HORSESHOE METALS
LIMITED

ASX/MEDIA ANNOUNCEMENT

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

Share Price: $0.021

Market Capitalisation: $3.5 Million

Cash at Bank (31 December 2014)

$0.4 Million

HORSESHOE METALS UPDATES MINERAL RESOURCE ESTIMATE FOR HORSESHOE LIGHTS FLOTATION TAILINGS

SUMMARY

- **Horseshoe Metals has updated the Mineral Resource Estimate for the Horseshoe Lights Project flotation tailings.**
- **The Inferred Mineral Resource Estimate is:**
  - **1.42Mt @ 0.48% Cu, 0.34g/t Au and 6.5g/t Ag for 6,800 tonnes Cu, 15,300 oz Au and 294,800 oz Ag.**
- **The new Mineral Resource Estimate was calculated as part of a programme to assess the viability of a low-cost tailings retreatment project.**
- **Gravity separation testwork programme to commence with testwork results expected in March 2015.**

Horseshoe Metals Limited (**ASX:HOR**) (**"Horseshoe" or "the Company"**) is pleased to announce an updated estimate of Mineral Resources in the flotation tailings at its 100% owned Horseshoe Lights Copper/Gold Project ("**Horseshoe Lights Project"**), in the Gascoyne region of Western Australia (see Figure 1).

The updated Inferred Mineral Resource Estimate of the flotation tailings is **1.42Mt @ 0.48% Cu, 0.34g/t Au and 6.5g/t Ag for 6,800 tonnes Cu, 15,300 oz Au and 294,800 oz Ag.** (using a cut-off grade of 0% Cu).

Horseshoe is focused on assessing the potential viability of a low cost tailings retreatment project, and the new estimate was calculated as part of this process.

A preliminary gravity testwork programme will now be undertaken on the flotation tailings. Should the results be positive the Company will undertake additional sampling and testwork on larger sample sizes to validate the viability to commercially re-treat the tailings.

ABN 20 123 133 166
Ground Floor, 24 Mumford Place Balcatta WA 6021 PO Box 695 Balcatta WA 6021
Ph (08) 6241 1844 Fax: (08) 6241 1811
www.horseshoemetals.com.au

ASX ANNOUNCEMENT 26 FEBRUARY 2015

Mineral Resource Estimate

The Mineral Resource Estimate is based upon an auger drilling programme of 100 holes drilled and sampled on a 40m x 40m grid in July 2010. Due to the drill hole spacing and the compositing of sample intervals for analysis, the Mineral Resource Estimate has been classified as Inferred.

In 2014 visual observation of panned tailings identified free gold, native copper, chalcocite, copper oxides and minor chalcopyrite. Economic recovery of these minerals may potentially be achievable using low cost gravity separation methods. Accordingly the latest Mineral Resource Estimate for the flotation tailings has been expanded to include gold and silver.

Details of the updated Mineral Resource Estimate are shown in Table 1 below whilst the specific estimation parameters are set out in Appendix 1. This estimate meets the reporting requirements of the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

TABLE 1
HORSESHOE LIGHTS PROJECT
FLOTATION TAILINGS
MINERAL RESOURCE ESTIMATE
(0% Cu cut-off grade)
as at 31 December 2014

Category	Tailings Cell	Tonnage (t)	Cu (%)	Au (g/t)	Ag (g/t)	Cu metal (tonnes)	Au metal (oz)	Ag metal (oz)
Inferred	Vat 2	28,000	1.16	1.32	14.4	320	1,200	13,000
	Cell 1 (SE)	247,000	0.58	0.47	8.2	1,430	3,700	65,200
	Cell 2 (NE)	314,000	0.56	0.37	7.4	1,770	3,750	75,100
	Cell 3 (West)	832,000	0.39	0.25	5.3	3,280	6,650	141,500
	TOTAL	**1,421,000**	**0.48**	**0.34**	**6.5**	**6,800**	**15,300**	**294,800**

Note: An empty gold vat (Vat 2) was used to store tailings during the commissioning phase of the flotation plant in February - March 1988. The tonnage and metal grades of the commissioning tailings in Vat 2 only has been sourced from original monthly mine production reports.

A comparison between the Mineral Resource Estimate for the flotation tailings and the historic mine production records is shown in Table 2 below.

