



HORSESHOE METALS
LIMITED

ABN 20 123 133 166

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM**

Date of Meeting

27 May 2016

Time of Meeting

10.00am (WST)

Place of Meeting

24 Mumford Place
Balcatta WA 6021

YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:

www.horseshoemetals.com.au

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of Horseshoe Metals Limited ABN 20 123 133 166 (**Company**) is to be held on 27 May 2016 at 24 Mumford Place, Balcatta, Western Australia, commencing at 10.00am (WST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting (**Notice**).

Terms and abbreviations used in this Notice and accompanying Explanatory Statement are defined in the Glossary to the Explanatory Statement.

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered at this Meeting.

Time and Place of Meeting

Notice is given that the Meeting will be held at 10.00am (WST) on 27 May 2016 at:

24 Mumford Place
BALCATTWA WA 6021

ORDINARY BUSINESS

Financial Statements – Year ended 31 December 2015

To receive and consider the annual financial report of the Company for the year ended 31 December 2015 including the Directors' report and the auditor's report as set out in the Company's Annual Report for the year ended 31 December 2015.

Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to adopt the Remuneration Report as set out in the Annual Report for the year ended 31 December 2015."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this Resolution.

Voting Exclusion: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

1. a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
2. a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

1. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
2. the voter is the Chair and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on this Resolution; and
 - b. expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Neil Porter

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 3.3 of the Constitution and for all other purposes, Mr Neil Porter, who was appointed as an additional Director by the Board on 29 February 2016, retires, and being eligible, is re-elected as a Director.”

Resolution 3 – Re-election of Director – Mr Michael Fotios

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 3.6 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Michael Fotios, who retires in accordance with clause 3.6 of the Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”

Resolution 4 – Approval to issue Capital Raising Securities

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 20,000,000 Shares at an issue price of \$0.025 per Share and up to 20,000,000 free attaching Options on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any of the persons who may participate in the issue the subject of Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed and any associates of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

For the purpose of this voting exclusion statement “associate” shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the “designated body”.

Resolution 5 – Approval for Related Party to participate in Capital Raising – Philip Colin Hammond and/or his associates

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 4 and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Shares and up to 4,000,000 free attaching Options to Mr Philip Colin Hammond (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on Resolution 5 by Philip Colin Hammond and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

For the purpose of this voting exclusion statement "associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".

Resolution 6 – Approval for Related Party to participate in Capital Raising – Betty Jeanette Moore and/or her associates

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 4 and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Shares and up to 4,000,000 free attaching Options to Ms Betty Jeanette Moore (or her nominee) on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on Resolution 6 by Betty Jeanette Moore and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

For the purpose of this voting exclusion statement "associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".

Resolution 7 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass with the following Resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement that forms part of this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution 7 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Capacity and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed, and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by such person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Approval to issue up to 25 million new Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 25 million Shares to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by any of the persons who may participate in the issue the subject of this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 8 is passed and any associates of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

For the purpose of this voting exclusion statement "associate" shall have the meaning set out in sections 12 and 16 of the Corporations Act. Section 12 of the Corporations Act is to be applied as if it extends to the Listing Rules and on the basis that the Company is the "designated body".

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

DATED THIS 22ND DAY OF APRIL 2016

BY ORDER OF THE BOARD

A handwritten signature in black ink that reads "Shannon Coates". The signature is written in a cursive, slightly slanted style.

