

Horseshoe Lights Project Commercial Development

Option Granted over Gold Surface Materials Processing Rights

- Option granted to Melody Gold for the right to process gold surface materials at Horseshoe Lights Copper-Gold Project in WA
- Upon exercise of option, Horseshoe to grant 3-year exclusive licence to process gold surface materials on main tenement (with option to extend)
- \$75,000 option fee received
- Ongoing consideration comprises monthly tonnage-based payments on recovered gold equivalent value per tonne that includes a fixed monthly payment of \$50,000 upon commencement of processing; and
 - *Agreement covers extensive gold surface materials from prior mining activities, including subgrade stockpiles, rehandle stockpile, leach vats and perimeter, ROM stockpile, gold and flotation tailings*
- Horseshoe retains full rights to copper and mixed Cu/Au surface materials, as well as all subsurface copper and gold
- Horseshoe has identified several new areas of oxide and sulphide copper targets within 200km radius of Horseshoe Lights
- Cash flows from gold processing agreement to support acceleration of copper DSO strategy near-term
- Discussions advancing with several well-known mining and commodity trading groups interested in copper offtake funding – update to be provided shortly

Horseshoe Metals Ltd (ASX:HOR) (Horseshoe or Company) is pleased to advise that its wholly owned subsidiary Murchison Copper Mines Pty Ltd (MCM) has entered into a Gold Surface Materials Rights Agreement (**Agreement**) with Melody Gold Pty Ltd (**Melody Gold**) for the right to process gold surface materials at the Horseshoe Lights Copper-Gold Mine (**HSL**).

The Agreement covers designated gold surface materials adjacent to the historic open pit at HSL, including four subgrade stockpiles; *the rehandle stockpile, gold leach vats, and perimeter; the gold ROM stockpile; and gold and flotation tailings (Gold Surface Materials)* (refer Figure 1).

Melody has advised it intends to treat up to **500,000 tonnes per annum** in its proposed retreatment of the gold surface material utilising gravity recovery to produce a gold-copper-silver concentrate.

BOARD OF DIRECTORS

Ms Kate Stoney
*Non-Executive Director,
Chief Financial Officer &
Joint Company Secretary*

Mr Seldon Mart
Non-Executive Director

Mr Peter Walker
Non-Executive Director

Mr Josh Merriman
Joint Company Secretary

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Commenting on the new development, Director Kate Stoney said: “Our team has hit the ground running in 2025; this agreement with Melody Gold signalling our clear intention to commercialise the significant and highly valuable copper and gold surface stockpiles at Horseshoe Lights as quickly as possible.

The rebirth of the Horseshoe Lights Copper-Gold Project, driven in the initial stages by the commercialisation of the significant existing copper and gold surface stockpiles represents a fantastic opportunity for our shareholders and we look forward to providing regular updates as our team accelerates this strategy over the coming weeks and months.”

About Melody Gold

Melody Gold is a Perth-based mining company which specialises in the production, retreatment and export of high-quality gold and copper concentrate, with current operations focusing on the Eastern Goldfields. Its partners include Shandong Gold Co. Ltd. one of China’s largest gold producers; and Yantai Jinao Environmental Protection Technology Co. Ltd., a major mineral processing firm.

Agreement Background

MCM is the holder of M 52/743, the mining lease covering the Gold Surface Materials (**Tenement**). Only the designated Gold Surface Materials at the Tenement are covered by the Agreement. MCM retains the rights to all subsurface gold on the Tenement, as well as all other high-grade copper and mixed copper/gold surface materials forming part of the Company’s strategy for the sale of DSO material (refer ASX releases 31 October 2023 and 23 April 2024).

Historic mining and processing were conducted in two phases in the period from 1984 to 1995:

Phase 1 involved mining the gold rich part of the deposit from the surface to a depth of about 100 metres along with CIP processing. The cutoff used to feed the CIP plant was 1.5g/t and any mineralised material below this cutoff grade was stockpiled.

