

Horseshoe Metals Limited

ABN 20 123 133 166

**Financial report for the half-year ended
30 June 2018**

This report should be read in conjunction with the 31 December 2017 Annual Report.

Corporate Information

Board of Directors

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

Company Secretary

Brendon Morton

Registered Office

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

Solicitors

Squire Patton Boggs
Level 21
300 Murray Street
Perth WA 6000

Bankers

National Australia Bank
Level 14, 100 St Georges Terrace
Perth WA 6000

Share Registry

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

Auditors

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

Securities Exchange Listing

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

Website

www.horseshoemetals.com.au

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Directors' report

Your Directors submit the financial report of the consolidated group ("the Group") consisting of Horseshoe Metals Limited ("the Company") and the entity it controlled during the period for the half year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

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

Review of Operations

The Group realised a net loss for the half-year of \$87,155 (2017:\$381,178).

Horseshoe Metals Limited (ASX: HOR) ("Horseshoe" or "the Company"), through its wholly owned subsidiary, Murchison Copper Mines Pty Ltd, holds a 100% interest in the Horseshoe Lights and Kumarina Projects located in the Peak Hill Mineral Field, north of Meekatharra in Western Australia. Tenements cover an area of approximately 60 km² including the previously-mined Horseshoe Lights copper-gold mine, located 75 km west of Sandfire Resources NL's (ASX:SFR) DeGrussa copper-gold mine, in the Bryah Basin region of Western Australia (Figure 1).

Post half-year end, Horseshoe released the results of a 15-hole Reverse Circulation (RC) drilling program completed in 2017 at the Horseshoe Lights Project. Previous drilling through Waste Rock Landforms (WRL) at Horseshoe had returned elevated copper and gold intersections, and to test this potential an initial twelve hole drill program totalling 180 m was completed on the Northwest and Southern WRLs, to investigate their use as a possible resource for low-capex oxide copper ore treatment (the SMART program). This was followed by a three hole exercise testing specific bedrock targets.

Results from the WRL drilling generally showed sub-economic copper values, with a best result of **3 m @ 1.4% Cu** from surface, inside a broader zone of 10 m @ 0.52% Cu, with a maximum value of 2.3% Cu (refer Table 1); and a zone of **4 m @ 2.23 g/t Au** from 1 m. Notably all anomalous copper zones were recorded from surface on the WRL's, assisting any possible recovery of potential material for the SMART program. The company is examining the opportunity for additional targeted holes in the vicinity of better results from this and previous drilling. The best bedrock drilling result was **8 m @ 0.96% Cu** from 50 m and **11 m @ 1.54% Cu** from 72 m in a broad mineralised zone in Hole RC1144.

HORSESHOE LIGHTS DRILLING RESULTS- Discussion

Waste Rock Landform drilling

Previous drilling on the Motters and NW Stringer Zone (refer Figure 2) had to collar through the Northern Waste Rock Landforms. These incidental samples previously returned elevated copper and gold intersections. As the other Waste Rock Landforms (WRL) on the property had limited information, an initial 12 RC hole (WRL01 - 12) drill program totalling 180 m was completed on the Northwest and Southern WRLs to investigate landforms as a possible resource for the SMART program.