Shannon Coates

Company Secretary

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder who is entitled to attend and cast two or more votes may appoint two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies in accordance with section 249X of the Corporations Act (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy holder votes, they must cast all directed proxies as directed.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolution 1 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the

subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf, who must vote the proxies as directed.
- Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does the proxy need not vote on a show of hands, but if the proxy does so the proxy must vote that way (i.e. as directed); and if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands and if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote that way (i.e. as directed) and if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- Section 250BC of the Corporations Act provides that if an appointment of a proxy specified the way the proxy is to vote on a particular resolution at a meeting of the Company's members and the appointed proxy is not the Chair of the meeting and at the meeting, a poll is duly demanded on the resolution and either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution, the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution of the meeting.
- **To be effective, proxies must be lodged by 10.00am (WST) on 25 May 2016. Proxies lodged after this time will be invalid.**
- Proxies may be lodged using any of the following methods:
 - (a) by returning a completed proxy form in person or by post to 24 Mumford Place, Balcatta, Western Australia 6021; or
 - (b) by faxing a completed proxy form to +61 8 6241,1811.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00am (WST) on 25 May 2016. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (WST) on 25 May 2016.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the 2016 Annual General Meeting of Horseshoe Metals Limited (**Company**).

The Directors recommend shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Certain terms and abbreviations used in this Explanatory Statement have defined meanings which are explained in the glossary appearing at the end of this Explanatory Statement.

FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2015

The Corporations Act requires the annual financial report, Directors' report and the auditor's report to be received and considered at the Annual General Meeting. The first item of the Notice deals with the consolidated annual financial report of the Company for the financial year ended 31 December 2015 together with the Directors' declaration and report and the auditor's report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company's website at www.horseshoemetals.com.au.

No resolution is required to be moved in respect of these reports.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Company's auditor, *Somes Cooke*, will be present at the Annual General Meeting. The Chairman will also provide Shareholders a reasonable opportunity to ask the auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair or to the Company's auditor may be submitted no later than 20 May 2016.

RESOLUTION 1 – NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

The Directors' report for the year ended 31 December 2015 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company. Section 250R(3) of the Corporations Act expressly provides that the vote on the Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation. The Chair must allow a reasonable opportunity for Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

Voting consequences

Notwithstanding that the vote on the Remuneration Report is non-binding, the Corporations Act sets out a process where a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a Shareholder Meeting (**Spill Meeting**) within 90 after the Spill Resolution is passed.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Previous Voting Results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

Voting Restriction

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) you do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, by signing the Proxy Form you expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy you do not need to direct your proxy how to vote on this Resolution.

RESOLUTION 2 – ELECTION OF DIRECTOR – MR NEIL PORTER

Clause 3.3 of the Constitution allows the Directors to appoint at any time, except during a general meeting, a person to be a Director.

Pursuant to clause 3.3 of the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Porter, having been appointed on 29 February 2016, will retire in accordance with clause 3.3 of the Constitution and being eligible, seeks re-election from Shareholders pursuant to Resolution 2.

Resolution 2 seeks approval for the re-election of Mr Neil Porter as a Director of the Company.

Mr Neil Porter

Mr Porter is a Commercial Manager with over 20 years' experience specialising in supply and logistics across all facets of the mining industry. He has created and operated two logistics and supply companies (SLR Australia and National Supply Partners) servicing the mining and industrial sectors.

Directors' Recommendation

The Board (other than Mr Porter) recommends Shareholders vote in favour of this resolution.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MICHAEL FOTIOS

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 3.6 of the Constitution provides that at each annual general meeting, one-third (of if that is not a whole number, the whole number nearest to one third) of the Directors who are not required to retire under clause 3.3, the Managing Director or alternate directors, and any director who would, if that director remained in office until the next annual general meeting, have held that office for more than 3 years, must retire from office and be eligible for re-election.

Mr Fotios retires by rotation in accordance with clause 3.6 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election.

Mr Michael Fotios Non-Executive Chairman

Mr Fotios has qualifications in geology specialising in economic geology with extensive experience in exploration throughout Australia working with gold, base metals, tantalum, tin and nickel from exploration to feasibility. Mr Fotios has held the position of Managing Director of a number of listed companies in the past and has substantial interests in the mining and exploration industry.

Mr Fotios is also a director of the following ASX listed companies, Pegasus Metals Limited, General Mining Corporation Limited, Eastern Goldfields Limited and Redbank Copper Limited.

