

## ASX/MEDIA ANNOUNCEMENT

7 JULY 2014

**ASX Code:** HOR

### Management

**Mr Neil Marston**

*Managing Director/Company  
Secretary*

**Mr Michael Fotios**

*Non-Executive Director*

**Mr Alan Still**

*Non-Executive Director*

### Issued Capital

**Shares:** 140.2 Million

**Options:**

5.4 Million (60c, exp 5/15)

**Performance Rights:** 2.8 M

**Share Price:** \$0.02

**Market Capitalisation:**

\$2.8 Million

**Cash at Bank  
(30 June 2014)**

\$0.7 Million



HORSESHOE METALS  
LIMITED

## HORSESHOE METALS COMMENCES NEXT PHASE OF DRILLING AT KUMARINA

### Highlights

- Horseshoe Metals has commenced its next phase of drilling at its Copper-Gold projects in the Peak Hill Minerals Field in WA.
- Drilling will comprise a maiden RC programme at the Snell North Prospect at the Kumarina Project.
- Drilling is designed to test for Copper mineralisation beneath historical workings.
- This will be followed up with a programme of up to 5 deep RC holes at the Kumarina Deeps Prospect.
- Company also plans to conduct its next phase of drilling at the Horseshoe Lights Project at completion of drilling at Kumarina.
- Horseshoe Metals has also secured a new funding facility to provide up to \$1M in additional equity capital for follow-up exploration.

Horseshoe Metals Limited (ASX:HOR) ("Horseshoe" or "the Company") is pleased to announce the commencement of the next phase of drilling at the Company's copper-gold projects in the Gascoyne district in Western Australia.

The Company advises that a Reverse Circulation (RC) drill programme totalling approximately 2,000 metres has commenced at the Kumarina Copper Project. This will be an initial phase of drilling designed to test exploration targets at the project's Snell North Prospect plus the Snell Shear Zone and follow-up drilling at the old Kumarina Copper Mine (see Figure 2).

The drilling at the Snell North Prospect will test a north-east trending gravity low corridor, which coincides with an interpreted magnetic dolerite intrusive and historical copper prospecting shafts (see Figure 3). The gravity low structure also coincides with a geochemical copper anomaly from soil sampling, which indicates that this structure may be related to copper mineralisation.

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The gravity low is thought to be related to the formation of low density minerals during hydrothermal mineralisation along the north-east trending structure, which is typical of copper mineralisation elsewhere in the Kumarina district.

The stronger gravity lows along the structure may correspond to more intense zones of hydrothermal copper mineralisation.

Horseshoe Metals also plans to conduct a follow up drill programme of up to 5 deep RC holes at the Kumarina Deeps Prospect in August/September 2014. This programme will be a co-funded programme, under the WA State Government's Exploration Incentive Scheme. The State Government will contribute up to \$100,000 towards this programme.

The Company then intends to commence its next phase of drilling at the Horseshoe Lights Copper-Gold Project, once drilling at the Kumarina Project is complete. Plans for drilling at Horseshoe Lights are currently underway.

### **Controlled Placement Agreement**

Horseshoe Metals is also pleased to announce that it has entered into a Controlled Placement Agreement ("**CPA**") with Acuity Capital Investment Management Pty Ltd ("**Acuity Capital**") to provide the Company with up to \$1.0 million in additional funding for follow-up exploration.

The CPA will provide Horseshoe with up to \$1.0 million of standby equity capital over the coming 12 months. Importantly, the Company retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPA. Further, there are no restrictions or conditions on other capital raising activities the Company may wish to undertake.

The Company has entered into the CPA to complement its funding initiatives and to strengthen its overall capital management programme. The CPA provides the Company with the flexibility to quickly and efficiently raise capital, including the ability to take advantage of suitably attractive opportunities if they arise.

Horseshoe is under no obligation to raise capital under the CPA. If the Company does decide to utilise the CPA, the Company has control to determine the frequency, timing, maximum size and minimum issue price of any capital raised under the CPA.