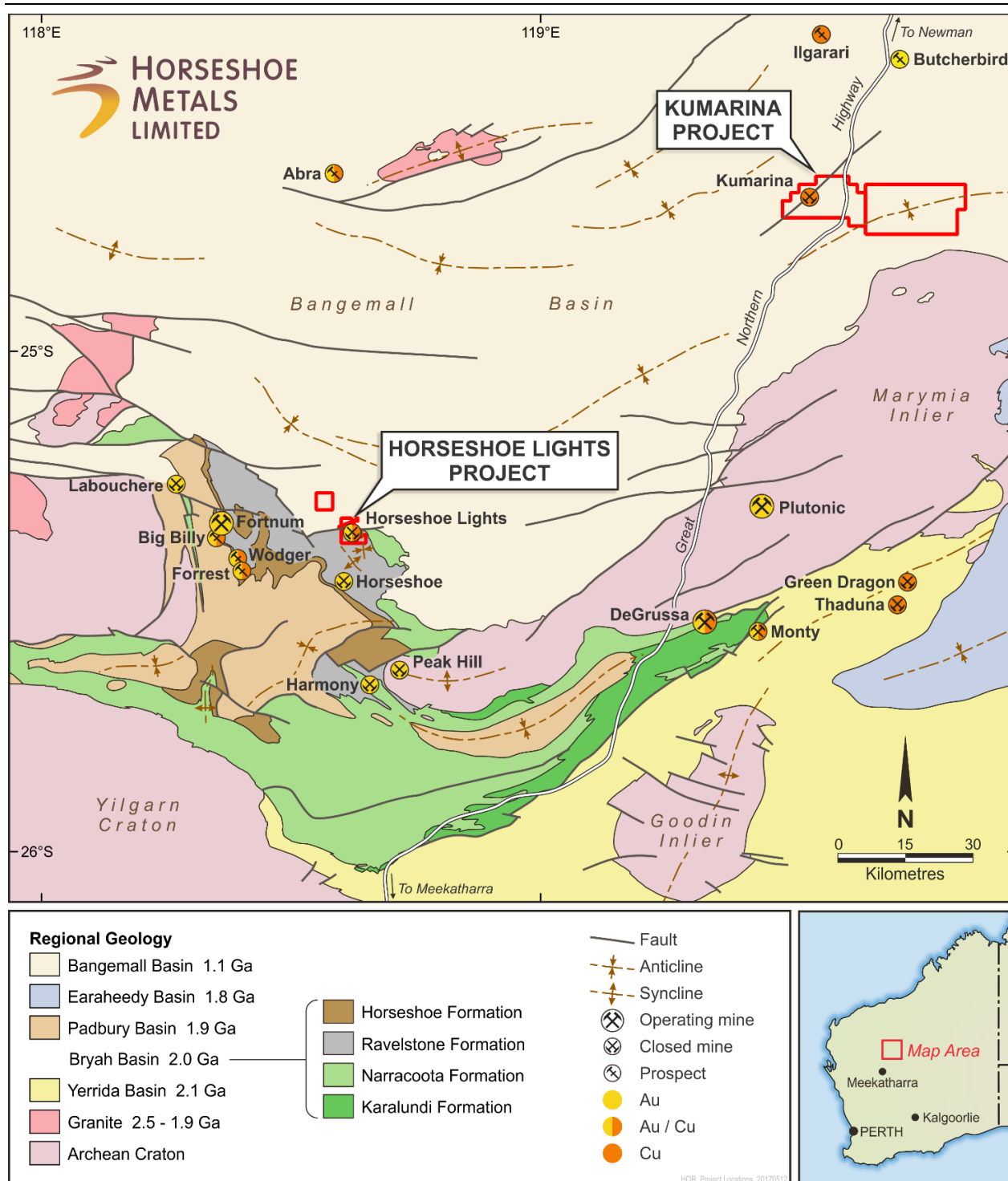


Figure 1: Location map and geology, Horseshoe Lights and Kumarina Projects

This programme was very broad in nature and considered only to provide an indicative assessment. Best result was 3 m @ 1.4% Cu from surface in hole WRL11, inside a broader zone of 10 m @ 0.52% Cu; and 4 m @ 2.23 g/t Au from 1 m in WRL05; which was the only coherent gold intersection.

Typically all anomalous copper zones were recorded from surface on the WRL's, assisting any possible recovery of potential material for the SMART program. The average of all copper grades >0.1% reported from surface was 0.26%, which could potentially be upgraded by beneficiation.

