

ASX/MEDIA ANNOUNCEMENT

31 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: 167.4 Million

Options:
5.4 Million (60c, exp 5/15)
Performance Rights: 2.8 M

Share Price: \$0.036

Market Capitalisation:
\$6.0 Million

**Cash at Bank
(31 July 2014)**

\$1.1 Million



HORSESHOE METALS LIMITED

QUARTERLY REPORT PERIOD ENDED 30 JUNE 2014

SUMMARY

Horseshoe Lights Copper-Gold Project

- Horseshoe Metals awarded \$150,000 Western Australian Government co-funded drilling grant.
- Funds to be used to drill three deep diamond drill holes in H2 2014 to test for high grade copper-gold mineralisation.

Kumarina Copper Project

- 2000m RC drilling programme commenced at Kumarina Project in July.
- Programme initial focus is Snell North Prospect and Kumarina Deeps Prospect.
- New Exploration Licence covering ~215km² granted, doubling the size of Kumarina project area.

Corporate

- Successful Capital Raising secures \$1.34M in funding;
 - Non-renounceable rights issue and placement raises \$798,978.
 - Additional \$545,000 raised via placement of Rights Issue shortfall in July 2014.
- Provision of \$235,000 of drilling services for scrip in lieu of cash payment approved.
- Funds to be used to continue exploration at Company's copper-gold projects in Peak Hill Minerals Field in WA.
- Board restructured to reduce corporate overheads.

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2014

OVERVIEW

Horseshoe Metals Limited (ASX: HOR) ("Horseshoe Metals" 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 (see Figure 1). Refer to Appendix 1 for full tenement details.

EXPLORATION AND EVALUATION

Horseshoe Lights Copper/Gold Project (HOR: 100%) (GRR: 3% NSR Royalty)

The Horseshoe Lights Project covers an area of approximately 80 km² including the closed Horseshoe Lights copper-gold mine, which is located 75km west of Sandfire Resources NL's (ASX:SFR) DeGrussa copper-gold mine and 25km east of Resource and Investment NL's (ASX:RNI) recent Forrest copper-gold discovery. Historical production from the Horseshoe Lights mine was 313,000 oz gold and 54,800 tonnes of copper.

The Horseshoe Lights copper-gold mine is considered to be a deformed volcanogenic-hosted massive sulphide (VHMS) deposit hosted in the upper sequence of the Narracoota Formation within the Paleoproterozoic Bryah Basin.

During the quarter the Company advised (*see ASX Announcement dated 10 June 2014*) that it was awarded a second Western Australian Government grant of \$150,000 to support a deep drilling programme at the Horseshoe Lights Project.

The \$150,000 in funding is provided from Round 9 of the highly successful co-funded drilling program, a flagship program of the Exploration Incentive Scheme (EIS), which is a Western Australian State Government initiative. This drilling programme is planned to commence in the second half of 2014, and details of the planned programme are provided below.

Drilling Programme Details

The collar locations of the 3 planned diamond drill holes totalling 1,500 metres depth are shown on Figure 2. The exploration targets to be drill tested under this programme are:

Hole 1: This hole of 650m planned depth will test on the south side of a major NE-SW fault that is interpreted to have displaced (to the east and south side down) possible extensions of the high grade copper-gold mineralisation mined from the Main Zone. This target zone has not been adequately tested by previous drilling. In addition, this hole is planned to drill through a dolerite dyke occupying the Bangemall Group thrust contact to test for the possible presence of Narracoota Formation hosted copper-gold mineralisation below the dyke.

Hole 2: This hole of 500m planned depth will test a DDIP (Dipole-Dipole Induced Polarisation) chargeability anomaly which lies within an interpreted south plunging antiform at the contact of the overlying Ravelstone Formation and the Narracoota Formation to the south of the existing open pit.

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Hole 3: This hole is a 350m diamond tail extension of RC358 which was drilled in 2013 to test a significant chargeability anomaly identified in the DDIP survey. The Ravelstone/Narracoota Formation contact was intersected in RC358 at 115m downhole and the rest of the hole consisted of silicified and chloritic mafic volcanics with no obvious cause of the chargeability anomaly. A weakly mineralised zone coinciding with the start of elevated chargeability values was intersected between 218-224m and consisted of chalcopyrite mineralisation. The diamond tail is designed to provide information on the Narracoota Formation stratigraphic sequence and test for potentially high grade copper-gold mineralisation (see Figure 3).

