HORSESHOE METALS
LIMITED

**ASX Release**
4 October 2010

# HORSESHOE METALS STRIKES BROAD ZONES OF COPPER MINERALISATION FROM FIRST DRILLING PROGRAMME AT KEY WA PROJECT

- **Phase 1 RC drilling programme (13 RC holes, 2620 metres) at Horseshoe Lights Project in Western Australia completed in August 2010,**
- **3 metre composite samples submitted for assaying (gold, copper and 32 other elements),**
- **First assay results received for 7 holes record multiple zones of copper mineralisation in all holes. Assay results for remaining 6 holes due shortly.**
- **Best intersections recorded are:**
  - **RC 1008 – 18m @ 1.61% Cu (111-129m) including 3m @ 4.26% Cu;**
    **15m @ 0.53% Cu (189-204m).**
  - **RC 1011 – 30m @ 0.75% Cu (69-99m);**
    **18m @ 1.27% Cu (114-132m) including 3m @ 4.09% Cu;**
    **15m @ 0.62% Cu (159-174m).**
  - **RC 1010 – 51m @ 0.77% Cu (33-84m);**
    **9m @ 1.71% Cu (168-177m) including 3m @ 3.72% Cu.**
  - **RC 1007 – 21m @ 0.89% Cu (114-135m);**
    **21m @ 0.97% Cu (189-210m) including 3m @ 3.38% Cu.**
  - **RC 1006 – 33m @ 0.59% Cu (75-108m);**
    **15m @ 0.83% Cu (141-156m).**
  - **RC 1009 – 9m @ 0.42% Cu (12-21m);**
    **9m @ 0.44% Cu (159-168m);**
    **12m @ 0.39% Cu (219-231m).**
  - **RC 1012 – 12m @ 0.29% Cu (195-207m).**
- **Phase 2 drilling programme (3,000m) is scheduled to commence in November 2010.**



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Horseshoe Metals Limited (ASX: HOR) is pleased to announce the first assay results from its recently completed drilling programme at its flagship Horseshoe Lights copper project ("Horseshoe Lights Project") located in the highly prospective Peak Hill Mineral Field, 75km WNW of Sandfire Resources NL's Doolgunna Copper/Gold Project, in Western Australia.

The programme of 13 Reverse Circulation (RC) holes totalling 2,620 metres was completed on 30 August 2010. The programme was designed to test:

- infill zones and down dip extensions of the North-west stringer zone,
- northern strike extensions of the North-west stringer zone where previous drilling generally did not sample for copper, and
- potential mineralised zones south of the Motter's zone.

The location of the 13 drill hole collars are shown in Figure 1. Holes were sampled on 1 metre intervals with 3 metre composite samples submitted for analysis of gold, copper and 32 other elements with Genalysis Laboratory Services Pty Limited ("GLS"). Holes will be selectively re-assayed at 1 metre intervals wherever the 3 metre composites record significant mineralisation.

