

ASX/MEDIA
ANNOUNCEMENT

12 NOVEMBER 2012

ASX Code:

HOR

Management

Mr Jeremy Shervington

Non-Executive Chairman

Mr Neil Marston

Managing Director

Mr Michael Fotios

Non-Executive Director

Mr Stuart Hall

Non-Executive Director

Mr Damian Delaney

Company Secretary

Issued Capital

Shares: 75.9 Million

Options: 22.0 Million

Share Price:

\$0.215

Market Capitalisation:

\$16 Million

Cash at Bank

(31 October 2012)

\$2.3 Million



HORSESHOE METALS

LIMITED

HORSESHOE METALS RECORDS MORE HIGH GRADE COPPER HITS AT KUMARINA

HIGHLIGHTS

KUMARINA PROJECT

- Latest drilling identifies additional shallow high grade copper mineralisation at Rinaldi Prospect.
- Best results obtained were:
 - 24m @ 3.1% Cu (46-70m); including 3m @ 12.3% Cu and 1m @ 9.4% Cu
 - 7m @ 5.9% Cu (12-19m); including 2m @ 13.6% Cu
 - 3m @ 4.2% Cu (11-14m); including 1m @ 7.5% Cu
 - 5m @ 2.2% Cu (17-22m); including 1m @ 3.9% Cu
- RC drilling re-commencing this week at Rinaldi Prospect.

HORSESHOE LIGHTS PROJECT

- Gravity survey to commence this week.
- RC drilling planned for early December 2012.



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Horseshoe Metals Limited (ASX:HOR) (“Horseshoe” or “the Company”) is pleased to advise the latest information from its exploration activities at its 100% owned Kumarina Copper Project (“Kumarina Project”) and Horseshoe Lights Copper/Gold Project (“Horseshoe Lights Project”), located in the Peak Hill Mineral Field of Western Australia (see Figure 1).

RC Drilling Programme

Kumarina Project

The latest phase of Reverse Circulation percussion (“RC”) drilling at the Kumarina Project was completed on 15 October 2012 with 39 holes for 4,710 metres drilled. Laboratory analyses of the 39 holes (KRC077 – KRC115) have been received with the results set out in Table 1.

Drilling was completed in the Rinaldi, North Show, Review East and Kumarina Copper Mine areas (see Figure 2) with the primary aim of testing for extensions of copper mineralisation identified in the 2011 drilling programmes.

Rinaldi Prospect

13 holes were drilled at the Rinaldi Prospect (see Figure 3) with the latest drilling in this area encountering shallow extensions to the copper mineralisation previously identified.

KRC102 was drilled as an in-fill hole to test for copper mineralisation below the historic Rinaldi shaft. The hole intersected significant copper mineralisation with an interval of **24m @ 3.1% Cu (46-70m)** including **3m @ 12.3% Cu** and **1m @ 9.4% Cu** being recorded from 49m and 65m respectively (see Figure 4). The copper mineralisation observed in KRC102 occurs as chalcopyrite within quartz veins (see Plate 1).

Approximately 200 metres to the north of the Rinaldi shaft, holes KRC089, KRC090 and KRC099 were drilled to test the up-dip extensions from previous drilling. KRC089 recorded an interval of **7m @ 5.9% Cu (12-19m)**; including **2m @ 13.6% Cu** from 15m (see Figure 5). KRC099 recorded **3m @ 4.2% Cu (11-14m)**; including **1m @ 7.5% Cu** from 12m. KRC090 recorded **5m @ 2.2% Cu (17-22m)**; including **1m @ 3.9% Cu** from 19m. The shallow copper mineralisation observed in these holes occurs as malachite within the weathered zone.

Lower grade intervals of copper were recorded in eight of the nine remaining holes drilled in the immediate Rinaldi Prospect area (see Table 1).

Further to the north an additional 18 holes (KRC077-87, KRC94-96 & KRC105-108) were drilled to test for northward extensions of the Rinaldi Prospect copper mineralisation (see Figure 2). Low grade copper mineralisation was recorded in KRC080, KRC086, KRC087 and KRC107, confirming that copper mineralisation extends for a distance of at least 600 metres north from the Rinaldi shaft.

Observations from the latest drilling confirm that the copper mineralisation at the Rinaldi prospect is predominantly quartz vein hosted, with the main concentration of quartz veins occurring within a quartz diorite sill. However the copper mineralisation appears to be structurally controlled within a north-south fault zone.



Plate 1 - Drill Chips from KRC102 (49m -56m) showing Copper Grades.

Vertical displacement of the diorite sill is evident either side of the fault zone. This geological interpretation is clearly shown by a line of 8 holes drilled about 400m north of the Rinaldi shaft (see Figure 6). The only drill hole on that line to intersect copper mineralisation was KRC080 which recorded 2m @ 1.0% Cu within the interpreted fault zone itself. This observed feature may prove useful in targeting future exploration as there are numerous parallel faults located elsewhere within the Company's project area that are yet to be tested.

North Show

3 holes (KRC112-KRC114) were drilled at the North Show prospect to test for extensions to copper mineralisation identified in the 2011 drilling.