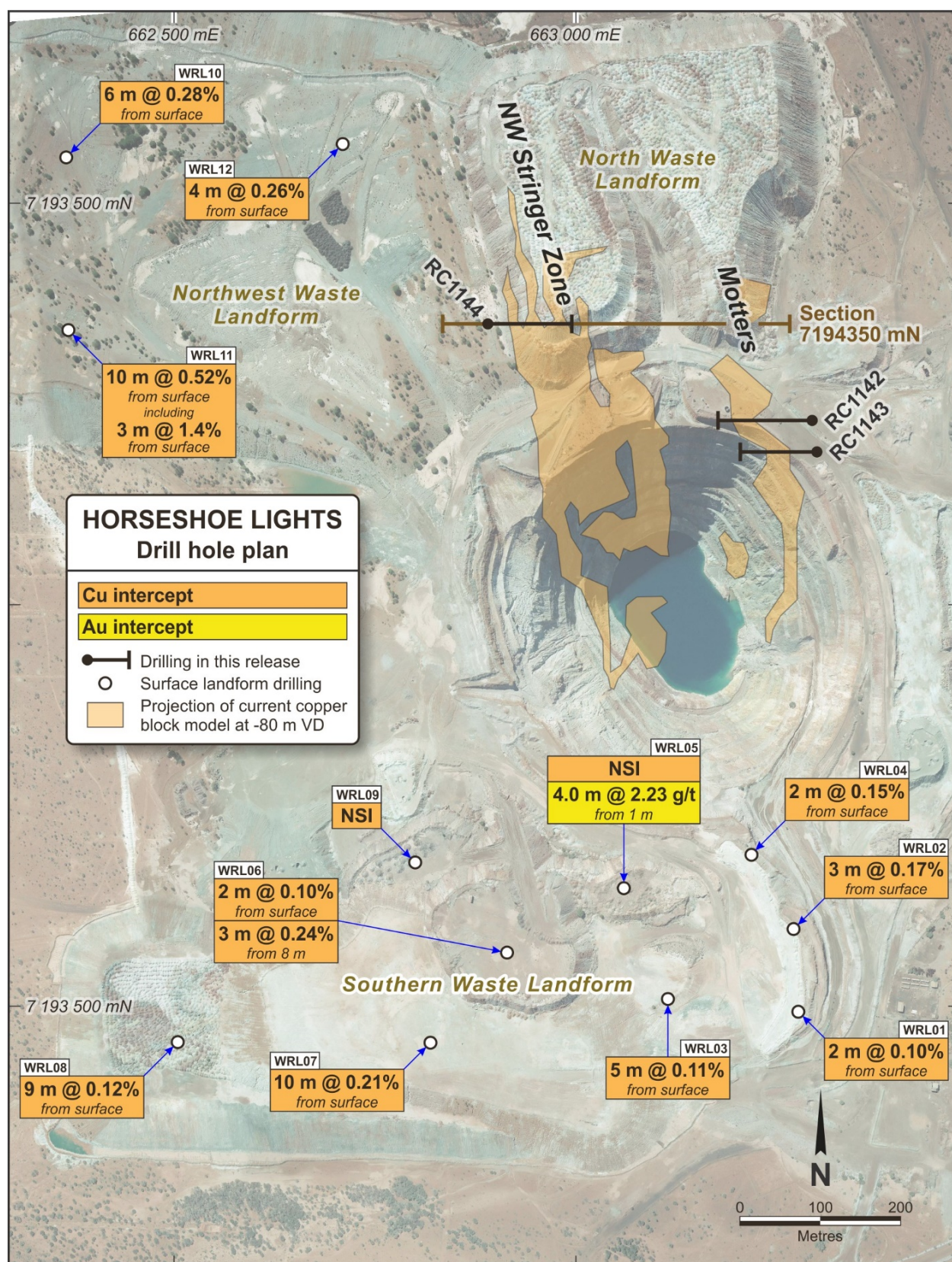


Figure 2: Location and Highlights, WRL drilling

In addition to the WRL drilling, the company undertook reconnaissance confirmatory sampling of a number of stockpiles (the M15 Stockpiles, a subgrade stockpile; and a gold ore stockpile- refer Figure 3). Previous material estimates of the copper stockpiles have been determined as 243,400 t @ 1.10% Cu (M15) and 38,000 t @ 0.5% Cu

(Subgrade) - refer ASX announcement 9 March 2015. A nominal 8 samples taken from the M15 stockpiles averaged 1.4%, and 4 samples from the subgrade stockpile averaged 1.0 % Cu, exceeding expectations and giving confidence in the possible performance of this material. The gold stockpile averaged 1.9 g/t Au from 4 samples.

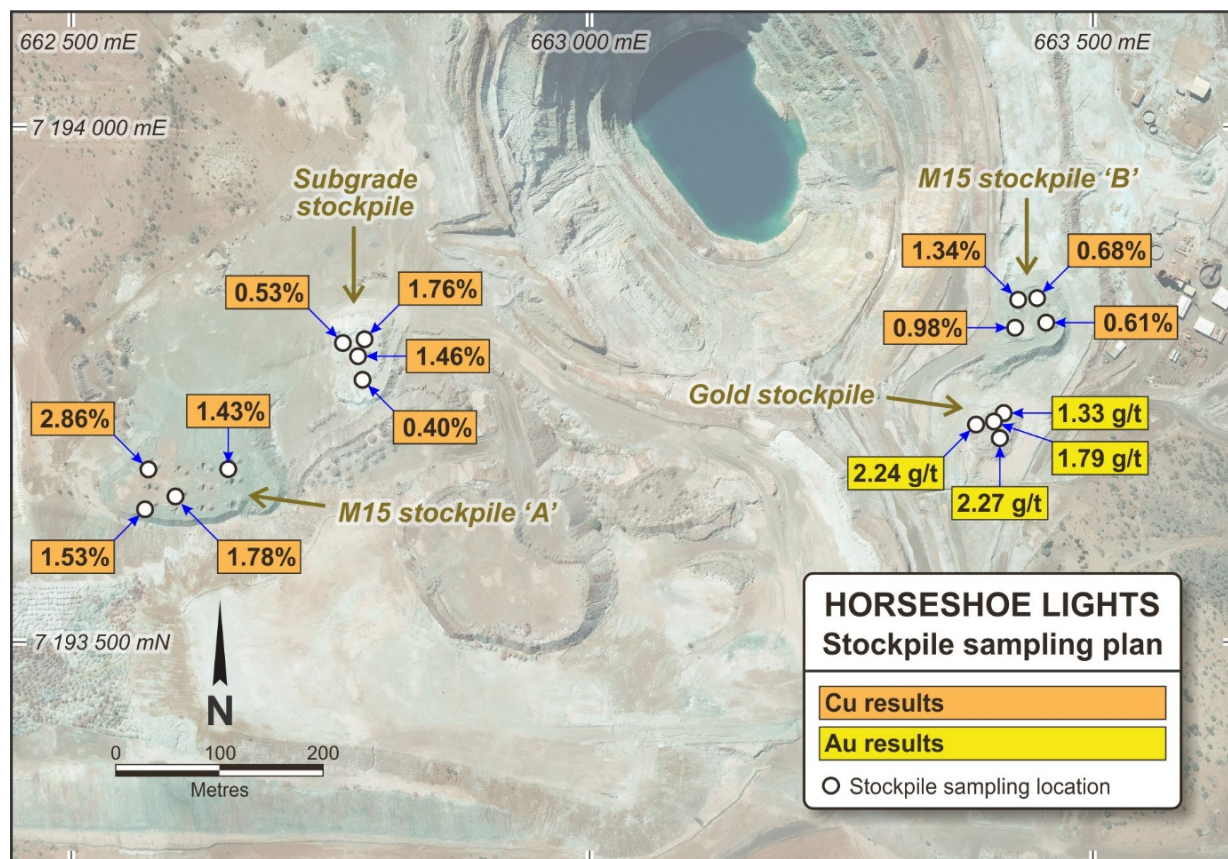


Figure 3: Location and Values, Stockpile Sampling

Table 1: Results from 2017 WRL Drilling, Horseshoe Lights.

Hole_ID	Final Depth	Grid Easting	Grid Northing	Max Cu_pp m	Max Au_ppb	Best Intersection*
WRL01	12	663277	7193503	1837	85	2 m @ 0.10% Cu from surface
WRL02	10	663272	7193606	3562	154	3 m @ 0.17% Cu from surface
WRL03	17	663115	7193519	1611	768	5 m @ 0.11% Cu from surface
WRL04	8	663219	7193698	2104	69	2 m @ 0.15% Cu from surface
WRL05	9	663132	7193658	672.7	3120	NSI (Cu) 4 m @ 2.23 g/t Au from 1m
WRL06	23	662915	7193576	4081	236	2 m @ 0.10% Cu from surface; and 3 m @ 0.24% Cu from 8m
WRL07	15	662819	7193464	9201	139	10 m @ 0.21% Cu from surface
WRL08	14	662504	7193465	2046	114	9 m @ 0.12% Cu from surface
WRL09	12	662798	7193675	605.3	2690	NSI
WRL10	20	662366	7194568	5857	78.9	6 m @ 0.28% Cu from surface
WRL11	14	662368	7194352	22670	449	10 m @ 0.52% Cu from surface (including 3 m @ 1.4% Cu from surface)
WRL12	26	662710	7194585	3234	67.4	4 m @ 0.26% Cu from surface

