

ASX/MEDIA ANNOUNCEMENT

30 APRIL 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: \$0.016

Market Capitalisation:
\$2.7 Million

Cash at Bank
(31 March 2015)

\$0.2 Million



HORSESHOE METALS LIMITED

QUARTERLY REPORT PERIOD ENDED 31 MARCH 2015

SUMMARY

Horseshoe Lights Copper-Gold Project

- Co-funded diamond drill hole to test geophysical anomaly completed - minor zones of copper mineralisation observed.
- Updated Mineral Resource Estimates completed for flotation tailings and sub-grade (M15) stockpiles.
- Preliminary results of initial tailings gravity separation testwork highly positive - copper sulphides have been isolated with upgrade of copper content as high as 6% Cu.
- Project area expanded via option-to-purchase agreement for highly VMS-prospective ground east of Horseshoe Lights deposit.

Kumarina Copper Project

- High resolution aeromagnetic survey completed over 215km² exploration licence E52/2930.

Corporate

- 762,468 new shares issued in lieu of \$24,000 cash for option fee.

Upcoming Activity

- Further results from initial tailings gravity separation testwork programme to be released shortly.
- RC drilling programme at Horseshoe Lights planned to commence next week.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

OVERVIEW

Horseshoe Metals Limited (ASX: HOR) ("Horseshoe" or "the Company"), through its wholly owned subsidiary, Murchison Copper Mines Pty Ltd, holds a 100% interest in the Horseshoe Lights and Kumarina Projects located in the Peak Hill Mineral Field, north of Meekatharra in Western Australia (see Figure 1). Appendix 1 contains the summary of mining tenement interests of the Company.

EXPLORATION AND EVALUATION

Horseshoe Lights Copper/Gold Project (HOR: 100%) *(GRR: 3% NSR Royalty – refer to Appendix 1)*

The Horseshoe Lights Project covers an area of approximately 60 km² including the closed Horseshoe Lights copper-gold mine, which is located 75km west of Sandfire Resources NL's (ASX:SFR) DeGrussa copper-gold mine (see Figure 1).

Diamond Drilling

Co-funded diamond drilling to extend an existing RC drill hole to test a geophysical anomaly was completed on 28th January 2015 with the extended hole (RCD358) terminated at a depth of 698.1m (see Figure 2 for drill hole section and Figure 3 for collar location) *(refer to ASX announcement dated 16 February 2015 for full details of drilling)*.

Minor zones of copper mineralisation in the form of chalcopyrite and bornite, generally within quartz veins, were observed intermittently in the drill core. Best intervals received from samples submitted to the laboratory were:

- 1.0m (364.9 – 365.9m) @ 0.1% Cu
- 0.7m (526.9 – 527.6m) @ 0.3% Cu

Subsequent to the end of the quarter, the Company unsuccessfully attempted to case RCD358 to facilitate a down hole electro-magnetic survey. The hole was found to be blocked at 44m depth.

Reverse Circulation (RC) Drilling

The commencement of RC drilling was delayed due to heavy rainfall restricting road access to Horseshoe Lights during much of the quarter.

The public access road to the Horseshoe Lights Project area was re-opened last week and a drilling rig is now planned, weather permitting, to mobilise to Horseshoe Lights on or about 6 May 2015.

The Company's drilling programme of approximately 5,000 metres will test around the existing open pit where there is potential to add extra tonnes and grade to the existing mineral resources. In addition a number of exploration targets away from the existing open pit will be drilled once site access clearances have been obtained.

The drilling programme is expected to run through to 30 June 2015.

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This drilling is to be carried out under a drilling-for-scrip agreement (Drilling Fund Contract), whereby Whitestone Minerals Pty Ltd will undertake drilling to the value of approximately \$235,000, with payment made in Horseshoe ordinary shares, previously issued at a price of 2 cents per share, in lieu of cash payment (*refer to ASX announcement dated 1 April 2014*).

Due to the delays caused by heavy rainfall, the Company has agreed with Whitestone Minerals Pty Ltd to extend the Drilling Fund Contract expiry date to 30 June 2015. Horseshoe issued 11,742,257 shares to Whitestone Minerals Pty Ltd in 2014, which are held in voluntary escrow until the completion of the Drilling Fund Contract.

