

ASX/MEDIA ANNOUNCEMENT

15 JANUARY 2015

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

Share Price: \$0.018

Market Capitalisation:
\$3.0 Million

Cash at Bank
(31 December 2014)

\$0.4 Million



HORSESHOE METALS
LIMITED

DEEP DRILLING COMMENCES AT HORSESHOE LIGHTS COPPER-GOLD PROJECT

SUMMARY

- Horseshoe Metals has commenced diamond drilling at the Horseshoe Lights Project.
- Drilling to test a potentially significant geophysical anomaly at depth.
- Drilling planned to extend to 600m downhole within the highly prospective volcanic Narracoota Formation.
- Target generated from Dipole-Dipole Induced Polarisation survey conducted by the Company.
- Drilling being co-funded by WA State Government as part of its Exploration Incentive Scheme.

Horseshoe Metals Limited (ASX:HOR) ("Horseshoe" or "the Company") is pleased to advise that it has commenced diamond drilling at its Horseshoe Lights Copper-Gold Project in the Gascoyne region of Western Australia (see Figure 1).

The drilling program is designed to test a potentially significant geophysical anomaly at depth, within the highly prospective volcanic Narracoota Formation (see Figure 3).

A diamond drill is being drilled at drill hole RC358 to extend the existing RC drill hole to a downhole depth of approximately 600 metres.

RC358 is located about 800 metres south east of the Horseshoe Lights open pit (see Figure 2) and was originally drilled in 1987 to a down hole depth of 120 metres. In 2013 the Company extended the drill hole to a depth of 252 metres, to test a potentially significant chargeability anomaly identified from a ground based Dipole-Dipole Induced Polarisation ("DDIP") survey completed by the Company in 2011.

Page 1 of 6



ASX ANNOUNCEMENT 15 JANUARY 2015

Copper anomalism was identified in the extended RC drill hole but the hole was terminated short of the interpreted main part of the DDIP anomaly (*refer to ASX Announcement dated 3 December 2013*).

The diamond tail on RC358 is planned to drill through the DDIP anomaly.

This drilling is one of three diamond drill holes which the company has partly funded (up to \$150,000 contribution) under the Western Australian State Government's Exploration Incentive Scheme co-funded drilling programme.

The Company looks forward to providing updates on the results of this drilling as they become available.

ENDS

For further information please contact:

Neil Marston
Managing Director
Horseshoe Metals Limited
T: +61 8 9481 5866
M: +61 427 188 768

James Moses
Media and Investor Relations
Mandate Corporate
M: +61 420 991 574
T: +61 2 8211 0612

E: nam@horseshoemetals.com.au

E: james@mandatecorporate.com.au

About Horseshoe Metals Limited

Horseshoe Metals Limited (ASX:HOR) is a copper and gold focused company with a package of tenements covering over 500km² in the highly prospective Peak Hill Mineral Field, located north of Meekatharra in Western Australia. The Company's projects are the Kumarina Project and the Horseshoe Lights Project (see Figure 2).

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 (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, 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.



ASX ANNOUNCEMENT 15 JANUARY 2015

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 @ 1.00% 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).

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 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.*