*Cu Intervals >0.1% Cu, 2 m internal dilution, minimum width 2 m

*Au Intervals >1.0 g/t Au, no internal dilution, minimum width 2 m; NSI unless stated

Bedrock Target Areas

Eastern Footwall Zone

Historical drilling of the Eastern Footwall Zone has proven difficult due to the position of the pit wall. A specialty

drill rig completed two holes (RC1142 and RC1143) in a target area believed to be the linkage between the Main Zone and the Motters Zone. Drilling encountered Narracoota Formation volcanic rock with disseminated chalcopyrite observed in the target zone.

Best results for Hole RC1142 (intersections reported >2 m >0.5%, minimum 2 m internal dilution):

- 2 m @ 0.62% Cu from 42 m inside a broad lower grade intercept (>0.1%) of 15 m @ 0.24% Cu from 35 m;

Best results for Hole RC1143 were:

- 5 m @ 0.96% Cu from 51 m inside a broad low grade intercept of 33 m @ 0.30% Cu from 36m;
- 2 m @ 0.61% from 132 m, and
- 2 m @ 0.51% Cu from 136 m; both inside a broad low grade intercept of 20 m @ 0.26% Cu from 129 m;

Both holes were not drilled perpendicular to mineralisation due to the pit proximity, and widths are considered downhole only. Results are considered generally reflective of the modelled resource, and provided confidence in the geological interpretation and modelling for this area.

Northwest Stringer Zone

Drill hole RC1144 was designed to test the continuity of oxide mineralization between holes on Section 4350 of the Northwest Stringer Zone (Figure 2). Three separate mineralized zones were encountered in Narracoota Formation volcanic rock as indicated by RC drilling chips containing coarse malachite.

Assays highlighted that the entire length of the hole (162 m) was effectively elevated in copper, and the main horizon averaged 0.37% over 127 m length from 35 m.

Best results for Hole RC1144 (intersections reported >2 m >0.5%, minimum 2 m internal dilution):

- 8 m @ 0.96% Cu from 50 m, and
- 11 m @ 1.54% from 72 m, and
- 2 m @ 0.51% Cu from 127 m; and
- 2 m @ 0.59% Cu from 136 m;

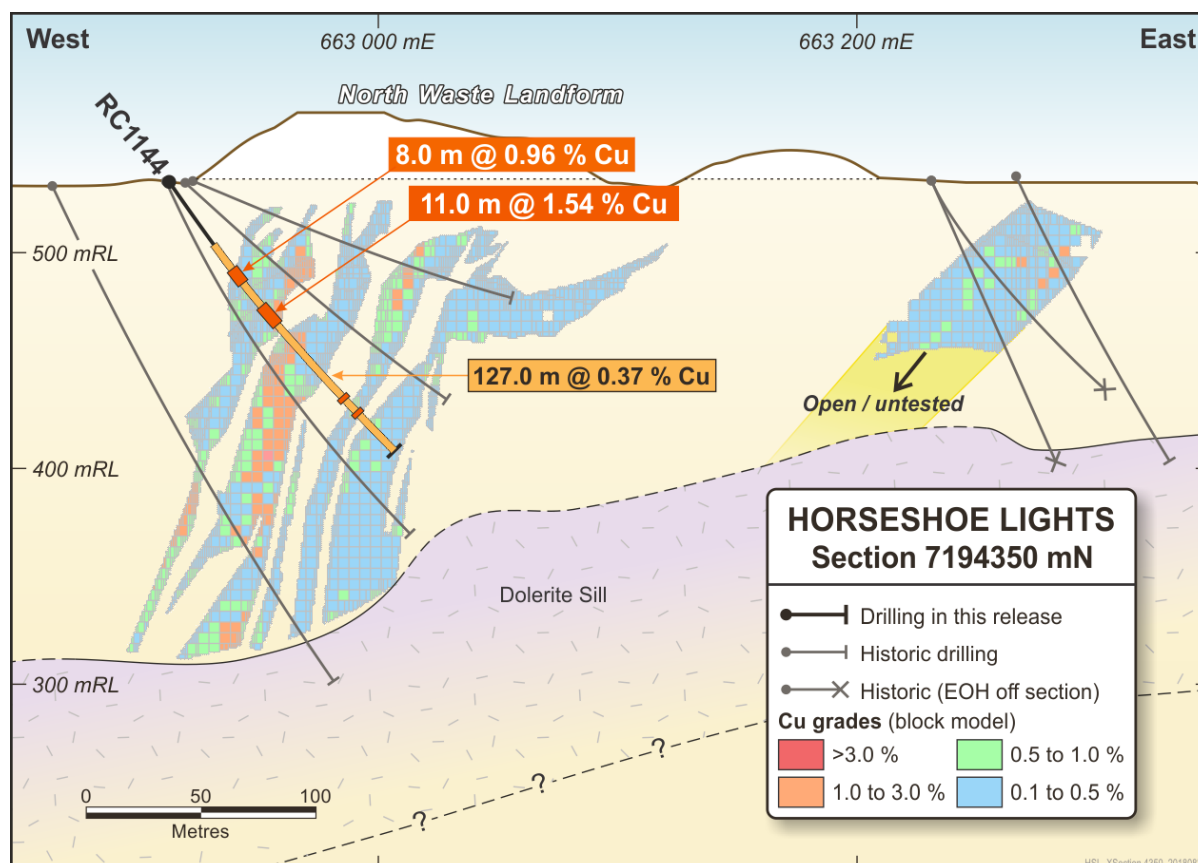


Figure 4: Cross Section 7194350 mN, Horseshoe Lights Deposit, highlighting best results from Hole RC1144

Results for RC1144 are considered true width. No significant gold intersections were recorded in any of the bedrock drilling. Material from the oxide zones in Hole RC1144 were retained to provide new inputs to the SMART Project.