Phase 2 involved deepening the pit and mining initially a high-grade DSO chalcocite/digenite mineralisation followed by mining the lower grade copper sulphide underneath to a depth of about 230 metres along with sulphide flotation to produce a copper-gold concentrate. Any oxide copper mined during this phase was stockpiled on the surface (Figure 2).

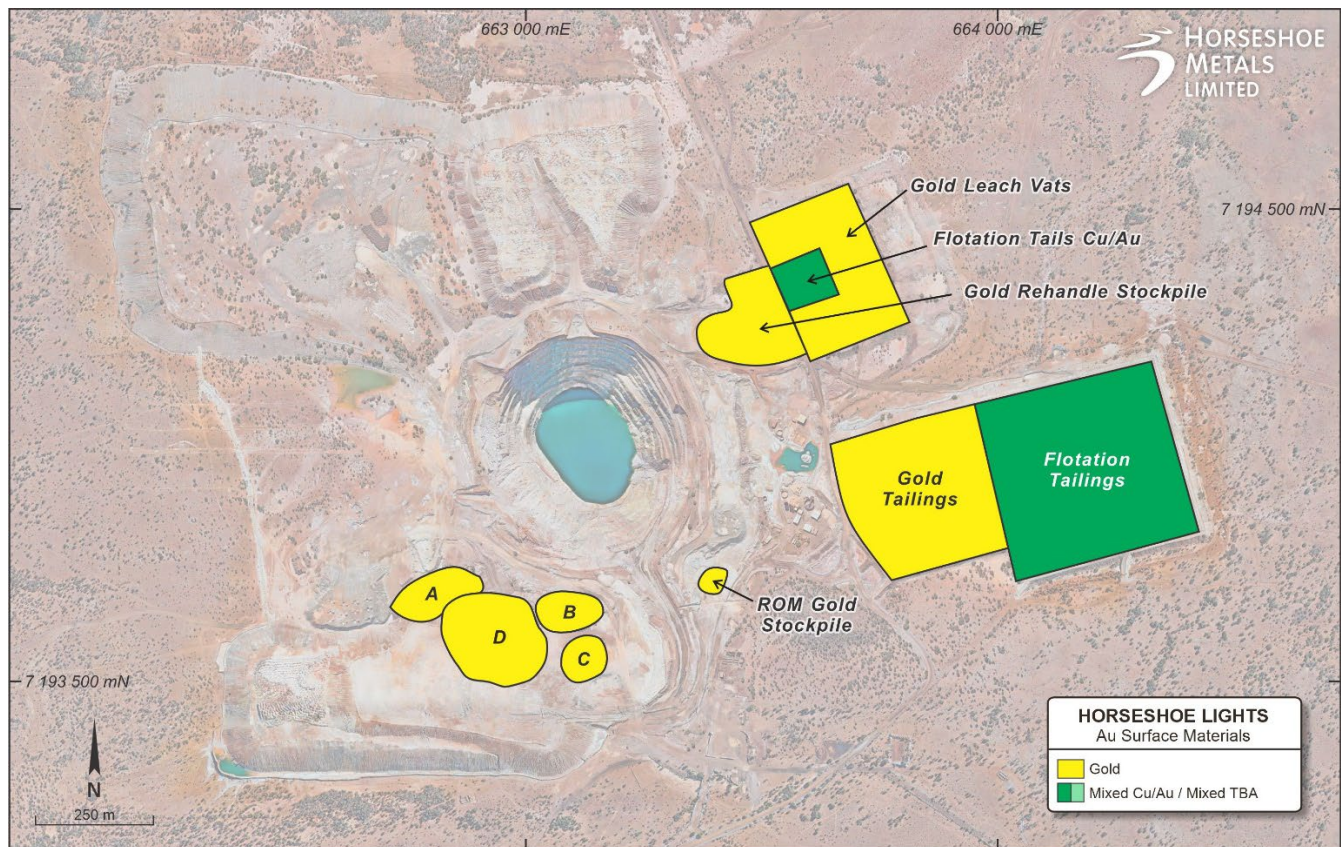


Figure 1: Gold Surface Materials covered by the Agreement (coloured in yellow and green)

The Gold Surface Materials at HSL include:

Name

Gold Leach Vats
Gold Leach Vat 2
Gold Rehandle Stockpile

Gold Subgrade Stockpile A
Gold Subgrade Stockpile B
Gold Subgrade Stockpile C
Gold Subgrade Stockpile D
ROM Stockpile
Gold Tailings

In addition, the **Flotation Tailings Mineral Resource is 1,421,000 tonnes at 0.34g/t Au, 0.48% Cu and 4.7g/t Ag** (see Table 1).