All holes intersected low grade copper mineralisation with KRC114 recording the best intervals of 6m @ 0.4% Cu (13-19m) and 10m @ 0.3% Cu (23-33m).

Review East

2 holes (KRC110-KRC111) were drilled about 100m south-west of the historic workings at the Review East prospect.

Both holes intersected low grade copper mineralisation of up to 4m @ 0.4% Cu recorded in KRC110, confirming the presence of copper in a NE-SW orientated fault. This fault runs through the Review East Prospect and appears to be a dislocated extension of the NE-SW fault running through the North Show prospect which is located about 3km to the south-west.



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Kumarina Copper Mine

2 holes (KRC092-KRC093) were drilled at the Kumarina Copper Mine Prospect with neither hole intersecting significant copper mineralisation. Whilst the 2 holes drilled failed to intersect any significant copper mineralisation, the geological information obtained will assist in the planning of future drilling at this prospect where zones of high grade copper mineralisation were mined in the 1960's.

Planned Activities

Kumarina Project

A follow-up RC drilling programme will commence this week at the Kumarina Project. The drilling programme will focus on in-fill and step-out holes at the Rinaldi Prospect.

Horseshoe Lights Project

A gravity survey of the Horseshoe Lights Mine and surrounding area is due to commence this week.

Upon completion of the gravity survey, RC drilling of a number of exploration targets is planned to commence in early December 2012. These include some untested targets identified during geophysical surveys completed in 2011.

ENDS

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About Horseshoe Metals Limited

Horseshoe Metals Limited (ASX: HOR) is a copper and gold focused company with a package of tenements covering approximately 300km² in the highly prospective Peak Hill Mineral Field, located north of Meekatharra in Western Australia. The Company's projects are the Horseshoe Lights Project and the Kumarina Project.

About the Horseshoe Lights Project

The Horseshoe Lights Project includes the old open pit of the Horseshoe Lights copper-gold mine which operated intermittently between 1946 and 1994, producing over 300,000 ounces of gold and 54,000 tonnes of copper. The Horseshoe Lights ore body is interpreted as a deformed volcanic-hosted massive sulphide (VHMS) 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 Volcanics, which also host Sandfire Resources' recent DeGrussa Cu-Au discovery.

Past mining was focused on the Main Zone, a series of lensoid ore zones which passed with depth from a gold-rich oxide zone through zones of high-grade chalcocite mineralisation into massive pyrite-chalcopyrite. To the west and east of the Main Zone, copper mineralisation in the Northwest Stringer Zone and Motters Zone consists of veins and disseminations of chalcopyrite and pyrite and their upper oxide copper extensions. Previous operators of the mine drilled 829 RC and approximately 70 diamond drill-holes, many of which do not exceed 100m in depth and, in the case of some of the sterilisation holes drilled in the 1980's, did not assay for copper.

Prior to the commencement of drilling by Horseshoe in 2010, the project had no exploration since the 1990's and Horseshoe believes that systematic drilling, combined with the application of modern geophysical methods, can upgrade the known resources and may lead to new discoveries in the mine area.

At a cut-off grade of 0.5% Cu, the current estimate is a total Measured, Indicated and Inferred Mineral Resource of **8.6 million tonnes @ 1.06% Cu and 0.13 g/t Au** for 91,000 tonnes Cu and 37,400 oz Au (see Table 2). Indications are that recent drilling and other exploration activities will lead to a significant increase on that figure.

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 3km 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.



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Exploration activities completed over the Kumarina area between 1992 and 1998 by St Barbara Limited focused on the Kumarina and Rinaldi workings and included geological mapping, gridding, rock sampling and 51 air core holes for 2,062m. Six metre composite drill samples were assayed for Cu, Au, Ag, Co, As, Pb and Mg. Four holes intersected multiple lodes that returned assays between 1.15% Cu to 3.5% Cu.

Two reverse circulation percussion drilling programmes were completed by Horseshoe during the December 2011 quarter. Results of the drilling programmes identified significant shallow copper mineralisation at the Rinaldi Prospect along a north – south oriented intrusive. The Company's 2012 diamond drilling programme of seven holes intersected visible copper with some high grade zones returning one metre assays of up to 15.2% copper.

Competent Persons Statement

The information in the report to which this statement is attached that relates to Exploration Results is based on information compiled by Mr Geoff Willetts, BSc. (Hons) MSc. who is a Member of the Australian Institute of Geoscientists. Geoff Willetts is employed full-time by Horseshoe Metals Limited.

Geoff Willetts has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Geoff Willetts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG). Dr Shi is a full-time employee of CSA Global Pty Ltd.

Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.

