

ASX ANNOUNCEMENT

29 APRIL 2016

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: 169.7 Million

Share Price: \$0.015

Market Capitalisation:
\$2.5 Million



HORSESHOE METALS LIMITED

QUARTERLY REPORT PERIOD ENDED 31 MARCH 2016

SUMMARY

Horseshoe Lights Copper-Gold Project

Oxide Copper Project Scoping Study

- SMART (Surface Material Re-Treatment) project ongoing, includes shallow in-situ oxide copper mineralisation and mineralised dump material. The SMART project aims to provide a route to low cost copper production.
- Drilling Database review and validation ongoing.

Kumarina Copper Project

- No current activity other than provision made for statutory requirements.

Corporate

- Placement and Rights Issue to raise up to \$1.45M in progress.
- Mr Neil Porter, experienced commercial manager, appointed as Non-Executive Director.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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 2). 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 2).

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 Scoping Study is ongoing, and expected to be completed in the first half of 2016.

Exploration Activity

The drilling database is currently being reviewed and validated to Company requirements before resource estimation can commence. The requirement for some additional extensional holes is being assessed, and planning for this work is ongoing.

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 2).

No activity was undertaken by the Company on the Kumarina Project during the quarter.

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

CORPORATE

On 22 September 2015, the Company announced its intention to undertake a capital raising to raise up to \$1.45 million (before costs). The capital raising was expected to comprise a placement to raise up to \$500,000 via the issue of \$20 million shares at an issue price of \$0.025 per share plus 20 million free attaching options (10 million in each of two classes; the first class exercisable at \$0.035 each on or before 30 April 2016 and the second class exercisable at \$0.045 each on or before 30 September 2016), together with a pro-rata rights issue to raise a further \$948,000, on the same terms as the placement.

The Company is currently considering varied terms for the placement and rights issue to reflect the delays in finalising and the recent fall in the Company's share price and will update the market in due course. It is intended that the expiry date of the free attaching options will be extended to 30 October 2016 for the \$0.035 options and 31 March 2017 for the \$0.045 options.

Board Changes

During the quarter former Non-Executive Director, Mr Brian Rear resigned from the Board due to health reasons and Mr Neil Porter was appointed as a Non-Executive Director.

ENDS

For further information please contact:

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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 4).

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 March 2016.

TABLE 1 HORSESHOE LIGHTS PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 MARCH 2016								
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
TOTAL						138,050	52,600	1,124.9

Note: At 0% Cu cut-off grade unless otherwise stated

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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”

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

APPENDIX 1 Summary of Mining Tenement Interests as at 31 March 2016					
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% ²
Horseshoe Lights	M52/600	0% ³	-	-	0% ³
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.