Updated Mineral Resource Estimates

During the quarter the Company completed updated Mineral Resource Estimates for the flotation tailings and the sub-grade (M15) stockpiles (see Figure 4) as part of the Company's assessment of the potential tailings re-treatment project. The revised estimates were calculated using additional historical information.

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) (*refer to ASX announcement dated 26 February 2015 for full details*).

The updated Inferred Mineral Resource Estimate of the M15 stockpiles 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) (*refer to ASX announcement dated 9 March 2015 for full details*).

Tailings Re-Treatment Project

The Company is assessing the potential for low cost re-treatment of material at Horseshoe Lights. An initial study has been made of the possibility of extracting copper/gold concentrates from various stockpiles and tailings dumps.

The initial study involves a series of gravity separation sighter tests and reported preliminary results (*refer to ASX announcement dated 7 April 2015 for full details*) were highly positive. Copper sulphides have been isolated with upgrade of copper content as high as 6% Cu achieved.

The balance of the initial testwork has been completed and is being internally reviewed. The release of complete results is expected shortly.

Project Acquisitions

Following an extensive review in 2014 of the Company's regional database and public file reports, the Company entered into an option-to-purchase agreement with private parties in respect to Mining Lease M52/600 (*see ASX announcement dated 20th January 2015*).

This optioned tenement is situated east of the Horseshoe Lights mining lease (M52/743) in a favourable geological setting with the potential to host similar mineralisation to the Volcanic Massive Sulphide (VMS) copper-gold deposit at Horseshoe Lights (see Figure 3).

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Kumarina Copper Project (HOR: 100%)

The Kumarina Project consists of two exploration licences and one mining lease covering approximately 433km². 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).

Aeromagnetic Survey

Subsequent to the end of the quarter, the Company has completed a 215km² low level aeromagnetic survey over E52/2930. The survey has been completed on 50m line spacings and now provides the Company with high resolution aeromagnetic information for the Company's entire tenement holding at Kumarina.

A geophysical interpretation of the aeromagnetic data will be completed during the June quarter to identify exploration targets for future examination in the field.

SUMMARY

The March quarter has been successful with a round of sighter tests of tailings samples being undertaken as part of an assessment under the tailings re-treatment project with highly positive preliminary results reported to date. Diamond drill hole RCD358 was completed as planned, providing the Company with significant geological information in the area south-east of the Horseshoe Lights Mine. Updates of the Mineral Resource Estimates on the flotation tailings and sub-grade M15 stockpiles have been completed. The Company has also successfully secured an option to purchase highly prospective ground to the east of the existing Horseshoe Lights deposit. At Kumarina, exploration of E52/2930 has commenced with a high resolution aeromagnetic survey being completed over 215km².

CORPORATE

A total of 762,468 new shares were issued during the quarter, in lieu of \$24,000 cash, as option fee consideration paid to the holders of Mining Lease M52/600 (*refer to ASX announcement dated 10 March 2015 for full details*).

As at 31 March 2015, the Company had cash at bank of \$197,250.

ENDS

For further information please contact:

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

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 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.

Table 1 below summarises the total Mineral Resources for the Horseshoe Lights Project as at 31 December 2014.

TABLE 1 HORSESHOE LIGHTS PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 DECEMBER 2014								
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".

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

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 31 December 2014 is shown in Table 2 below.

TABLE 2 KUMARINA PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 DECEMBER 2014				
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"

