



HORSESHOE METALS LIMITED

ASX ANNOUNCEMENT

21 January 2021

Operations/Activities Update

HIGHLIGHTS

- Horseshoe camp refurbishment underway with recommissioning of power, water and communications
- 27 hole, 2,000m RC drilling programme designed to further define Motters copper mineralisation
- 120 hole, 750m auger drilling programme designed to assess grade of gold leach vats and tailings
- Previous auger tailings samples to be used as feed for metallurgical test work
- Metallurgical test work programme to finalise flow sheet for retreatment of tailings, gold vats and surface stockpiles underway
- Gap analysis, recovery of historical records and site soil sampling completed as inputs to site rehabilitation plan
- Glenloth gold project site visit completed
- 20 hole, 1,500 m RC drill programme proposed to test gold targets at Glenloth.

Horseshoe Metals Limited (ASX: HOR) ("**Horseshoe**", "**HOR**" or "**the Company**") is pleased to announce an operations and activities update for its Horseshoe Lights Copper Deposit in the Bryah Basin, Western Australia (Figure 1) and Glenloth Gold Project in the Central Gawler Craton, South Australia (Figure 4).

Horseshoe Copper Gold Project

The refurbishment of the existing accommodation camp at the Horseshoe Lights mine is in progress. This will allow drilling and exploration staff to be accommodated on-site and avoid significant daily travel. Power and water supply have been re-established, with communications including internet available. The kitchen, caretakers' accommodation, 4 rooms and laundry are now operational and are currently having air-conditioning upgraded. A further 8 rooms will be brought online following delivery of additional furniture, fixtures and equipment allowing for crews from two rigs to be accommodated on site.

Internal access roads have been checked and safety bunds inspected. Clean up of minor safety hazards and obstructions around the lease is in progress and the site is now safe for drilling operations to start.

The Company has designed a 27 hole, 2,000m RC drilling programme to improve the knowledge and definition of shallow copper mineralisation identified at Motters, immediately north-northeast of the current pit (refer Figure 3). This includes three holes planned to be drilled from the top of the north eastern waste dump. The Motters zone is an inferred eastern limb to the main Horseshoe Lights copper mineralisation, which daylight to the north at the Bryah/Bangemall Basin contact. The basal contact to the Motters mineralisation is expressed by dolerite along a thrust contact. Maximum hole depth for the programme is 120m.

BOARD OF DIRECTORS

Mr Craig Hall
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Carol New
*Non-Executive Director,
Joint Company Secretary*

Ms Kate Stoney
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To assist future feasibility studies, it is proposed to drill approximately 120 Auger holes for 750 metres. The holes will primarily sample the copper tailings dam walls, the Vat leach residues, and include some checks of the gold tailings (see Figure 2). The holes will provide additional samples required for metallurgical test work as the basis for finalising the proposed plant flow sheet. This drilling can be started as soon as an appropriate rig can be sourced.

Tailings samples used for metallurgical test work in 2011 and 2013 have been recovered from storage, checked, sorted, crushed and new, homogenised composites created for the upper and lower zones of each quadrant of the flotation tails dam, which will be used for additional metallurgical test work. In addition, the pit water has been sampled and shown to be relatively low in dissolved copper with only minor amounts of heavy metals present, and with a volume of approximately 1M m³, provides a good initial source of water for a future processing plant.

Planned metallurgical test work programmes are intended to validate the efficacy of gravity separation to produce a copper (and gold) concentrate, and to remove sulphide minerals. Should this be successful, it will provide for construction of a low cost, and efficient process plant. Further test work will assess the ability to produce a concentrate as feed for an acid leach process. Included in the programme is a detailed mineralogical investigation to provide data to support process design.

On-going engagement with Jidi-Jidi Corporation representing the Native Title Holders of the Horseshoe Lights Mining Licence is continuing with the annual review meeting held on 5 December 2020. The Native Title Holders are supportive of the re-opening of the mining operations.