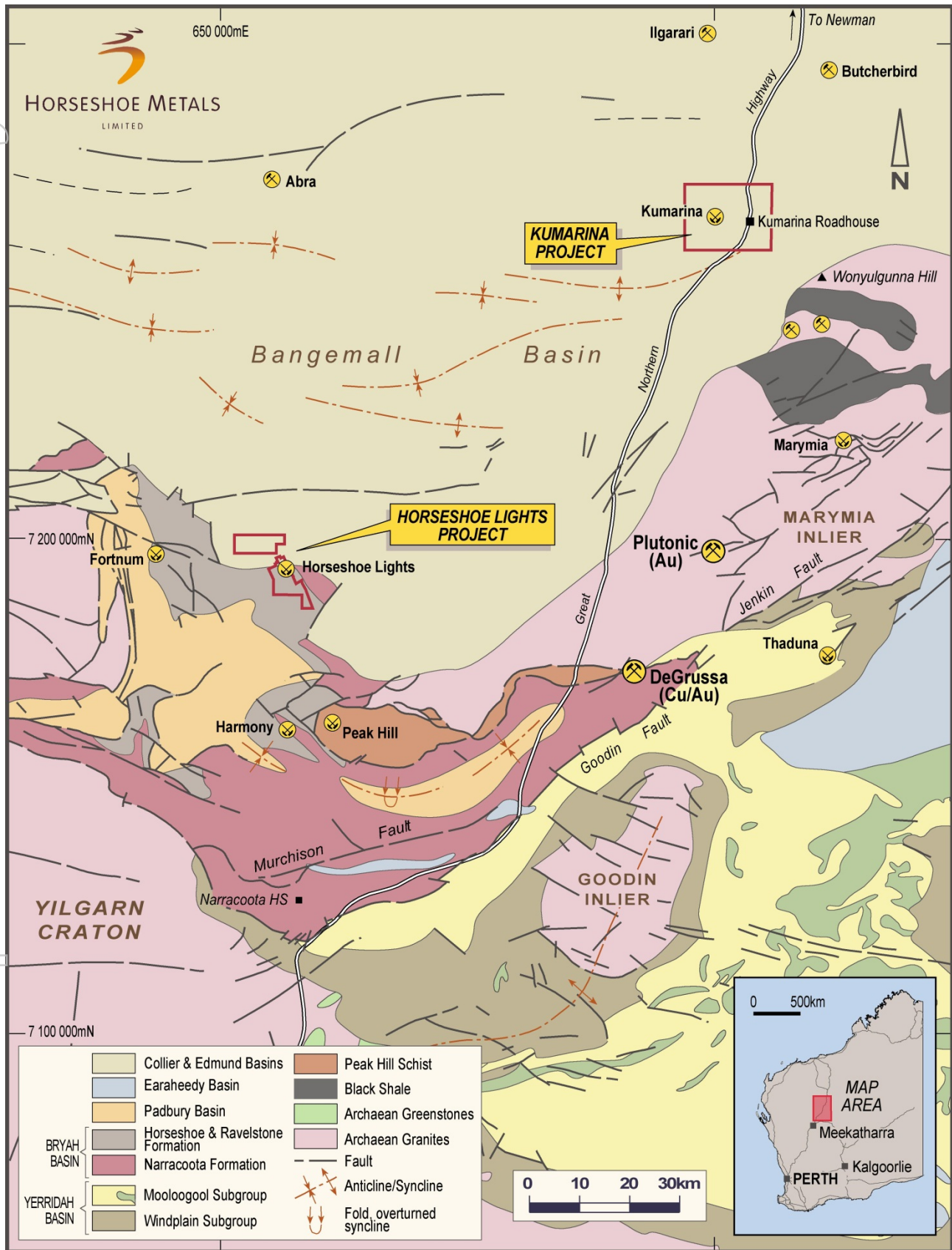


Figure 1 – Projects Location Plan

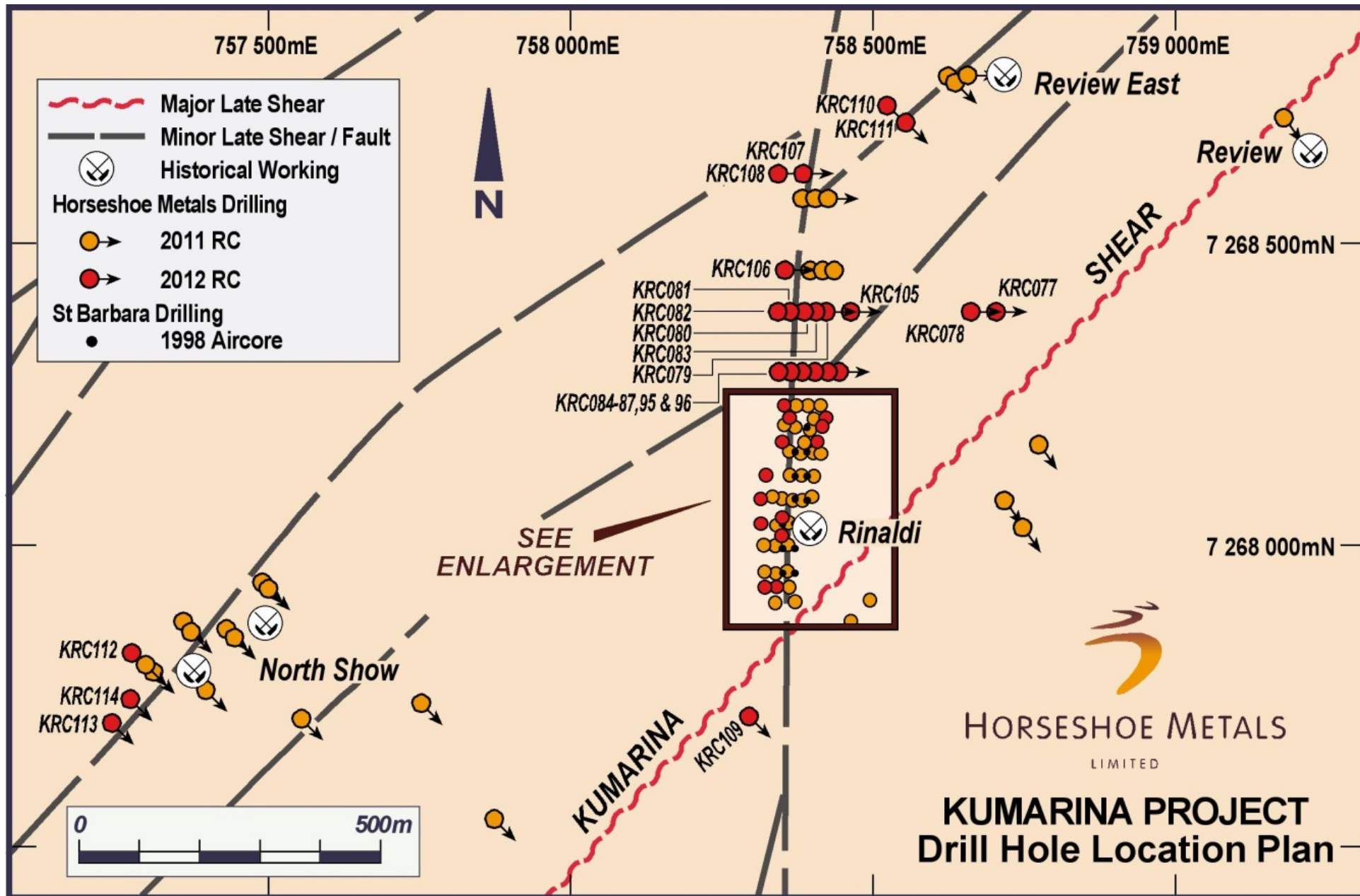