This funding is in addition to \$100,000 in EIS funding approved in December 2103 from Round 8 of the co-funded drilling program, which the Company will be utilising to drill at the Kumarina Deeps Prospect.

Future Activities

The co-funded deep diamond drilling programme at Horseshoe Lights is planned to commence in the second half of 2014.

Kumarina Copper Project (HOR: 100%)

The Kumarina Project consists of two exploration licences and one mining lease covering approximately 432 km². The project is located 95km north of Sandfire Resources NL's DeGrussa Copper-Gold mine, in the Gascoyne region of Western Australia (see Figure 1).

Subsequent to the end of the quarter the Company advised (*refer to ASX Announcement dated 7 July 2014*) that it had commenced its next phase of drilling at the Kumarina Project, with a Reverse Circulation (RC) drill programme totalling approximately 2,000 metres.

To date 1,456 metres of RC drilling has been completed in 11 holes at the Snell North Prospect and adjacent to the abandoned Kumarina Copper Mine. In addition the Company has commenced the first of the co-funded deep RC drill holes at the Kumarina Deeps Prospect.

The drilling at Snell North Prospect was designed to test a north-east trending gravity low corridor, which coincides with an interpreted magnetic dolerite intrusive and historical copper prospecting shafts. 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.

Results from the Kumarina drilling programme will be announced in due course as they become available.

New Exploration Licence granted

In May (*refer to ASX Announcement dated 9 May 2014*) the Company reported that it had significantly expanded the project area at the Kumarina Project, via the addition of an additional Exploration Licence, covering approximately 215km², for a 5 year term.

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The new licence (E52/2930) consists of 69 sub-blocks, and has been granted to Horseshoe Metals for a 5 year term. It expands the Kumarina project area to approximately 432km², effectively doubling the size of the project area.

Initial exploration on the new licence area will consist of a review of previous exploration work and available geological and geophysical survey information, ahead of on-ground reconnaissance and sampling programmes.

CORPORATE

Capital Raising

Horseshoe Metals has raised a total of \$1,343,978 from its Placement and Rights Issue (*refer to ASX announcement dated 1 April 2014*) and subsequent placements of shares under the shortfall in the Rights Issue.

During the quarter the Company successfully raised \$798,978 through the following:

- (a) acceptances received via the Company's pro-rata 2 for 3 non-renounceable \$0.02 Rights Issue raised \$166,978, and
- (b) following shareholder approval at the Company's Annual General Meeting, placements with Mr Michael Fotios, a director of the Company, and his nominees raised \$632,000.

Subsequent to the end of the quarter, the Company raised an additional \$545,000 via the issue of an additional 27,250,000 new shares at \$0.02 pursuant to the shortfall provisions of the Rights Issue.

The Company's shareholders also approved at the AGM a Drilling Fund Contract whereby drilling to the value of \$235,000 will be carried out by Whitestone Minerals Pty Ltd (a company associated with Mr Fotios), where payment for this drilling will be provided in Horseshoe Metals shares (issued at 2 cents per share) in lieu of cash payment.

As mentioned above, the Company has been granted up to \$250,000 in co-funding support from the WA State Government, under its Exploration Incentives Scheme, for drilling at the Kumarina and Horseshoe Lights Projects. This brings the combined total of cash raised and third party funded drilling to \$1.8 million.

Board Re-structure

On 23 June 2014 the board of the Company was reconstructed, at completion of the placement, to comprise as follows; Mr Michael Fotios non-executive director, Mr Neil Marston Managing Director and Company Secretary, and a new non-executive director, Mr Alan Still, was appointed.

Mr Jeremy Shervington and Mr Stuart Hall resigned as non-executive directors. Mr Damian Delaney also resigned as company secretary at 30 June 2014, with Mr Neil Marston assuming that additional role.

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The Company thanks Mr Shervington, Mr Hall and Mr Delaney for their valuable input and wishes them well in their future endeavours.

Cash Position

As at 30 June 2014, the Company maintained a sound financial position with cash at bank of \$735,930.