ASX ANNOUNCEMENT 15 JANUARY 2015

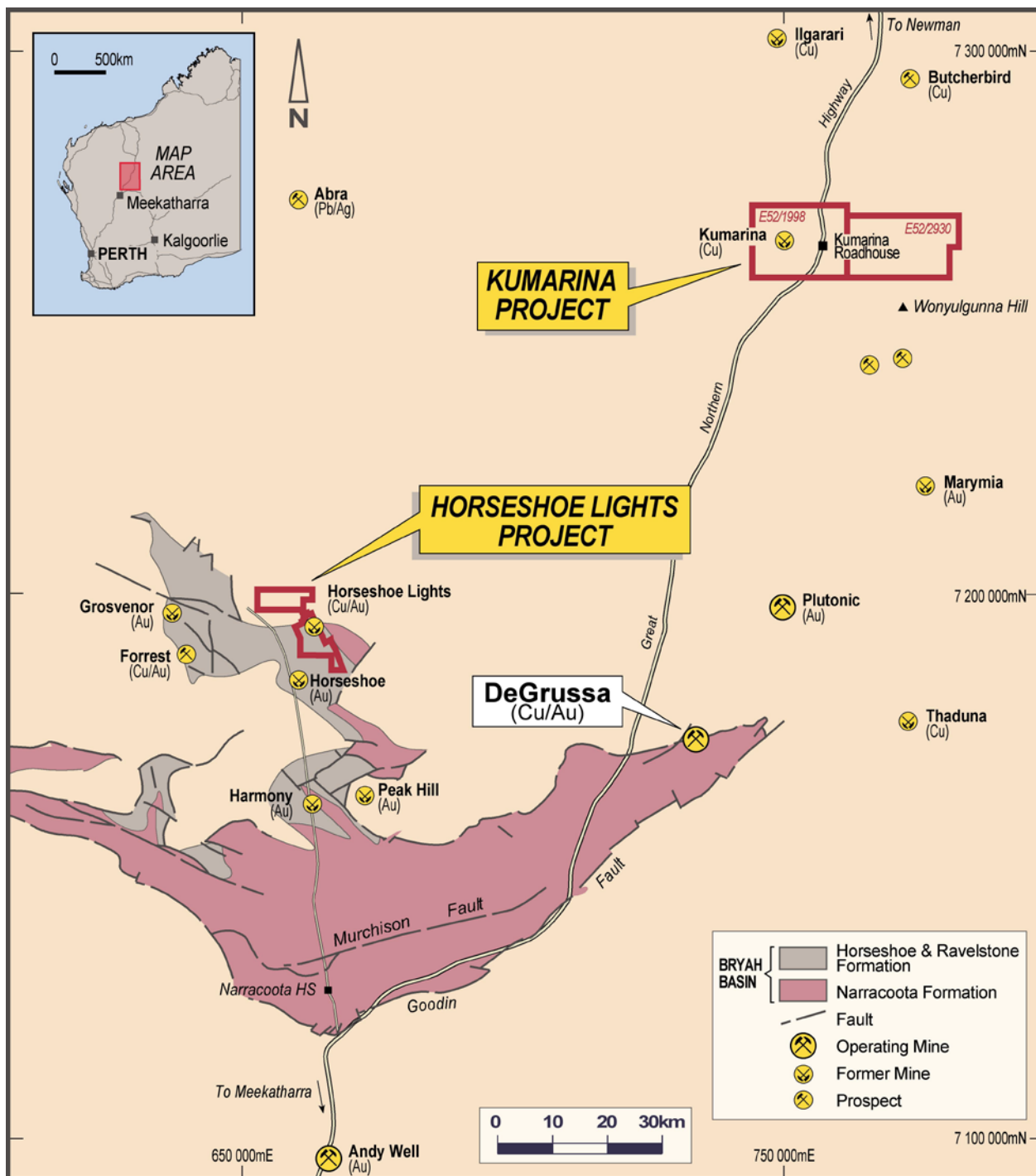


Figure 1 – Horseshoe Lights Project Tenement Location Plan

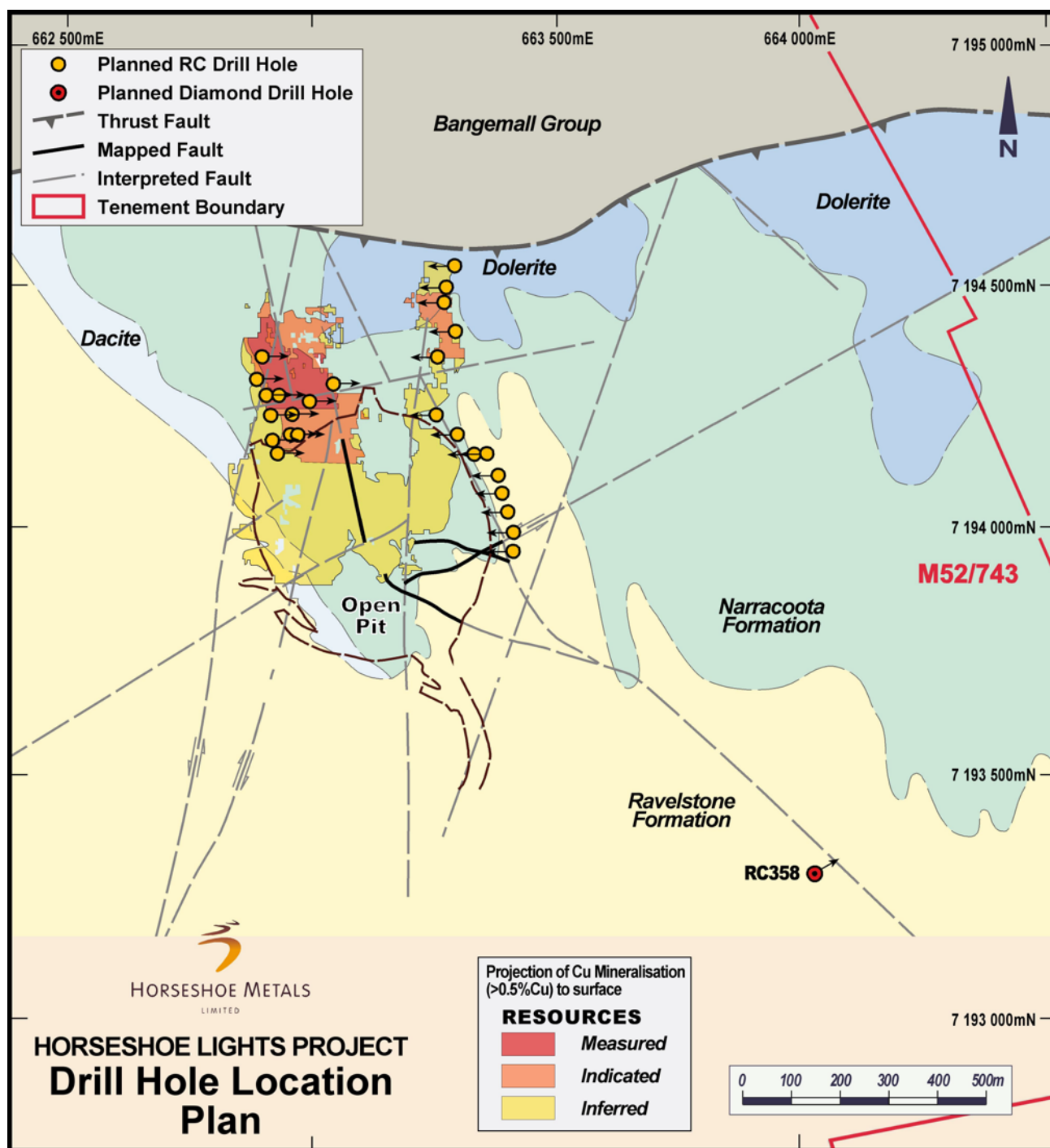


Figure 2 – Horseshoe Lights