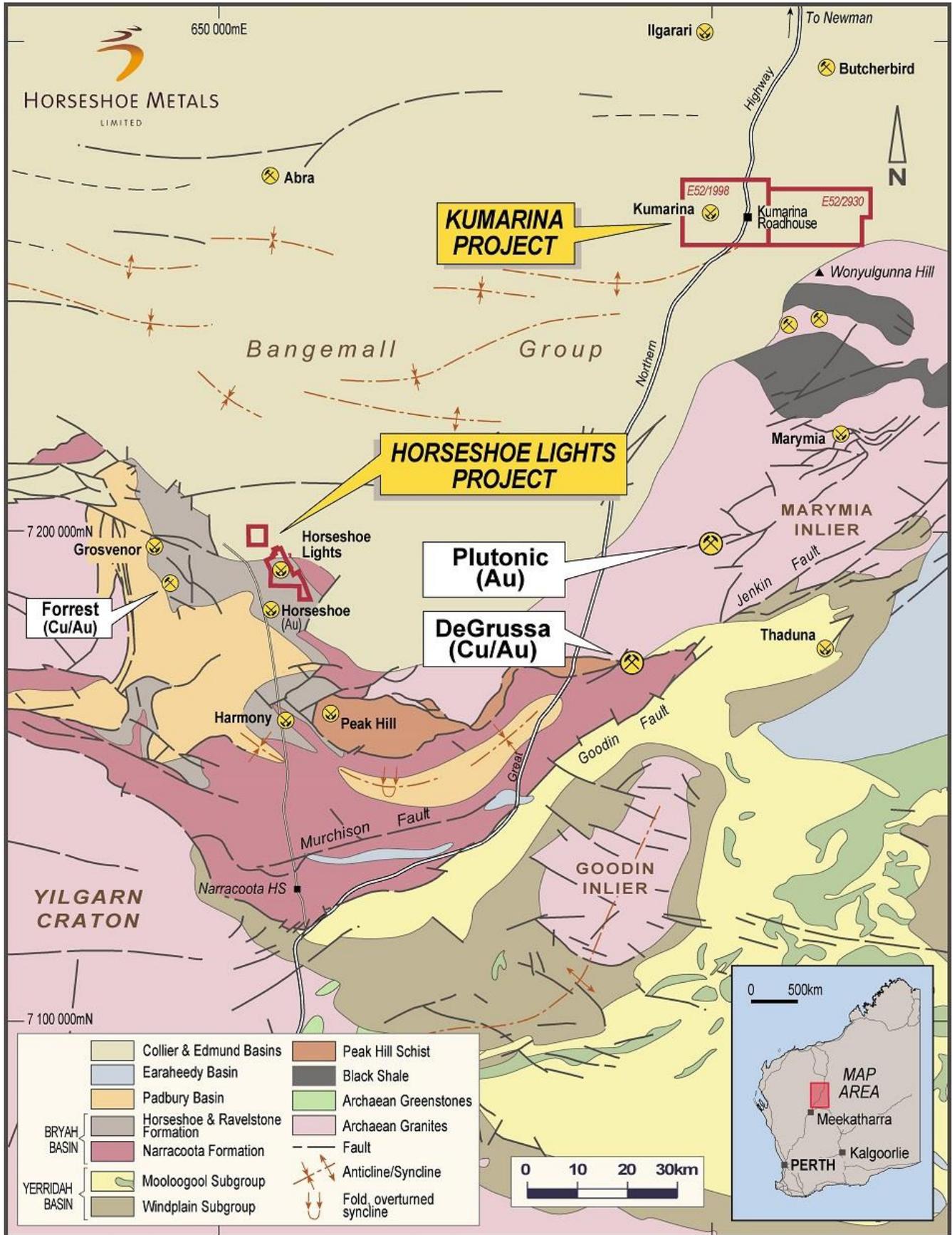


Figure 1 - Projects Location Plan

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2016

Competent Persons Statement

Competent Persons Statement

The information in this Report that relates to Exploration Results is based on information compiled by Mr Craig Hall, BSc. (Hons) who is a Member of the Australian Institute of Geoscientists. Mr Hall is a consultant to Horseshoe Metals Limited. Craig Hall 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'. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement.

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. Mr Pertel 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'. 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). Mr Spiers 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'. The information was previously issued with the written consent of Mr 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 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 quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

HORSESHOE METALS LIMITED

ABN

20 123 133 166

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

	Current quarter \$A '000	Year to date (3 months) \$A '000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	-	-
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	-	-

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from unissued shares, options etc.	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(7)	(7)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
Net financing cash flows		(7)	(7)
Net increase (decrease) in cash held		(7)	(7)
1.20	Cash at beginning of quarter/year to date	11	11
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter / year to date	4	4

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A '000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Fees paid to directors and associates of directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A '000	Amount used \$A '000
3.1 Loan facilities	483	517
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	-
4.3 Production	-
4.4 Administration	25
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A '000	Previous quarter \$A '000
5.1 Cash on hand and at bank	4	11
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Money market/Term Deposit)	-	-
Total: cash at end of quarter (item 1.22)	4	11

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

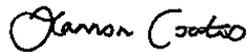
Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	169,752,190	169,752,190		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Print name: Shannon Coates (Company Secretary)

Date: 29 April 2016

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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