HORSESHOE LIGHTS EXPLORATION ACTIVITIES

The company's geologists have been reviewing targets within the company's tenure, and have been developing what is internally referred to as the "Below the Dolerite", or "BTD" target. As can be seen in Figure 4, Horseshoe Lights volcanogenic massive sulfide (VMS) copper-gold mineralisation in the host Narracoota Formation is terminated by a younger dolerite intrusion, which strikes roughly east-west, and dips variably to the south-southwest. This dolerite has traditionally been seen as the limit of exploration potential, was consistently used as a marker to terminate drilling, and the thickness was unknown to a number of recent workers.

The dolerite is interpreted to occupy a thrust fault that pushes the Narracoota over the Bangemall Group sediments (refer Figure 1 for regional geology plan), which means that that Narracoota Formation should re-appear beneath it, and the formation may continue to host VMS mineralisation below the dolerite (refer Figure 5- Conceptual BTD target).

Recent investigations have highlighted the paucity of understanding in relation to the nature of the relationship between these units, which has a significant impact on the deeper prospectivity of the project. The company recently re-investigated holes that could determine the thickness of the dolerite, and found two; a diamond hole re-entry on an original RC hole drilled in 1976 (HLD-2), which penetrated 134 m of dolerite before passing into a "metasedimentary rock of unknown character"; and Hole RC702 drilled in 1988, penetrating 120 m of dolerite before passing briefly into 14 m of black pyritic shale before being terminated. It is unclear if the logged shale can be interpreted as Bangemall sediments; or as internal to the Narracoota Formation, which can occur and is observed locally at Horseshoe within the Narracoota Formation.

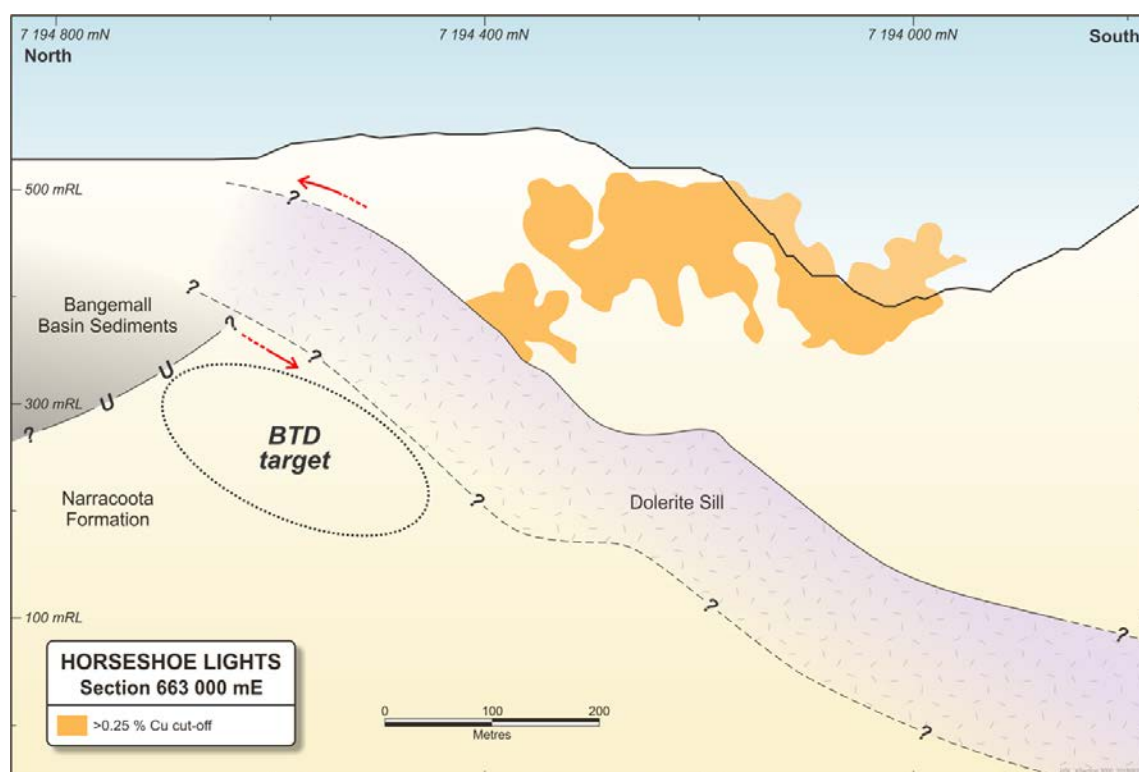


Figure 5: Conceptual BTD Target, Cross Section 663000 mE, looking East, Horseshoe Lights Deposit

The company now considers that the thickness of the dolerite should not necessarily be considered a heavy impediment to exploration targeting, particularly as it daylights up-dip to the north, and that the sequence below the dolerite should be drill tested with more rigor to establish if prospective horizons can be established within newly-located and untested Narracoota Formation, below the Bangemall sediments. The dolerite also impacts surface geophysical techniques, and drilling below the dolerite may provide a platform to identify non-shale anomalies through downhole techniques.