Directors' Recommendation

The Board (other than Mr Fotios) recommends Shareholders vote in favour of this resolution.

RESOLUTION 4 – APPROVAL TO ISSUE CAPITAL RAISING SECURITIES

Background

As announced on 22 September 2015, the Company proposes to undertake a share placement of up to 20,000,000 shares at an issue price of \$0.025 per Share (**New Shares**) to raise approximately \$500,000 (before costs) (**Capital Raising**). Participants will also receive free attaching options on the basis of one free attaching option, exercisable at \$0.035 each on or before 30 October 2016 and one free attaching option, exercisable at \$0.045 each on or before 31 March 2017 for every two New Shares issued (together, **New Options**).

Resolution 4 seeks Shareholder approval to issue the abovementioned New Shares and New Options pursuant to Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The issue and allotment of New Shares and New Options pursuant to Resolution 4 will not, if Shareholders approve the issue, be included in the 15% limit and therefore approval of Resolution 4 will minimise the restrictive effect of Listing Rule 7.1 on any further issues by the Company of Equity Securities in the next 12 months.

The effect of Resolution 4 will be to allow the Directors to issue the New Shares and New Options under the Capital Raising pursuant to Resolution 4 during the 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's annual 15% placement capacity.

Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the New Shares and New Options to be issued under the Capital Raising pursuant to Resolution 4:

- (a) The maximum number of securities to be issued is 20,000,000 New Shares and 20,000,000 New Options;
- (b) The New Shares and New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;
- (c) The issue price will be \$0.025 per New Share. No cash consideration is payable for the New Options as they are free attaching Options;

- (d) The Directors will determine to whom the New Shares and Options will be issued, none of whom will be related parties of the Company other than those as set out in Resolutions 5 and 6 in this Notice;
- (e) The New Shares to be issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Company will apply to ASX for official quotation of the New Shares. The New Options are unlisted and will be in two tranches, the first tranche which will be exercisable at \$0.035 each and expiring 30 October 2016, and the second tranche which will be exercisable at \$0.045 each and expiring 31 March 2017. The terms and conditions of the New Options are set out in Schedules 1 and 2 respectively;
- (f) The Company intends to use the \$500,000 (before costs) raised from the Capital Raising towards:
 - (i) ongoing exploration and development at the Company's Horseshoe Lights Project; and
 - (ii) general working capital.

Directors' Recommendation

The Board recommends Shareholders vote in favour of this resolution. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTIONS 5 AND 6 – APPROVAL FOR RELATED PARTIES AND/OR THEIR ASSOCIATES TO PARTICIPATE IN CAPITAL RAISING

Background

As detailed in Resolution 4, the Company is proposing to undertake the Capital Raising.

The following parties, who wish to participate in the Offer:

- (a) Philip Colin Hammond (or his nominee) and/or his associates; and
- (b) Betty Jeanette Moore (or her nominee) and/or her associates,

(together, **Mr Hammond & Ms Moore**) are related parties of the Company in accordance with the Listing Rules by virtue of being a parent of a related party (in the case of Betty Jeanette Moore who is the mother of Director Michael Fotios, a related party of the Company by virtue of his directorship), and a de facto spouse of such person (in the case of Philip Colin Hammond who is the de facto spouse of Betty Jeanette Moore).

Accordingly, Resolutions 5 and 6 seek Shareholder approval for issue of New Shares and New Options to Mr Hammond & Ms Moore and permit their participation in the Capital Raising.

Listing Rules

Listing Rule 10.11 provides that, unless a specified exception applies, a Company must not issue or agree to issue Equity Securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, includes the parents of a related party, and spouses (including de facto) of such parents.

As such, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of New Shares and New Options to Mr Hammond & Ms Moore.

Information required by Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) Name of persons to receive securities and maximum number to be issued

The Company will issue New Shares and New Options to the following related parties (or their nominees) and/or their Associates.