TABLE 2
HORSESHOE LIGHTS PROJECT
COMPARISON BETWEEN 2014 MINERAL RESOURCE ESTIMATE AND HISTORICAL MINE PRODUCTION RECORDS

	Tonnage (t)	Cu (%)	Au (g/t)	Ag (g/t)	Cu metal (tonnes)	Au metal (oz)	Ag metal (oz)
2014 Mineral Resource Estimate	1,421,000	0.48	0.34	6.5	6,800	15,300	294,800
Historic Mine Production Records	1,421,163	0.54	0.34	6.6	7,700	15,600	301,700

The main differences in Table 2 are in the copper grade (0.48% Cu versus 0.54% Cu) and the contained copper metal (6,800t versus 7,700t). These differences may be attributed to the presence of native copper in the tailings which, due to its physical properties, is known to be difficult to accurately assay for using standard laboratory techniques. The compositing of 1m auger samples into 5m composite samples for laboratory analysis may also be a contributing factor in the differences.

The distribution of the copper, gold and silver within the tailings varies across the main tailings storage facility with Cells 1 and 2 showing the highest metal grades per tonne of tailings (see Figures 3 – 5). The reason that this has occurred is that Cells 1 and 2 were filled first during mining and processing operations with the mill feed head grades during that phase of the operation being higher for all metals. Processing Vat 2 and Cells 1 and 2 first presents an opportunity to maximise metal recovery in the early part of any future tailings retreatment operation.

Future Activities

Samples from the 2010 auger drilling programme have been recovered from storage and delivered to an analytical laboratory for a series of gravity separation tests using a Falcon concentrator followed by a wet shaking table to produce a number of concentrates for analysis. The drill samples will be composited to provide 40-50kg size samples for these tests. The aim of these tests is to demonstrate the proof of concept that gravity separation methods may work on these tailings. Testwork is about to commence with results expected to be available in March 2015.

Should the above tests be successful the Company intends to undertake additional sampling and testwork with larger sample sizes to verify the potential viability of the tailings retreatment project.

ENDS

For further information please contact:

Neil Marston
Managing Director
Horseshoe Metals Limited
T: +61 8 9481 5866
M: +61 427 188 768
E: nam@horseshoemetals.com.au

James Moses
Media and Investor Relations
Mandate Corporate
M: +61 420 991 574
T: +61 2 8211 0612
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 approximately 500km^2 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 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, 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"

The estimated total Measured, Indicated and Inferred Mineral Resource 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves"

The estimated total Measured, Indicated and Inferred Mineral Resource is **835,000 tonnes @ 1.3% Cu** for **10,600 tonnes Cu** (using a cut-off grade of 0.5% Cu).

