



HORSESHOE METALS
LIMITED

**ASX/MEDIA
ANNOUNCEMENT**

10 MARCH 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: 169.7 Million
Options:
5.4 Million (60c, exp 5/15)
Performance Rights: 2.8 M

Share Price: \$0.035

Market Capitalisation:
\$5.9 Million

Cash at Bank
(31 Dec 2014)

\$0.4 Million

**HORSESHOE METALS COMPLETES OPTION
FEE PAYMENT ON NEW GROUND AT
HORSESHOE LIGHTS**

SUMMARY

- Horseshoe Metals has issued shares to satisfy the Option Fee payable under an option to purchase a Mining Lease at its Horseshoe Lights Project.
- 762,468 new shares issued (valued at \$24,000).
- Mining Lease situated in a favourable geological setting with potential to host mineralisation similar to nearby VMS copper-gold deposit at Horseshoe Lights.
- Company plans to commence exploration and obtain approvals to drill target areas.

Horseshoe Metals Limited (ASX:HOR) ("Horseshoe" or "the Company") is pleased to announce the payment of an Option Fee in respect to an option-to-purchase agreement to acquire a Mining Lease (M52/600) located adjacent to its Horseshoe Lights Copper-Gold Project in the Gascoyne region of Western Australia (see Figure 2).

Details of the option-to-purchase agreement, which was originally announced to ASX on 20th January 2015, are provided overleaf.

Following the completion of all the Conditions Precedent on 5th March 2015, a total of 762,468 new shares have been issued to the existing tenement holders, at an issue price of 3.14768 cents per share, to satisfy the \$24,000 Option Fee.

The Mining Lease adjoins the eastern boundary of the Company's key mining lease (M52/743), about 1km east of the existing Horseshoe Lights open pit (see Figure 2).



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M52/600 covers an area of approximately 6km² and is situated in a favourable geological setting with the potential to host similar mineralisation to the nearby Volcanic Massive Sulphide (VMS) copper-gold deposit at Horseshoe Lights.

The southern portion of the lease covers the major East-West thrust fault between sediments of the Bangemall Group to the north and the highly prospective volcanic Narracoota Formation, and overlying sediments of the Ravelstone Formation of the Bryah Basin to the south. Structurally the area to the south is dominated by a NNW-SSE trending syncline (see Figure 2) plunging SSE which bears similarities to the structural setting at the nearby Horseshoe Lights Mine.

Option Terms

Summary details of the terms of the option-to-purchase agreement are set out below:

- (a) Option Period – 2 years (from 19 January 2015);
- (b) Option Fee – nominally \$24,000 to be satisfied by the issue of Horseshoe shares (issue number to be determined based on the greater of the 5 day VWAP price or \$0.02/share) (i.e. max 1.2M shares) to be issued within 5 business days of the last Conditions Precedent being satisfied;
- (c) Exercise of Option – The Company may exercise the Option at any time within the Option Period;
- (d) Exercise Price - \$76,000 payable in cash or by Horseshoe shares (based on 5 day VWAP price from date of exercise notice), at the election of the Company;
- (e) Royalty – 1.0% Net Smelter Return Royalty to apply from the exercise of the Option by the Company

Future Activities – M52/600

The Company has completed historical database integration and geological interpretation of previous exploration results on M52/600 is on-going.

Horseshoe plans to undertake field work focussing on the ground south of the thrust fault and obtain the necessary approvals to undertake drilling of exploration targets in that same area.

Drilling Update – Horseshoe Lights Mine

Heavy rainfall in the Horseshoe Lights mine area since the start of March 2015 has delayed the commencement of planned drilling activities by Whitestone Minerals Pty Ltd. The unsealed public access road to the site (Meekatharra - Ashburton Downs Road) was closed by the local authorities last week and remains closed.

A revised commencement date for drilling will be determined once weather conditions permit site access to occur.

ENDS



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About Horseshoe Metals Limited

Horseshoe Metals Limited 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 Australia. The Company's projects are the Kumarina Project and the Horseshoe Lights 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 total Measured, Indicated and Inferred Mineral Resource Estimate is **12.85 million tonnes @ 1.00% Cu, 0.1 g/t Au and 1.9 g/t Ag** for **128,600 tonnes Cu, 36,000 oz Au and 793,400 oz Ag** (using a cut-off grade of 0.5% Cu).

In addition a Mineral Resource Estimate for the Horseshoe Lights flotation tailings was completed by the Company in February 2015 (*see announcement dated 26 February 2015*). The total 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** (using a cut-off grade of 0% Cu).