The key features of the CPA are:

- No upfront costs to establish the facility;
- Standby equity capital of up to \$1,000,000 available at the Company's sole discretion;
- Available until 30 June 2015;
- No obligation on the Company to place shares;
- The CPA provides Horseshoe with full control over the placement process, including the right to determine the following for each new placement:
  - **Maximum Placement Amount** to be issued for any particular Placement Period, minimising dilution of existing shareholders;
  - **Floor Price**, being the minimum issue price for that Placement Period, and



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- **Placement Period**, being the date(s) over which the VWAP and placement price is calculated;
- Each new placement is issued at a 10% discount to a volume weighted average price (**VWAP**) over the Placement Period, subject to the Floor Price determined by the Company;
- The actual issue price per share may be higher than the Floor Price set by the Company for a Placement Period. This will occur where the discounted VWAP of Horseshoe shares over the relevant Placement Period is above the Floor Price;

**ENDS**

**For further information please contact:**

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### About Horseshoe Metals Limited

Horseshoe Metals Limited (ASX:HOR) is a copper and gold focused company with a package of tenements covering approximately 500km<sup>2</sup> in the highly prospective Peak Hill Mineral Field, located north of Meekatharra in Western Australia. The Company's projects are the Horseshoe Lights Project and the Kumarina Project (see Figure 1).

### About the Horseshoe Lights Project

The Horseshoe Lights Project includes the old open pit of the Horseshoe Lights copper-gold mine which operated up until 1994, producing over 300,000 ounces of gold and 54,000 tonnes of copper including over 110,000 tonnes of Direct Shipping Ore (DSO) which graded between 20-30% copper.

The Horseshoe Lights ore body is interpreted as a deformed Volcanogenic Hosted Massive Sulphide (VHMS) deposit that has undergone supergene alteration to generate the gold-enriched and copper-depleted cap that was the target of initial mining. The deposit is hosted by quartz-sericite and quartz-chlorite schists of the Lower Proterozoic Narracoota Formation, which also host Sandfire Resources' Degussa copper-gold mine.

Past mining was focused on the Main Zone, a series of lensoid ore zones which passed with depth from a gold-rich oxide zone through zones of high-grade chalcocite mineralisation into massive pyrite-chalcopyrite. To the west and east of the Main Zone, copper mineralisation in the Northwest Stringer Zone and Motters Zone consists of veins and disseminations of chalcopyrite and pyrite and their upper oxide copper extensions.

A Mineral Resource Estimate for the Horseshoe Lights deposit was completed by the Company in June 2013 (*see 30 June 2013 Quarterly Report announced on 31 July 2013*). 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 Reserves"

The total Measured, Indicated and Inferred Mineral Resource Estimate is **12.85 million tonnes @ 1.0% Cu and 0.1 g/t Au for 128,600 tonnes Cu and 36,000 oz Au** (using a cut-off grade of 0.5% Cu).

### About the Kumarina Project

The copper deposits at the Kumarina Project were discovered in 1913 and worked intermittently until 1973. The workings extend over nearly 5km as a series of pits, shafts and shallow open cuts. At the main Kumarina copper mine, the workings are entirely underground with drives from the main shaft extending for some 200m in the upper levels and for about 100m in the lower levels at a depth of 49m below surface.

Incomplete records make it difficult to estimate the total copper production from the workings. However, indications are that the Kumarina copper mine was the second largest copper producer in the Bangemall Group. Recorded production to the late 1960s is 481t of copper ore at a high-grade of 37.0% Cu and 2,340t at a grade of 17.51% Cu.

A Mineral Resource Estimate for the Rinaldi deposit was completed by the Company in June 2013 (*see 30 June 2013 Quarterly Report announced on 31 July 2013*). 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 Reserves"

The total Measured, Indicated and Inferred Mineral Resource Estimate is **835,000 tonnes @ 1.3% Cu for 10,600 tonnes Cu** (using a cut-off grade of 0.5% Cu).



