



HORSESHOE METALS LIMITED

ASX ANNOUNCEMENT

28 January 2021

QUARTERLY ACTIVITIES REPORT

Horseshoe Metals Limited (ASX:HOR) (**Horseshoe, HOR or the Company**) is pleased to present its Quarterly Activities Report for the period ending 31 December 2020.

HIGHLIGHTS

- Kopore (WA) Pty Ltd (**Kopore**) (a wholly-owned subsidiary of Kopore Metals Limited) to earn a joint venture interest in Horseshoe tenements surrounding the 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
- 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
- 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
- Site visit completed to Glenloth gold project in South Australia
- 20 hole, 1,500m RC drill programme proposed to test gold targets at Glenloth.

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

ABN 20 123 133 166
24 Mumford Place
Balcatta WA 6021

T: +61 8 6241 1844
F: +61 8 6241 1811
E: info@horseshoemetals.com.au

www.horseshoemetals.com.au

EXPLORATION AND EVALUATION

Horseshoe Lights Copper/Gold Project, WA (HOR: 100%) (GRR: 3% NSR Royalty on M52/743— refer to Appendix 1)

The Horseshoe Lights Project is in the Bryah Basin region of Western Australia, and included the previously mined Horseshoe Lights copper-gold mine, approximately 150km north of Meekatharra in Western Australia and 75km west of Sandfire Resources NL's (ASX:SFR) DeGrussa copper-gold mine (see Figure 1).

Post quarter-end, on 28 January 2021, the Company announced (ASX:HOR "Horseshoe West Copper/Gold Farm-in and Joint Venture Agreement") 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 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' DeGrussa 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 one exploration licence, nine prospecting licences and part of one mining lease (M52/743) external to the defined Horseshoe Lights Copper-Gold Project resources and infrastructure (refer Figure 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 Figures 2 & 3) 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.

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 Cooperation 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 20 January 2021 and the tenure subjected to small fines, since paid. 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.

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 January 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 Project" 28 January 2021), Kopore 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.

Also post-quarter end, on 21 January 2021, the Company announced an Operational update on activities (ASX:HOR "Operations/Activities Update"), highlighting activities associated with feasibility studies on development opportunities

The refurbishment of the existing accommodation camp at the Horseshoe Lights mine continues, allowing 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, four rooms and laundry are now operational and currently having air-conditioning upgraded. A further eight 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 in February 2021.

The Company also announced the design of a 27 hole, 2,000m reverse circulation (RC) drilling programme to improve the knowledge and definition of shallow copper mineralisation identified at Motters, immediately north-northeast of the current pit (refer Figures 3 & 4). 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 daylights 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.

To assist future feasibility studies, HOR plan to drill approximately 120 Auger holes for around 750m. The holes will primarily sample the copper tailings dam walls, the Vat leach residues, and include some checks of the gold tailings (see Figure 3). 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, to 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. With a volume of approximately 1,000,000m³, it will provide 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 copper and gold concentrates, 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 last annual review meeting being held on 5 December 2020. The Native Title Holders are supportive of the re-opening of the mining operations.