The gold tailings are the residues from the CIP processing and have not been assessed; Melody intend to complete test work on the gold tailings and those stockpiles above not previously assessed.

Agreement Details

Under the terms of the Agreement, MCM has granted Melody Gold the option for the right to the Gold Surface Materials (**Option**). In consideration for granting the Option, MCM has received payment of a partially refundable cash fee of \$75,000 upon execution of the Agreement (**Option Fee**).

The Option is granted for a period of 90 days (or such later period as mutually agreed), during which time the parties will have the opportunity to carry out necessary due diligence activities and seek any statutory approvals required. To exercise the Option, Melody Gold must make a non-refundable cash payment of \$25,000.

Upon exercise of the Option, MCM will grant a licence to Melody Gold for an initial period of three (3) years (**Term**), encompassing the right to process the Gold Surface Materials pursuant to section 118A of the *Mining Act 1978* (WA) and the right to access additional specified areas of the Tenement (including water bores) relevant to its processing activities (**Licence**). The Term may be renewed by Melody Gold for two (2) further periods of three (3) years by giving MCM 60 days of written notice.

The consideration payable under the Agreement to MCM for the granting of the Licence comprises:

- *a monthly fee of \$25,000 (excluding GST), to be paid in advance on the first day of each month until the commencement of processing (**Monthly Fee**);*
- *a processing fee of \$50,000 (excluding GST), to be paid in advance on the first day of each month from the commencement of processing (**Processing Fee**) (at which point, Melody Gold will no longer be liable to make the Monthly Fee);*
- *a tonnage-based payment (invoiced by MCM on a monthly basis) for the Gold Surface Materials processed on the Tenement, based on the 10% of the recovered Gold Equivalent value per tonne of Gold Surface Materials processed (**Tonnage Based Payment**). The Tonnage Based Payment will be partly set-off by the monthly Processing Fee;*
- *Gold Equivalent means the gold equivalent of any saleable gold, copper or silver;*
- *an amount equivalent to the statutory royalties (if any) payable by MCM to the State Government in respect of the Gold Surface Materials; and*
- *a monthly cash payment of \$1.00 per dry metric tonne processed, to be held in trust as a rehabilitation bond (**Rehabilitation Bond Payment**).*

Tonnage Based Payment

- (a) The Tonnage Based Payment will be calculated at 10% of the recovered Gold Equivalent value per tonne of Gold Surface Materials processed.
- (b) For the avoidance of doubt at a processing recovery of 70% and a gold price of \$4,200 per ounce (\$135 per gram) the tonnage charges for the expected gold equivalent grade range of the Gold Surface Materials is as follows:

Recovered Grade	Value	Charge	
Au g/t	\$/tonne	\$	%
0.20	27.01	\$2.70	10.00%
0.30	40.51	\$4.05	10.00%
0.40	54.02	\$5.40	10.00%
0.50	67.52	\$6.75	10.00%
0.60	81.03	\$8.10	10.00%
0.70	94.53	\$9.45	10.00%
0.80	108.04	\$10.80	10.00%
0.90	121.54	\$12.15	10.00%
1.00	135.05	\$13.50	10.00%
1.10	148.55	\$14.86	10.00%
1.20	162.06	\$16.21	10.00%
1.30	175.56	\$17.56	10.00%
1.40	189.07	\$18.91	10.00%
1.50	202.57	\$20.26	10.00%
1.60	216.08	\$21.61	10.00%
1.70	229.58	\$22.96	10.00%
1.80	243.09	\$24.31	10.00%
1.90	256.59	\$25.66	10.00%
2.00	270.10	\$27.01	10.00%
2.10	283.60	\$28.36	10.00%
2.20	297.11	\$29.71	10.00%
2.30	310.61	\$31.06	10.00%
2.40	324.12	\$32.41	10.00%
2.50	337.62	\$33.76	10.00%

Note: The prices used will be based on the 10 day VWAP's of the London Gold Fix and the LME copper price, and the exchange rate based on the Reserve Bank of Australia, prior to the final day of each calendar month (unless otherwise agreed by the Parties in writing).