ENDS

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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 300km² 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' DeGrussa 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 new 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 @ 1.00% 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 post-1960s make it difficult to estimate the total copper production from the workings. However, indications are that the Kumarina Copper mine was the second largest producer in the Bangemall Basin group of copper mines. 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 new 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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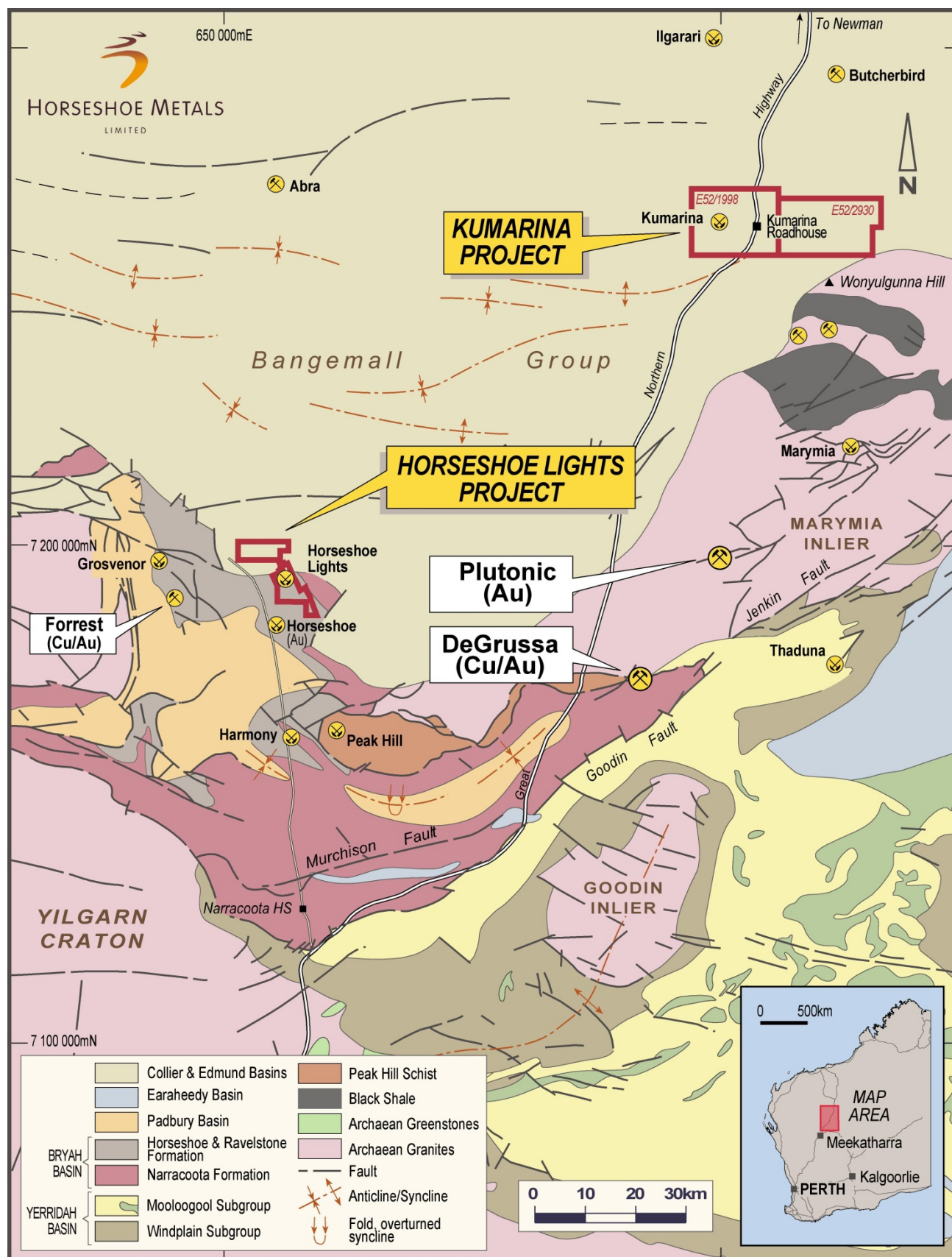