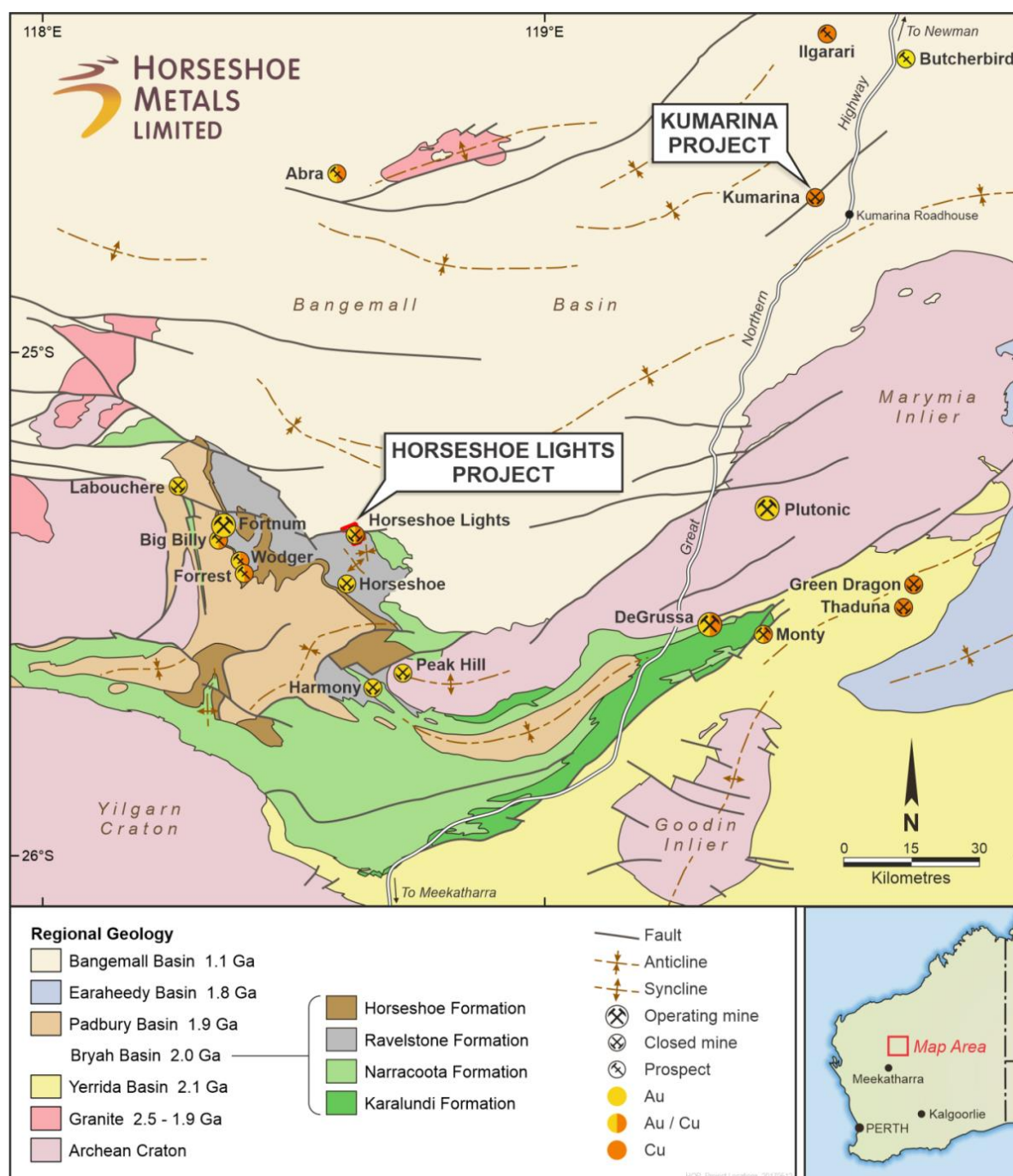


Figure 1: Location of Horseshoe Lights and Kumarina Projects, WA

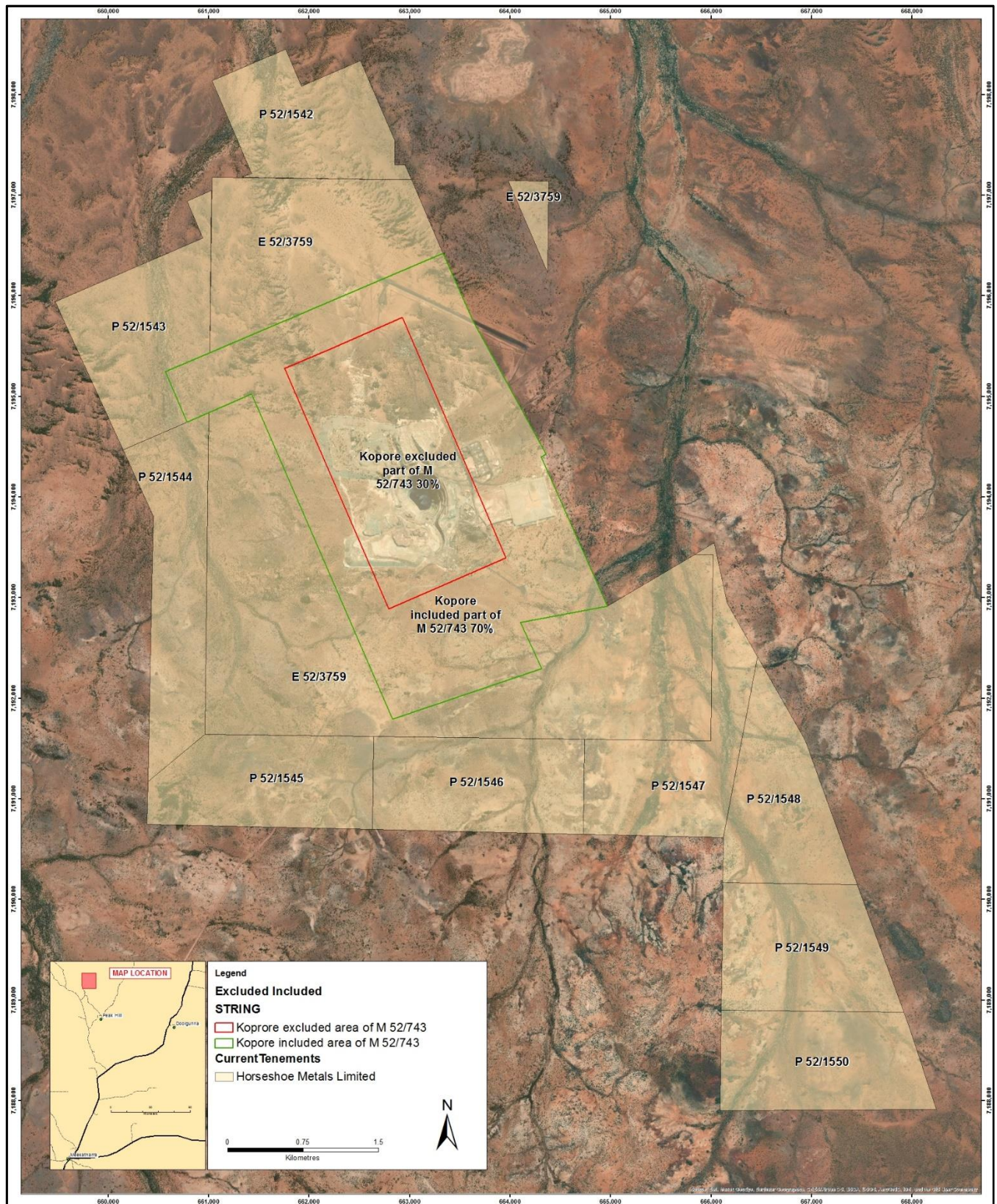


Figure 2: Location of Horseshoe Lights Project tenements in the 'Agreement Area', with Kopore 'Exclusion Zone' within M52/743 highlighted in red