A further Mineral Resource Estimate for the Horseshoe Lights sub-grade (M15) stockpiles was completed by the Company in March 2015 (*see announcement dated 9 March 2015*). The total Inferred Mineral Resource Estimate is **243,400t @ 1.10% Cu, 0.17g/t Au and 4.7g/t Ag** for **2,650 tonnes Cu, 1,300 oz Au and 36,700 oz Ag** (using a cut-off grade of 0% Cu).

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".



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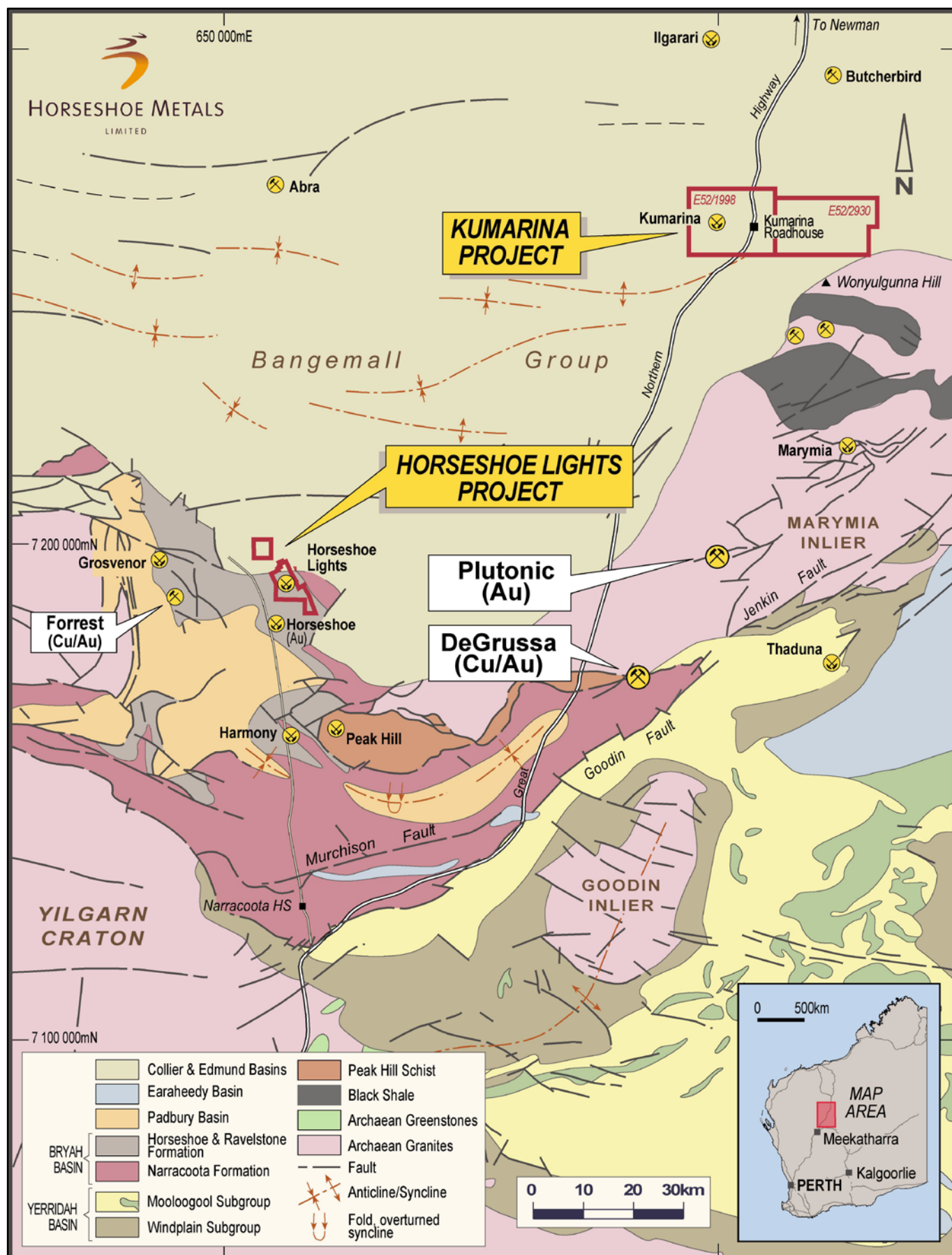


