

ASX/MEDIA
ANNOUNCEMENT

31 JANUARY 2013

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: \$0.145

Market Capitalisation:

\$11.0 Million

Cash at Bank

(31 December 2012)

\$1.1 Million



HORSESHOE METALS

LIMITED

QUARTERLY REPORT
PERIOD ENDED 31 DECEMBER 2012

HIGHLIGHTS

Horseshoe Lights Project (HOR: 100%)

- RC drilling north of the historic Horseshoe Lights open pit completed. Best result recorded in RC1091:
 - **18m (33-56m) @ 4.4% Cu**; including **1m @ 23.5% Cu** and **4m @ 8.6% Cu**
- Gravity survey successfully completed over large part of project area. Geophysical study underway to assist in drill targeting.
- Updated Mineral Resource Estimate to be completed Q1 2013.

Kumarina Project (HOR: 100%)

- RC drilling programmes completed with shallow copper mineralisation intersected over a strike length of more than 700 metres at the Rinaldi Prospect.
- Best result recorded in KR102:
 - **24m @ 3.1% Cu**; including **3m @ 12.3% Cu** and **1m @ 9.4% Cu**
- Deeper copper mineralisation confirmed as occurring in largely untested lower dolerite sill.
- JORC Resource Estimation on Rinaldi Prospect to be completed in February 2013.

Corporate

- 1.2 million options at various exercise prices issued to Delta Resource Management Pty Ltd for the provision of technical services.



QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

OVERVIEW

Horseshoe Metals Limited (ASX: HOR) ("Horseshoe Metals" or "the Company"), through its wholly owned subsidiary, Murchison Copper Mines Pty Ltd, holds a 100% interest in the Horseshoe Lights and Kumarina Projects located in the Peak Hill Mineral Field, north of Meekatharra in Western Australia (see Figure 1).

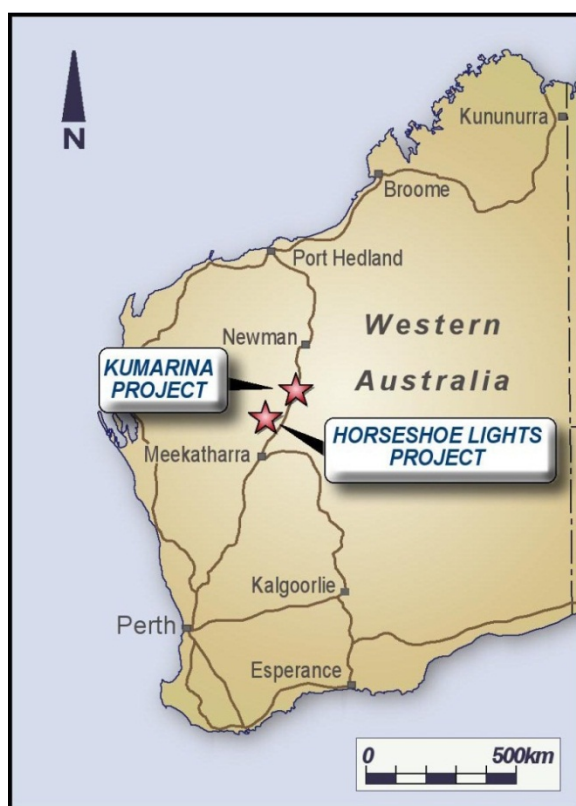


Figure 1 – Projects Location Plan

EXPLORATION AND EVALUATION

Horseshoe Lights Project (HOR: 100%)

The Horseshoe Lights Project covers an area of approximately 80 km² including the closed Horseshoe Lights copper-gold mine, which is located 75km West of Sandfire Resources NL's DeGrussa Copper-Gold mine. Historical production from the Horseshoe Lights mine was 313,000 oz gold and 54,800 tonnes of copper.