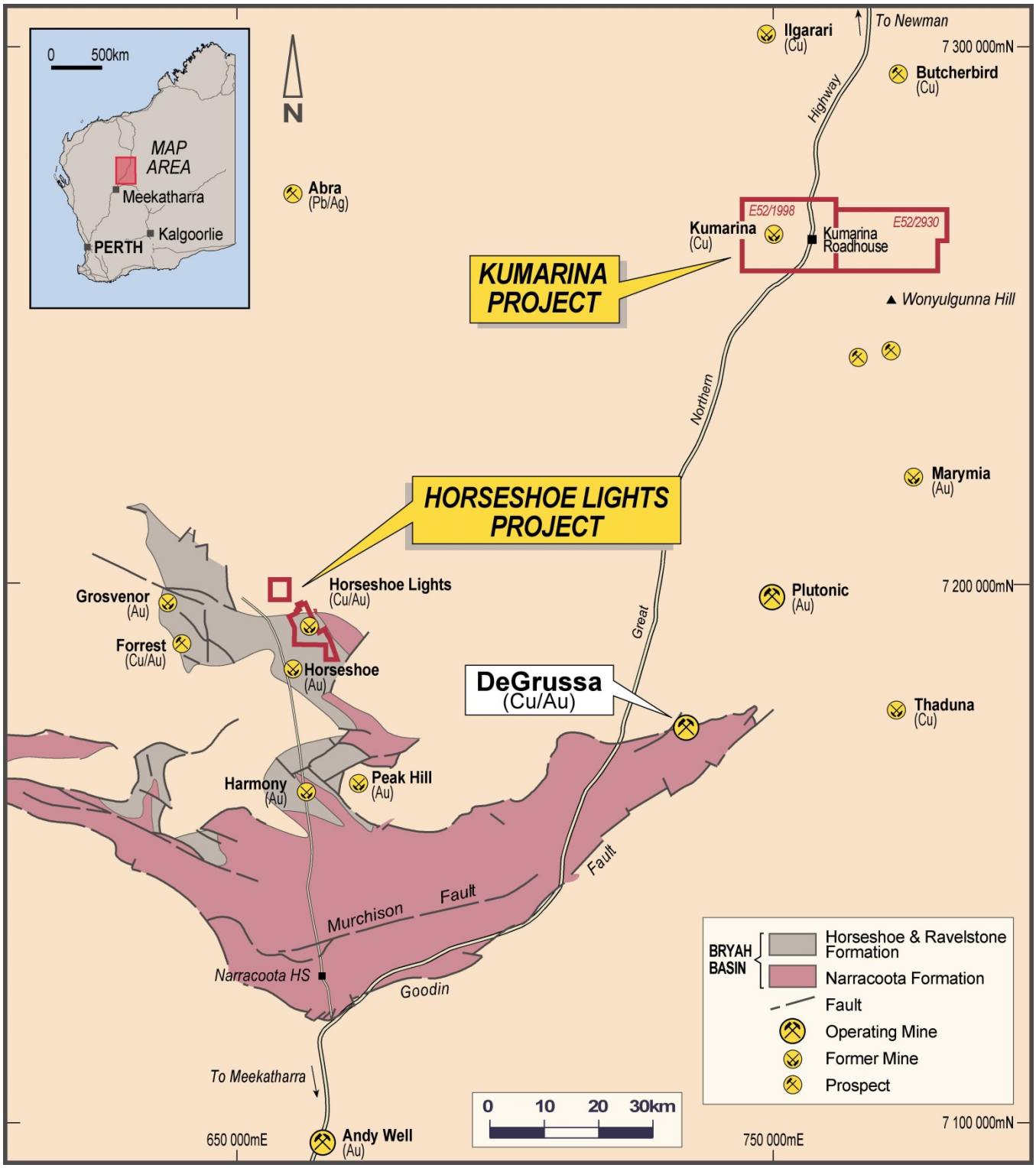

Figure 1 - Projects Location Plan

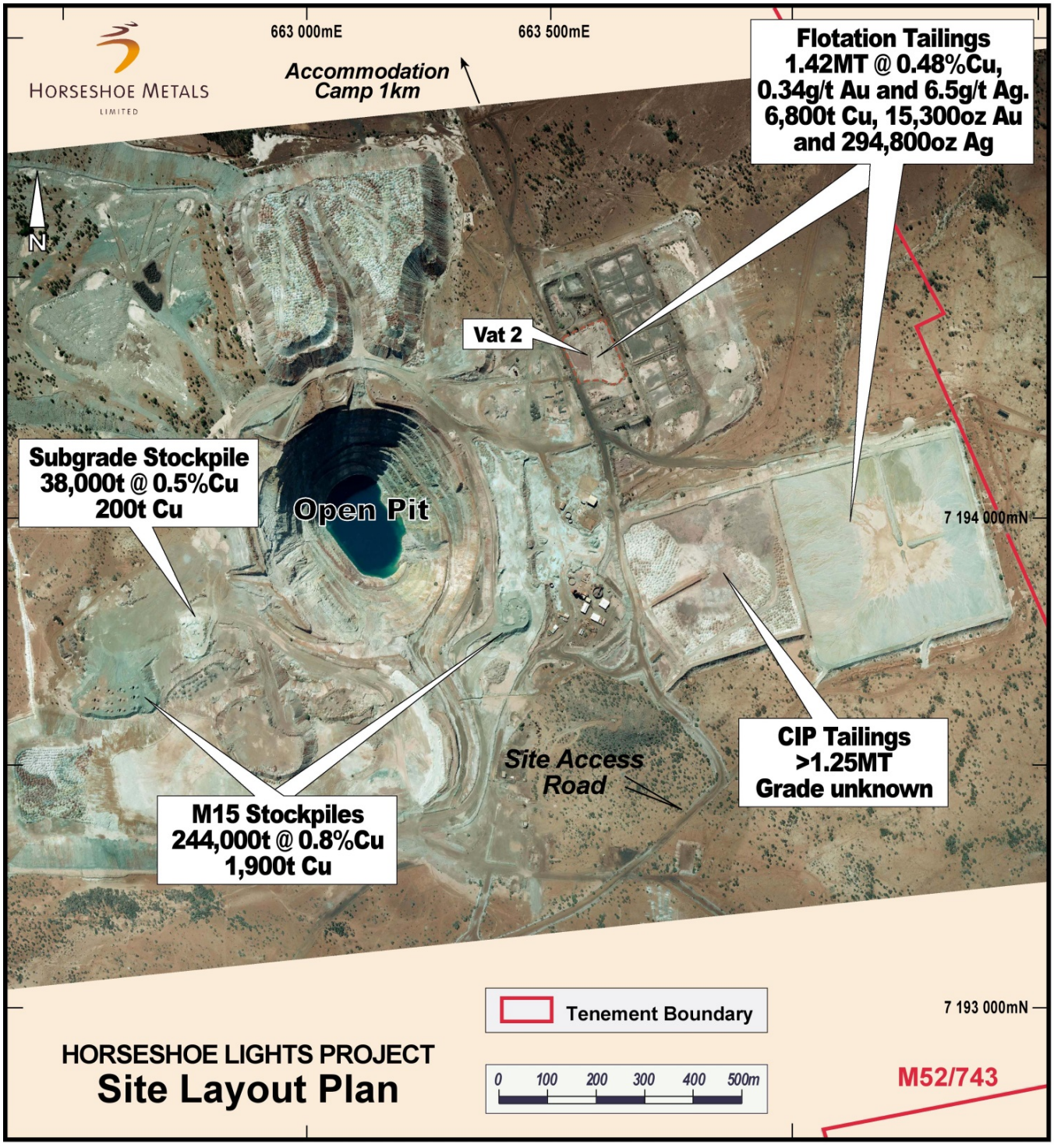