Name	New Shares	New Options	Value
Philip Colin Hammond	4,000,000	4,000,000	\$100,000
Betty Jeanette Moore	4,000,000	4,000,000	\$100,000

- (b) Date of issue

The date by which the Company will issue the New Shares and New Options will be not more than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

- (c) Relationship with the Company

The relationship of Mr Hammond & Ms Moore with the Company is outlined above.

- (d) Issue price

The New Shares will be issued for \$0.025 per Share. No cash consideration is payable for the New Options as they are free attaching Options.

- (e) Terms of issue

The New Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with all of the existing ordinary Shares on issue. The Company will apply to ASX for official quotation of the New Shares. The New Options are unlisted and will be in two tranches, the first tranche which will be exercisable at \$0.035 each and expiring 30 October 2016, and the second tranche which will be exercisable at \$0.045 each and expiring 31 March 2017. The terms and conditions of the New Options are set out in Schedules 1 and 2 respectively

- (f) Voting exclusion statements

Voting exclusion statements for Resolutions 5 and 6 are included in the Notice.

- (g) Intended use of funds raised

The purpose of the issue (which is part of the broader Capital Raising) is to raise funds to advance the Company's Horseshoe Lights Project and for general working capital.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Shares to Mr Hammond & Ms Moore, constitutes the provision of a financial benefit to a related party. Section 229 of the Corporations Act includes as an example of a "financial benefit", the issuing of securities or the granting of an option to a related party.

A "related party" is widely defined under the Corporations Act, and includes a parent of a related party of the Company and any person who acts in concert with a related party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- the giving of the financial benefit falls within an exception to the provision; or
- prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after shareholder approval is obtained.

One of the nominated exceptions to the prohibition includes the giving of a financial benefit that would be reasonable in the circumstances if the company and the related party were dealing at arm's length terms.

It is the view of the Directors that the 'arm's length' exception applies in the current circumstances because the New Shares and New Options will be issued to Mr Hammond & Ms Moore on the same terms as New Shares and New Options issued to non-related party investors who participate in the Capital Raising. Accordingly, the Board considers that Shareholder approval is not required for the giving of the financial benefit to Mr Hammond & Ms Moore constituted by the issue of the New Shares and New Options under Resolutions 5 and 6.

Directors' Recommendation

The Board (other than Mr Fotios) recommends Shareholders vote in favour of this resolution.

RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

Background

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity is not included in the S&P/ASX 300 Index, as at the time of the Annual General Meeting. The Company is an eligible entity for the purposes of Listing Rule 7.1A as at the date of this Notice and is expected to be an eligible entity as at the time of the Annual General Meeting.

If Shareholders approve Resolution 7, the number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2 (as set out below).

The Company is putting Resolution 7 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

Listing Rule 7.1A

Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the eligible entity's 15% annual placement capacity.

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has 169,752,190 Shares on issue. Accordingly, if Shareholders approve Resolution 7 the Company will have the capacity to issue approximately 16,975,219 Equity Securities under the Additional 10% Placement Capacity. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Resolution 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) Equity Securities issued under the Additional 10% Placement Capacity will be issued at an issue price of not less than 75% of the VWAP for securities in the same class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

- A. is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of fully paid shares issued in the previous 12 months under an exception in Listing Rule 7.2;
 - (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (C) plus the number of fully paid shares issued in the previous 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
 - (D) less the number of fully paid shares cancelled in the previous 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted (in the case of quoted Options, only if the quoted Options are exercised). There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities, or the Equity Securities are issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.