The Horseshoe Lights Project has a total Measured, Indicated and Inferred Mineral Resource of **8.6 million tonnes @ 1.06% Cu and 0.13 g/t Au** at a cut-off grade of 0.5% Cu for 91,000 tonnes Cu and 37,400 oz Au; based on drilling up to 2011 (see Table 4).

Drilling Programme

A specialist Reverse Circulation Percussion ("RC") rig has been drilling to test for shallow copper mineralisation located under the North Waste Dump and north along strike of the open pit in 3 zones from west to east comprising the North West Stringer, Main and Motters zones.

The rig completed its drilling programme on 21 October 2012. Since the start of drilling in May 2012 the rig has completed 51 holes for 7,327 metres.

Laboratory analyses of the final holes; RC1090 – 1095 and RC1098 have been received during the quarter with the assay results set out in Table 2.

North West Stringer Zone

The drilling in this zone has intersected multiple zones of copper mineralisation in shallow and deep holes, with the best results obtained in RC1044, RC1054, RC1068, RC1069, RC1081, RC1082 and RC1091 which recorded **18m (38–56m) @ 4.4% Cu**; including **1m (40–41m) @ 23.5% Cu** and **4m (47–51m) @ 8.6% Cu** (see Figures 2, 3 & 4).

Much of the recent drilling has been in shallow areas outside the limits of the previous mineral resource estimate and shows good continuity of the mineralisation.



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Mineral Resource Estimation

In December 2012 down hole surveys of several recent RC drill holes, as well as a number of pre-1994 RC drill holes, was successfully completed. Accurate collar surveying of drill holes was also completed.

Laboratory pulps from historical drilling (pre-1994) have also been located and samples selected from these will be submitted for check analysis as part of the QAQC procedure in early February.

An updated JORC compliant Mineral Resource estimation for the Horseshoe Lights deposit will be completed once the QAQC activities are finalised. It is expected that the updated mineral resource estimation will be available later this quarter.

Gravity Survey

A gravity survey of the Horseshoe Lights Mine and surrounding area was completed in December 2012.

The survey was initially undertaken on a 200m x 200m grid with approximately 1,000 station readings acquired. However, preliminary data was sufficiently encouraging that the Company elected to complete in-fill survey work over a significant part of the area on a 100m x 100m grid, with an additional 1,500 station readings acquired.

Processing and analysis of the gravity survey data, together with the previously completed geophysical surveys (Aeromagnetic, VTEM, FLTEM, DHEM and DDIP), is underway with a full geological and structural interpretation of the survey area planned to be completed in February 2013.

This geophysical study will be a key tool in generating drill targets for testing.

Multi-spectral Survey

In October 2012 HyVista Corporation Pty Ltd completed a programme to acquire airborne multispectral imagery over the Horseshoe Lights and Kumarina Projects. HyVista's remote sensing is a mineral mapping technology which can be used to focus exploration over large areas.

Processing of the acquired data has been completed and the imagery is being used in the geophysical study mentioned above.



QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Future Activities

The following activities are planned for the Horseshoe Lights Project:

1. Completion of the mineral resource estimation.
2. Completion of the geophysical study.
3. Follow-up drilling focusing on testing for deep, high grade copper/gold zones of sufficient grade to potentially support underground mining; and following up exploration targets outside of the immediate pit area which have been identified from the geophysical study.

Kumarina Project (HOR: 100%)

The Kumarina Project consists of one exploration licence and one mining lease covering approximately 217 km². Drilling by the Company in late 2011 identified significant copper mineralisation at the Rinaldi Prospect.

Drilling Programme

During the quarter two phases of RC drilling occurred with 39 holes for 4,708 metres drilled in October 2012 and a further 27 holes for 2,704 metres completed in early December 2012.

Drilling in October 2012 was completed at the Rinaldi, North Show, Review East and Kumarina Copper Mine areas (see Figure 5) with the primary aim of testing for extensions of copper mineralisation identified in the 2011 drilling programmes. The December 2012 drilling programme focused on in-fill and step-out holes at the Rinaldi Prospect (see Figure 6).