Figure 2 – Kumarina Drill Hole Location Plan

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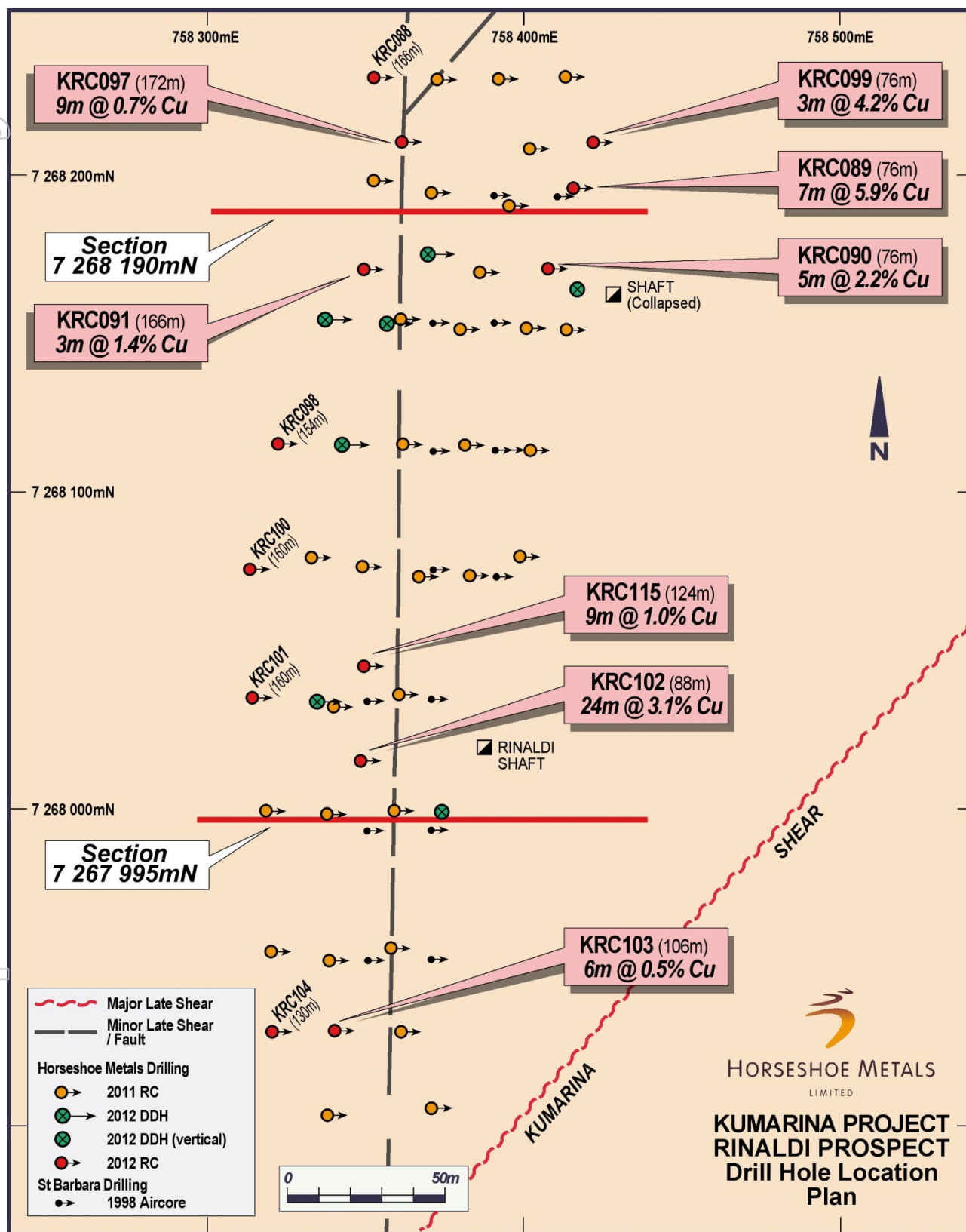