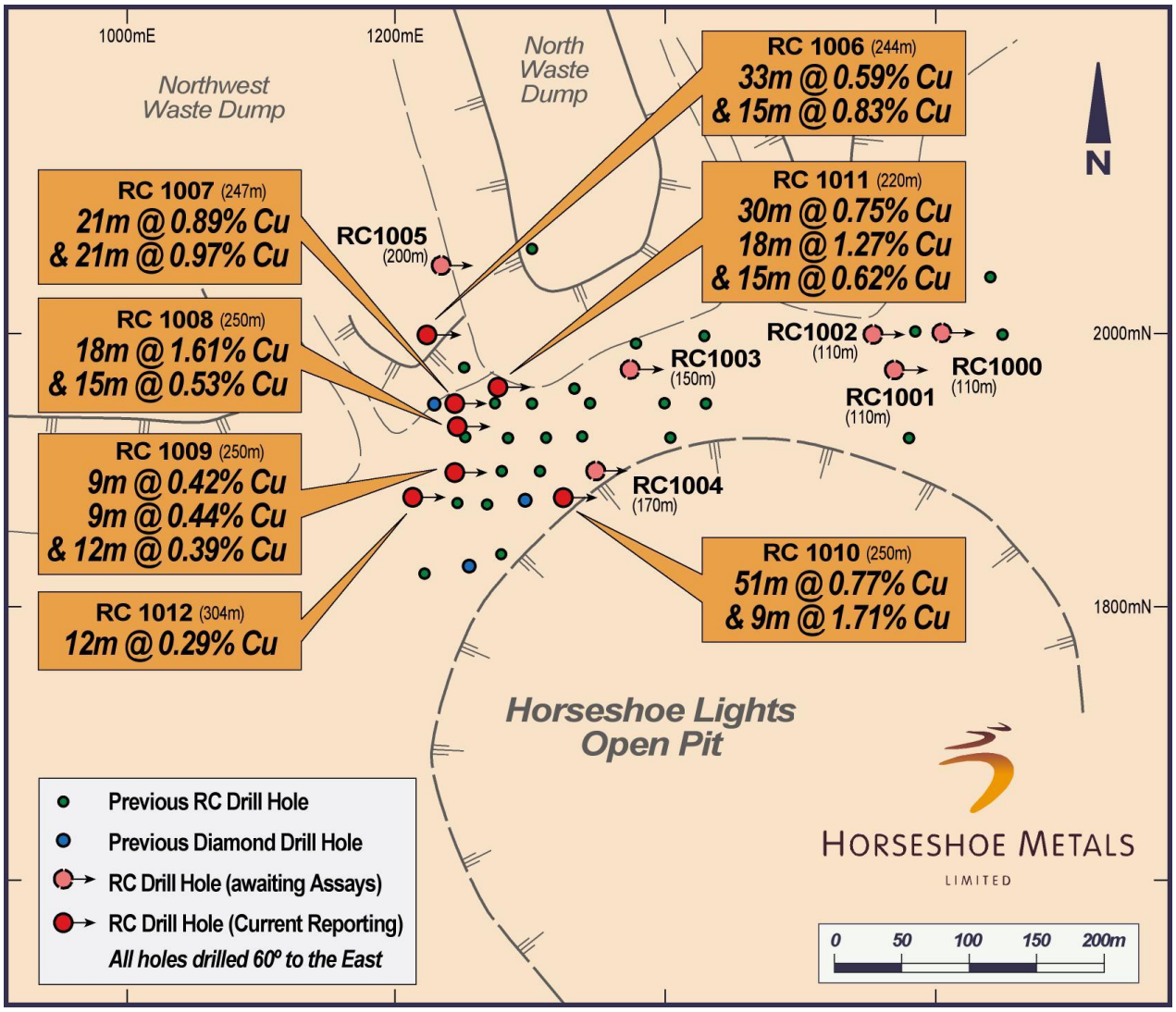


**Figure 1 – Drill Hole Location Plan**



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All composite assay results above a 0.25% Copper cut-off are set out in Table 1 below.

**Table 1**
**Horseshoe Lights Project**
**Copper Intersections - Holes RC 1006 -1012**
**(3m Composites / 0.25% Cu cut-off)**