- (c) The Buyer must complete daily belt sampling of the processing plant feed conveyor in order to provide samples for gold analysis and moisture content determination. The Gold Equivalent analysis will determine the head grade of the Gold Surface Materials treated for that month. The moisture content value from this analysis will be used to determine the dry metric tonnage treated for the purpose of calculating the Tonnage Based Payments.
- (d) Before the end of each calendar month, the Buyer must engage a qualified expert (the appointment of which is subject to prior approval by the Seller, with such approval not to be unreasonably withheld) to undertake analysis and testing of all concentrates produced from processing of Gold Surface Materials as recorded under clause 3.3(a) and notified to the Seller under clause 3.3(b) during that month and determine (by written notice) the total contained grams of Gold Equivalent recovered from the processed Gold Surface Materials for that month.

- (e) The recovered Gold Equivalent grade per tonne of Gold Surface Materials treated in any given month will be calculated using the following formula:

R = Recovered Gold Equivalent grade per dry tonne of Gold Surface Materials treated

D = Dry metric tonnage treated monthly determined from calibrated weightometers on the front end loader feeding the plant and on the plant feed conveyor.

G = Grams of contained Gold Equivalent contained in monthly concentrates determined by the independent expert

Formula: $R = G/D$

Melody Gold will assume responsibility for all relevant insurances and rehabilitation obligations in relation to the Gold Surface Materials for the duration of the Term.

Either party may terminate the Agreement without reason by providing 30 days written notice to the other party. In the event that there is a material breach of the Agreement by Melody Gold, MCM has the ability to immediately terminate or suspend the Agreement (such suspension continuing until the breach is remedied to MCM's satisfaction).

The Agreement otherwise contains terms and conditions which are considered standard for an agreement of this nature.

For additional background on the Gold Surface Materials please refer to the below ASX releases:

12/09/2018	"Exploration Update- Horseshoe Lights Project"
06/08/2021	"Horseshoe Lights Exploration Activities Update"
10/09/2021	"Horseshoe Lights Phase 1 Auger Programme Completed"
26/11/2021	"Horseshoe Lights Phase 1 Stockpile Results Received"
03/03/2022	"Horseshoe Lights Activities Update"
18/03/2022	"Review Complete on Significant Copper-Gold Surface Material at Horseshoe Lights"
11/08/2022	"Significant Drilling Results in Copper-Gold Surface Material at Horseshoe Lights"
31/10/2023	"High-Grade Surface Material Underpins DSO Strategy"
23/04/2024	"DSO Strategy to Accelerate at Horseshoe Lights Copper Project"

The Board of Directors of HOR has authorised this announcement to be given to the ASX.

Further information, please contact:

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Gold Surface Materials included in the agreement, which includes:

- Gold Leach Vats
- Vat Perimeter
- Gold Rehandle Stockpile
- Gold Subgrade Stockpiles A to D
- ROM Gold Stockpile
- Gold Tailings
- Flotation Tailings

For the avoidance of doubt Gold Surface Materials Agreement **does not include:**

- C20 Stockpile
- North Waste Dump
- Low Grade Sulphide Stockpile
- M15 Stockpile A and B
- Subgrade Stockpile
- Low-grade Cu Oxide Stockpile
- Mixed Cu/Au Stockpiles