The company also has Programme of Works (PoW) approval to Aircore drill test a strong geochemical copper in soil anomaly to the south of Horseshoe pit on E52/2042 (refer Figure 6); and PoW approval to undertake confirmatory infill and extensional auger sampling of targets T1-T6 generated from regional auger sampling on E52/1998 (refer Figure 7). These programmes require ground clearance and board approval to proceed.

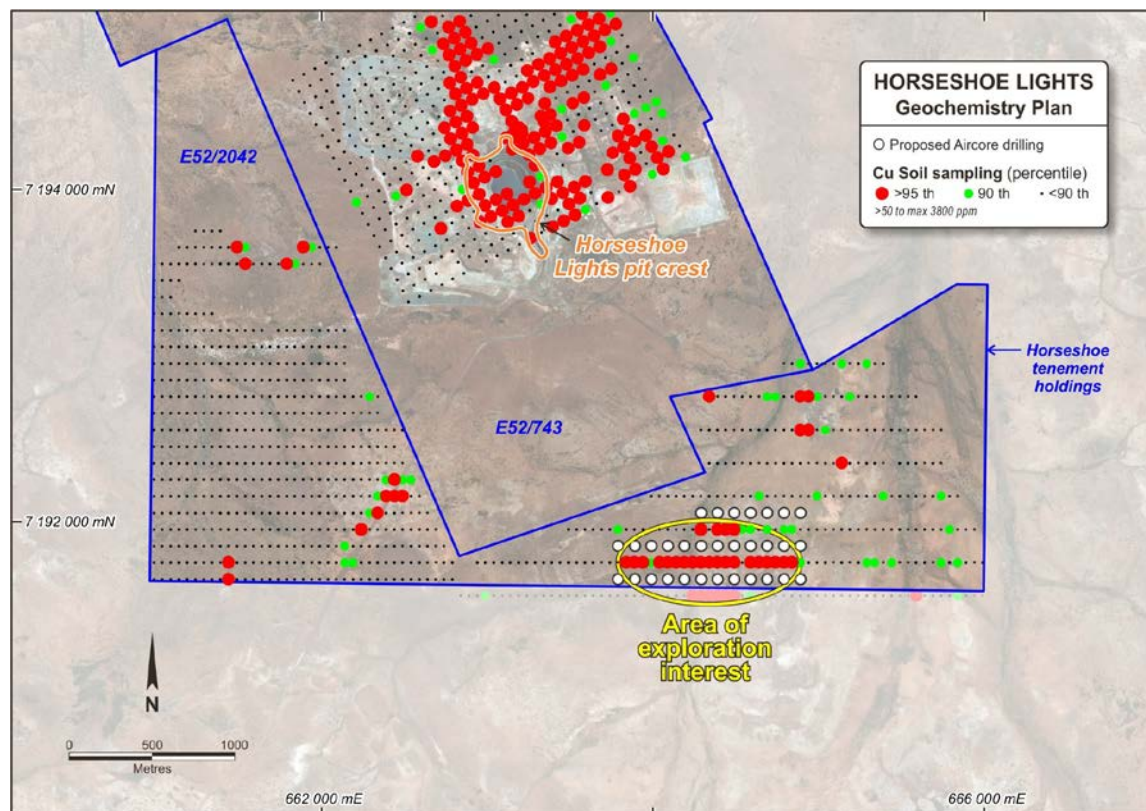


Figure 6: Plan of compiled historical soil sampling, Horseshoe Lights Project

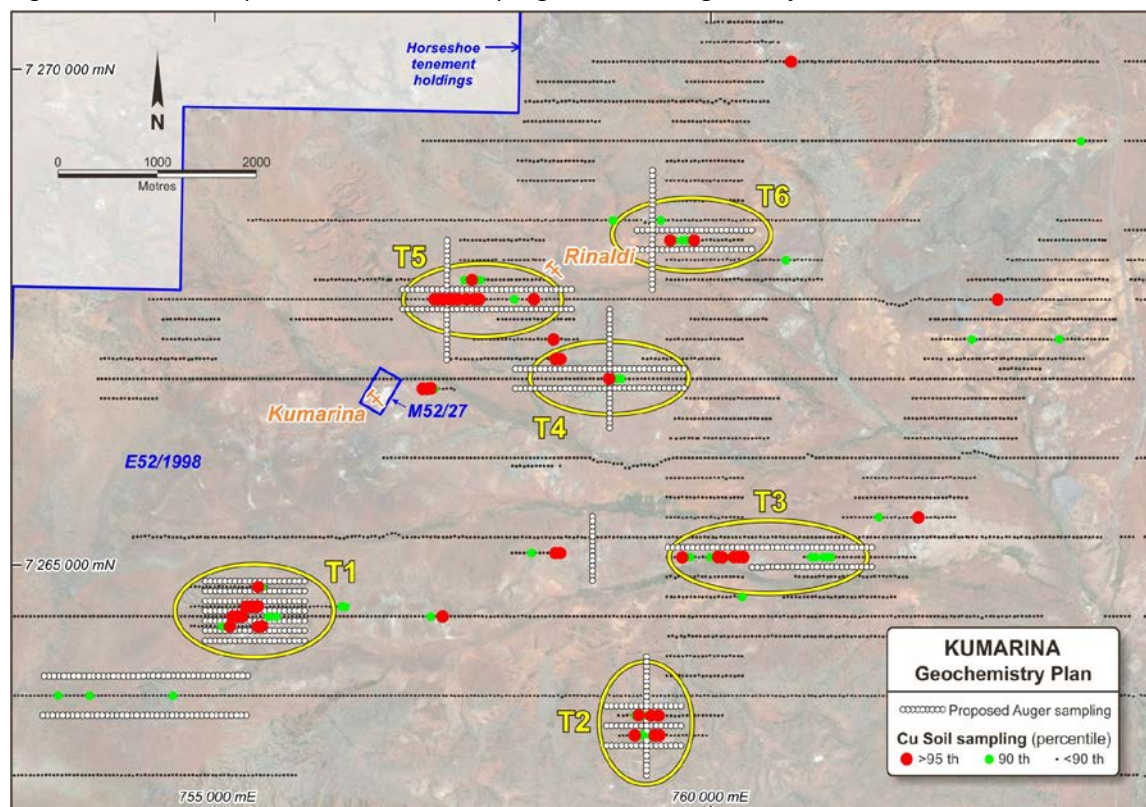


Figure 7: Plan of compiled auger sampling and geochemistry targets, E52/1998, Kumarina Project

Corporate

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

On 28 March 2018, a letter of variation was signed extending the capital raising date to 30 June 2019.

Material terms of the Loan are:

Lenders:	Related entities of Mr Fotios
Loan Amount:	Up to \$1,000,000
Interest Rate:	8% per annum
Repayment:	Within 10 days of receipt by the Company of sufficient funds from future capital raising (the terms of which have not been determined at this date) provided that, if any such capital raising is not completed by 30 June 2019, then interest, repayment terms and/or conversion of the Loan will be re-negotiated between the parties. The Loan will be repayable upon demand in the discretion of the Lenders until those revised are agreed.
Conversion:	Subject to any required regulatory and/or shareholder approval, all or part of the Loan (subject to a minimum conversion amount of \$50,000) may be converted into shares, at the Lender's election, at a conversion price equal to the issue price of shares under future capital raising and on the same terms as the capital raising, including any free attaching securities issued as part of such capital raising at the same ratio.
Use of funds:	The funds will be applied towards the Company's immediate working capital requirements.

On 28 May 2018, the Company held its Annual General Meeting where all resolutions put to the meeting were passed unanimously on a show of hands.

Auditor's Independence Declaration

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

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



Michael Fotios

Chairman

Perth, WA

13 September 2018



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

The Directors
Horseshoe Metals Limited
24 Mumford Place
Balcatta WA 6021

Dear Sirs

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

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2018 half year financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan FCA (Lead auditor)

Rothsay

Dated 13th September 2018



Chartered Accountants

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

	Note	Consolidated	
		Half-year to 30 June 2018	Half-year to 30 June 2017
		\$	\$
Revenue			
Interest income		-	-
Other income		277,778	-
		-	-
Expenses			
Occupancy expenses		(78,500)	-
Consultancy expenses		(64,116)	(49,263)
Administrative expenses		(30,328)	(96,393)
Depreciation expenses		(5,351)	(5,558)
Directors' remuneration		(37,000)	(27,000)
