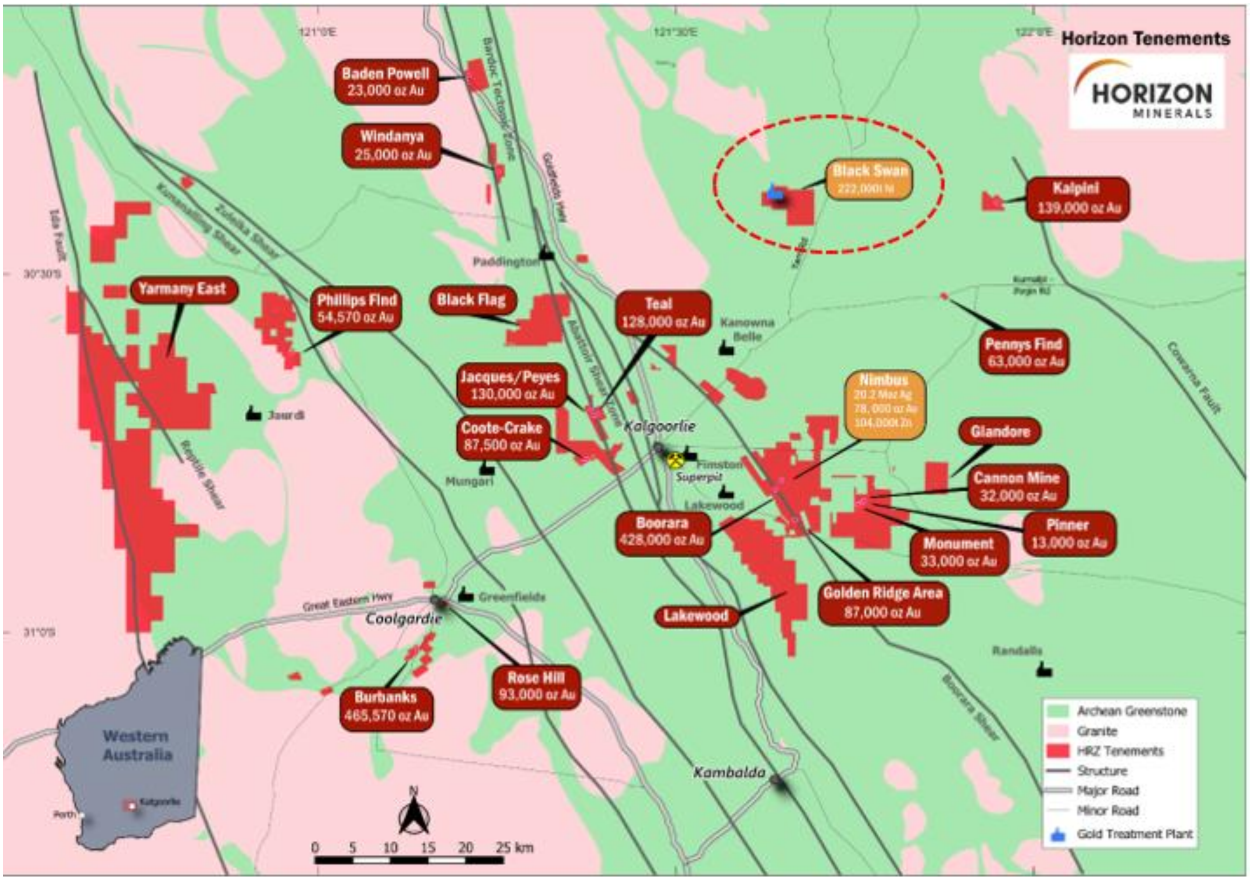


Source: Companies, Iress, compiled by Petra Capital. Based on company guided FY25 production & AISC. PNR, VAU, WGX, ALK, SBM, based on Petra's FY25F forecasts; MEK, BC8, HRZ based on Petra's FY26F forecasts.

Compelling new gold development opportunity

The merger of Horizon Minerals (ASX: HRZ) and Poseidon Nickel (ASX:POS, delisted) has created a significant emerging gold producer in the Tier-1 Kalgoorlie-Coolgardie district by consolidating HRZ's large (1.8Moz) high-grade gold Resource with POS's Black Swan processing plant (Figure 8).