| Hole Number | Depth (down hole) | Interval (metres) | Cu% | | Hole Number | Depth (down hole) | Interval (metres) | Cu% |
|---|---|---|---|---|---|---|---|---|
| RC 1006 | 60-63m | 3 | 0.28% | | RC1009 | 141-144m | 3 | 0.30% |
| (244m Depth) | 66-69m | 3 | 0.33% | | (cont) | 147-153m | 6 | 0.48% |
| | **75-108m** | **33** | **0.59%** | | | **159-168m** | **9** | **0.44%** |
| | **141-156m** | **15** | **0.83%** | | | 174-180m | 6 | 0.80% |
| RC 1007 | 27-30m | 3 | 0.33% | | | 189-195m | 6 | 0.51% |
| (247m Depth) | 108-111m | 3 | 0.38% | | | 198-204m | 6 | 1.14% |
| | **114-135m** | **21** | **0.89%** | | | **219-231m** | **12** | **0.39%** |
| ***including*** | ***120-123m*** | ***3*** | ***1.98%*** | | RC 1010 | **33-84m** | **51** | **0.77%** |
| | 141-144m | 3 | 0.41% | | (250m Depth) | 102-105m | 3 | 0.64% |
| | 147-156m | 9 | 0.67% | | | 108-111m | 3 | 0.61% |
| *including* | *150-153m* | *3* | *1.11%* | | | 120-126m | 6 | 0.62% |
| | 159-168m | 9 | 0.58% | | | 153-156m | 3 | 0.38% |
| | 177-186m | 9 | 0.43% | | | 162-165m | 3 | 0.45% |
| | **189-210m** | **21** | **0.97%** | | | **168-177m** | **9** | **1.71%** |
| ***including*** | ***207-210m*** | ***3*** | ***3.38%*** | | ***including*** | ***174-177m*** | ***3*** | ***3.72%*** |
| | 213-216m | 3 | 1.32% | | RC 1011 | 45-48m | 3 | 0.29% |
| | 225-228m | 3 | 0.54% | | (220m Depth) | **69-99m** | **30** | **0.75%** |
| RC 1008 | 87-90m | 3 | 0.38% | | | **114-132m** | **18** | **1.27%** |
| (250m Depth) | **111-129m** | **18** | **1.61%** | | ***including*** | ***117-120m*** | ***3*** | ***4.09%*** |
| ***including*** | ***117-120m*** | ***3*** | ***4.26%*** | | ***and*** | ***120-123m*** | ***3*** | ***1.74%*** |
| ***and*** | ***120-126m*** | ***6*** | ***1.82%*** | | | **159-174m** | **15** | **0.62%** |
| | 132-141m | 9 | 0.62% | | RC 1012 | 147-150m | 3 | 0.27% |
| | 153-159m | 6 | 1.57% | | (304m Depth) | 159-162m | 3 | 0.32% |
| | 165-174m | 9 | 0.42% | | | 168-171m | 3 | 0.54% |
| | **189-204m** | **15** | **0.53%** | | | 177-180m | 3 | 0.26% |
| | 216-219m | 3 | 0.32% | | | 189-192m | 3 | 0.32% |
| RC 1009 | **12-21m** | **9** | **0.42%** | | | **195-207m** | **12** | **0.29%** |
| (250m Depth) | 99-102m | 3 | 0.34% | | | 210-216m | 6 | 0.63% |
| | 111-114m | 3 | 0.31% | | | 246-249m | 3 | 0.73% |
| | 123-126m | 3 | 0.30% | | | 282-285m | 3 | 0.27% |

The assay results for the remaining 6 drill holes are expected to be received from GLS in the coming days.



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Initial indications from the drilling results are:

- RC 1006 was drilled into an area which was previously untested and appears to have successfully identified northern strike extensions to the North-west Stringer Zone.
- RC 1008 (250m depth) was drilled approximately 5 metres from a previous drill hole RC 888 (137m depth) and has intersected higher grade (+1% Cu) mineralization in the same general location as recorded in RC 888, and
- RC 1010 appears to have successfully in-filled a gap in the existing resource model as well as intersecting additional mineralisation at depth.

Once the remaining drill results are received the Company will analyse all the available drilling information in preparation for its Phase 2 drilling programme (planned for 3,000m) at the Horseshoe Lights Project, which is scheduled to commence in November 2010.