Exploration expensed		(97,917)	(136,128)
Interest expenses		(51,721)	-
Rehabilitation expenses		-	-
Loss before income tax expense		(87,155)	(357,370)
Income tax expense		-	-
Loss after tax from continuing operations		(87,155)	(357,370)
Loss for the period		(87,155)	(381,178)
Other comprehensive income		-	-
Total comprehensive loss for the period		(87,155)	(357,370)
Loss per share:			
Basic loss per share (cents per share)		(0.045)	(0.20)
Diluted loss per share (cents per share)		(0.045)	(0.20)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

		Consolidated	
		30 June 2018	31 December 2017
ASSETS	Note	\$	\$
Current assets			
Cash and cash equivalents		1,044	7,657
Trade and other receivables	2	358,190	139,492
Other assets		-	7,711
Total current assets		359,234	154,860
Non-current assets			
Plant and equipment		38,829	44,180
Exploration and evaluation expenditure	3	6,508,801	6,508,801
Total non-current assets		6,547,630	6,552,981
Total assets		6,906,864	6,707,841
LIABILITIES			
Current liabilities			
Trade and other payables	5	614,486	660,380
Total current liabilities		614,486	660,380
Non-current Liabilities			
Trade and other payables	5	1,057,610	927,990
Borrowings	6	749,310	583,747
Provisions	4	5,812,890	5,776,000
Total Non-current Liabilities		7,619,810	7,287,737
Total liabilities		8,234,296	7,948,117
Net assets		(1,327,432)	(1,240,276)
Equity			
Issued capital	7	17,158,393	17,158,393
Accumulated losses		(18,485,825)	(18,398,669)
Total equity		(1,327,432)	(1,240,276)

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

	Consolidated	
	30 June 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(161,244)	(61,001)
Financing costs	(1,812)	-
Fuel tax rebate received	40,788	-
Net cash used in operating activities	(122,268)	(61,001)
Cash flows from investing activities		
Payments for purchase of plant and equipment	-	(5,547)
Payment for exploration and evaluation activities	-	(69,406)
Net cash used in investing activities	-	(74,953)
Cash flows from financing activities		
Repayment of borrowings	-	-
Proceeds from the issue of shares	-	-
Proceeds from borrowings	115,655	132,376
Net cash flows from/(used in) financing activities	115,655	132,376
 Net increase/(decrease) in cash and cash equivalents	 (6,613)	 (3,578)
Cash and cash equivalents at the beginning of the period	7,657	(6,389)
Cash and cash equivalents at the end of the period	1,044	2,811

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Total
	\$	\$	\$	\$
Balance as at 1 Jan 2018	17,158,393	(18,398,670)	-	(1,240,277)
Loss attribute to members of the parent entity	-	(87,155)	-	(87,155)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(87,155)	-	(87,155)
Shares issues	-	-	-	-
Transaction costs	-	-	-	-
Sub-total	-	(87,155)	-	(87,155)
Balance as at 30 June 2018	17,158,393	(18,483,825)	-	(1,325,432)

FOR THE HALF-YEAR ENDED 30 JUNE 2017

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 31 December 2017 and any public announcements made by Horseshoe Metals Limited during the half-year in accordance with continuous disclosure requirements arising under the ASX Listing Rules.