Figure 2 – Site Layout Plan

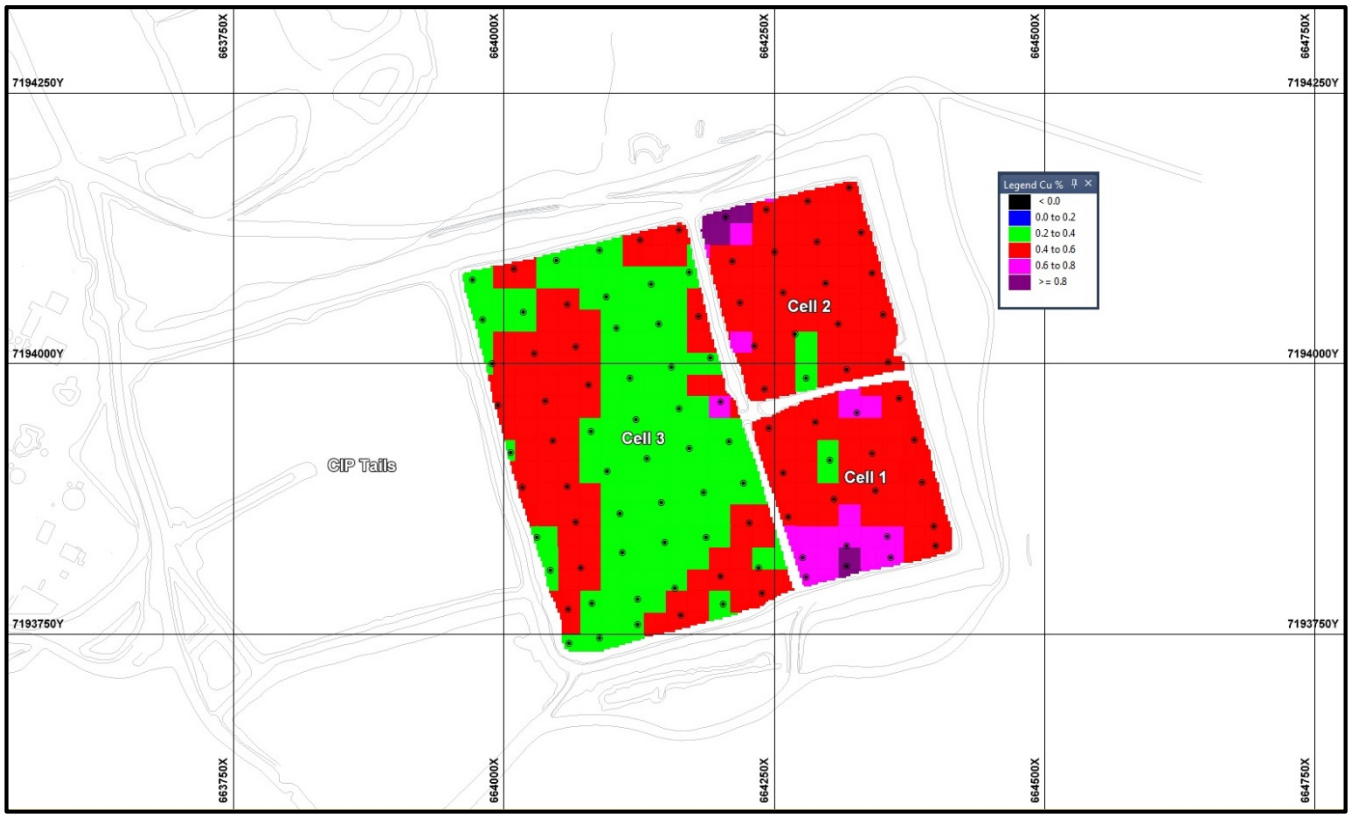

Figure 3 – Copper Block Model with drill hole locations shown.