Figure 1 – Projects Location Plan

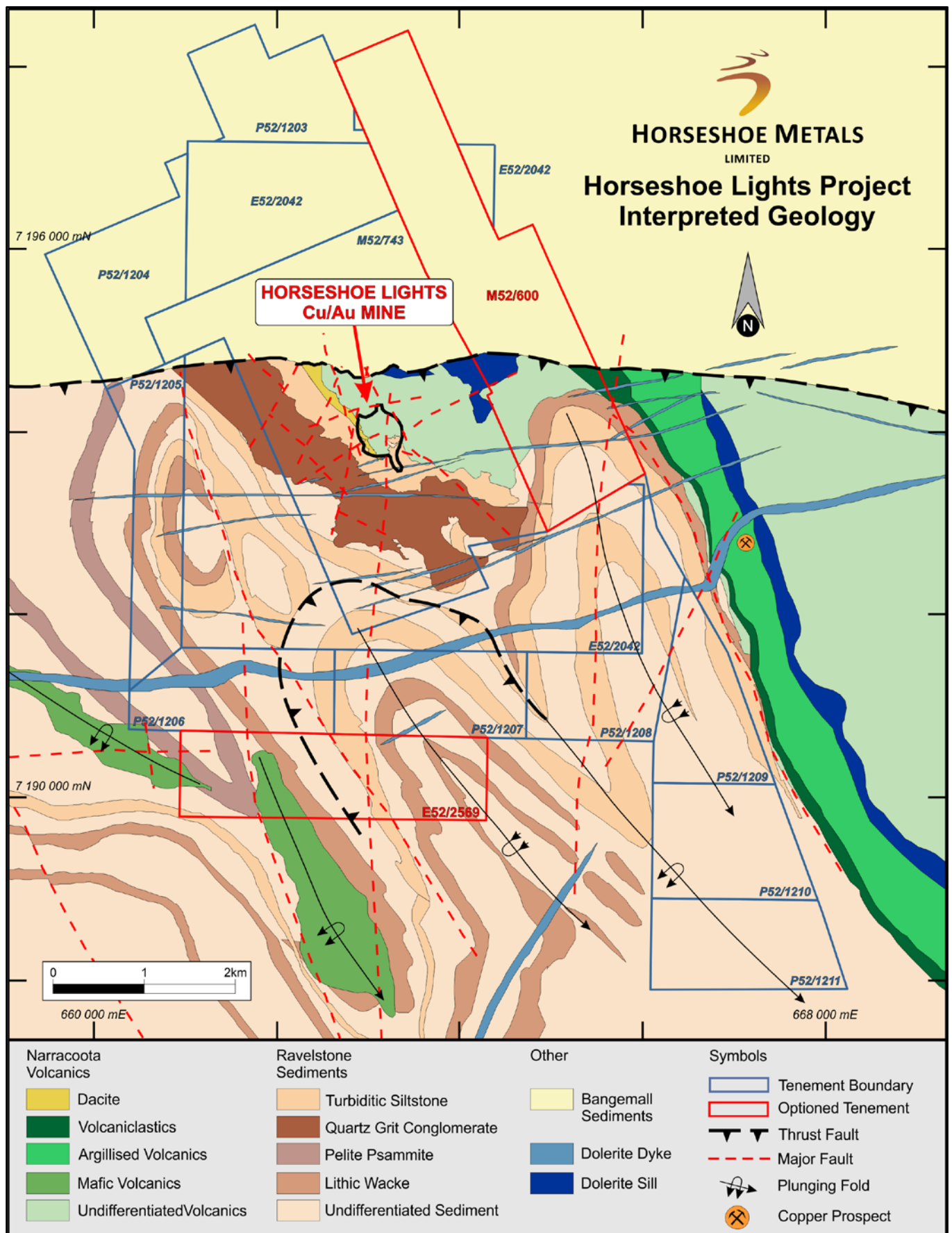


Figure 2 – Horseshoe Lights Project Tenement Location Plan



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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 an employee of 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 Horseshoe Lights Project flotation tailings and surface stockpiles Mineral Resources 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 an employee of Horseshoe Metals Limited. The information was previously issued with the written consent of Mr Geoff Willetts in announcements released to the ASX on 26 February 2015 and 9 March 2015. The Company confirms that:

- (d) the form and context in which Mr Geoff Willetts' findings are presented have not been materially modified.*
- (e) it is not aware of any new information or data that materially affects the information included in the 26 February 2015 and 9 March 2015 ASX announcements and that all the material assumptions and technical parameters underpinning the estimates in the 26 February 2015 and 9 March 2015 ASX announcements continue to apply and have not materially changed.*
- (f) 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.*