Figure 3 – Rinaldi Drill Hole Location Plan



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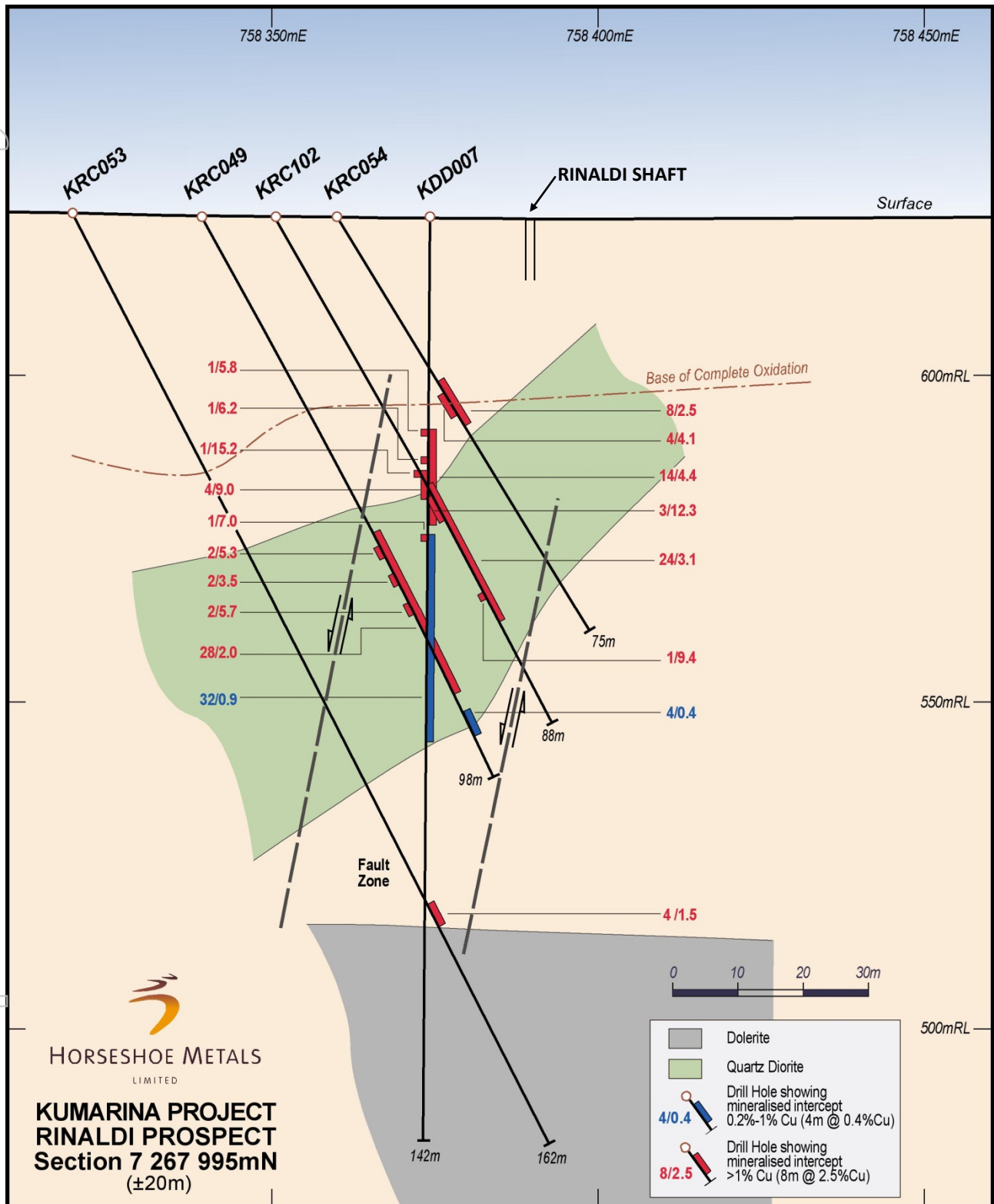