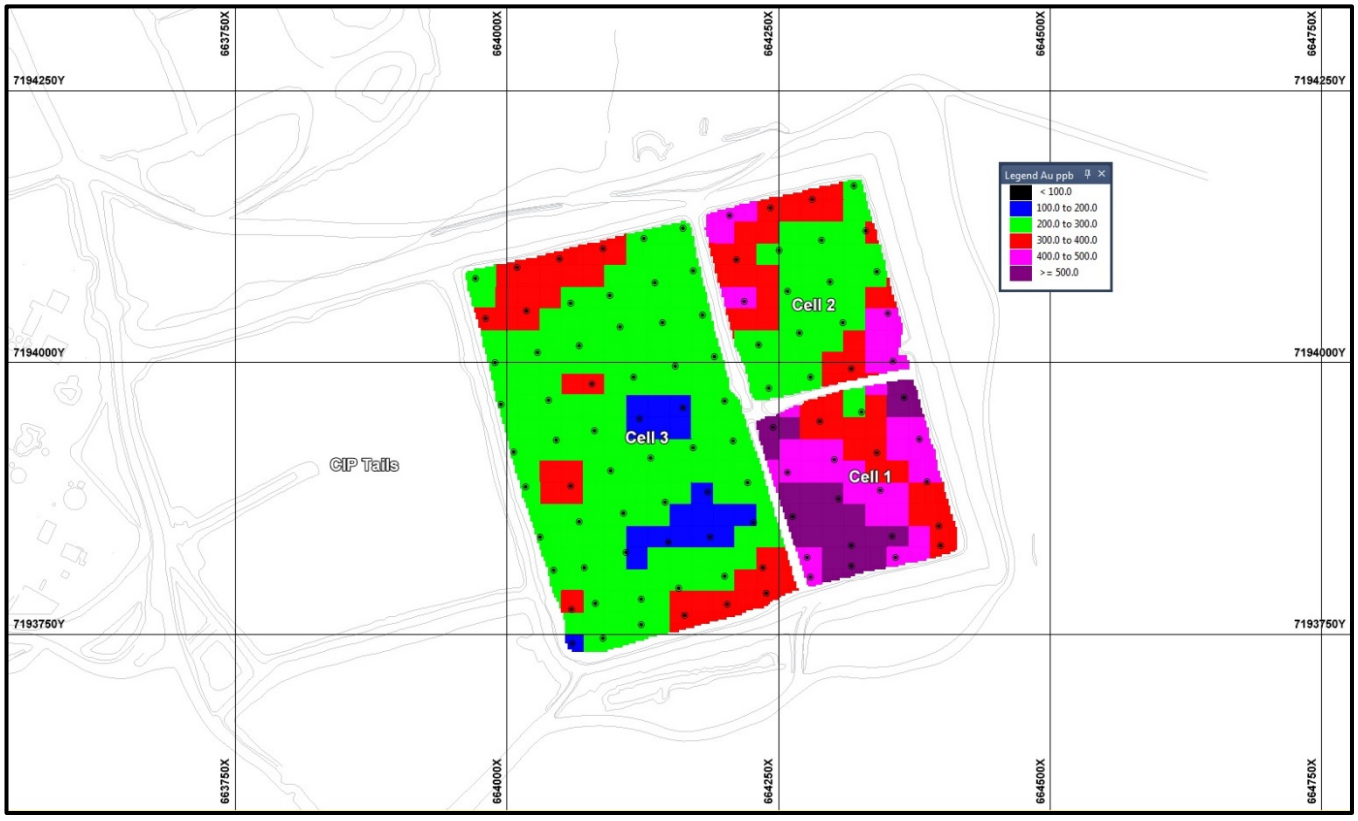

Figure 4 – Gold Block Model with drill hole locations shown.