The table shows:

- (i) examples of where variable "A" is calculated as at the date of this Notice of Meeting, and where variable "A" has increased by 50% and by 100%;

- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 21 April 2016 (current market price), where the issue price is halved, and where it is doubled; and
- (iii) the dilution effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.005 Issue Price at half the current market price	\$0.01 Issue Price at current market price	\$0.02 Issue Price at double the current market price
Current Variable A 169,752,190 Shares	Shares issued	16,975,219	16,975,219	16,975,219
	Funds raised	\$84,876	\$169,752	\$339,504
50% increase in current Variable A 254,628,285 Shares	Shares issued	25,462,828	25,462,828	25,462,828
	Funds raised	\$127,314	\$254,628	\$509,256
100% increase in current variable A 339,504,380 Shares	Shares issued	33,950,438	33,950,438	33,950,438
	Funds raised	\$169,752	\$339,504	\$679,008

Note: this table assumes:

- (i) Current Variable A is 169,752,190, being the number of ordinary securities on issue at the date of this Notice of Meeting.
- (ii) The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity.
- (iii) The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1A in the 12 months preceding the Annual General Meeting.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- (v) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

- (vii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (viii) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (ix) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
 - (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(Additional Placement Period)

The Company will only issue Equity Securities under the Additional 10% Placement Capacity during the Additional Placement Period.

- (a) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds for further exploration of the Company's current assets, potential acquisition of new assets or investments (including the expenses associated with such acquisition), exploration expenditure on new assets or investments and/or general working capital purposes; or
 - (ii) non-cash consideration for the acquisition of new assets or investments. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (b) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be determined having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of the following matters:
 - (b) the purpose of the issue;
 - (c) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer or other offer where existing Shareholders may participate;
 - (d) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;

- (e) the effect of the issue of the Equity Securities on the control of the Company;
- (f) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (g) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The recipients under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company. The recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

At the date of this Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity.

- (c) Previous approval under Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 28 May 2015 (**Previous Approval**).

No equity securities were issued during the previous 12 months (that is, since 28 May 2015).

- (d) A voting exclusion statement for Resolution 7 is included in the Notice preceding this Explanatory Statement.

In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Capacity), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

Directors' Recommendation

The Board recommends Shareholders vote in favour of this resolution.

RESOLUTION 8 – APPROVAL OF ISSUE OF UP TO 25 MILLION NEW SHARES

Background

The Company is seeking approval for the issue of up to 25 million new Shares, at an issue price of not less than 80% of the VWAP of Shares over the last 5 days on which sales were recorded before the issue date.

The effect of Resolution 8 will allow the Company to issue new Shares within three months of the date of the meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1. It is noted that if approval is granted by Shareholders, it does not necessarily mean the Company will issue the Shares.

Listing Rule 7.1

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The issue and allotment of Shares pursuant to Resolution 8 will not, if Shareholders approve the issue, be included in the 15% limit and therefore approval of Resolution 5 will minimise the restrictive effect of Listing Rule 7.1 on any further issues by the Company of Equity Securities in the next 12 months.

Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares the subject of this Resolution:

- (a) the maximum number of Shares to be issued will be 25 million;
- (b) the Shares will be issued progressively and no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be not less than 80% of the VWAP of over the last 5 days on which sales were recorded before the issue date;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Directors will determine to whom the Shares are issued but it is anticipated these persons will be sophisticated investors and will not be related parties of the Company;
- (f) the Company intends to use any funds raised from the issue of the new Shares towards the costs of any raising, further exploration of the Company's current assets, potential acquisition of new assets or investments (including the expenses associated with such acquisition), exploration expenditure on new assets or investments and/or general working capital purposes; and

- (g) a voting exclusion statement for Resolution 8 is included in the Notice of Meeting preceding this Explanatory Statement.