Figure 4 –Section 7 267 995mN



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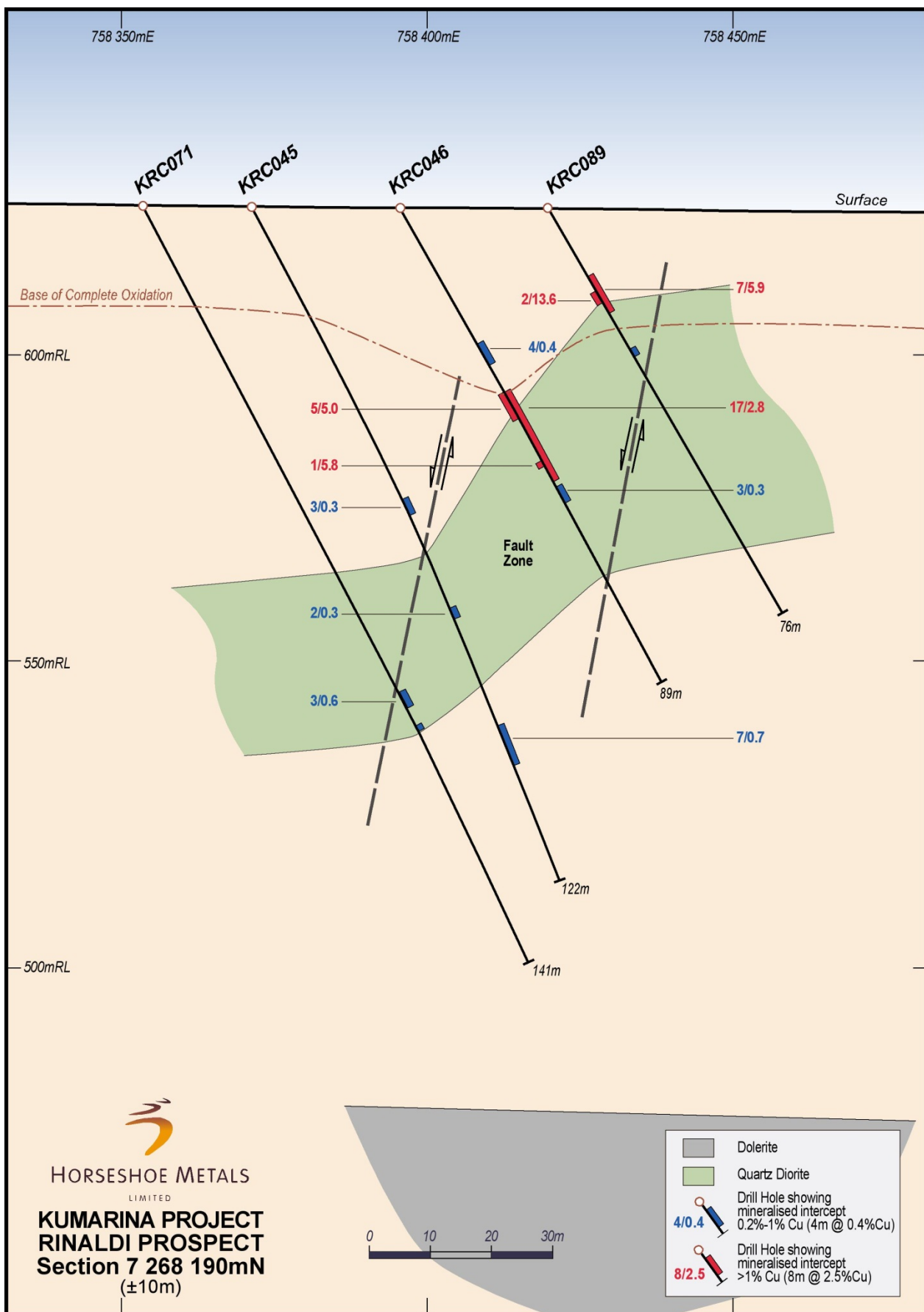