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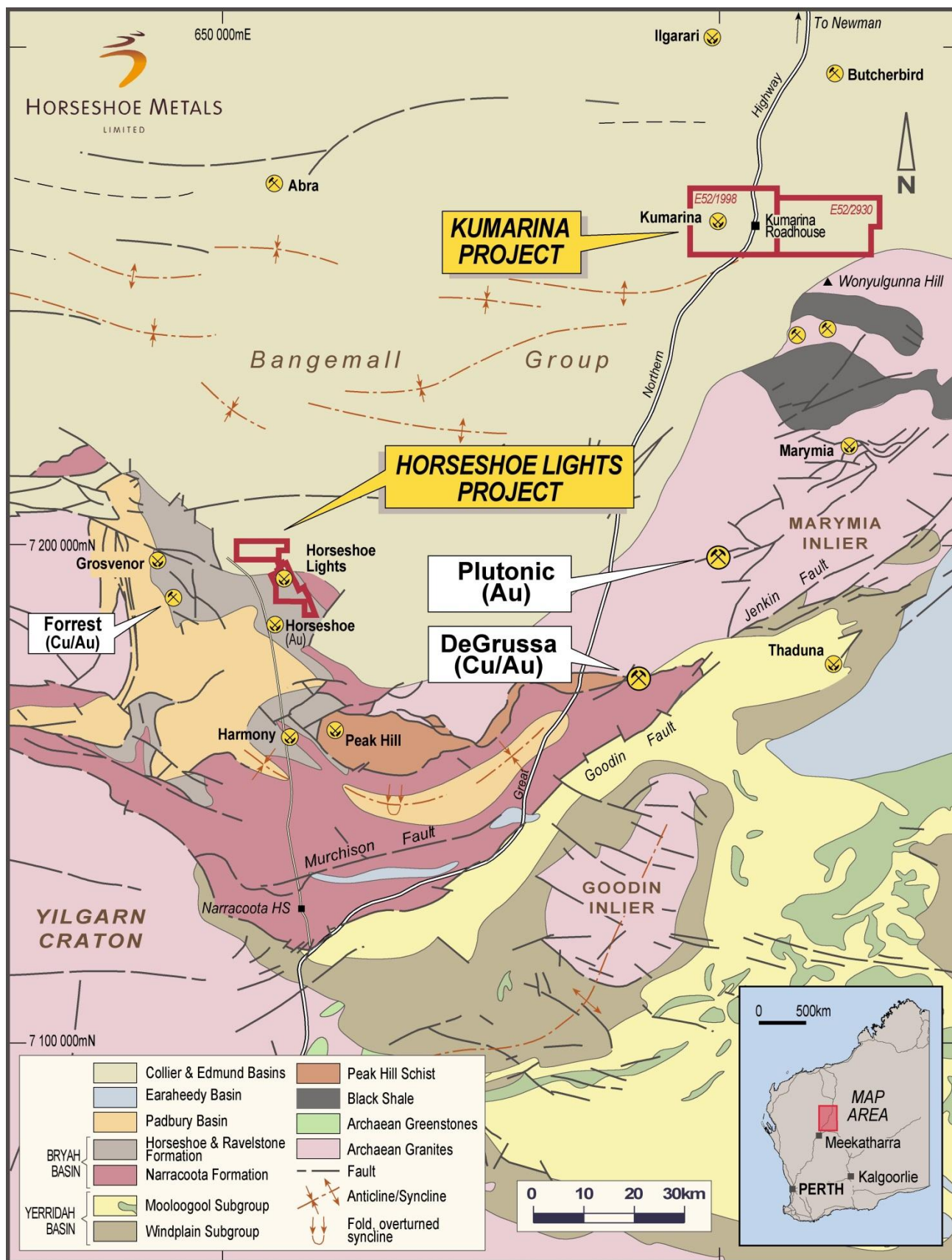