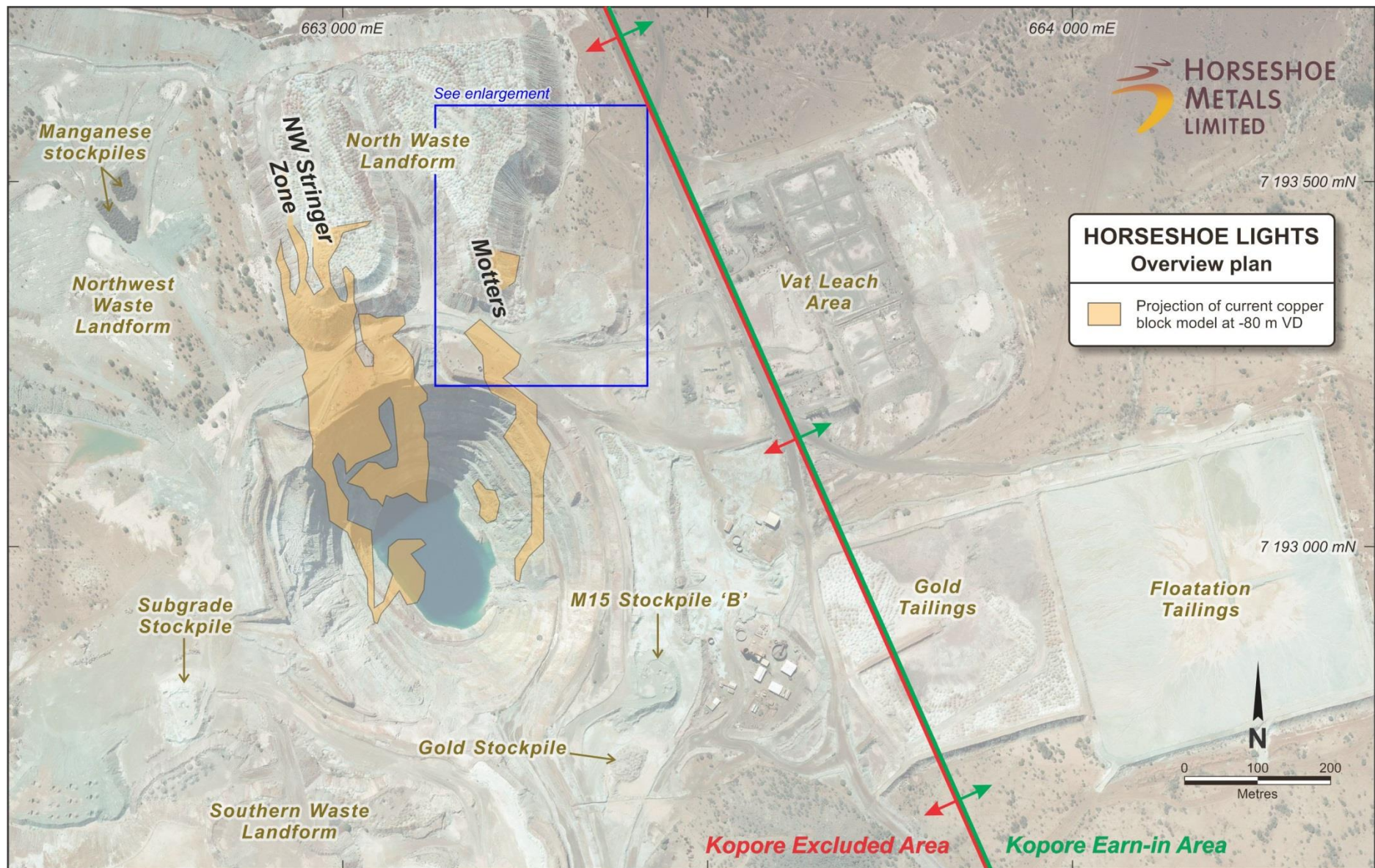


Figure 3: Overview of Horseshoe Lights Mine Area, highlighting surface landforms and stockpiles, with Motters Zone highlighted