Figure 5 –Section 7 268 190mN

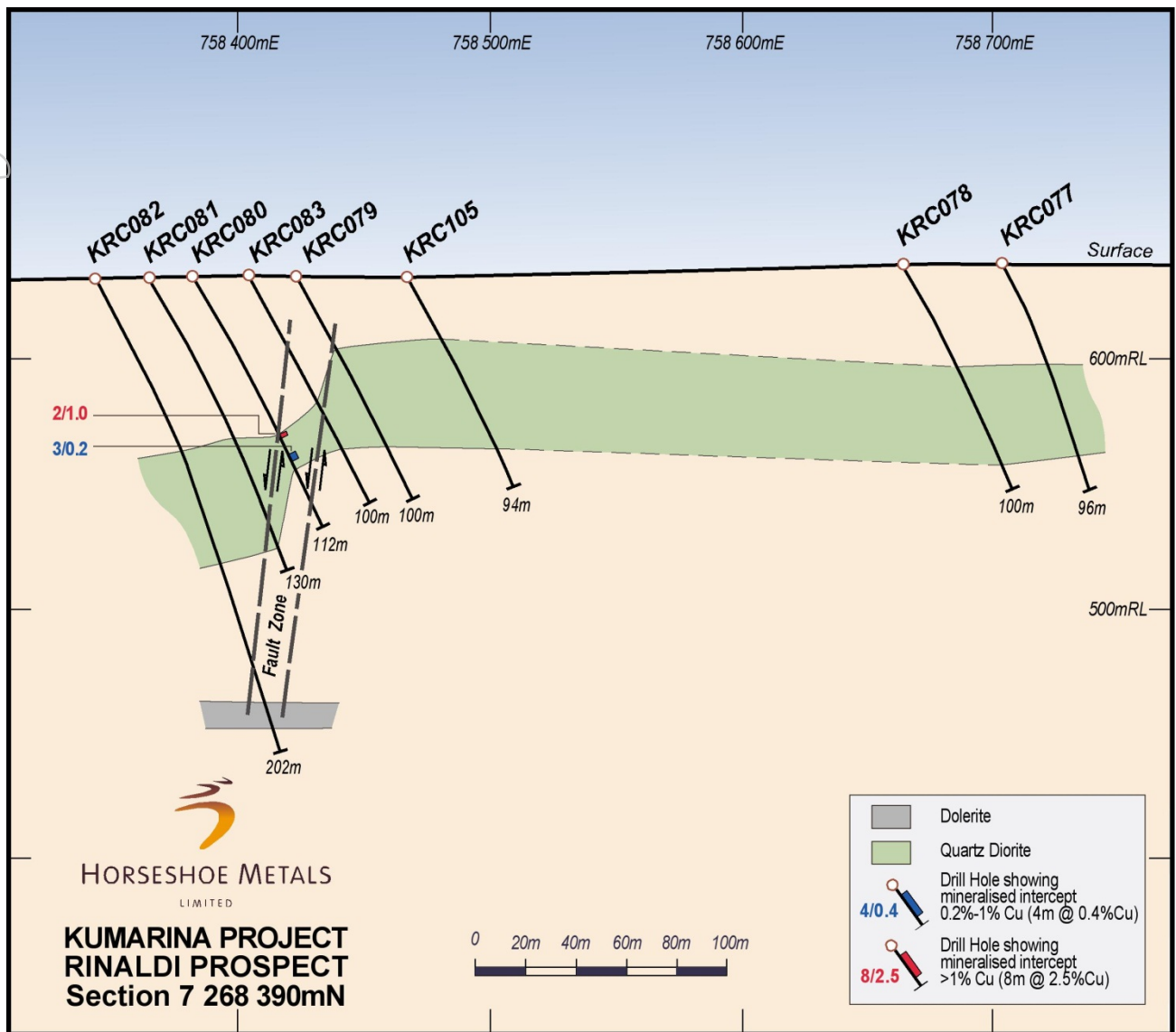


Figure 6 –Section 7 268 390mN

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Table 1
Kumarina Project
RC Drilling Programme
Significant Copper Intersections
(0.20% Cu cut-off)

Hole	Northing (m)	Easting (m)	Planned Azimuth (degrees)	Planned Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Cu % (average)	Prospect/ Zone
KRC102	7268012	758351	90	-60	88	46	70	24 ⁺	3.1	Rinaldi
including						49	52	3	12.3	
and						65	66	1	9.4	
KRC089	7268197	758420	90	-60	76	12	19	7	5.9	Rinaldi
including						15	17	2	13.6	
KRC099	7268209	758424	90	-60	76	11	14	3	4.2	Rinaldi
including						12	13	1	7.5	
						18	20	2	0.2	
KRC090	7268163	758411	90	-60	76	17	22	5	2.2	Rinaldi
including						19	20	1	3.9	
						27	30	3	0.8	
KRC115	7268046	758353	90	-60	124	49	51	2	1.0	Rinaldi
						60	69	9	1.0	
KRC091	7268176	758353	90	-60	166	49	52	3	1.4	Rinaldi
						100	101	1	0.5	
						129	130	1	0.8	
KRC097	7268211	758371	90	-60	172	72	81	9 ⁺	0.7	Rinaldi
including						78	79	1	2.2	
KRC098	7268116	758321	90	-60	154	No Significant Results				Rinaldi
KRC100	7268080	758315	90	-60	160	147	148	1	0.5	Rinaldi
						151	152	1	0.3	
KRC101	7268037	758320	90	-60	160	151	154	3	0.3	Rinaldi
KRC103	7267931	758338	90	-60	106	37	38	1	0.6	Rinaldi
						50	56	6	0.5	
						66	68	2	0.3	
KRC104	7267933	758316	90	-60	130	106	107	1	0.4	Rinaldi
KRC088	7268295	758348	90	-60	166	144	145	1	0.2	Rinaldi
KRC080	7268388	758382	90	-60	112	71	73	2	1.0	N of Rinaldi
						80	83	3	0.2	
KRC086	7268291	758365	90	-60	142	100	102	2	0.6	N of Rinaldi
KRC087	7268295	758348	90	-60	178	111	114	3	0.2	N of Rinaldi
						132	133	1	0.5	
KRC107	7268621	758379	90	-60	142	115	116	1	0.8	N of Rinaldi
KRC112	7267820	757274	130	-60	142	75	76	1	0.5	North Show
KRC113	7267705	757239	130	-60	76	3	15	12 ⁺	0.2	North Show
KRC114	7267749	757264	130	-60	52	13	19	6	0.4	North Show
						23	33	10	0.3	
KRC110	7268733	758525	130	-60	122	63	67	4	0.4	Review East
KRC111	7268705	758558	130	-60	106	33	34	1	0.4	Review East