Figure 1 - Projects Location Plan





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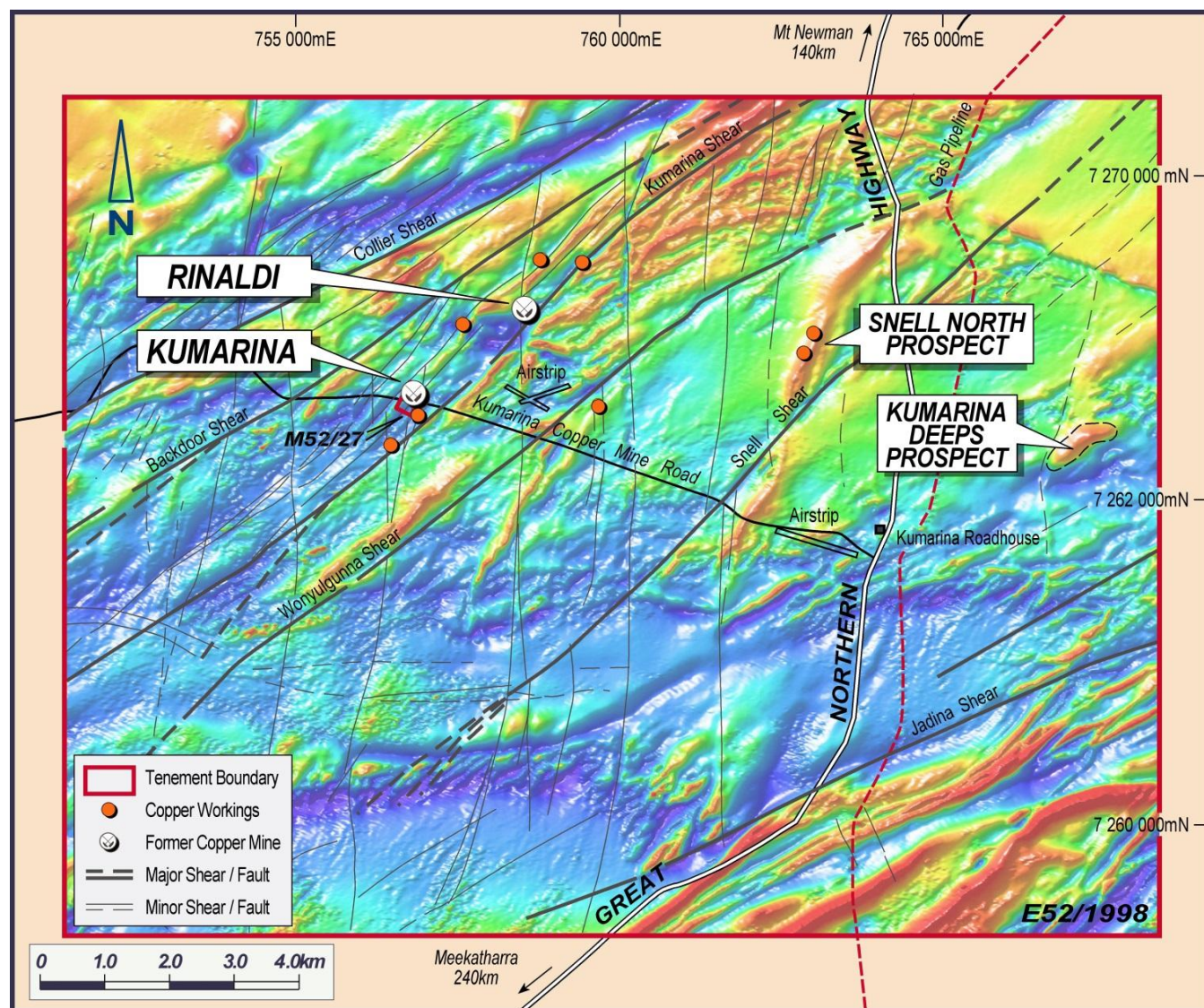


Figure 2 – Kumarina Project – Prospect Locations over Aeromagnetic Image with interpreted shears and faults