Figure 8: Location map of HRZ's tenure and major deposits relative to the Black Swan mill

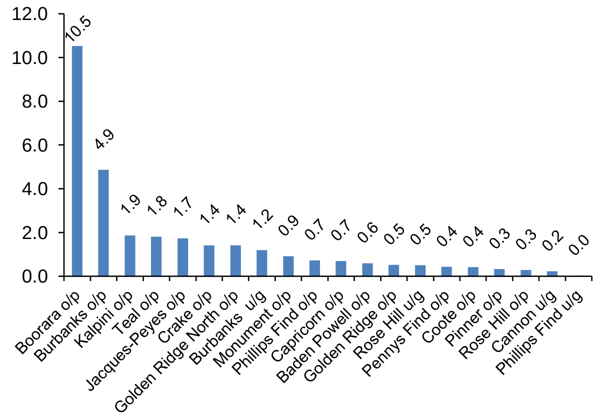


Source: Company, Petra Capital. Note: location of the Black Swan plant highlighted by the red dashed circle.

Mineral Resources

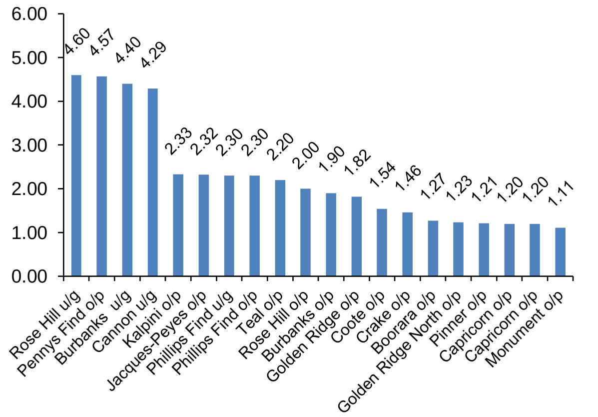
HRZ's gold Mineral Resource of 30.6Mt @ 1.84g/t Au for 1.8Moz is spread over 20 deposits, with 50% (895koz @ 1.68g/t Au) in the cornerstone Boorara and Burbanks deposits (Figs. 9 & 10).

Figure 9: Resources (Mt) per deposit



Source: Company, Petra Capital

Figure 10: Grade (g/t Au) per deposit

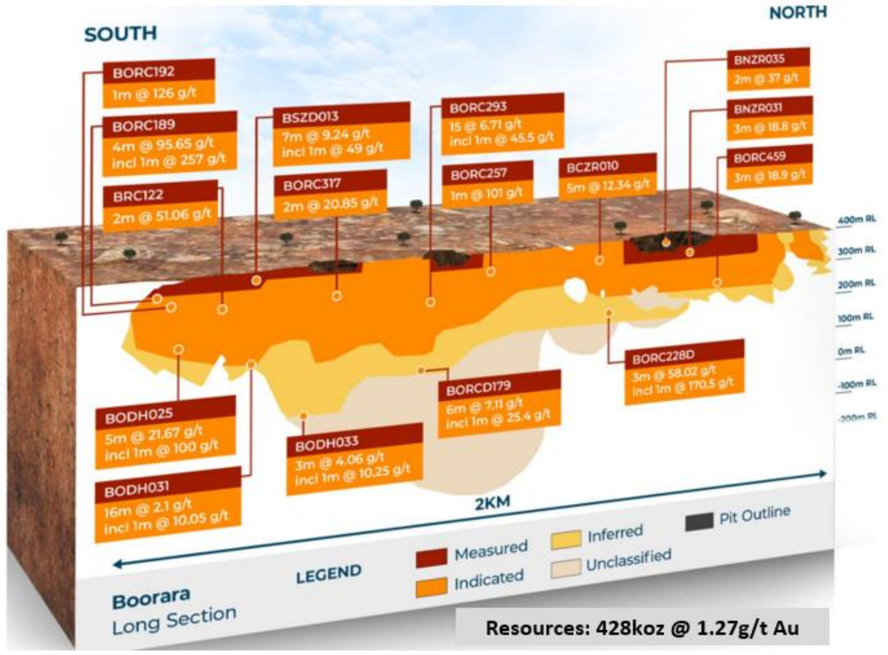


Source: Company, Petra Capital

Accelerated exploration strategy to underpin initial 5-year mine plan

An aggressive 50,000m exploration program to expand the Resource and improve Resource confidence is planned for FY25/FY26. Note: 55% of the global Resource is already at M&I categories. Key targets include Boorara (Figure 11), Burbanks, Coote-Crake, Penny's Find, and Kalpini. In addition, HRZ has prioritised maiden drilling (10,000m) of prospective gold trends around Black Swan identified from limited historical exploration (wide spaced soil sampling).