Basis of Preparation

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

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

Accounting policies and methods of computation

The accounting policies adopted are consistent with those applied and disclosed in the 31 December 2017 annual report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

For the half-year ended 30 June 2018 the Group recorded an operating cash outflow of \$122,268 (half-year ended 30 June 2017: outflow of \$61,001) and at 30 June 2018 had a net working capital deficit of \$255,252 (31 December 2017 deficit of \$505,520).

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

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

Michael Fotios as chairman of the board of Whitestone Minerals Pty Ltd, Delta Resources Management Pty Ltd and Investmet Ltd has confirmed unconditionally that these entities will not call on or demand any repayment of the advances made to the company up to 30 June 2018 and will only do so if and when the Group's financial position improves.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Significant accounting judgments and key estimates

The preparation of interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2017.

NOTE 2: TRADE AND OTHER RECEIVABLES

	Consolidated as at 30 June 2018 \$	Consolidated as at 31 December 2017 \$
CURRENT		
Trade Receivables	4,352	4,254
GST	116,848	135,238
R&D Rebates	236,990	-
	<u>358,190</u>	<u>139,492</u>

NOTE 3: EXPLORATION AND EVALUATION ASSETS

The following table details the movement in deferred exploration and evaluation expenditure reported in the statement of financial position during the half year ended 30 June 2018.

	Consolidated Half-year to 30 June 2018 \$
Costs carried forward in respect of areas of interest	
At 1 January 2018	6,508,801
Exploration costs	97,917
Expensed (i)	(97,917)
At 30 June 2018	<u>6,508,801</u>

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

(i) In light of the continuation of the poor market conditions, the directors determined that it was prudent to expense all exploration and evaluation incurred on its mineral projects during the period. As a result the Group's capitalised deferred exploration and evaluation costs remains at a balance of approximately \$6.5 million as at 30 June 2018. As this is an estimate, the actual recoverable amount may be significantly different to this value. Future exploration and evaluation results and changes in commodity prices may change the estimated recoverable amount in the future, which may result in reversal of some or all of the impairment charge recognised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2018**

NOTE 4: PROVISIONS

	Consolidated as at 30 June 2018 \$	Consolidated as at 31 December 2017 \$
Non Current		
Provision for Rehabilitation (i)	5,812,890	5,776,000
Total Non-Current		

(i) Pursuant to the Mining Rehabilitation Fund Regulations 2013 (WA) the Company is required to assess its rehabilitation obligations across all its tenement holdings as at 30 June each year. The assessed estimated cost of rehabilitation as at 30 June 2018 using the methodology adopted under the Mining Rehabilitation Fund Regulations 2013 (WA) is \$5,812,890.

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

NOTE 5: TRADE AND OTHER PAYABLES

	Consolidated as at 30 June 2018 \$	Consolidated as at 31 December 2017 \$
CURRENT		
Trade Payables	592,781	499,254
Directors' Fees Payable	10,000	46,000
Other Fees Payable	11,705	115,126
	<u>614,486</u>	<u>660,380</u>
NON-CURRENT		
Related party creditors	<u>1,057,610</u>	<u>927,990</u>

NOTE 6: BORROWINGS

	Consolidated as at 30 June 2018 \$	Consolidated as at 31 December 2017 \$
NON CURRENT		
Loan – Delta	170,789	113,171
Loan – EGS	36,167	17,948
Loan – Investmet	468,528	385,048
Loan – Whitestone	71,008	66,795
Loan – Michael Fotios	2,723	720
Loan – Redbank Copper	95	95
	<u>749,310</u>	<u>583,747</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

NOTE 7: ISSUED CAPITAL

	Consolidated as at 30 June 2018 \$	Consolidated as at 31 December 2017 \$
Ordinary Shares		
Ordinary Shares – Fully Paid	17,158,393	17,158,393
	Number	Number
Ordinary Shares – Fully Paid	194,652,190	194,652,190
Movement in Ordinary Shares on issue	Ordinary shares (Number)	Value (\$)
At 1 January 2018	194,652,190	17,158,393
Ordinary Shares Issue	-	-
Transaction Costs	-	-
At 30 June 2018	194,652,190	17,158,393

NOTE 8: SEGMENT REPORTING

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

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

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

In the directors' opinion:

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Michael Fotios

Chairman

Perth, WA

13 September 2018



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

Independent Review Report to the Members of Horseshoe Metals Limited

The financial report and directors' responsibility

The interim financial report comprises the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Horseshoe Metals Limited for the half-year ended 30 June 2018.

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

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 30 June 2018 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Horseshoe Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Horseshoe Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position as at 30 June 2018 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants



Material Uncertainty related to Going Concern

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

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

Rothsay Auditing

**Graham Swan FCA
Partner**

Dated 13th September 2018



Chartered Accountants