

ASX ANNOUNCEMENT

30 April 2018

ASX Code: HOR

Management

Mr Michael Fotios

Non-Executive Chairman

Mr Neil Porter

Non-Executive Director

Mr Alan Still

Non-Executive Director

Issued Capital

Shares: 194.6 Million

Share Price: \$0.017

Market Capitalisation: \$3.31 Million



HORSESHOE METALS

LIMITED

QUARTERLY REPORT PERIOD ENDED 31 MARCH 2018

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 previously mined Horseshoe Lights copper-gold mine, which is located 75km west of Sandfire Resources NL's (ASX:SFR) DeGrussa copper-gold mine (see Figure 1).

Oxide Copper Project Scoping Study

The Company has previously announced (*refer ASX announcement 20 August 2015*) the commencement of Scoping Study work within an expanded SMART (Surface Material Re-Treatment) Project, expanding on previous work undertaken by the Company in 2014, but specifically evaluating the viability of a low-capex oxide copper treatment process.

Historical leaching test work demonstrated that oxide copper material present at Horseshoe Lights is very amenable to acid leaching with copper recoveries of over 80% achieved. The oxide resources to be considered in the Scoping Study include:

1. shallow in-situ oxide copper resources which occur from surface to a depth of 100 metres;
2. surface stockpile material (M15 and sub-grade);
3. flotation tailings; and
4. mineralised dumps.

The conceptual production rate for the study is 5,000 tonnes per annum of contained copper metal for a period at least five years. The Scoping Study will establish the technical and economic parameters that will be required to recommence copper production at the mine.

The Company is currently looking to engage a suitably qualified person to manage this study.

Exploration activities

No active field work undertaken during the quarter. Results from the 2017 RC drilling will be reported when received.

Other activities

The site remains under care and maintenance.

During the quarter the Company undertook a tender process seeking expressions of interest for remediation earthworks at the Horseshoe mine, as part of its rehabilitation assessment activities. The tender process is currently being finalised. On site earthworks are scheduled to commence in the June quarter, aimed at rectifying site drainage and other rehabilitation issues.