Glenloth Gold Project

At Glenloth, within the Central Gawler Craton ("CGC" - refer Figure 4) the Company has proposed a 20 hole, 1,500m RC Drilling programme to test at least seven priority targets within EL6301 (refer Figures 5, 6 and 7). Hole collars are to be finalised after further field reconnaissance. The Company has access to a base camp to facilitate the start of drilling operations. The Company considers the Glenloth project as a value-based entry into a dominant position of a very prospective area; that previous exploration of both areas was piecemeal and inadequate; and that larger, high grade gold deposits could be uncovered by systematic exploration and a more considered approach to drilling.

The CGC has outstanding potential for the discovery of significant gold deposits, as indicated by the Tunkillia deposit (588,000 ounces gold resource), which adjoins the western portion of EL6301 and proximal to the historical mining centre of Tarcoola, where historic production and current resource total approximately 190,000 ounces. Both Tarcoola and Tunkillia are now owned by Barton Gold Pty Ltd. In addition, Barton Gold also owns the Challenger Gold deposit (located 250 km north-west of Glenloth) which historically produced more than 1 million ounces.

The Board of Directors of HOR has authorised this announcement to be given to the ASX.

Enquiries:

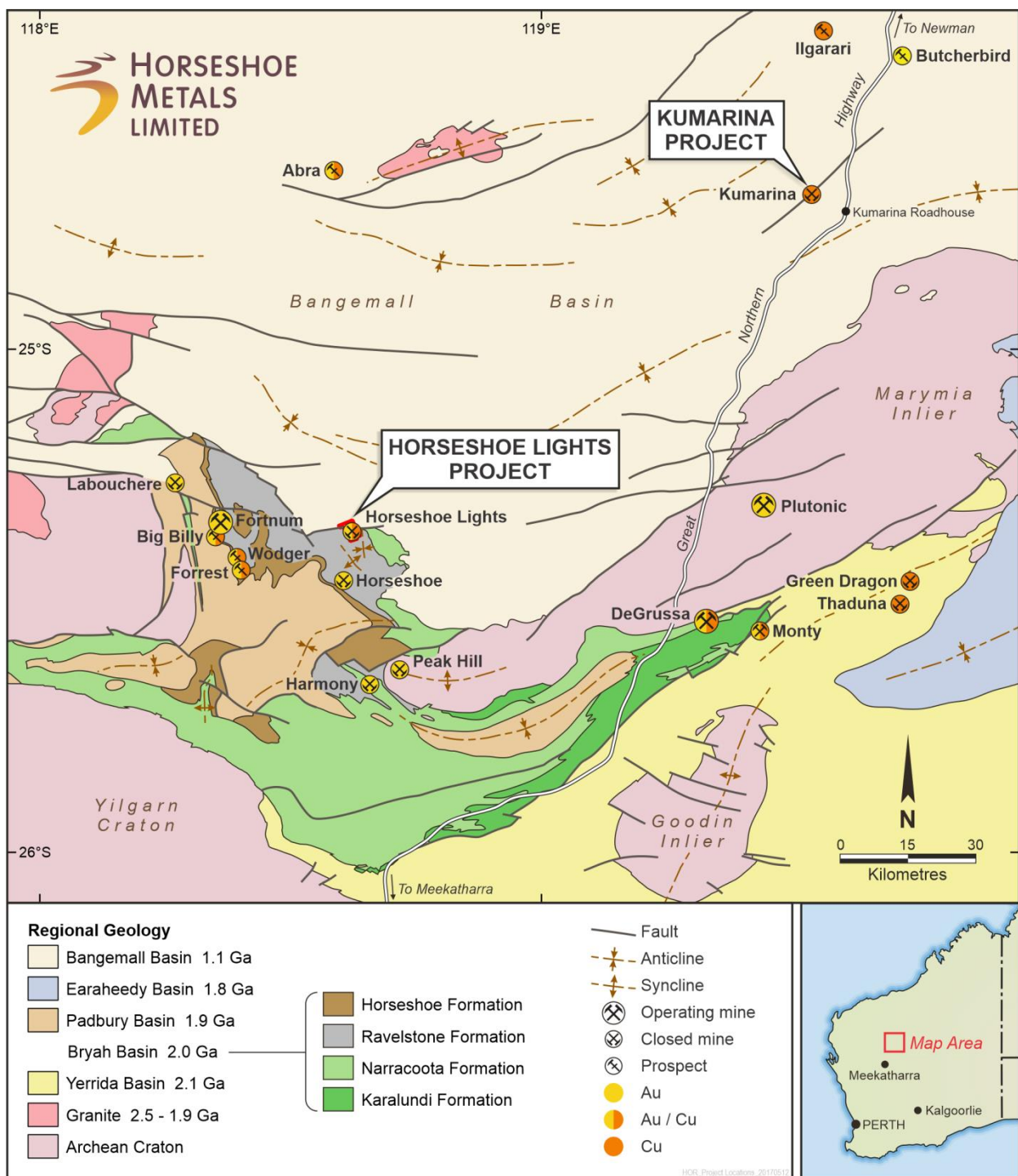
Craig Hall Non-Executive Director

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a director of Horseshoe Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the data in the form and context in which it appears.