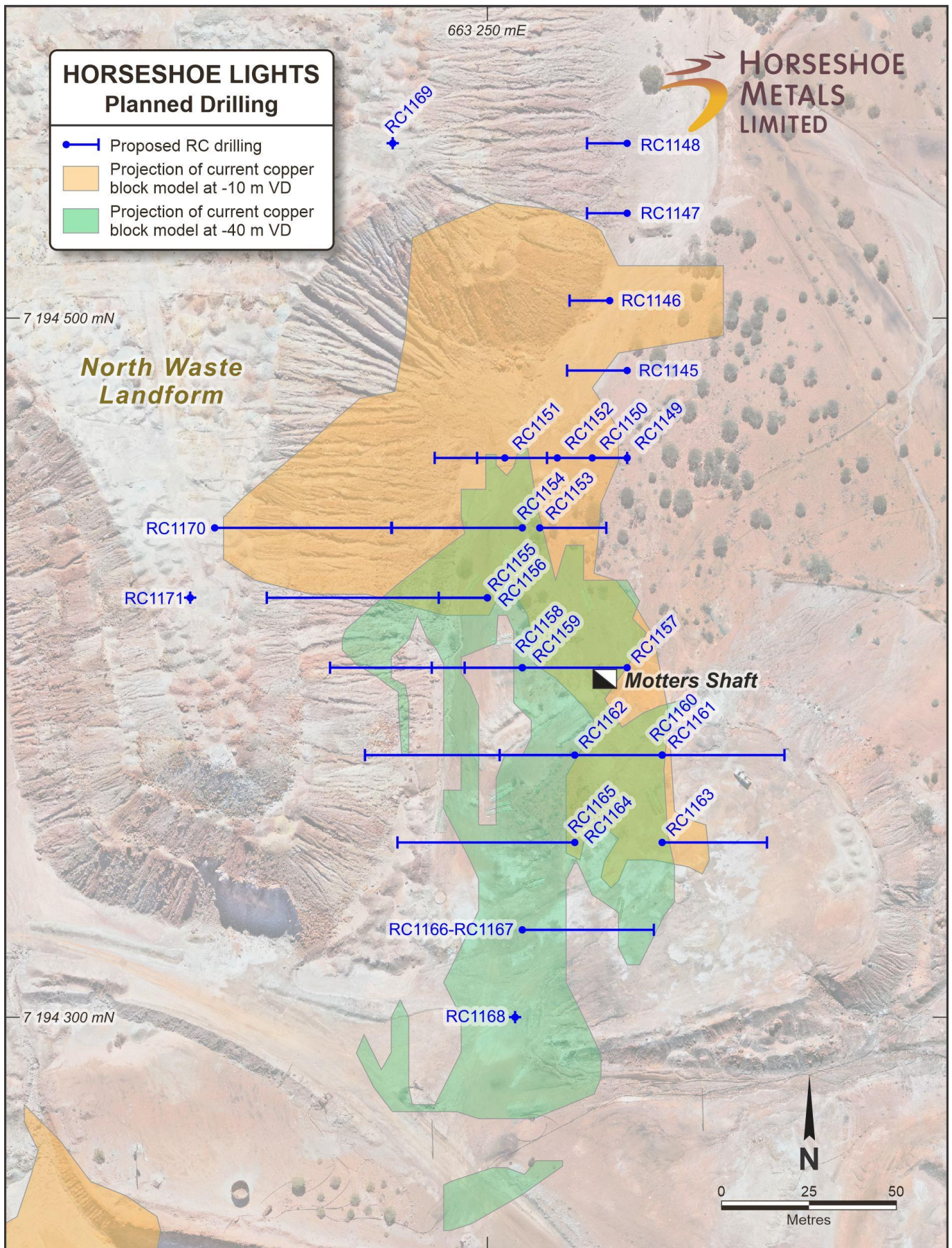


Figure 4: Planned RC drilling of Motters mineralisation, from inset on Figure 3

Glenloth Gold Project (EL6301 and rights to explore and develop ML5848, ML5849, ML5885 & MPL62):

At Glenloth, within the Central Gawler Craton (CGC- refer Figure 5) Company representatives undertook a site visit to the tenure. After further data review, the Company has proposed a 20 hole, 1,500m RC drilling programme to test at least seven priority targets within EL6301 (refer Figure 8). 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 the 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 (965,000 ounces gold resource, refer Figure 6), 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 250km north-west of Glenloth) which historically produced more than 1,000,000 ounces.