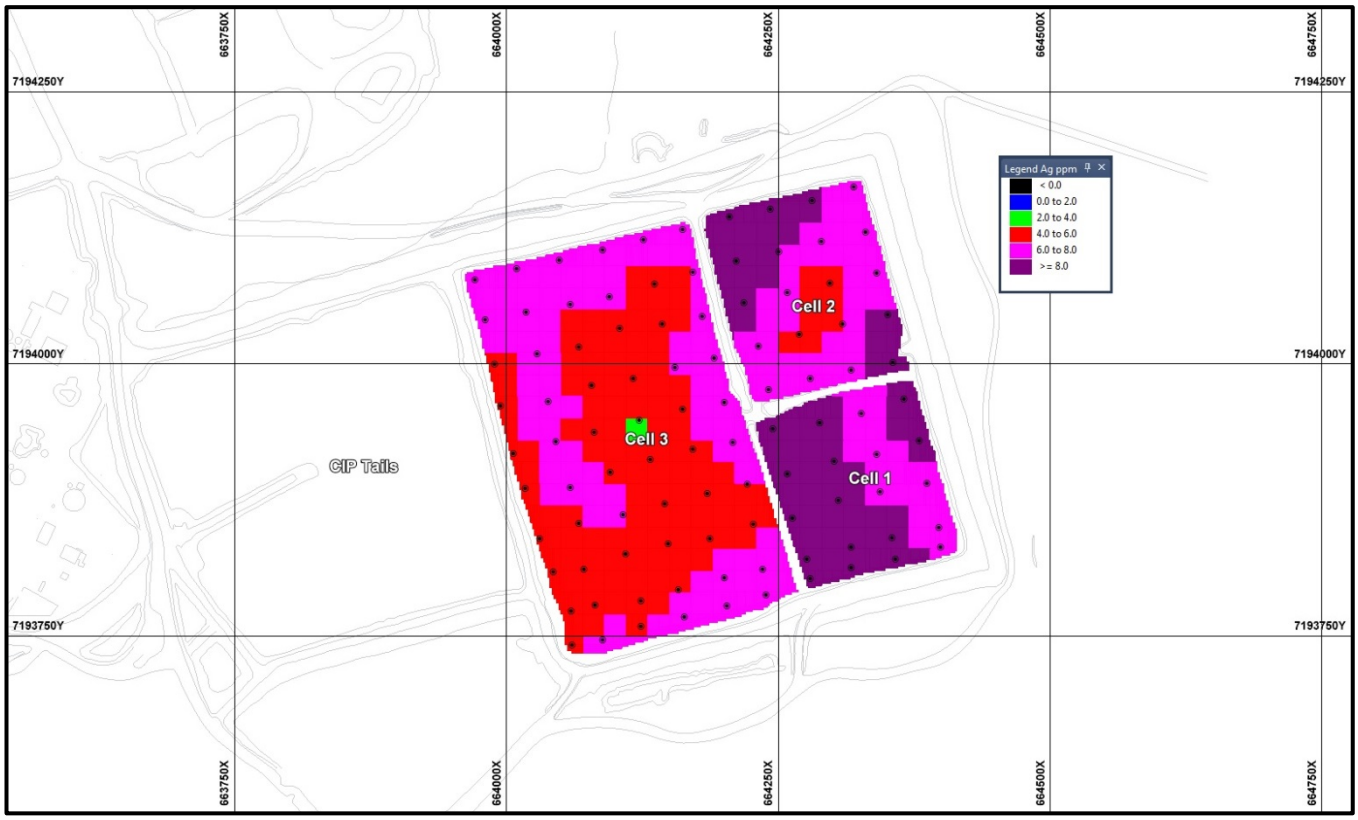

Figure 5 – Silver Block Model with drill hole locations shown.

ASX ANNOUNCEMENT 26 FEBRUARY 2015

APPENDIX 1 - JORC Code Reporting Criteria

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC-Code Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	A sampling program collected 759 single metre samples which generated 200 auger composite samples from 100 auger holes covering the full depth profile of the copper tailings dam. The auger holes were initially sampled at 1m intervals. The samples were divided into Upper and Lower based on the depth of the auger at which the sample was taken and a 5m dividing depth. Tailings samples consisting of consolidated sediment or sticky clay taken from a mine tailings dam containing copper flotation leftover residue. The single metre samples were carefully removed from 4" RBT spiral bit and placed into Calico bag.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The entire volume of sample for each metre is removed and collected from the marked auger bit before the next metre was drilled.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	Samples representing a 1m sample interval, ranged between 0.9kg and 4.3kg producing an average of approximately 2kg of auger sample. This sample is dried and pulverised to produce a 200g pulp for fire assay analysis.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	The drill program was completed using the Auger technique whereby a lightweight auger drill is mounted on a trailer and towed with a Polaris 6 x 6 quadbike. This rig set up is capable of drilling to a depth of 10m using an initial 1.8 m (3.5") auger head rod and 1.5 m subsequent rods with 4" RBT spiral bit.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Visual inspection of the sample volume indicates sample recovery was excellent. Any poor sample recovery or condition is noted in the drill hole database.

Criteria	JORC-Code Explanation	Commentary
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Auger samples were visually checked for recovery, moisture and contamination. Samples were manually removed from auger rods as they surfaced and prevented from touching tailings dam surface. Auger rods were cleaned between sample collections to minimise contamination.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No sample loss is recorded but due to the nature of the sampling sample bias cannot be ruled out. Only drier, less consolidated samples present a risk and represent only the top 1m of each hole.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No logging completed due to nature of sample.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	No logging completed due to nature of sample.
	The total length and percentage of the relevant intersections logged.	No logging completed due to nature of sample.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No core collected during this program.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Complete auger sample is used which contains various moisture levels ranging from 11% - 35% with an average of 20%.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The initial 759 samples were dried at 100°C, crushed to -3.35mm before riffle splitting out 0.05-0.1 kg pulps from each single metre auger sample. The resultant pulps were combined and homogenized to make 200 composite samples.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Laboratory QAQC methods include insertion of blanks and undertaking check samples for significant assay results.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No field duplicates were collected during this program.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Samples sizes are considered appropriate for this style of sampling.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	A 40g charge from all of the composite samples are submitted to Amdel laboratories for head assay analysis. The samples have been digested with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids. This method is considered total for many elements however some refractory oxides are not completely attacked. Copper and gold assays are determined by ICP-OES.