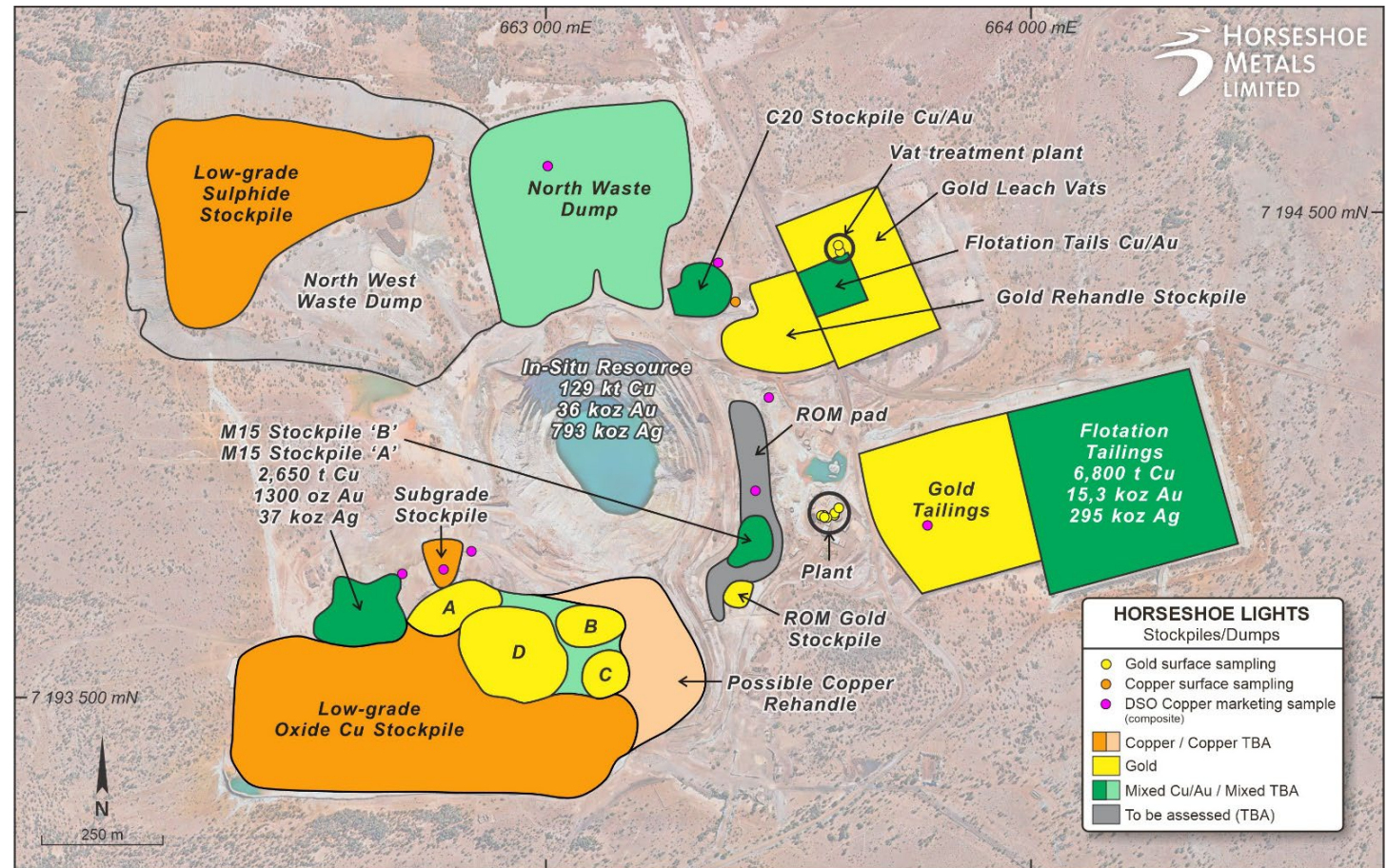


Figure 2: Gold and Copper Surface Materials – Horseshoe Lights

About the Horseshoe Lights Project

The Horseshoe Lights Project includes the historic 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.

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-chalcocopyrite. 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 chalcocopyrite and pyrite and their upper oxide copper extensions. Table 1 summarises the total Mineral Resources for the Horseshoe Lights Project.