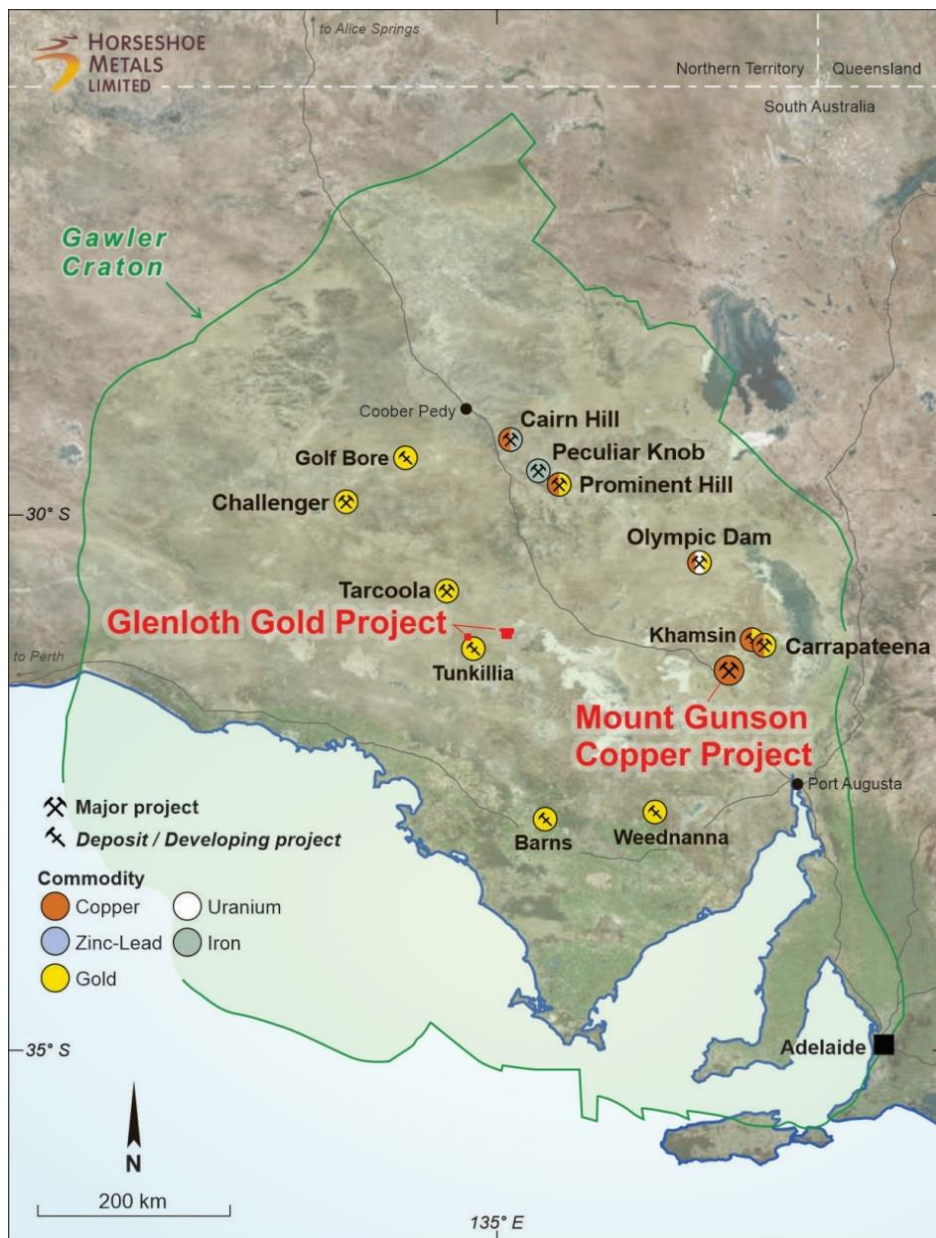


Figure 5: Location of Glenloth Gold Project and Mt Gunson Copper Project in South Australia, in relation to significant local deposits