Figure 11: Boorara – currently being mined under an OSA; will be baseload for Black Swan

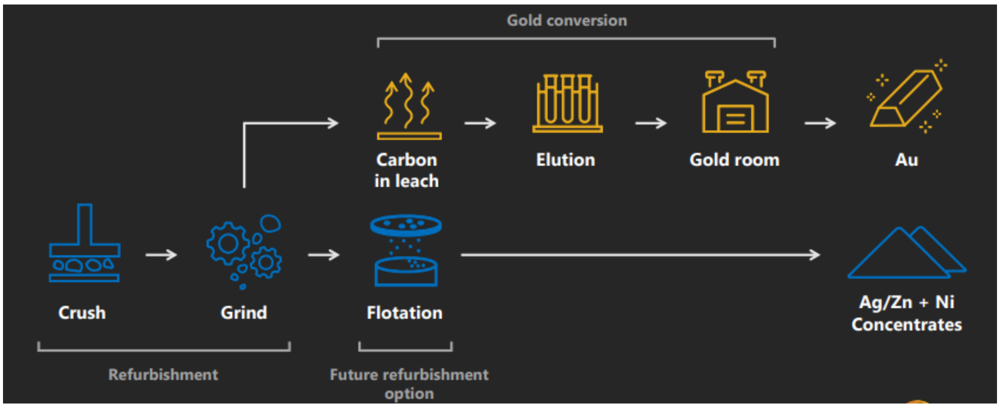


Source: Company

Black Swan processing plant

The Black Swan processing facility, on C&M since 2009, consists of a 2.2Mtpa nickel sulphide concentrator and associated infrastructure. The concentrator is readily amenable to processing free-milling gold ore following refurbishment, reconfiguration and the addition of conventional gravity, CIL, and elution circuits (Figure 12). We assume 1.5Mtpa capacity is brought back online as part of the restart plan, which will require one of the two installed mills to be utilised. The additional milling capacity maybe valuable in the event of a new exploration discovery or when considering future project expansion opportunities. Black Swan is strategically located 40km northeast of Kalgoorlie, will look to be connected to grid power, and is within easy access to labour, spares, and consumables.

Figure 12: Black Swan mill – existing flotation circuit (blue) and planned additions (yellow)

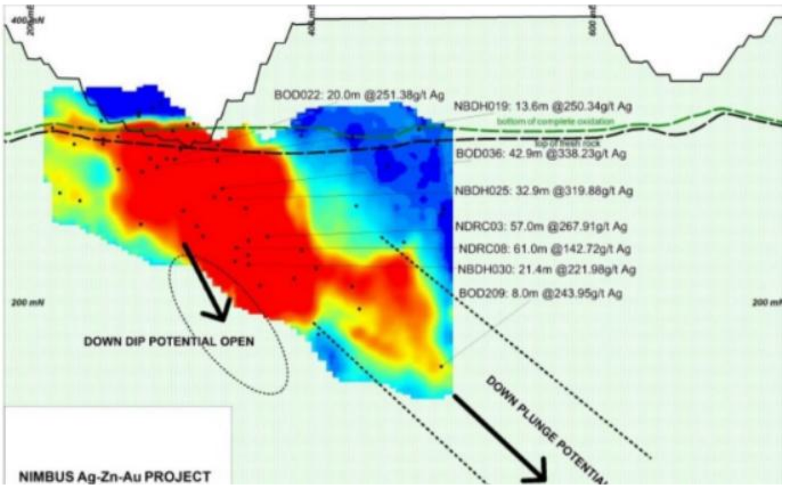


Source: Company

Nimbus Silver-Zinc Project

The historical Nimbus Ag-Zn mine located 15km southeast of Kalgoorlie and 2km east of the cornerstone Boorara Project, was placed on C&M in 2007 after producing 3.6Moz of silver at a grade of 353g/t Ag. The current Resource of 12Mt @ 52g/t Ag for 20Moz Ag and 0.9% Zn for 109kt Zn (0.39Moz Aueq) contains a high-grade lode containing 6.4Moz @ 774g/t Ag and 33kt Zn @ 12.8% Zn. An exploration program in 2H 2025 will drill test down dip extension of the high-grade lode (Fig. 13) with a target of doubling the tonnage. Economic and metallurgical studies will then investigate the potential to refurbish the nickel flotation circuit at Black Swan (capex c.A$15m) to produce a Ag-Zn concentrate.