TABLE 1 HORSESHOE LIGHTS PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 December 2024								
Location	Category	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Cu metal (tonnes)	Au metal (oz)	Ag metal (k oz)
In-situ Deposit (0.5% Cu cut-off grade)	<i>Measured</i>	1.73	1.04	0.0	0.5	18,000	1,900	28.8
	<i>Indicated</i>	2.43	0.95	0.0	0.7	23,200	3,400	52.2
	<i>Inferred</i>	8.69	1.01	0.1	2.6	87,400	30,700	712.4
	Total	12.85	1.00	0.1	1.9	128,600	36,000	793.4
Flotation Tailings	Inferred	1.421	0.48	0.34	6.5	6,800	15,300	294.8
M15 Stockpiles	Inferred	0.243	1.10	0.17	4.7	2,650	1,300	36.7
Note: At 0% Cu cut-off grade unless otherwise stated					TOTAL	138,050	52,600	1,124.9

The above Mineral Resource Estimates all meet the reporting requirements of the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

About the Kumarina Project

The copper deposits at the Kumarina Project were discovered in 1913 and worked intermittently until 1973. The workings extend over nearly 5km as a series of pits, shafts and shallow open cuts. At the main Kumarina Copper Mine, the workings are entirely underground with drives from the main shaft extending for some 200m in the upper levels and for about 100m in the lower levels at a depth of 49m below surface.

Incomplete records post-1960s make it difficult to estimate the total copper production from the workings. However, indications are that the Kumarina Copper Mine was the second largest producer in the Bangemall Basin group of copper mines. Recorded production to the late 1960s is 481t of copper ore at a high-grade of 37.0% Cu and 2,340t at a grade of 17.51% Cu. An initial Mineral Resource Estimate for the Rinaldi deposit was completed by the Company in 2013 (see 30 June 2013 Quarterly Report announced on 31 July 2013). The total Measured, Indicated and Inferred Mineral Resource Estimate as at 31 December 2024 is shown in Table 2 below.

TABLE 2 KUMARINA PROJECT SUMMARY OF MINERAL RESOURCES AS AT 31 December 2024				
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”.

Forward Looking Statements

Horseshoe Metals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Horseshoe Metals Limited, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward-looking statements that are subject to risk factors associated with gold exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Competent Persons Statement

The information in this report that relates to the Exploration Results and Mineral Resources at the Horseshoe Lights and Kumarina Projects is based on information reviewed by Mr Michael Fotios, who is a member of the Australian Institute of Mining and Metallurgy. Mr Fotios is a contractor engaged by Horseshoe Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)’. Mr Fotios consents to the inclusion of the information in the form and context in which it appears.

The information in this report that relates to the Horseshoe Lights Project surface stockpile Mineral Resources is based on information compiled by a previous employee of Horseshoe Metals Limited and reviewed by Mr Craig Hall, who is a member of the Australian Institute of Geoscientists. Mr Fotios is a director and former contractor to Horseshoe Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)’. Mr Fotios consents to the inclusion of the data in the form and context in which it appears. The information was previously issued in announcements released to the ASX on 26 February 2015 and 9 March 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

The information in this report that relates to the Horseshoe Lights Project In-situ Mineral Resources is based on information originally compiled by Mr Dmitry Pertel, an employee of CSA Global Pty Ltd, and reviewed by Mr Fotios. This information was originally issued in the Company’s ASX announcement “40% increase in Copper Resource at Horseshoe Lights Copper/Gold Project”, released to the ASX on 5 June 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company’s ASX release “Quarterly Report Period Ended 30 June 2013”, released on 31 July 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

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, an independent consultant to Horseshoe Metals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Fotios. The information was originally issued in the Company’s ASX announcement “Horseshoe releases Maiden Mineral Resource Estimate for Kumarina”, released to the ASX on 4 March 2013, and first disclosed under the JORC Code 2004. This information was subsequently disclosed under the JORC Code 2012 in the Company’s ASX release “Quarterly Report Period Ended 30 June 2013”, released on 31 July 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.