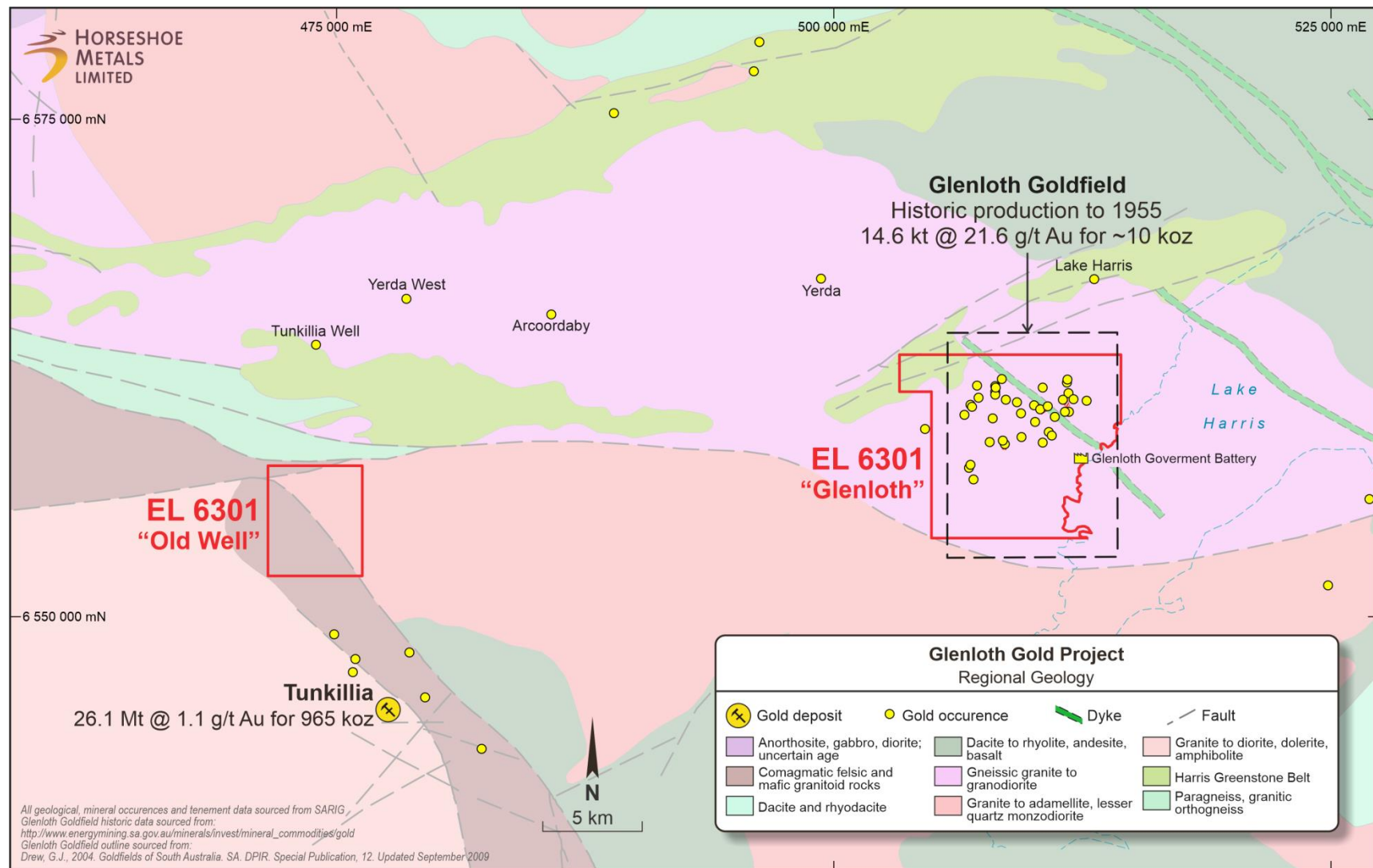


Figure 6: Location of Glenloth Gold Project tenure with regional geology, with known gold occurrences and significant resources

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://bf312df2-d40f-41f6-911f-db568b550fea.filesusr.com/ugd/2ed3d8_0eaa54ba304f4190888f7463a3baf2c.pdf

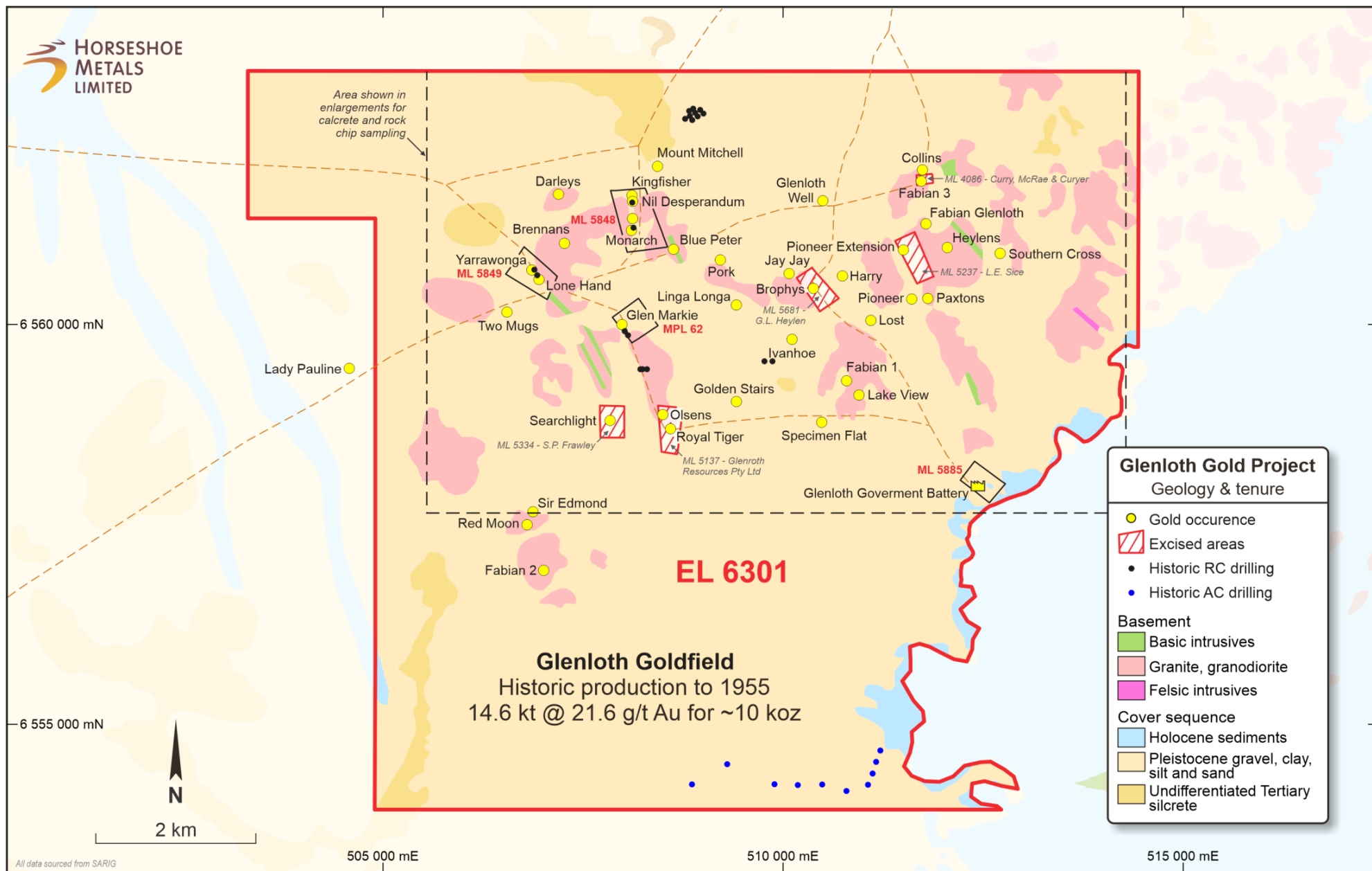
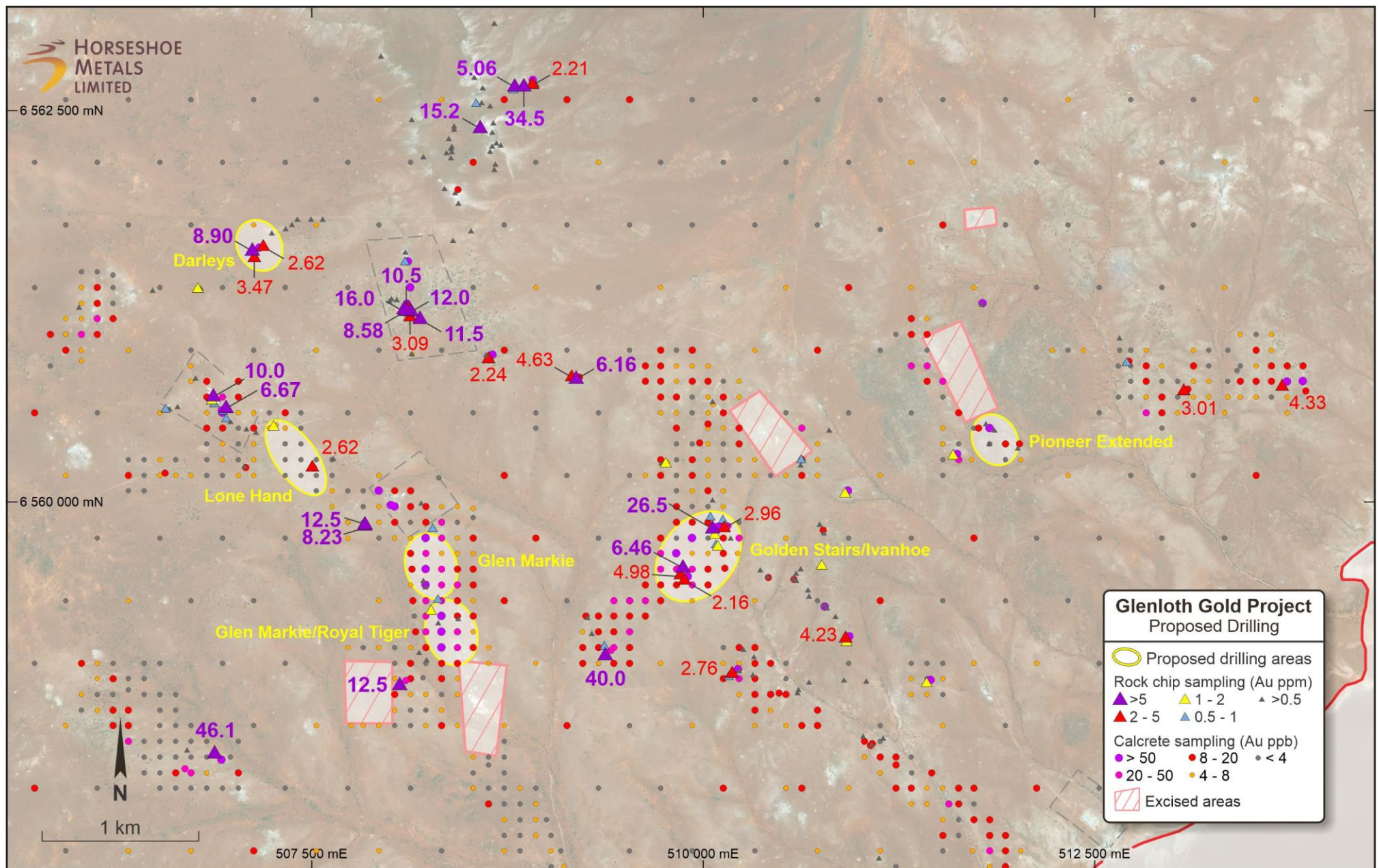