Figure 13: Nimbus Ag-Au Project – long section showing down dip/plunge extension



Source: Company. Note: Ag equivalent image

Large portfolio of nickel assets

Following the merger with Poseidon Nickel, HRZ now has one of the largest nickel sulphide resources in Australia (excluding BHP and IGO) with an aggregate 43Mt @ 0.94% Ni for 407,000t of contained Ni (plus copper and cobalt by-products) in a large, strategic, 381km^2 WA Goldfields landholding. Whilst not currently part of HRZ's exploration or production strategy, the nickel inventory and processing plants/infrastructure provide significant future optionality, including value realisation through divestments. Assets include:

- **Black Swan**: 206kt Ni Resource; high-grade Silver Swan u/g mine, Golden Swan u/g Resource, and the Black Swan open pit, 2.2Mtpa Black Swan Ni concentrator (Figure 14).
- **Mt Windarra**: 149kt Ni Resource; the Mt Windarra and South Windarra mines, as well as the undeveloped Cerberus project, 186koz Au in tailings.
- **Lake Johnston**: 52kt Ni resource; the Maggie Hays and Emily Ann underground mines, 1.5Mtpa Lake Johnston nickel concentrator, high-grade Ni expl. potential along 18km of strike.

Figure 14: Black Swan milling circuit with flotation cells in background

Source: POS

Board of Directors

Ashok Parekh (Non-Executive Chairman) is a chartered accountant, with over 40 years' experience, who owns a large Accounting Practice in Kalgoorlie, which he has operated for 33 years. He was awarded the Centenary Medal in 2003 by the Governor General of Australia and was recently awarded the Meritorious Service Award by the Institute of Chartered Accountants, the highest award granted by the institute in Australia.

Mr Parekh has over 33 years' experience in providing advice to mining companies and service providers to the mining industry. He has spent many years negotiating with public listed companies and prospectors on mining deals which have resulted in new IPOs and the commencement of new gold mining operations. He has also been involved in the management of gold mining and milling companies in the Kalgoorlie region and has been the Managing Director of some of these companies. He is well known in the West Australian mining industry and has a very successful background in the ownership of numerous businesses in the Goldfields. Mr Parekh was an Executive Chairman of ASX-listed A1 Consolidated Gold Limited (ASX: AYC) from 2011 to 2014.

Grant Haywood (Managing Director & Chief Executive Officer) is a mining engineer with over 30 years' experience in underground and open cut mining operations and is a graduate of the Western Australian School of Mines (WASM). Grant also attained his Masters in Mineral Economics from WASM, holds a First Class Mine Managers Certificate and is also a Graduate of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Mining and Metallurgy. He has managed mining projects in senior leadership positions from feasibility through to development and operations predominantly in the Western Australian goldfields for junior and multinational gold mining companies including Phoenix Gold, Saracen Mineral Holdings and Gold Fields.

Warren Hallam (Non-Executive Director) is highly experienced metallurgist and mineral economist with extensive operational and executive experience and expertise in financing, developing and operating of base metal and gold projects within Australia.

Mr Hallam has considerable technical, managerial and financial experience across a broad range of commodities including copper, nickel, tin, gold and iron ore. He has held numerous board and senior executive positions within the resources sector including directorships of Westgold Resources Limited, Aziana Limited, Nelson Resources Limited and was the Managing Director of Metals Exploration Limited, Metals X Limited, Capricorn Metals Limited and Millennium Minerals Limited.

Mr Hallam has a Bachelor of Applied Science in Metallurgy, a Master of Science in Mineral Economics, and a Graduate Diploma of Business.

Figure 15: Directors' Interests

Director	Shares	Options/Rights	Total
Ashok Parekh	24,884,407	-	24,884,407
Grant Haywood	2,825,600	8,027,822	10,853,422
Warren Hallam	1,265,244		1,265,244
Total	**28,975,251**	**8,027,822**	**37,003,073**

Source: Company, compiled by Petra Capital

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