Figure 1 - Projects Location Plan

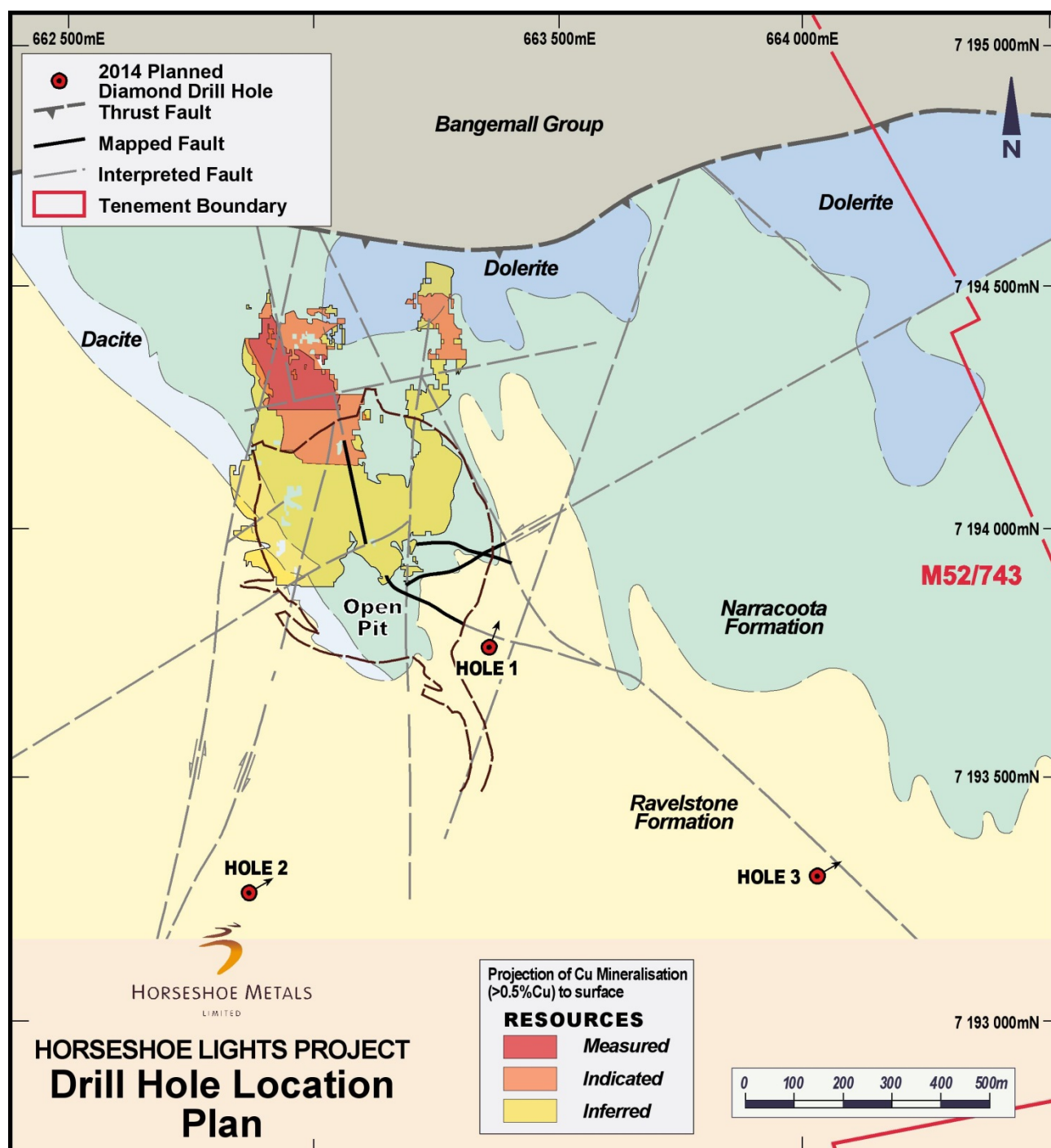


Figure 2 -- Planned Drill Hole Location Plan



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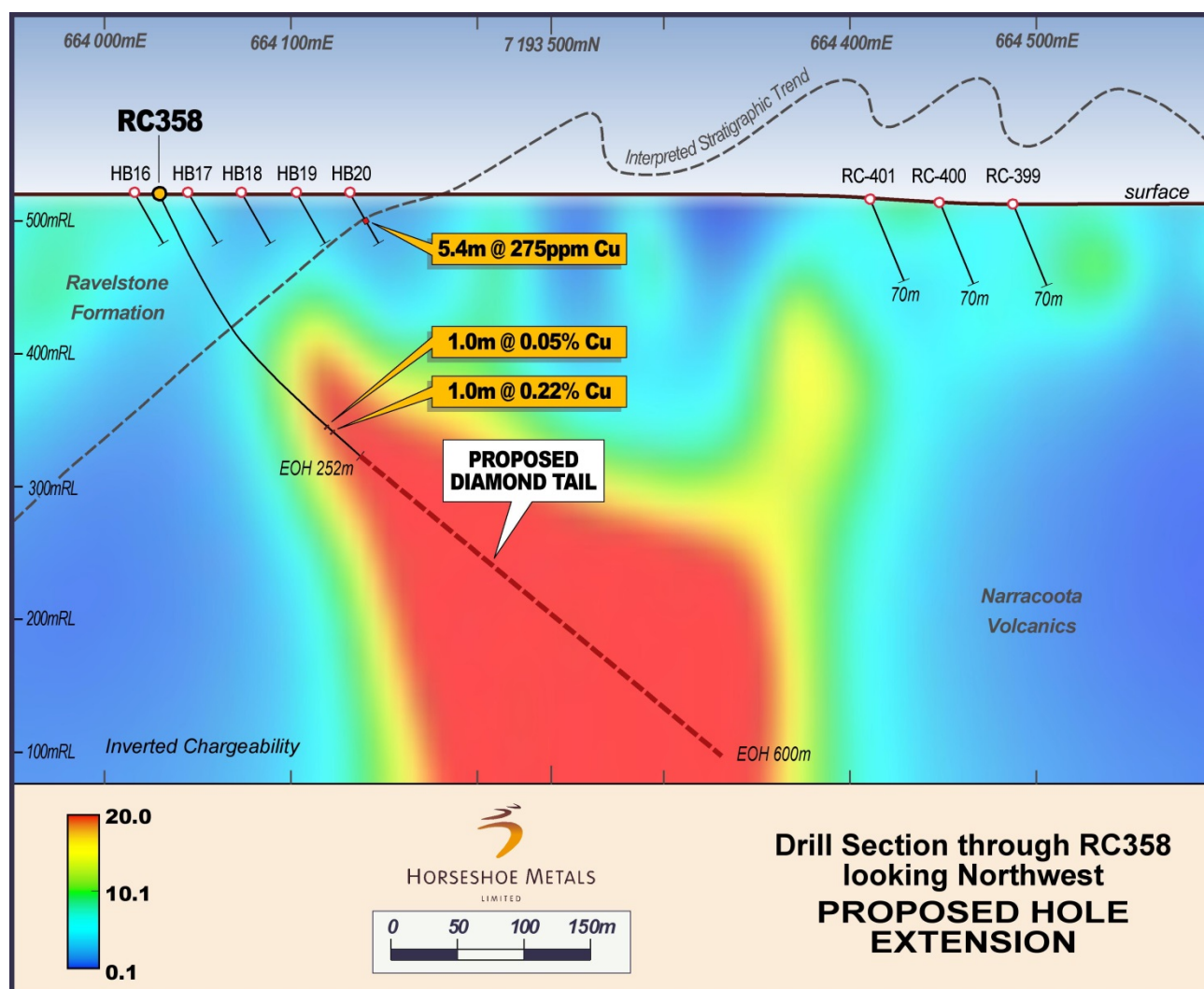


Figure 3 – Planned Hole 3 (RC358 Extension).

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APPENDIX 1 Summary of Mining Tenement Interests as at 30 June 2014					
Location	Tenement	Interest At Beginning Of Quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest At End Of Quarter (%)
Horseshoe Lights	M52/743	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1203	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1204	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1205	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1206	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1207	100%	-	-	100%
Horseshoe Lights	P52/1208	100%	-	-	100%
Horseshoe Lights	P52/1209	100%	-	-	100%
Horseshoe Lights	P52/1210	100%	-	-	100%
Horseshoe Lights	P52/1211	100%	-	-	100%
Horseshoe Lights	E52/2042	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/42	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/43	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/44	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/45	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/66	100% ¹	-	-	100% ¹
Kumarina	M52/27	100%	-	-	100%
Kumarina	E52/1998	100%	-	-	100%
Kumarina	E52/2930	-	-	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 some of the Horseshoe Lights tenements being M52/743, P52/1203 – 1206, E52/2042 (portion only) L52/42 – 45 and L52/66.

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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.*