Figure 7: Location of Glenloth Goldfield tenure with regional geology, with named gold occurrences



Kumarina Copper Project, WA (HOR: 100%)

The Kumarina Project consists of a mining lease and mining lease application covering approximately 3.2km². 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). The Company has applied for a mining lease (MLA52/1078) to cover the Rinaldi resource (refer Table 2), contiguous with M52/27. The Company is progressing a Project Agreement as part of the application process with the Native Title Party and its lawyers. No active field work was undertaken during the quarter.

Mt Gunson Copper Project, SA (HOR earning to 50%)

Horseshoe has the right to earn up to a 50% interest in a right to produce copper at Mt Gunson Copper Mine through contribution to expenditure and has the immediate rights to 50% of all surplus cashflow from any copper operation conducted under the agreement with a partner whom operates under agreement with the licensor.

The initial term of the agreement between the partner and the Licensor, who holds the tenements, expired on 29 June 2020 and can be extended by CMM for a period of a further two years to 29 June 2022. Further extension beyond 29 June 2022 can be negotiated during the term of this lease. The Company is currently re-negotiating the terms of an extension with the partner and the Licensor.

CORPORATE

At the time of writing, the Company remains in suspension, having requested an extension until 28 February 2021, pending the outcome of ASX 12.2 queries. The Company continues to work with the ASX in relation to reinstatement of the Company's shares.