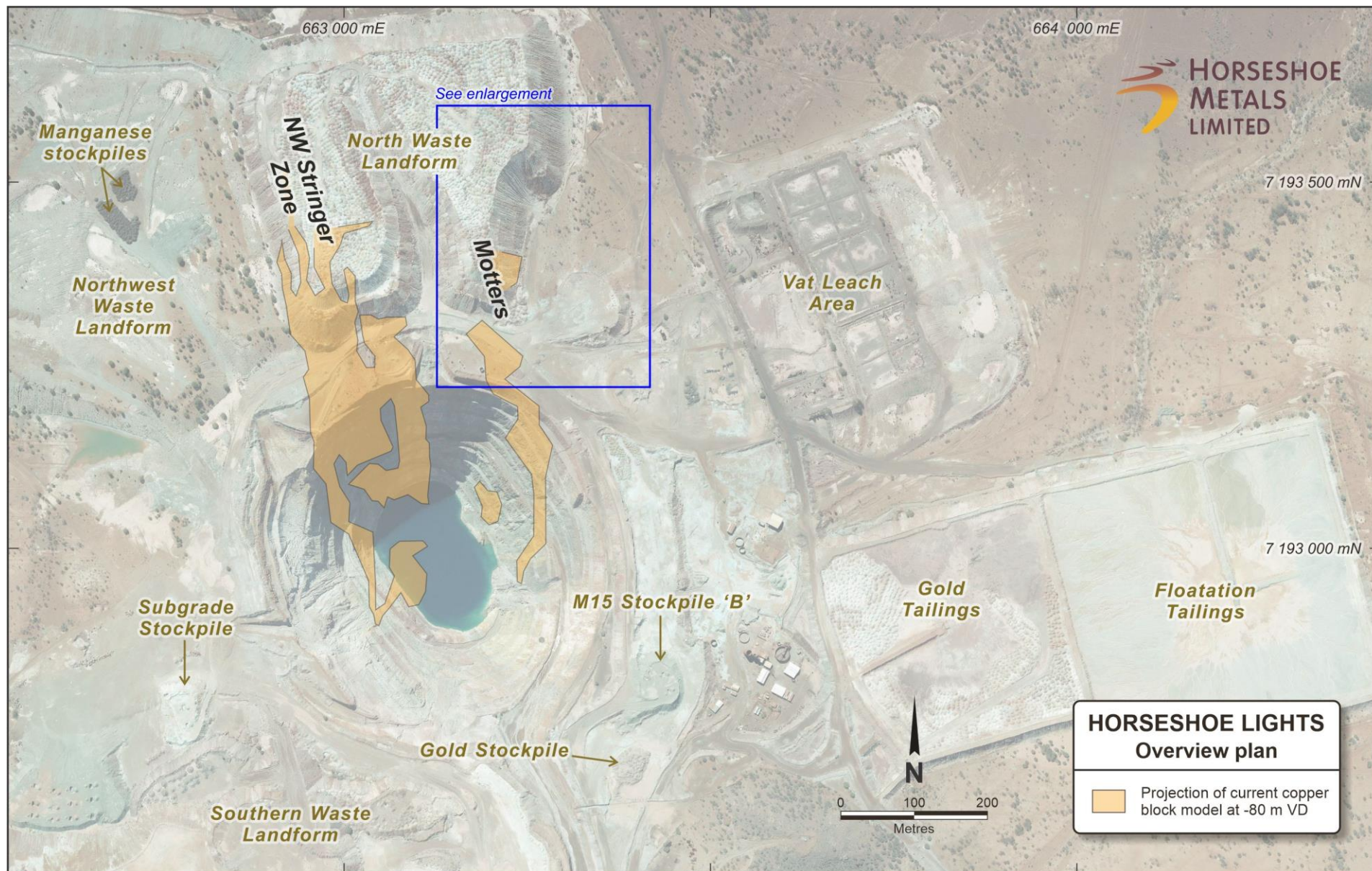
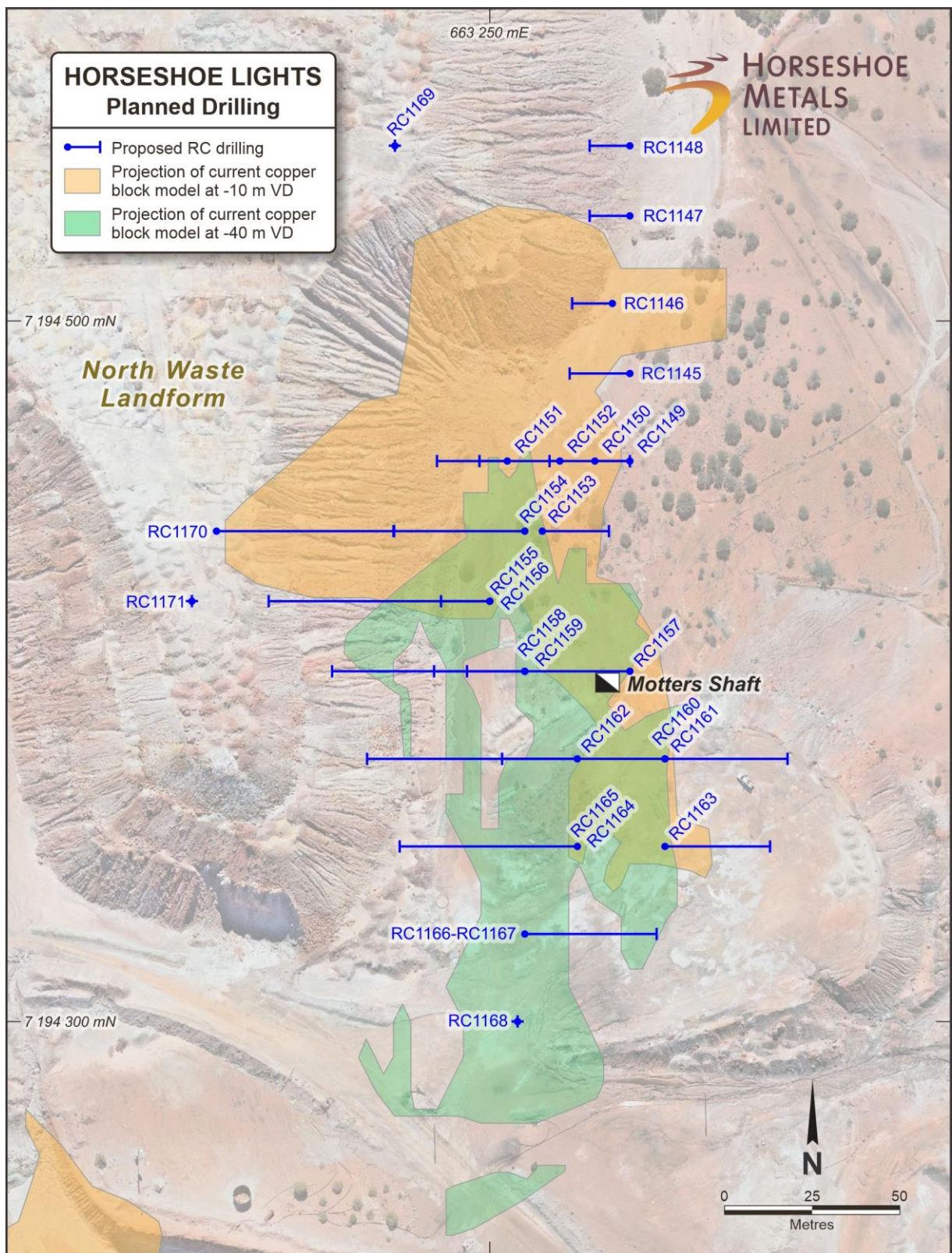


Figure 2: Overview of Horseshoe Lights Mine Area, highlighting surface landforms and stockpiles, with Motters Zone highlighted.