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

APPENDIX 1 Summary of Mining Tenement Interests as at 31 March 2015					
Location	Tenement	Interest At Beginning Of Quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest At End Of Quarter (%)
Horseshoe Lights	M52/743	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1203	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1204	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1205	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1206	100% ¹	-	-	100% ¹
Horseshoe Lights	P52/1207	100%	-	-	100%
Horseshoe Lights	P52/1208	100%	-	-	100%
Horseshoe Lights	P52/1209	100%	-	-	100%
Horseshoe Lights	P52/1210	100%	-	-	100%
Horseshoe Lights	P52/1211	100%	-	-	100%
Horseshoe Lights	E52/2042	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/42	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/43	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/44	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/45	100% ¹	-	-	100% ¹
Horseshoe Lights	L52/66	100% ¹	-	-	100% ¹
Horseshoe Lights	E52/2569	0% ²	-		0%
Horseshoe Lights	M52/600	0%	-	Option to purchase acquired ³	0%
Kumarina	M52/27	100%	-	-	100%
Kumarina	E52/1998	100%	-	-	100%
Kumarina	E52/2930	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 some of the Horseshoe Lights tenements being M52/743, P52/1203 – 1206, E52/2042 (portion only) L52/42 – 45 and L52/66.
2. Horseshoe Metals Limited has a two year option-to-purchase agreement with Elysium Resources Limited in respect to E52/2569.
3. Horseshoe Metals Limited has entered into a two year option-to-purchase agreement with private interests in respect to M52/600.



QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

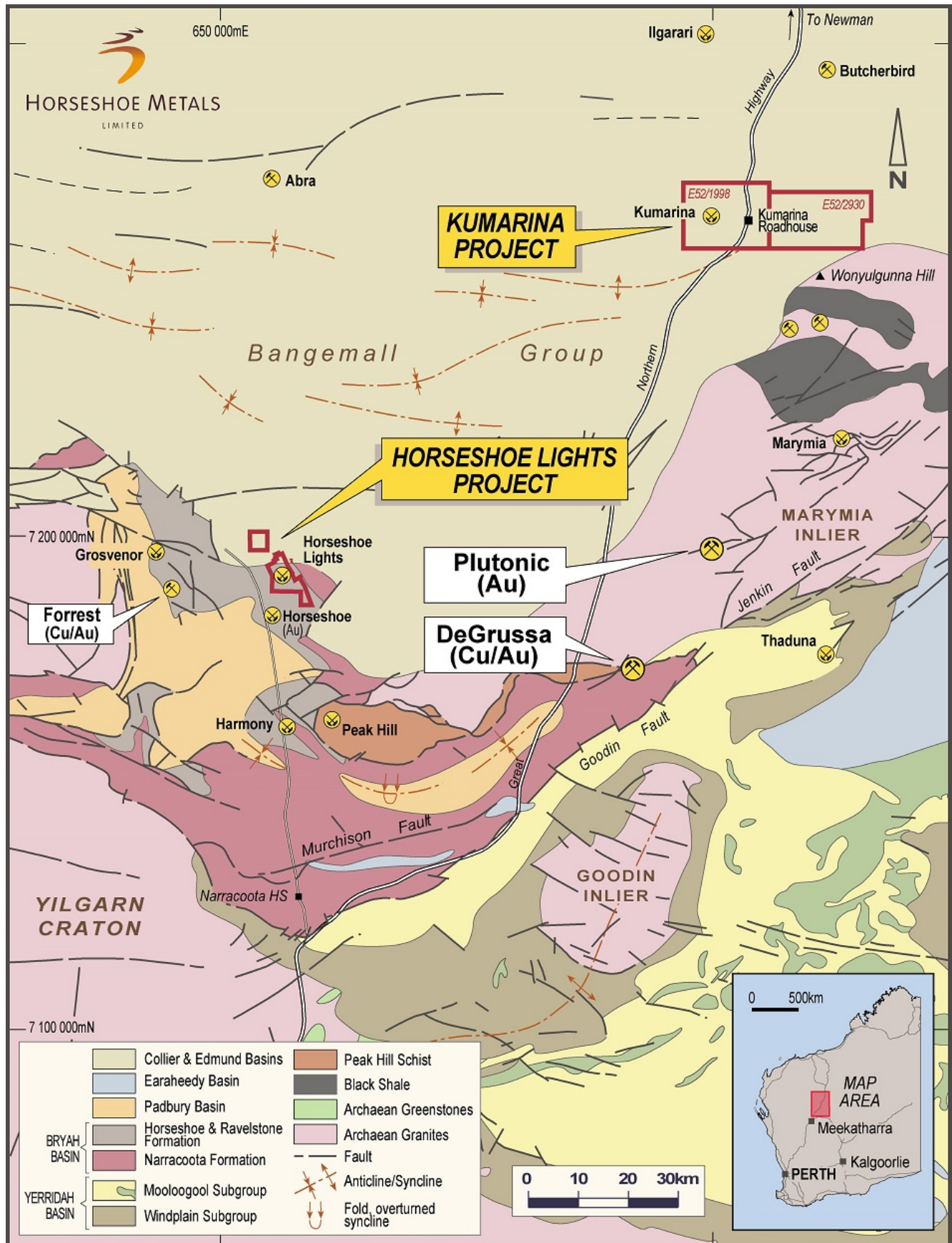
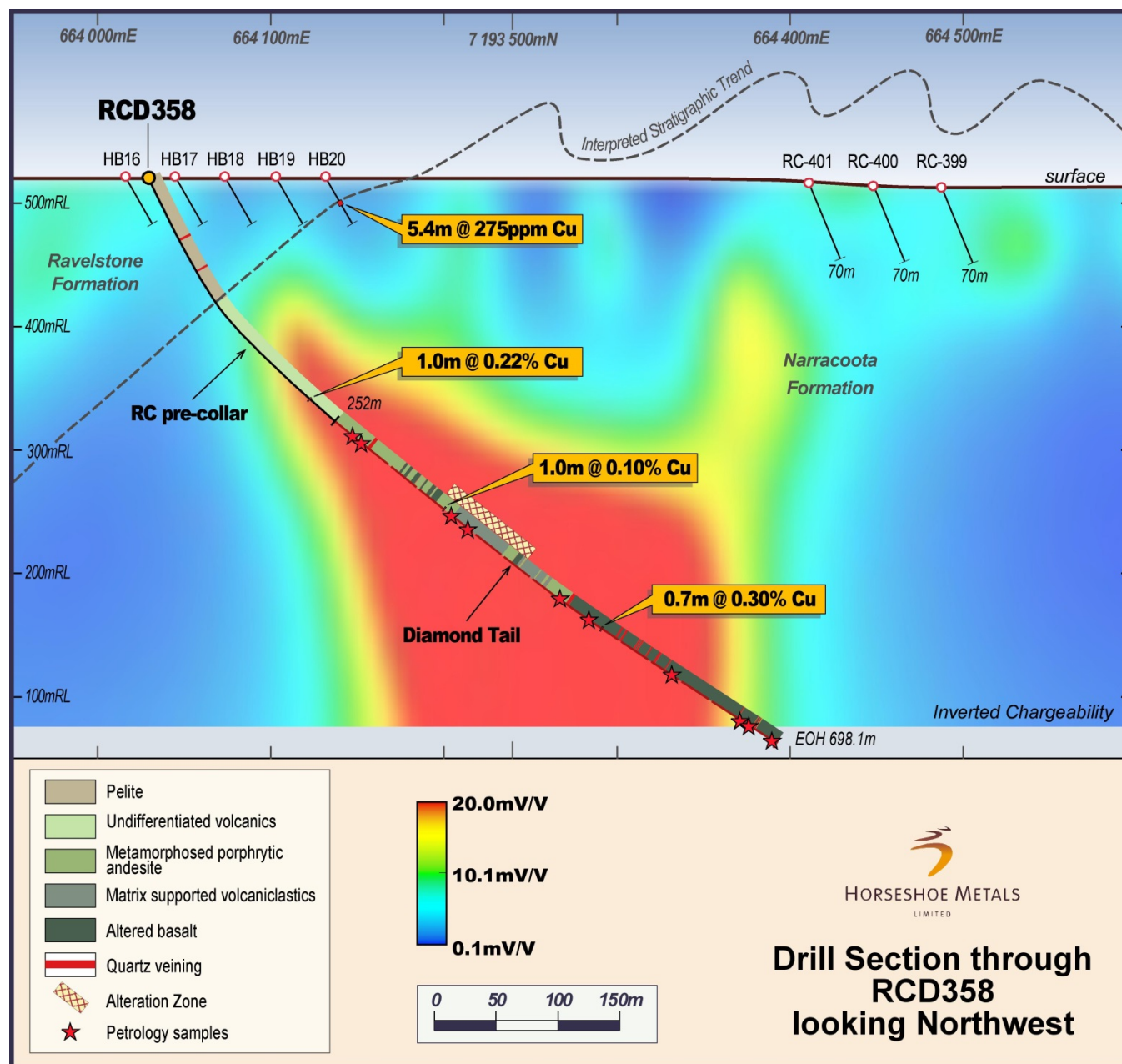