On 16 October 2020, the Company announced that it had agreed to place 39,600,000 fully paid ordinary shares under its existing placement capacity, through the issuing of 20,666,667 shares under ASX Listing Rule 7.1 to unrelated parties of the Company at a deemed issue price of \$0.015 in satisfaction of \$310,000 owing in debt; and through the issuing of 18,933,333 shares to existing and new shareholders (none of whom are related parties of the Company) under ASX Listing Rule 7.1A at an issue price of \$0.015 to raise \$284,000 in cash.

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

-ENDS-

Enquiries

Craig Hall

Non-Executive Director

T: +61 8 6241 1844

E: info@horseshoemetals.com.au

About Horseshoe Metals Limited

Horseshoe Metals Limited (ASX:HOR) is a copper and gold-focused Company with a package of tenements covering approximately 500km² in the highly prospective Peak Hill Mineral Field, located north of Meekatharra in Western Australian and mineral interests in South Australia. The Company manages the Horseshoe Lights Project and the Kumarina Project in Western Australia, and the Glenloth Gold Project in South Australia.

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-chalcocopyrite. 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 chalcocopyrite 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".

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. An initial Mineral Resource Estimate for the Rinaldi deposit was completed by the Company in 2013 (see 30 June 2013 Quarterly Report announced on 31 July 2013). The total Measured, Indicated and Inferred Mineral Resource Estimate as at 30 September 2019 is shown in Table 2 below.

TABLE 2 KUMARINA PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 December 2020				
Location	Category	Tonnes (t)	Cu (%)	Cu metal (tonnes)
Rinaldi Prospect (0.5% Cu cut-off)	<i>Measured</i>	<i>415,000</i>	<i>1.46</i>	<i>6,100</i>
	<i>Indicated</i>	<i>307,000</i>	<i>1.16</i>	<i>3,500</i>
	<i>Inferred</i>	<i>114,000</i>	<i>0.9</i>	<i>1,000</i>
	Total	835,000	1.3	10,600

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”

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 5 June 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company’s ASX release “Quarterly Report Period Ended 30 June 2013”, released on 31 July 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.

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, an independent consultant to Horseshoe Metals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. The information was originally issued in the Company’s ASX announcement “Horseshoe releases Maiden Mineral Resource Estimate for Kumarina”, released to the ASX on 4 March 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company’s ASX release “Quarterly Report Period Ended 30 June 2013”, released on 31 July 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.

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

SUMMARY OF MINING TENEMENT INTERESTS					
AS AT 31 December 2020					
Location	Tenement No.	Interest At Beginning Of Quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest At End Of Quarter (%)
Horseshoe Lights, WA	M52/743	100% ¹	-	-	100% ¹
Horseshoe Lights, WA	L52/42	100%	-	-	100%
Horseshoe Lights, WA	L52/43	100%	-	-	100%
Horseshoe Lights, WA	L52/44	100%	-	-	100%
Horseshoe Lights, WA	L52/45	100%	-	-	100%
Horseshoe Lights, WA	L52/66	100%	-	-	100%
Horseshoe Lights, WA	P52/1442	0%	-	100%	100%
Horseshoe Lights, WA	P52/1443	0%	-	100%	100%
Horseshoe Lights, WA	P52/1444	0%	-	100%	100%
Horseshoe Lights, WA	P52/1445	0%	-	100%	100%
Horseshoe Lights, WA	P52/1446	0%	-	100%	100%
Horseshoe Lights, WA	P52/1447	0%	-	100%	100%
Horseshoe Lights, WA	P52/1448	0%	-	100%	100%
Horseshoe Lights, WA	P52/1449	0%	-	100%	100%
Horseshoe Lights, WA	P52/1450	0%	-	100%	100%
Horseshoe Lights, WA	E52/3759	0% ²	-	-	0% ²
Kumarina, WA	M52/27	100%	-	-	100%
Kumarina, WA	MLA52/1078	0% ³	-	-	0% ³
Glenloth, SA	EL6301	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 M52/743
2. The tenement has been paid for but is currently held by Mineral & Gold Australia and in the first year of grant; transfer will be enacted after the anniversary date of 25 February 2021
3. The Company has applied for a Mining Lease to cover the Rinaldi resource within E52/1998, contiguous with M52/27

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Horseshoe Metals Limited

ABN

20 123 133 166

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(184)	(338)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(282)	(453)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(15)	3
1.9	Net cash from / (used in) operating activities	(481)	(788)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	(38)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(38)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	594	594
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	(105)	330
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	489	924

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	91	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(481)	(788)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(38)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	489	924

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	99	99

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	99	91
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	99	91

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
-
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

N/A

7. Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1 Loan facilities	2,000	1,430
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	1,430
7.5 Unused financing facilities available at quarter end	570	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Company has an unsecured loan agreement with a syndicate of lenders. The facility limit is \$1,500,000, interest rate 8% p.a.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(481)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(481)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	99
8.5 Unused finance facilities available at quarter end (Item 7.5)	570
8.6 Total available funding (Item 8.4 + Item 8.5)	669
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.4

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. September quarter had larger than average cash outflow from Operating Activities due payments to commencement of refurbishment of camp, site visits, planning costs associated with upcoming exploration and feasibility studies and payment of trade payables.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. The Company is exploring a number of options to raise cash to fund its ongoing activities. The Directors are confident that it will succeed in raising cash via these options

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. The Company will raise further cash as per Item 2 above to continue to meet its operations and business objectives.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2021

Authorised by: By the board.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.