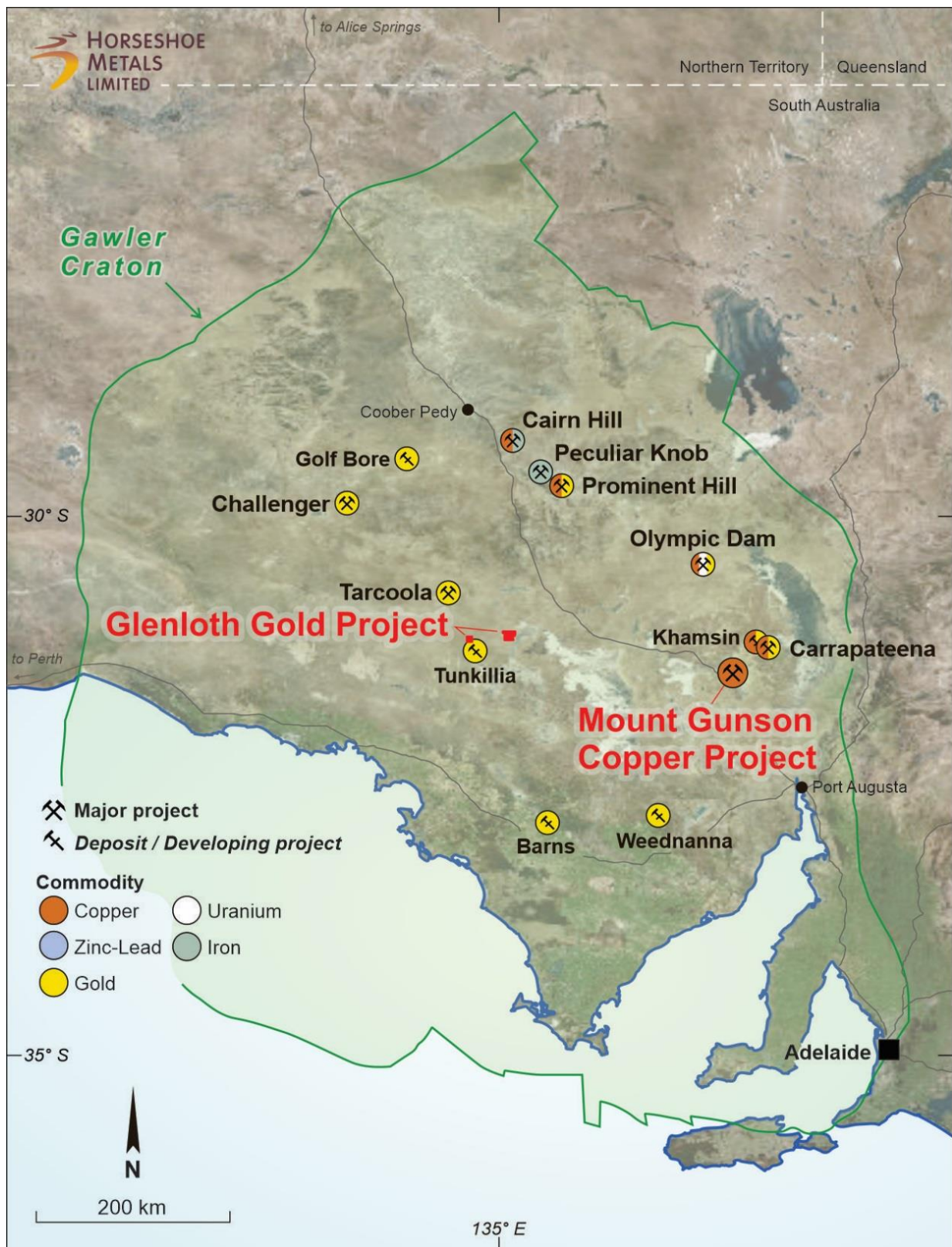


Figure 4: Location of Glenloth Gold Project and Mt Gunson Copper Project in South Australia, in relation to significant local deposits.