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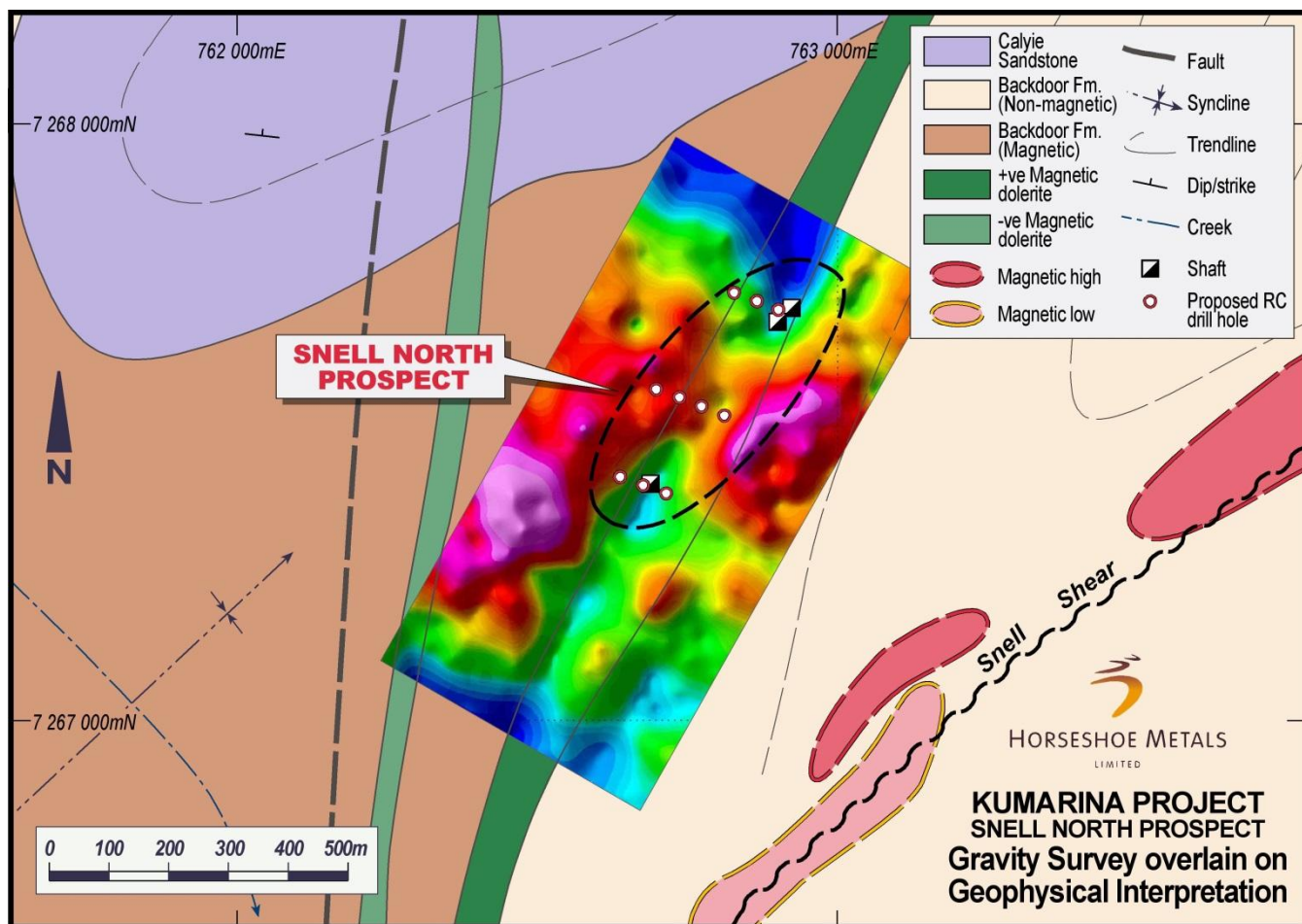


Figure 3 – Snell North Gravity Survey showing planned drillhole locations



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### Competent Persons Statement

*The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Geoff Willetts, BSc. (Hons) MSc. who is a Member of the Australian Institute of Geoscientists. Geoff Willetts is employed full-time by Horseshoe Metals Limited. Geoff Willetts has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Geoff Willetts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the Horseshoe Lights Project Mineral Resources is based on information compiled by Mr Dmitry Pertel, who is a member of the Australian Institute of Geoscientists. Mr Pertel is an employee of CSA Global Pty Ltd. The information was previously issued with the written consent of Mr Dmitry Pertel in the Company's 30 June 2013 Quarterly Report released to the ASX on 31 July 2013. The Company confirms that:*

- (a) the form and context in which Mr Dmitry Pertel's findings are presented have not been materially modified.*
- (b) it is not aware of any new information or data that materially affects the information included in the 31 July 2013 ASX announcement and that all the material assumptions and technical parameters underpinning the estimate in the 31 July 2013 ASX announcement continue to apply and have not materially changed.*
- (c) it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources in accordance with the JORC Code.*

*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, who is a member of the Australian Institute of Geoscientists. Mr Robert Spiers is an independent consultant to Horseshoe Metals Limited and a full time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd). The information was previously issued with the written consent of Mr Robert Spiers in the Company's 30 June 2013 Quarterly Report released to the ASX on 31 July 2013. The Company confirms that:*

- (a) the form and context in which Mr Robert Spiers' findings are presented have not been materially modified.*
- (b) it is not aware of any new information or data that materially affects the information included in the 31 July 2013 ASX announcement and that all the material assumptions and technical parameters underpinning the estimate in the 31 July 2013 ASX announcement continue to apply and have not materially changed.*
- (c) it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources in accordance with the JORC Code.*