Project Drill Hole Location Plan



ASX ANNOUNCEMENT 15 JANUARY 2015

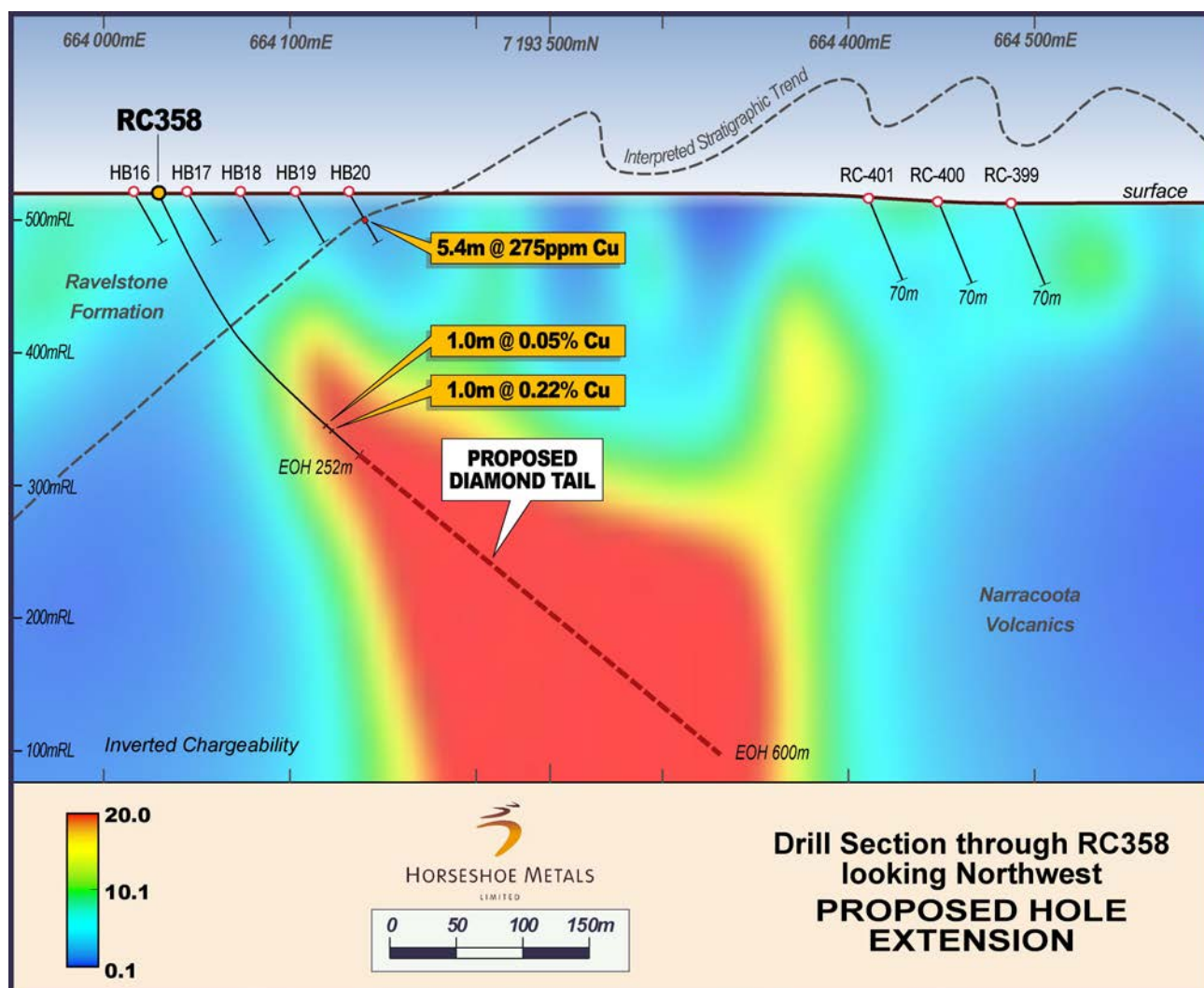


Figure 3 – Horseshoe Lights Project Proposed Hole Extension
on RC358 overlain on image of DDIP anomaly.