All samples lodged for laboratory analysis have been received with the most significant results set out in Table 1 below. Details of all assay results received are set out in Table 3.

Table 1 Kumarina Project 2012 RC Drilling - Significant Copper Intersections				
Hole Number	Down Hole Depth Interval (metres)	Interval (m)	Cu (%)	Prospect
KRC102	46 – 70m	24	3.1%	Rinaldi
	including 49 - 52m	3	12.3%	
	and 65 – 66m	1	9.4%	
KRC089	12 – 19m	7	5.9%	Rinaldi
	Including 15 – 17m	2	13.6%	
KRC136	18 - 25m	7	3.3%	Rinaldi
	including 22 – 23m	1	11.6%	
KRC120	25 – 31m	6	2.5%	Rinaldi
	including 25 – 28m	3	4.8%	
KRC139	39 - 49m	10	2.0%	Rinaldi
	including 42 – 44m	2	5.9%	

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QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

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 an upper quartz diorite sill. However the copper mineralisation appears to be structurally controlled within a north-south fault zone. Vertical displacement of the quartz diorite sill is evident either side of the fault zone (see Figure 7).

Hole KRC127 recorded **3m @ 1.6% Cu (115-118m)**; including **1m @ 4.1% Cu** within a lower dolerite sill. This intersection is considered to be a significant development as it has confirmed the potential for copper mineralisation to occur within the lower dolerite sill. To date only a limited number of holes have been drilled into the lower dolerite sill with most of these holes not testing it within the fault zone. With the Company's latest knowledge of the deposit, drill holes can now be planned to test the lower dolerite sill within the fault zone.

These latest drilling results extend the shallow (i.e. <100m depth) copper mineralisation within the fault zone at the Rinaldi Prospect to a strike length of more than 700 metres. The copper mineralisation remains open along strike to the north and south within the fault zone, providing opportunities to extend the scale of the deposit with fresh drilling in the 2013 field season.

Mineral Resource Estimation

A maiden JORC compliant Mineral Resource estimation for the Rinaldi Prospect is underway and is expected to be available in February 2013.

Soil Geochemical Programme

A soil geochemical survey over a large part of the project area was completed during the December quarter. The results from the soil geochemical survey are being used to assist in regional exploration targeting.

Future Activities

The following activities are planned for the Kumarina Project:

1. Completion of the mineral resource estimation.
2. Planning for 2013 drilling including obtaining the necessary site access clearances. Planned drilling will include testing the Kumarina Deeps Prospect.



QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

CORPORATE

During the quarter a total of 1,200,000 options at various exercise prices were issued to Delta Resource Management Pty Ltd for the provision of technical services in accordance with an approval granted by shareholders at the Annual General Meeting held on 25 May 2012.

During the quarter a total of 250,000 options have been exercised at an exercise price of 20 cents per share, following the receipt of \$50,000 from the option holders.

As at 31 December 2012, the Company had cash at bank of \$1,131,647. In addition, the Company had \$1,066,500 held on fixed term deposit as cash backing for an environmental rehabilitation bond on the Horseshoe Lights Project.

The Company is consulting with its major shareholder, Investmet Limited, on options for funding its 2013 exploration and development activities.

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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' DeGrussa Cu-Au mine.



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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 approximately 829 RC and 70 diamond drill-holes, many of which do not exceed 100m in depth and, in the case of some of the waste dump 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 not been subjected to any significant 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.

Following the drilling programmes of 2010/2011, a new Mineral Resource Estimation was completed. At a cut-off grade of 0.5% Cu, the total Measured, Indicated and Inferred is **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 4).

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 481 tonnes of copper ore at a high-grade of 37.0% Cu and 2,340 tonnes at a grade of 17.51% Cu.

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 fault. 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.



QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

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.