*The information in this report that relates to exploration results is based on information compiled by Stuart Hall who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Stuart Hall consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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**About Horseshoe Metals Limited**

Horseshoe Metals Limited is a copper and gold focused company with a package of tenements covering approximately 300km$^2$ in the highly prospective Peak Hill Mineral Field located north of Meekatharra in Western Australia. The Company's projects are the Horseshoe Lights Project and the Kumarina Project. The Horseshoe Lights Project includes the closed Horseshoe Lights Mine which produced over 300,000 oz of gold and over 54,000 tonnes of copper during the period 1946-1994. The Horseshoe Lights Mine lies within the Narracoota Volcanics geological unit and is considered to be a Volcanogenic-hosted Massive Sulphide (VMS) style deposit. The mine contains substantial remnant mineralisation including an Inferred Mineral Resource of **4.9 million tonnes @ 1.0% copper** containing **48,000 tonnes of copper**.

Both the Horseshoe Lights and Kumarina Projects have been subjected to limited modern exploration and untested zones within these projects are the Company's immediate focus.



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*Horseshoe Lights Mine – Mineral Resource Estimate*

In January 2010, the Company commissioned Coffey Mining to undertake a Mineral Resource estimate using the historical drilling database held by Murchison Copper Mines Pty Ltd.
The study identified a JORC compliant Inferred Mineral Resource of 4.9Mt @ 1.0% Cu at a cut-off grade of 0.25% Cu containing 48,000 tonnes of copper (see Table 2).

**Table 2**
**Horseshoe Lights Project**
**Mineral Resource Estimate – January 2010**
**OK Estimate Reported above Various Lower Cu Cut-offs**
**Parent cell 20m N by 10m X by 5m Z Density of 2.0t/m$^3$ for all material**

| Cut off (Cu %) | Tonnes | Cu (%) | Au (ppm) | Contained Cu (tonnes) |
|---|---|---|---|---|
| 0.00% | 4,880,000 | 1.00 | 0.10 | 48,000 |
| 0.25% | 4,880,000 | 1.00 | 0.10 | 48,000 |
| 0.50% | 4,320,000 | 1.10 | 0.10 | 46,000 |
| 1.00% | 1,171,000 | 1.60 | 0.20 | 27,000 |

It is noted in respect of the resource estimation that:

- Drilling coverage for the project areas ranges from a nominal 20m by 20m to 40m by 60m. The drill holes are typically orientated either vertically or 60° due east. Drilling consists of a combination of reverse circulation and diamond drilling.
- The database consists of approximately 44,000 historical assays which have been compiled from various reports and databases.
- A nominal 0.25% Cu lower cut-off was used to define the mineralised zones, with zones defined by an indicator probability shell limited to 20m from an informing composite.
- A supplied topographic surface was used to constrain the reported resource below the topographic surface and the historical open pit.
- The assay data was composited to 3m down hole points with statistical analyses on the 3m composites undertaken. Variography and search neighbourhood analysis were also conducted as input into grade estimation. High grade cutting was applied to the composites prior to estimation.
- The method used to obtain grade estimates within the mineralised zones for Cu and Au was block Ordinary Kriging (OK). Density has been estimated at 2.0 tonnes/m$^3$ for all material types.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and the quality of the estimate. Only estimated blocks within 20m of a drill hole were classified.

*The information in this announcement that relates to Mineral Resources in relation to the Horseshoe Lights Project is based on information compiled by Neil Inwood and Stuart Hall as described below:*

*The Mineral Resource estimate is based on information compiled by Neil Inwood. Neil Inwood is a Member of The Australasian Institute of Mining and Metallurgy. Neil Inwood is employed by Coffey Mining Pty Ltd.*

*The drill hole database used for the Mineral Resource estimate is based on information compiled by Mr Stuart Hall, a Director of the Company. Stuart Hall is a Fellow of The Australasian Institute of Mining and Metallurgy.*

*Messrs Inwood and Hall have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Reserves" Messrs Inwood and Hall consent to the inclusion in the announcement of the statements based on their information in the form and context in which those statements appear.*



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