Board recommendation

The Directors unanimously recommend Shareholders vote in favour of this resolution.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"Accounting Standards" has the meaning given to that term in the Corporations Act;

"Additional 10% Placement Capacity" has the meaning set out out in the Explanatory Statement for Resolution 4;

"Annual General Meeting" means the annual general meeting the subject of the Notice;

"Annual Report" means the annual report of the Company for the year ended 31 December 2015;

"ASX" means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Board" means the board of Directors;

"Capital Raising" means the capital raising of up to \$500,000 through the issue of 20 million New Shares at \$0.025 per Share and free attaching New Options;

"Closely Related Party" has the meaning given to that term in the Corporations Act;

"Company" means Horseshoe Metals Limited (ABN 20 123 133 166);

"Constitution" means the constitution of the Company;

"Corporations Act" means the *Corporations Act 2001* (Cth);

"Director" means a director of the Company;

"Equity Securities" includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

"Explanatory Statement" means this explanatory statement accompanying the Notice;

"Key Management Personnel" has the meaning given to that term in the Accounting Standards;

"Listing Rules" means the Listing Rules of the ASX;

"Meeting" means the annual general meeting the subject of this Notice;

"New Options" means one option exercisable at \$0.035 each on or before 30 October 2016 and one option exercisable at \$0.045 each on or before 31 March 2017 for every two New Shares issued under the Capital Raising;

"New Shares" means fully paid ordinary shares to be issued under the Capital Raising on the same terms and conditions as existing Shares.

"Notice" or **"Notice of Meeting"** means the notice of annual general meeting accompanying this Explanatory Statement;

"Option" means an option to acquire a Share;

“Remuneration Report” means the remuneration report set out in the Director’s report section of the Company’s Annual Report.

“Restricted Voter” means Key Management Personnel and their Closely Related Parties;

“Resolution” means a resolution the subject of the Notice;

“Share” means an ordinary fully paid share in the capital of the Company;

“VWAP” means the volume weighted average market price; and

“WST” means Australian Western Standard Time.

SCHEDULE 1

TERMS AND CONDITIONS OF \$0.035 OPTIONS

1. Exercise Price

The exercise price of each Option is \$0.035.

2. Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

3. Option Period

The Options will expire at 5.00pm WST on 30 October 2016. Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

4. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of issue.

5. Voting

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

6. Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX and the Corporations Act.

7. Method of Exercise of an Option

- (a) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
- (b) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed.

- (c) The exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (d) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (e) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

8. ASX Listing

The Company will not apply for Quotation of the Options on the ASX.

9. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

10. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue will be such date required to satisfy the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

11. No Change of Options' Exercise Price or Number of Underlying Shares

Subject to clause 9, there are no rights to change the exercise price of the Options or the number of underlying Shares.

SCHEDULE 2

TERMS AND CONDITIONS OF \$0.045 OPTIONS

1. Exercise Price

The exercise price of each Option is \$0.045.

2. Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

3. Option Period

The Options will expire at 5.00pm WST on 31 March 2017. Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

4. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.

5. Voting

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

6. Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX and the Corporations Act.

7. Method of Exercise of an Option

(f) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.

(g) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed.

- (h) The exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (i) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (j) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

8. ASX Listing

The Company will not apply for Quotation of the Options on the ASX.

9. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

10. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue will be such date required to satisfy the Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

11. No Change of Options' Exercise Price or Number of Underlying Shares

Subject to clause 9, there are no rights to change the exercise price of the Options or the number of underlying Shares.



HORSESHOE METALS
LIMITED
ABN 20 123 133 166

Lodge your vote:



By Mail:

Horseshoe Metals Limited
24 Mumford Place
Balcatta Western Australia 6021

Alternatively you can fax your form to
(within Australia) 08 6241 1811
(outside Australia) +61 8 6241 1811

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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For your vote to be effective it must be received by 10.00am (WST) Wednesday, 25 May 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report, 24 hours a day, 7 days a week:

www.horseshoemetals.com.au

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Horseshoe Metals Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Horseshoe Metals Limited to be held at 24 Mumford Place, Balcatta, Western Australia on Friday, 27 May 2016 at 10.00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Neil Porter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr Michael Fotios	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Capital Raising Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for Related Party to participate in Capital Raising – Philip Colin Hammond and/or his associates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for Related Party to participate in Capital Raising – Betty Jeanette Moore and/or her associates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to issue up to 25 million new Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /