



HORSESHOE METALS LIMITED

ASX ANNOUNCEMENT

28th January 2021

Horseshoe West Copper/Gold Farm-in and Joint Venture Agreement

HIGHLIGHTS

- **Kopore (WA) Pty Ltd (a wholly-owned subsidiary of Kopore Metals Limited) to earn a joint venture interest in Horseshoe tenements surrounding the historical high-grade copper-gold Horseshoe Lights mine in Western Australia**
- **Horseshoe to focus on exploration and development of its existing copper-gold resource which is excluded from the joint venture with Kopore**
- **Kopore can earn up to 70% by spending up to \$3 million on exploration**
- **Horseshoe now leveraged to local exploration success whilst focused on development opportunities at the Horseshoe Copper-Gold Project**

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
Joint Company Secretary

Horseshoe Metals Limited (ASX:HOR) (**Horseshoe or the Company**) is pleased to announce that its wholly-owned subsidiary, Murchison Copper Mines Pty Ltd (**MCM**) has executed a binding farm-in and joint venture agreement (**Agreement**) with Kopore (WA) Pty Ltd (**Kopore**), a wholly-owned subsidiary of Kopore Metals Limited (ASX:KMT), providing for an earn in and joint venture in relation to certain tenements surrounding the historical Horseshoe Lights Copper-Gold Mine (**Horseshoe Lights Mine**).

The Horseshoe Lights Mine is located in the Bryah Basin region of Western Australia, and is approximately 150km north of Meekatharra in Western Australia. The Agreement relates to an area of 32.4km² of largely unexplored land surrounding the Horseshoe Lights Mine (**Agreement Area**) (see Figure 2).

The Agreement Area is approximately 75km west of Sandfire Resources' Degussa mine in the Bryah Basin region of Western Australia and Sandfire has recently been active nearby, including submitting an application for an exploration licence immediately to the south of and contiguous with the Agreement Area.

The Agreement Area comprises 1 exploration licence, 9 prospecting licences and part of 1 mining lease (M52/743) external to the defined Horseshoe Lights Copper-Gold Project resources and infrastructure (refer Figure 1, 2, 3 and Table 1).

Excluded from the Agreement Area is part of M52/743 upon which, the historical open pit and existing copper resource is located (shown as the "**Excluded Zone**" in Figure 2) as well as waste dumps and stockpiles tailings from the historical operation. Kopore will not acquire any rights in respect of minerals contained in the Excluded Zone or such waste dumps and stockpiles, which will continue to be owned by MCM.

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Kopore and MCM have entered into a binding Cooperation Deed which will (together with the Agreement) govern the interaction of their respective rights in relation to M52/743. Under the Agreement or the Co-operation Deed Kopore is not responsible for any reclamation or rehabilitation costs related to the historical operation of the Horseshoe Lights Mine.

The exploration and prospecting tenements in the Agreement Area were recently acquired by MCM, but the prospecting licences were subject to forfeiture proceedings resulting from a minor underspend from the previous owners during a weather and CoVid-19 affected field season. The matter has since been resolved after a hearing at the Warden's Court on the 20th January 2021 and the tenure subjected to small fines. The Exploration licence E52/3759 is in the first year of grant, and under the Mining Act cannot be transferred during its first year without Ministerial consent, such that the transfer to MCM is expected to be formalised next month after the anniversary date of 25th February 2021.

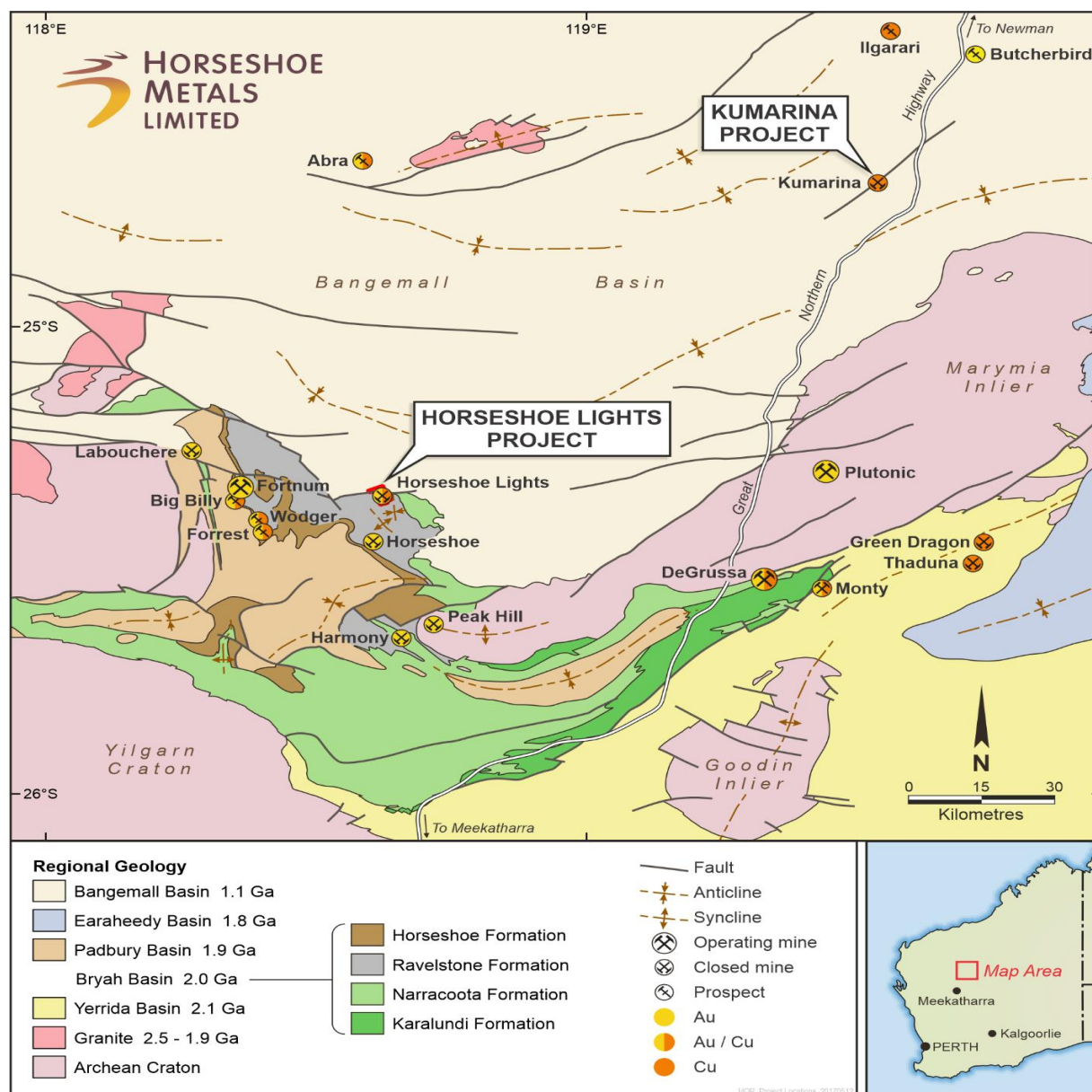


Figure 1: Location of Horseshoe Lights Project and Kumarina Projects, Western Australia

Agreement Terms

The material terms of the Agreement are summarised below:

Upfront Payment: Non-refundable \$50,000 to be paid by Kopore to MCM upon either E52/3759 being registered in the name of MCM, or confirmation from the existing holder that MCM is entitled to grant the earn-in rights in respect of that tenement to Kopore under the Agreement.

MCM/HOR is currently undertaking refurbishment of its campsite at Horseshoe Lights to assist exploration activities and advance feasibility studies in respect of development options for its copper-gold resources within M52/743 as outlined in its recent release to the ASX (HOR: "Operations/Activities Update 21/1/2021"). The funds will be used for this purpose.

Stage One: Earn in of \$1.45 million expenditure to earn a 51% beneficial interest in the Agreement Area over a two-year period. Stage One includes a minimum expenditure amount of \$250,000 to be spent in year 1 (in addition to the upfront payment referred to above). Kopore must expend this minimum expenditure amount before it can withdraw from the earn-in.

Kopore Guarantee: Kopore Metals Limited guarantees performance of Kopore's obligations under the Agreement and the Co-ordination Deed during the Stage one earn-in period.