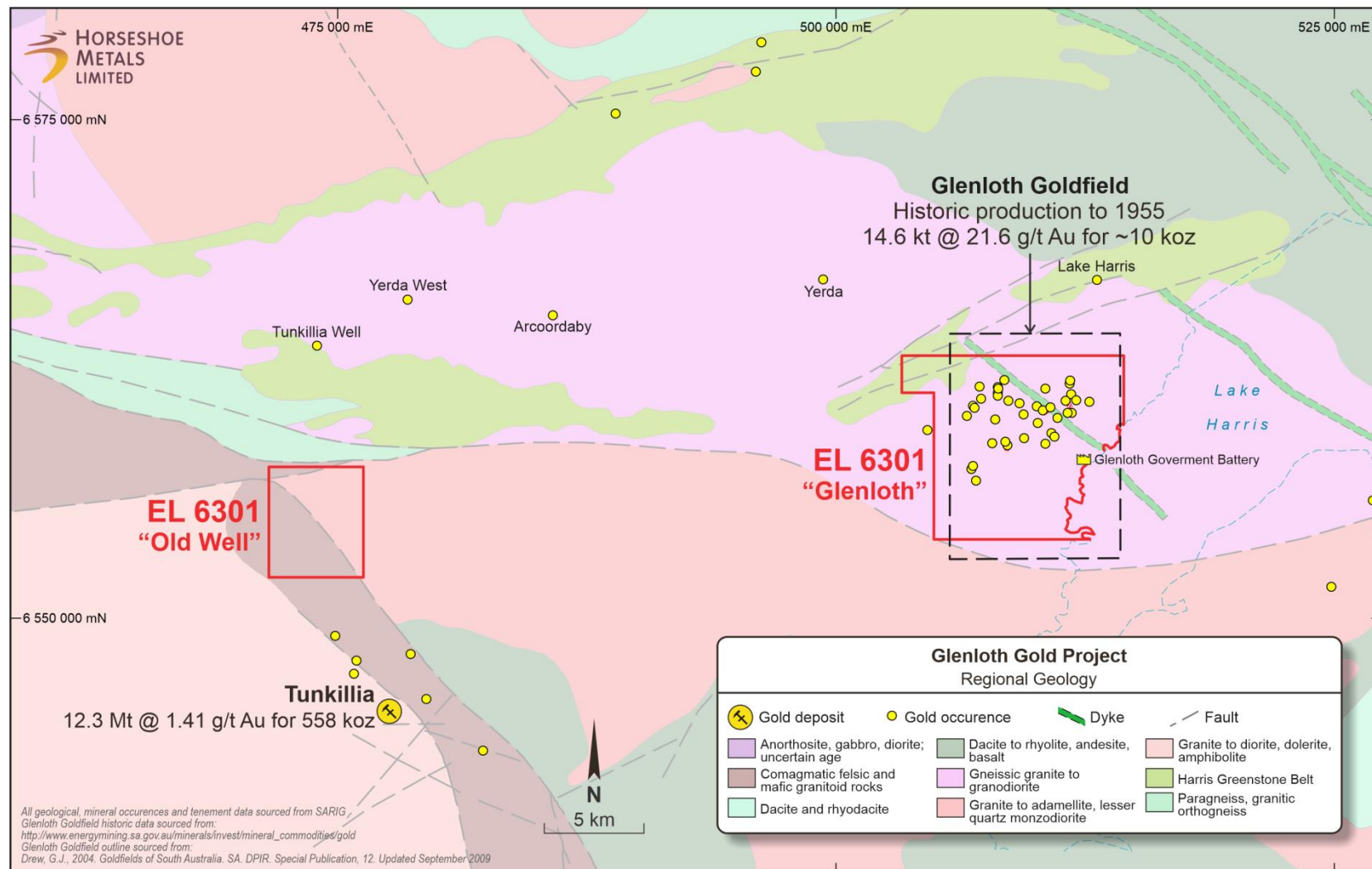


Figure 5: Location of Glenloth Gold Project tenure with regional geology, with known gold occurrences and significant resources.