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Table 1 (cont)
Kumarina Project
RC Drilling Programme
Significant Copper Intersections
(0.20% Cu cut-off)

Hole	Northing (m)	Easting (m)	Planned Azimuth (degrees)	Planned Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Cu % (average)	Prospect/ Zone
KRC077	7268395	758704	90	-60	96	No Significant Results				N of Rinaldi
KRC078	7268391	758664	90	-60	100	No Significant Results				N of Rinaldi
KRC079	7268389	758423	90	-60	100	No Significant Results				N of Rinaldi
KRC081	7268390	758364	90	-60	130	No Significant Results				N of Rinaldi
KRC082	7268386	758343	90	-60	202	No Significant Results				N of Rinaldi
KRC083	7268386	758404	90	-60	100	No Significant Results				N of Rinaldi
KRC084	7268292	758405	90	-60	88	No Significant Results				N of Rinaldi
KRC085	7268293	758383	90	-60	100	No Significant Results				N of Rinaldi
KRC092	7266799	756705	90	-60	118	No Significant Results				Kumarina Cu Mine
KRC093	7266760	756701	90	-60	112	No Significant Results				Kumarina Cu Mine
KRC094	7268288	758486	90	-60	88	No Significant Results				N of Rinaldi
KRC095	7268290	758428	90	-60	82	No Significant Results				N of Rinaldi
KRC096	7268288	758486	90	-60	94	No Significant Results				N of Rinaldi
KRC105	7268390	758467	90	-60	94	No Significant Results				N of Rinaldi
KRC106	7268458	758357	90	-60	148	No Significant Results				N of Rinaldi
KRC108	7268618	758343	90	-60	148	No Significant Results				N of Rinaldi
KRC109	7267711	758296	130	-60	184	No Significant Results				S of Rinaldi

Notes: Coordinates GDA94 Zone 50. All holes located by GPS with accuracy ± 5 metre.
All holes down-hole surveyed at ~30-50m intervals.
Assays for Cu are determined by a four acid digest with an ICP-OES finish
Insufficient geological information is available to determine the true widths of mineralisation reported.
+ includes 1 x 1m interval grading <0.20% Cu

Table 2
Horseshoe Lights Project
Mineral Resource Estimation
As at 31 December 2011

Cut-off (Cu %)	Measured					Indicated					Inferred					TOTAL				
	Tonnes (Mt)	Grade (Cu %)	Grade (Au g/t)	Copper Metal (T)	Gold Metal (Oz)	Tonnes (Mt)	Grade (Cu %)	Grade (Au g/t)	Copper Metal (T)	Gold Metal (Oz)	Tonnes (Mt)	Grade (Cu %)	Grade (Au g/t)	Copper Metal (T)	Gold Metal (Oz)	Tonnes (Mt)	Grade (Cu %)	Grade (Au g/t)	Copper Metal (T)	Gold Metal (Oz)
0.25	0.54	0.674	0.014	3,607	241	0.76	0.569	0.028	4,322	684	17.09	0.689	0.107	117,743	58,788	18.38	0.683	0.101	125,560	59,696
0.50	0.29	0.939	0.017	2,705	157	0.32	0.880	0.027	2,787	275	8.02	1.067	0.143	85,534	36,856	8.62	1.056	0.135	91,040	37,400
0.70	0.18	1.152	0.019	2,051	109	0.16	1.146	0.024	1,871	126	4.96	1.363	0.173	67,612	27,591	5.30	1.349	0.163	71,522	27,785
1.00	0.10	1.414	0.023	1,347	70	0.08	1.432	0.020	1,213	54	2.71	1.803	0.226	48,932	19,720	2.89	1.780	0.213	51,511	19,818
1.50	0.03	2.013	0.021	564	19	0.02	2.056	0.031	438	21	1.27	2.473	0.343	31,484	14,040	1.32	2.457	0.331	32,492	14,073
2.00	0.01	2.509	0.009	285	3	0.01	2.845	0.001	205	0	0.71	3.066	0.399	21,782	9,114	0.73	3.055	0.389	22,271	9,117

The 3D block models were estimated using the geostatistical method of Ordinary Kriging (OK) Multiple Indicator Kriging (MIK) with block support adjustment based on the Kriging parameters. The block model estimate is based on 58 diamond drill holes and 789 RC drill holes using a 2m composite data set for 3 individual domains. 28 historic RC holes have been used for wireframe interpretation, but the assay data with low geological confidence have been excluded from the estimation. The same 3D block models were also estimated using the geostatistical method of Multiple Indicator Kriging (MIK). The MIK estimate produced very similar results with the OK estimate being the slightly more conservative of the two. Density values assigned to the block model are shown in Table 3.

Table 3
Block Model Density Values

Weathering Zone	Density (g/cm ³)
Oxidised	2.00
Transitional	2.20
Fresh	2.50