Joint Venture: Upon completion of the Stage one earn-in, Kopore and MCM will form an unincorporated joint venture in relation to the exploration of the Agreement Area. The parties' initial respective interest in the Joint Venture will be Kopore 51% and MCM 49%.

Stage Two: Within 20 days of completing Stage One, Kopore can elect to expend an additional \$1.5 million within a further 2 years to earn into an additional 19% beneficial interest in the Agreement Area. If Kopore completes the stage 2 earn in, the parties' respective interest in the Joint Venture will be Kopore 70% and MCM 30%.

Joint Venture expenditure: Following the earn-in, the parties must each contribute to Joint Venture expenses in proportion to their respective percentage interest in the Joint Venture or their interest will be diluted in accordance with a prescribed formula.

As outlined in their release on the transaction (ASX:KMT "Kopore Earn into Horseshoe West Copper/Gold Exploration Project 27/1/2021") are well advanced in priority targeting of areas in the Agreement Area, and working towards meaningful exploration of the targets, including drilling.

For the avoidance of doubt, the earn-in agreement does not represent a significant change of scale or focus for Horseshoe, who retains all current known resources and the area to develop them within M52/743, plus the exploration upside to the known mineralisation and depth potential below the dolerite.

Horseshoe Director Craig Hall commented on the transaction:

"We welcome Kopore to this underexplored area of the Bryah Basin adjacent our historical high-grade copper/gold mine at Horseshoe Lights. Kopore are motivated and enthusiastic about the opportunity this represents for their shareholders, and likewise we believe this will be reflected in value unlocked for our shareholders as Kopore accelerate local exploration programmes on our recently acquired prospective and adjacent ground. As outlined in our recent announcement to shareholders we are firmly focused on the development opportunities at Horseshoe, with the aim of returning the mine to producing copper, initially from low capex processing of stockpiles."

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

-ENDS-

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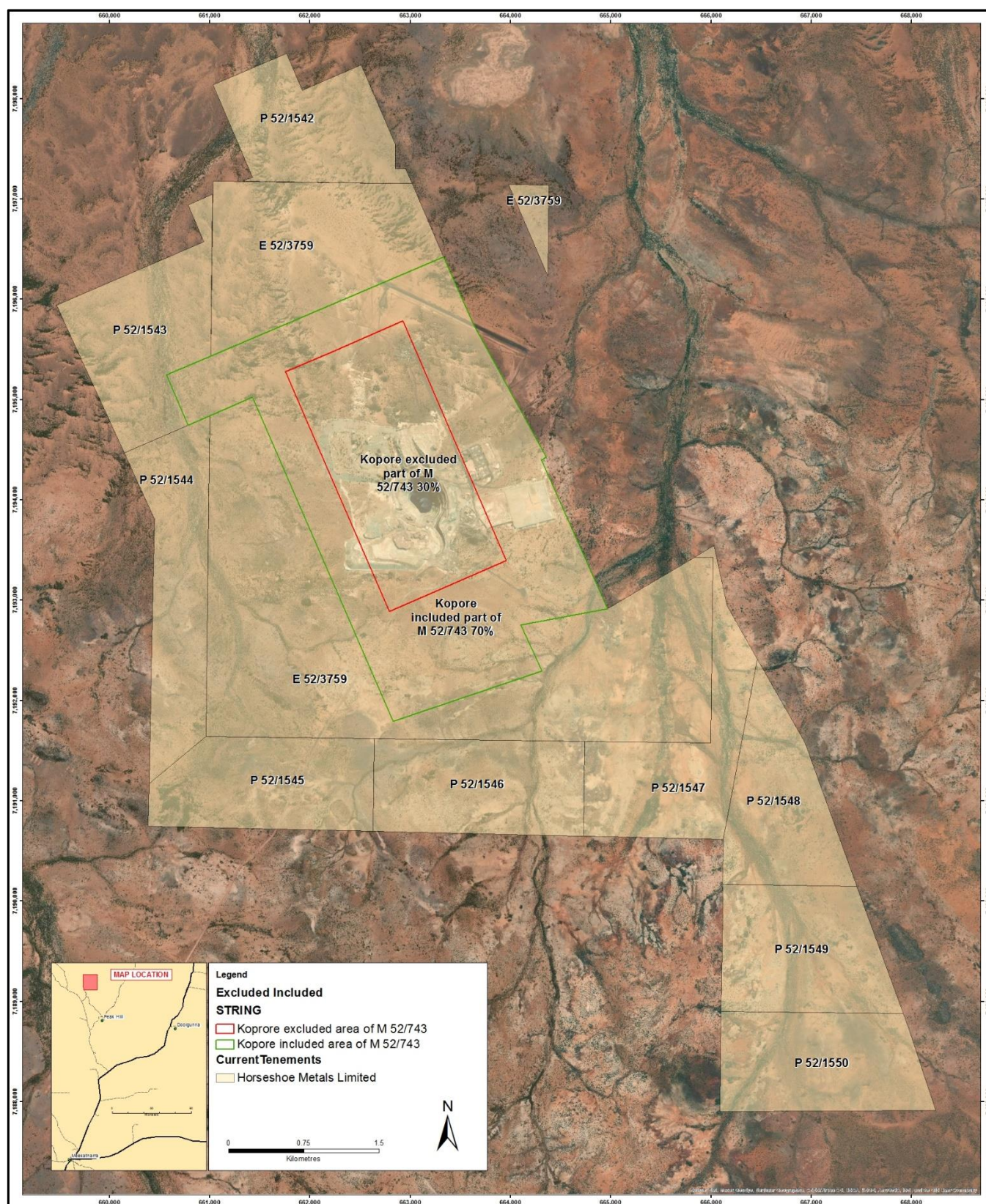