Criteria	JORC-Code Explanation	Commentary
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No such instruments used in the analysis.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	No quality control (QC) procedures are adopted for this initial test program. Assay pulps are still in laboratory storage and can be re-assayed when QC procedures are required.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	None undertaken in this programme
	The use of twinned holes.	None undertaken in this programme
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All primary data was downloaded directly from source.
	Discuss any adjustment to assay data.	No adjustments undertaken.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Collar locations are determined by handheld Garmin GPS. No downhole surveys were completed due to the limited depth of these Auger holes.
	Specification of the grid system used.	Grid system coordinates are GDA94 MGA Zone 50.
	Quality and adequacy of topographic control.	Topographic control was created from known survey stations and air photography in strict accordance with Mines Regulation Act 1946 by the authorised mine surveyor.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Resource drilling used approx. 40m x 40m spacing.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing is considered acceptable for this preliminary assessment and inferred status.
	Whether sample compositing has been applied.	The auger samples used in this resource were initially blended to form tailings composite samples with an upper and lower designation. The upper samples refer to samples in the top 5m and the lower samples refer to the remainder of samples between 5-10m.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drilling in this program is vertical
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Drilling orientation and sample bias relationship is not relevant in this instance.

Criteria	JORC-Code Explanation	Commentary
Sample security	*The measures taken to ensure sample security.*	Prior to submission all samples were stored on-site under supervision of the Site Manager. Samples were transported to Meekatharra by Horseshoe Metals personnel and then onto the assay laboratory by licensed couriers.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been performed to date.

TABLE 1: SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in section 1 also apply to this section.)

Criteria	JORC-Code Explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	All location and assay data has been downloaded from its primary source i.e. handheld GPS or laboratory reports.
	Data validation procedures used.	Validation of the drill hole data import by Micromine 2013 software include checks for overlapping intervals, missing and incorrectly recorded assay data and missing collars.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	The site is regularly visited by Geoff Willetts, Senior Geologist for Horseshoe Metals. All assay and location data used in this resource estimate has been validated.
	If no site visits have been undertaken indicate why this is the case.	Not applicable.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	A geological interpretation is not applicable in this instance due to the nature of the processed material under consideration.
	Nature of the data used and of any assumptions made.	Auger drilling on a 40m spacing and a maximum of 5m composite sampling is used to create this mineral resource estimate.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	The effect of alternative interpretations is negligible or not appropriate in this instance due to the nature of the processed material under consideration.
	The use of geology in guiding and controlling Mineral Resource estimation.	No geological factors are used in this resource due to the nature of the processed material under consideration.
	The factors affecting continuity both of grade and geology.	Factors affecting grade continuity would include recovery efficiencies of the flotation circuit during the processing period and possibly sedimentation processes i.e. gravity settling post deposition into tailing dam.

Criteria	JORC-Code Explanation	Commentary
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The copper flotation tailing dam is approximately 380mE x 380mN and 7-10mRL from surface. This has been divided up into three domains based on the original tailing dam configuration. Two cells comprising the eastern portion of the tailings dam are approximately 155mE x 180mN and 7-10mRL from surface. The remaining cell comprises the western and majority portion of the tailings dam is approximately 220mE x 380mN and 7-10mRL from surface. A small commissioning tailings dam (referred to as Vat 2) was used for the first 2 months of the flotation plant's operation. The location of Vat 2 is shown in Figure 2
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Except for the commissioning tailings (Vat 2) where historical production data has been used for the estimate, the grade estimation technique employed is inverse distance squared using Micromine 2013 software. This technique was considered adequate for the relatively homogenous material being estimated. Domain solids are created for each tailing cell which excludes all enclosing banks and access ramps. Three domains were constructed Original 1m samples from each hole were composited into upper and lower composites by Amdel Mineral Laboratories. The upper composite was from 0-5m and the lower was the remainder of the hole (0.7m to 5.5m length). Composite samples were assayed. Due to the differing sample support, samples were re-composited to 1m length and any residuals (<1m length) discarded. 1m composites were coded with the domain number of the tailing cell from which they originate. Statistical evaluation of the composite data revealed that top cutting of grades was unnecessary. Variography was not applied to the data. The block model size was 20mX, 20mY and 5mZ. Sub-blocking to 2mX, 2mY and 0.5mZ was applied for better volume representation. Grade interpolation was carried out using IDW^2 for the three domains using the uniquely coded 1m downhole composite data specific to each domain. Grade interpolation was completed in 2 runs using a flat lying circular search ellipse. The search radii was 50m with 5m vertical extent for both estimation runs. Minimum samples was 3 for the first run and 2 for the second. Grade estimation was into the parent blocks.