Figure 1 - Projects Location Plan

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015



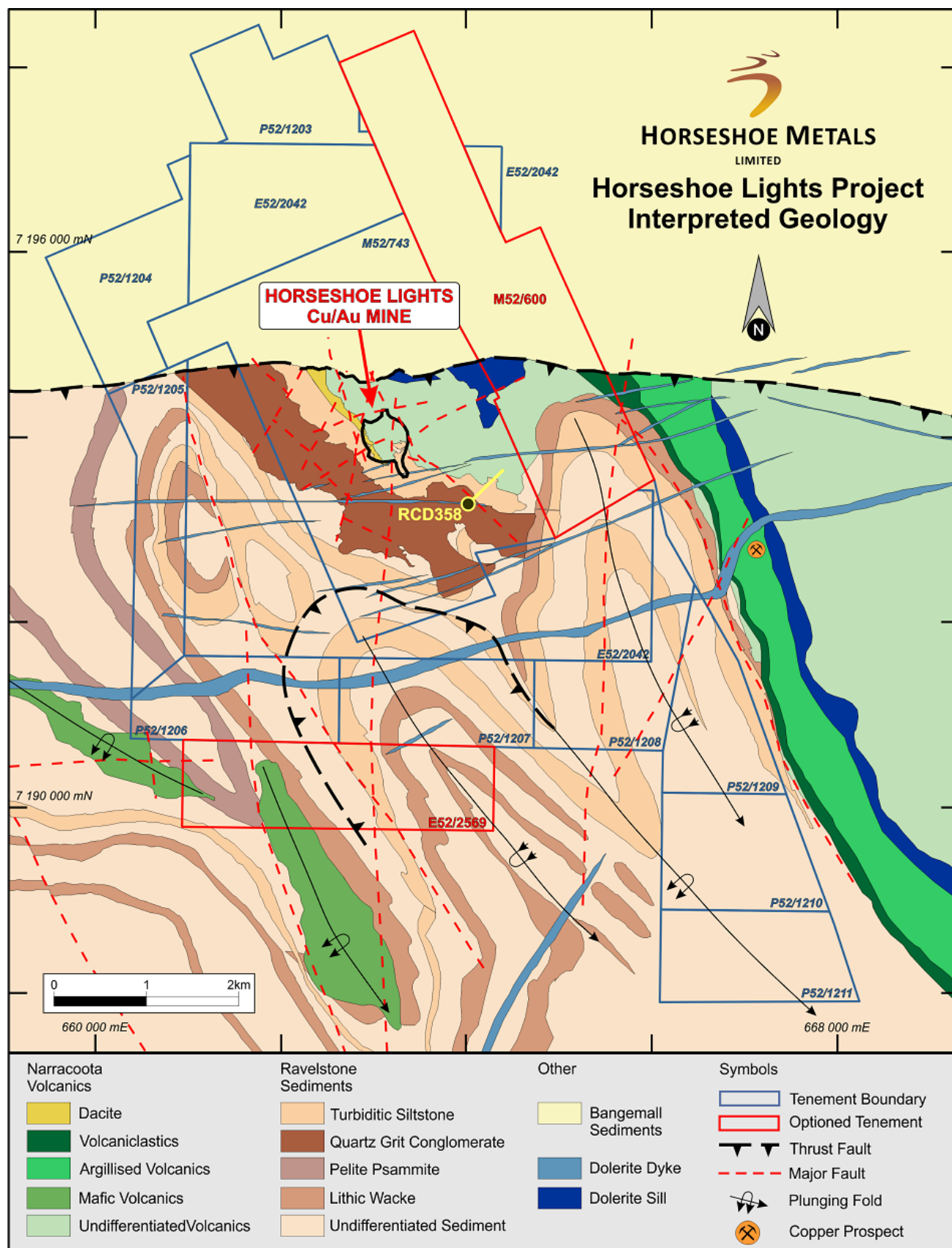


Figure 3 – Horseshoe Lights Project
over Interpreted Geology Plan

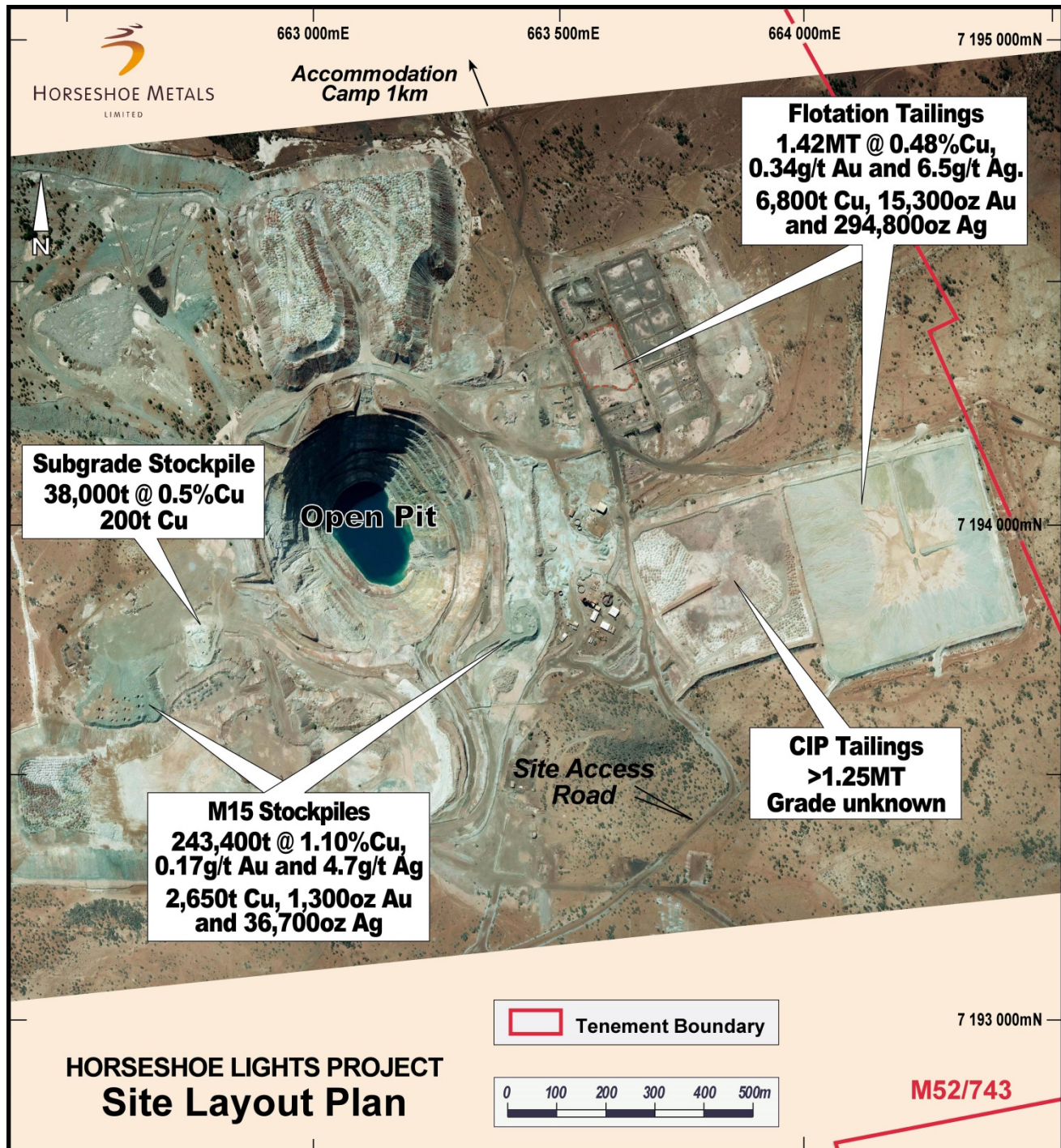


Figure 4 – Horseshoe Lights Project
Site Layout Plan

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2015

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:

- (a) the form and context in which Mr Geoff Willetts' 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 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.
- (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.