Glenloth Historic Production:

http://www.energymining.sa.gov.au/minerals/invest/mineral_commodities/gold

Glenloth Goldfield Location:

<https://sarigbasis.pir.sa.gov.au/WebtopEw/ws/samref/sarig1/image/DDD/SP020.pdf> p79

Tunkillia Resource:

<https://www.asx.com.au/asxpdf/20150204/pdf/42wdj3ts5gz5t4.pdf> p1

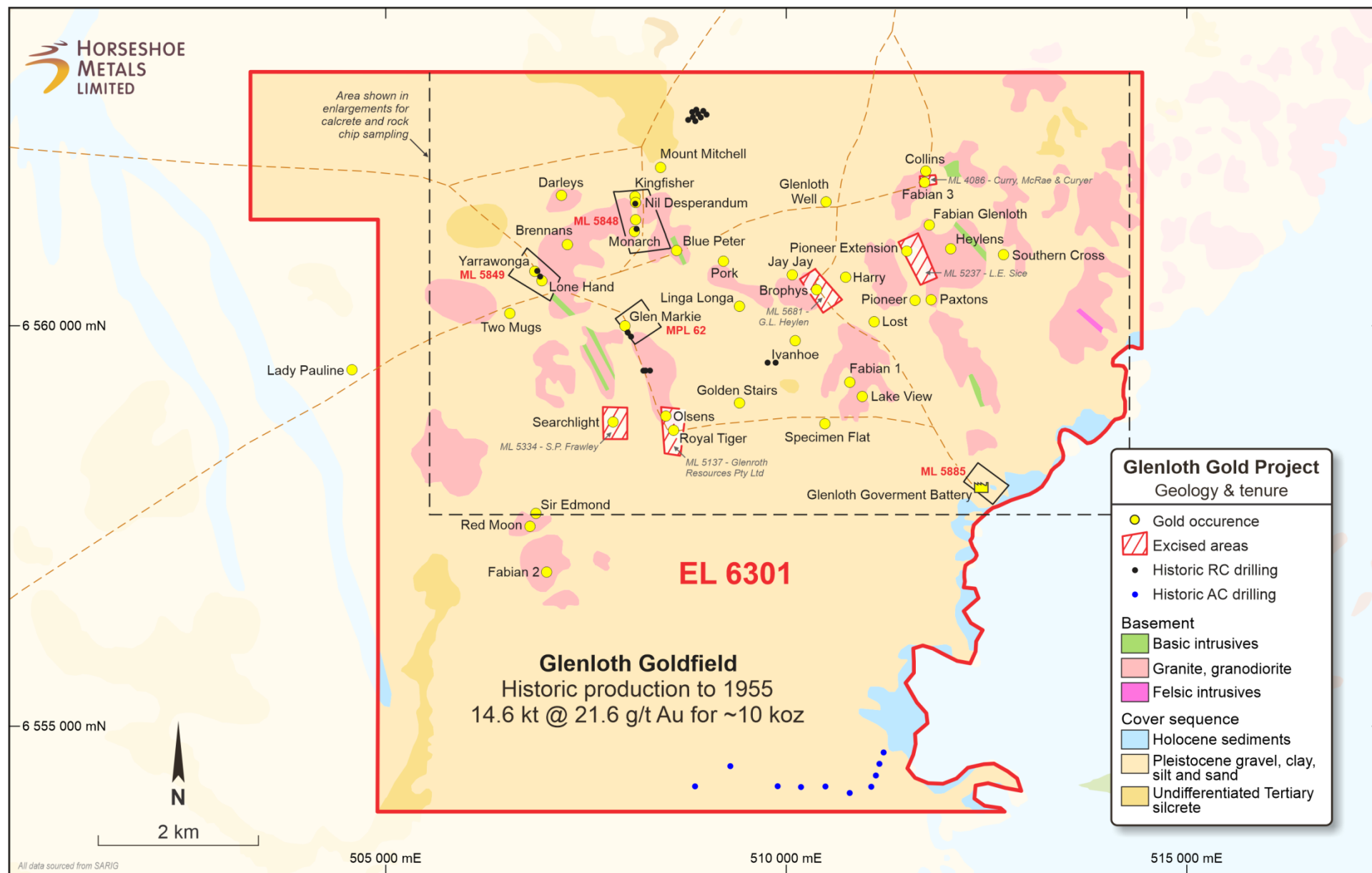


Figure 6: Location of Glenloth Goldfield tenure with regional geology, with named gold occurrences.