Criteria	JORC-Code Explanation	Commentary
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	The mineral resource estimate agrees with mine processing data calculated during the mining period. (Refer to Table 2)
	The assumptions made regarding recovery of by-products.	No assumptions made regarding recovery of by-products.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	No deleterious material assessment was made during the mineral resource estimation.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	The block model was constructed using a 20m x 20m x 5mRL parent block size, with sub-celling to 2mE x 2mN x 0.5mRL for domain volume resolution. The parent cell size was chosen on the basis of the drill spacing and is approximately half the drill spacing. The sub-celling size was chosen to maintain the resolution at the edges of the tailings cells. The sub-cells were optimised in the models where possible to form larger cells. The search radius was set to be just greater than the sample spacing. A maximum of four composites per hole was applied, ensuring that composites from more than one hole were used in the estimation of a given block. A second run was applied with the same search parameters and reduced minimum composite count to ensure blocks un-estimated during the first run were filled.
	Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this estimate.
	Any assumptions about correlation between variables.	No strong correlations were found between the grade variables.
	Description of how the geological interpretation was used to control the resource estimates.	No geological interpretation is used to control the resource estimate in this instance due to the processed nature of the material being calculated.
	Discussion of basis for using or not using grade cutting or capping.	No grade cutting or top cuts were deemed necessary in this instance due to the relatively homogenous and processed nature of the material being calculated. Statistical evaluation of the composite data showed top cutting to be unnecessary.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Validation of the block model consisted of comparison of the block model volume to the wireframe volume. Grade estimates for each float cell were validated by comparison of mean estimated grades with mean grades of the composite data from each cell. Visual validation was completed by comparing block model grades with composite grades in a section by section basis. No reconciliation data is available at this early stage of the project.

Criteria	JORC-Code Explanation	Commentary
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages are estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	No Cut off grades were used in this mineral resource estimate.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	The copper flotation tailings are being considered for a retreatment process using an initial gravity separation to create a saleable concentrate of various elements not recovered during the original flotation process. A potential second stage process using acid leaching in tanks of the gravity circuit tailings is being considered.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	The gravity separation process is intended to recover the "heavy" elements not recovered and targeted through the mine flotation circuit. These heavy elements include gold, silver, native copper, chalcocite, chalcopyrite and pyrite. The acid leach process if used would recover water and acid soluble copper which could be precipitated out using one of a number of methods.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	No detailed assumptions regarding possible waste and process residue disposal options have been made at this stage. However, retreated tailings will most likely be deposited into a new tailings cell, which, where possible, will be sited so as to create minimal environmental impact. Regardless of final location the intention is that the tailings storage solution will be sustainable in the long term. No environmental factors or assumptions used to restrict or modify the resource estimation.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	No bulk testwork has been completed by the company to date so applied bulk density values are based upon test work during the mining period.

Criteria	JORC-Code Explanation	Commentary
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.	Historical mine records indicate that the SG was in the range of 1.5 - 1.7 at 10% moisture. The number of tonnes in the tailings dam is known from historical mine records so a back calculation against the surveyed volume derived an SG of 1.45 which has been applied.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Calculated bulk density values applied to all material in the model.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	The Mineral Resource classification is based on the evidence from the auger drill sampling. This evidence is sufficient to imply the grade continuity. However, the relatively broad spaced drill locations only permits an inferred category at this stage.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The inferred classification has taken into account all sampling information, grid density and grade continuity. The classification level is considered appropriate for the current stage of this project.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The Mineral Resource estimate appropriately reflects the view of the Competent Person.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	No audits of the Mineral Resource estimate have been undertaken at this time.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource to an Inferred classification as per the guidelines of the 2012 JORC Code. Mineral resource estimate technique deemed appropriate. Estimation result concurs with internal desktop studies.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement refers to global estimation of tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The mineral resource estimate agrees with production data during the mining and processing period (refer to Table 2).

ASX ANNOUNCEMENT 26 FEBRUARY 2015

Competent Persons Statement

The information in the report to which this statement is attached that relates to the Mineral Resources of flotation tailings and surface stockpiles and 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.

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.