Figure 2: Location of Horseshoe Lights Project tenements in the 'Agreement Area', with Kopore 'Exclusion Zone' within M52/743 highlighted in red.

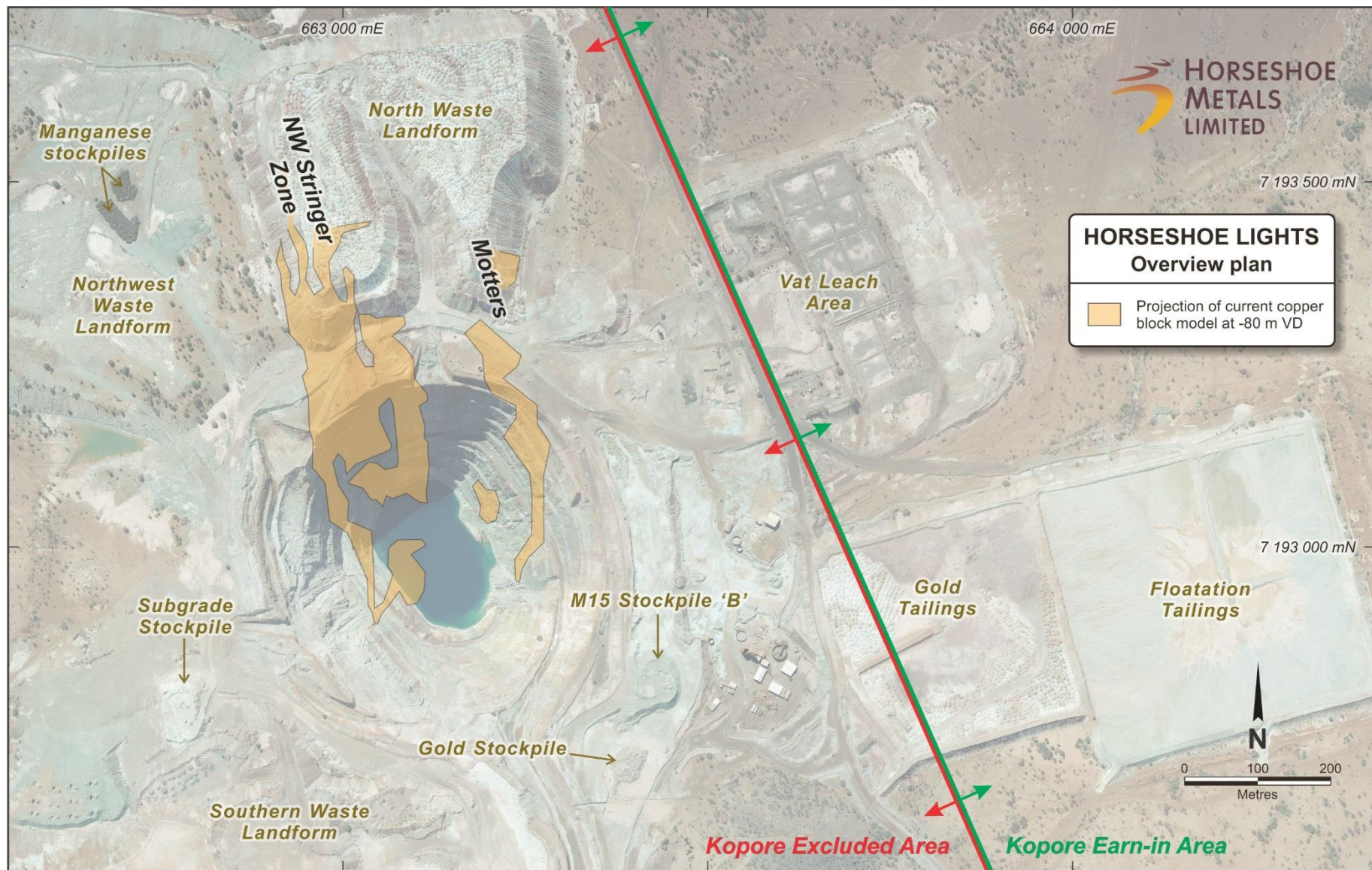


Figure 3: Proximity of Kopore earn-in area relative to the Horseshoe Mine, Tailings and associated landforms. All surface stockpiles outside the 'Excluded Area' remain the 100% property of HOR to develop.

About Horseshoe Metals Limited

Horseshoe Metals Limited (ASX:HOR) is a copper and gold focused Company with a package of tenements in the highly prospective Peak Hill Mineral Field, located north of Meekatharra in Western Australia, and interests in tenements and projects in South Australia. The Company manages the Horseshoe Lights Copper-Gold Project and the Kumarina Copper Project in WA, and the Glenloth Gold Project in SA.

About the Horseshoe Lights Project

The Horseshoe Lights Project includes the historic 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 contained 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 (VMS) 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.

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.

Table 1 below summarises the total Mineral Resources for the Horseshoe Lights Project as at 31 December 2020.

TABLE 1 HORSESHOE LIGHTS PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 December 2020								
Location	Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu metal (tonnes)	Au metal (oz)	Ag metal (k oz)
In-situ Deposit (0.5% Cu cut-off grade)	<i>Measured</i>	1.73	1.04	0.0	0.5	18,000	1,900	28.8
	<i>Indicated</i>	2.43	0.95	0.0	0.7	23,200	3,400	52.2
	<i>Inferred</i>	8.69	1.01	0.1	2.6	87,400	30,700	712.4
	Total	12.85	1.00	0.1	1.9	128,600	36,000	793.4