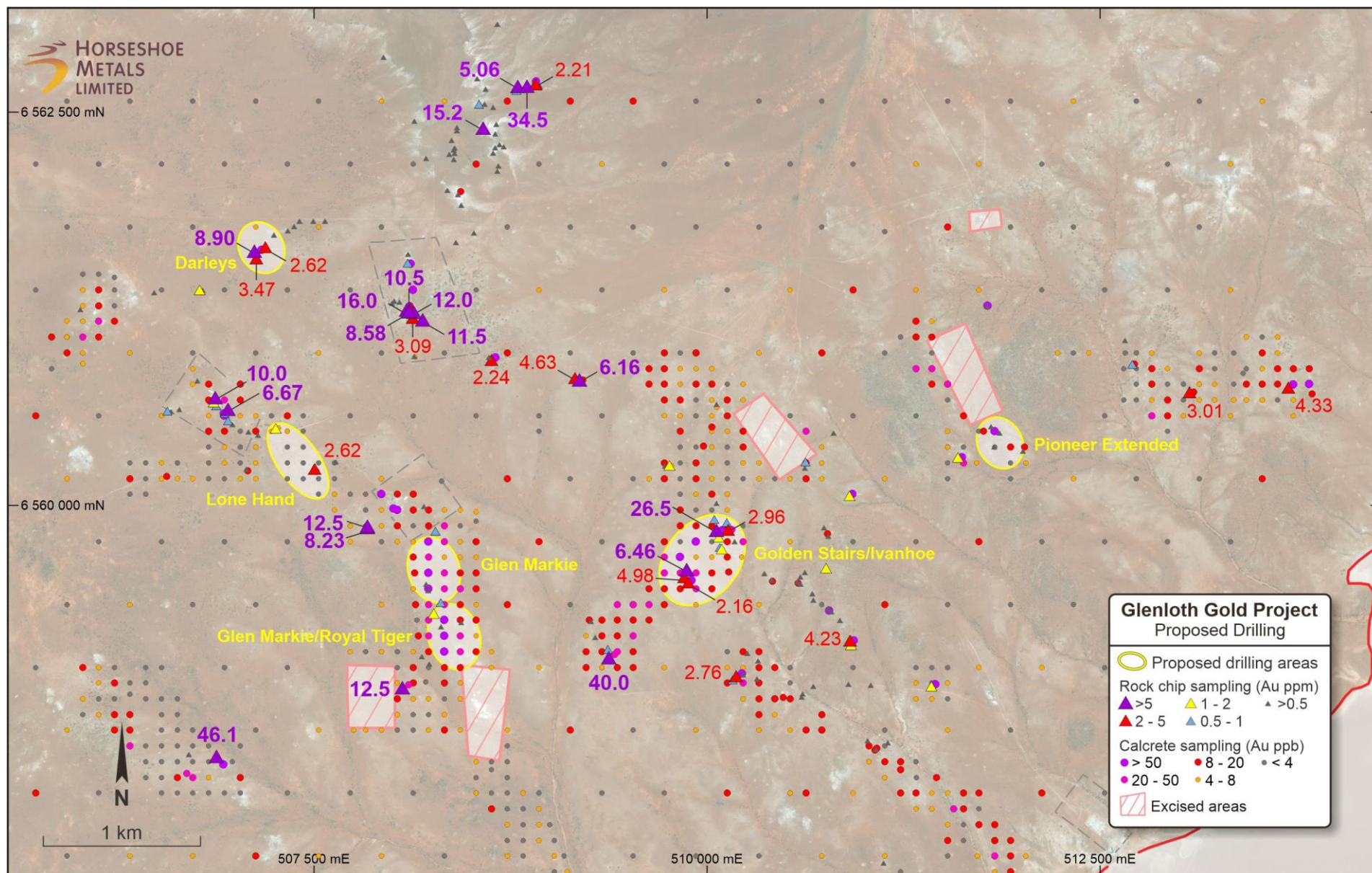


Figure 7: Centres of proposed RC Drilling, overlain on anomalous rockchip and calcrete sampling within inset area of EL6301, Glenloth Goldfield tenure.