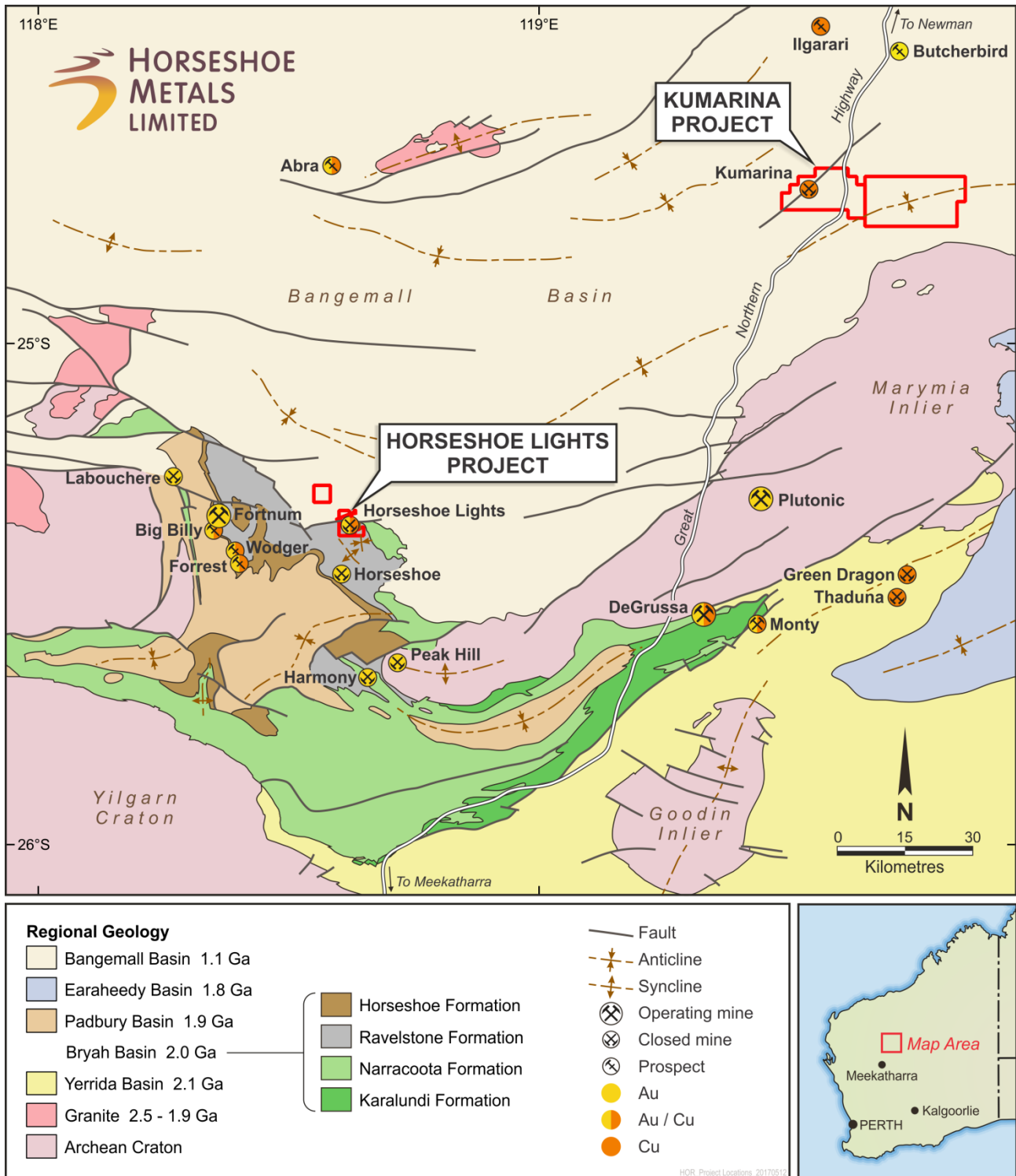


Figure 1: Project Location Plan.

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).

CORPORATE

During the quarter, the Company varied its repayment terms of the unsecured loan agreement for up to \$1 million ("**Loan**") with entities associated with Mr Michael Fotios, the Company's major shareholder and Non-Executive Chairman such that repayment is to be made within 10 days of receipt by the Company of sufficient funds from future capital raising (the terms of which have not been determined at this date) provided that, if any such capital raising is not completed by 30 June 2019, then interest, repayment terms and/or conversion of the Loan will be re-negotiated between the parties. The Loan will be re-payable upon demand in the discretion of the Lenders until those revised terms are agreed.

On 29 March 2018, the Company released its Annual Report for the financial year ended 31 December 2017.

The Company continues to review corporate, copper and base metal opportunities within Australia.

ENDS

For further information please contact:

Michael Fotios
Non-Executive Chairman
Horseshoe Metals Limited
Tel: +61 8 6141 1888

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.

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 2015.

| TABLE 1 HORSESHOE LIGHTS PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 DECEMBER 2015 | | | | | | | | |
|---|------------------|--------------|-------------|-------------|--------------|-------------------|---------------|-----------------|
| 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 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"

| APPENDIX 1 Summary of Mining Tenement Interests as at 31 March 2018 | | | | | |
|--|-----------------|---|--|--|---------------------------------------|
| 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 | 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 |
| 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.

For further information please contact:

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Non-Executive Chairman

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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.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2018

Competent Persons Statement

Competent Persons Statement

The information in this report that relates to the Horseshoe Lights Project In-situ 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 a previous employee of Horseshoe Metals Limited, and reviewed by Mr Craig Hall. The information was previously issued 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 these 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.*

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.*

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Horseshoe Metals Limited

ABN

20 123 133 166

Quarter ended ("current quarter")

31 March 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (19) | (19) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (4) | (4) |
| (e) administration and corporate costs | (41) | (41) |
| 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 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | 4 | 4 |
| 1.9 Net cash from / (used in) operating activities | (60) | (60) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) 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 | - | - |

| | | | |
|-------------|---|-----------|-----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | 63 | 63 |
| 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 | 63 | 63 |

| | | | |
|------------|--|-----------|-----------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 8 | 8 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (60) | (60) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 63 | 63 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 11 | 11 |

| 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 | 11 | 8 |
| 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) | 11 | 8 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

N/A

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | 1,000 | 610 |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

The Company has an unsecured loan agreement up to \$1,000,000 with entities associated with Mr Michael Fotios with an interest rate of 8% p.a.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|------------------------|
| 9.1 Exploration and evaluation | 100 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 5 |
| 9.5 Administration and corporate costs | 35 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 140¹ |

1. To be financed through the loan facility in place unless an alternative capital raising is undertaken.

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|-------------------------------|---|---|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | Nil | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | Nil | | | |

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.



30 April 2018

Sign here:
(Director/~~Company secretary~~)

Date:

Print name: Michael Fotios (Director)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.