Flotation Tailings	Inferred	1.421	0.48	0.34	6.5	6,800	15,300	294.8
M15 Stockpiles	Inferred	0.243	1.10	0.17	4.7	2,650	1,300	36.7
Note: At 0% Cu cut-off grade unless otherwise stated					TOTAL	138,050	52,600	1,124.9

The above Mineral Resource Estimates all meet the reporting requirements of the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Forward Looking Statements

Horseshoe Metals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Horseshoe Metals Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward-looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Competent Persons Statement

The information in this report that relates to the Exploration Results and Mineral Resources at the Horseshoe Lights and Kumarina Projects is based on information reviewed by Mr Craig Hall, who is a member of the Australian Institute of Geoscientists. Mr Hall is a contractor to 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.

The information in this report that relates to the Horseshoe Lights Project In-situ Mineral Resources is based on information originally compiled by Mr Dmitry Pertel, an employee of CSA Global Pty Ltd, and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "40% increase in Copper Resource at Horseshoe Lights Copper/Gold Project", released to the ASX on 5th June 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

The information in this report that relates to the Horseshoe Lights Project surface stockpile Mineral Resources is based on information compiled by a previous employee of Horseshoe Metals Limited, and reviewed by Mr Hall. The information was previously issued in announcements released to the ASX on 26 February 2015 and 9 March 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.