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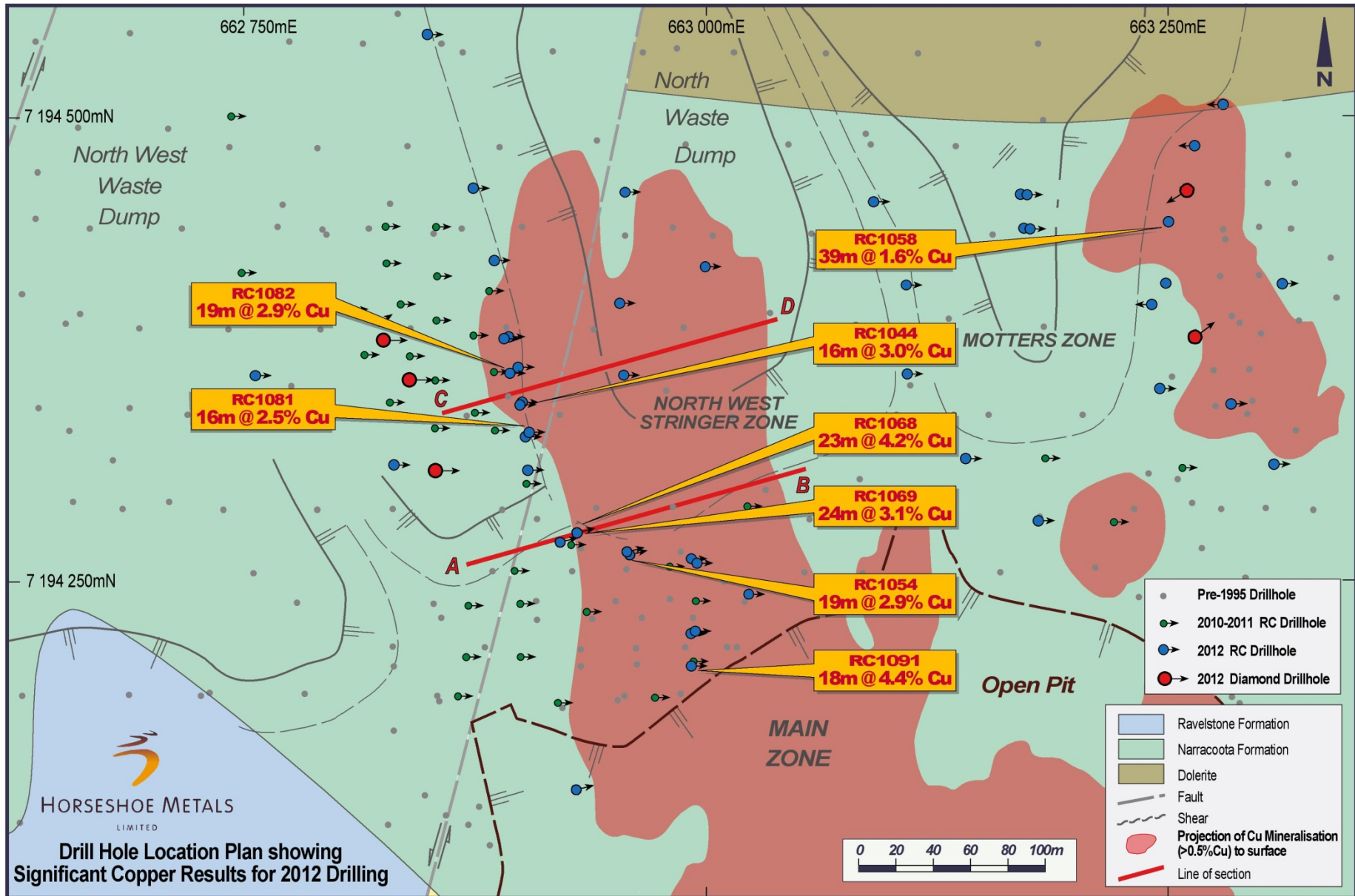


Figure 2 – Drill Hole Location Plan showing Significant Copper Results

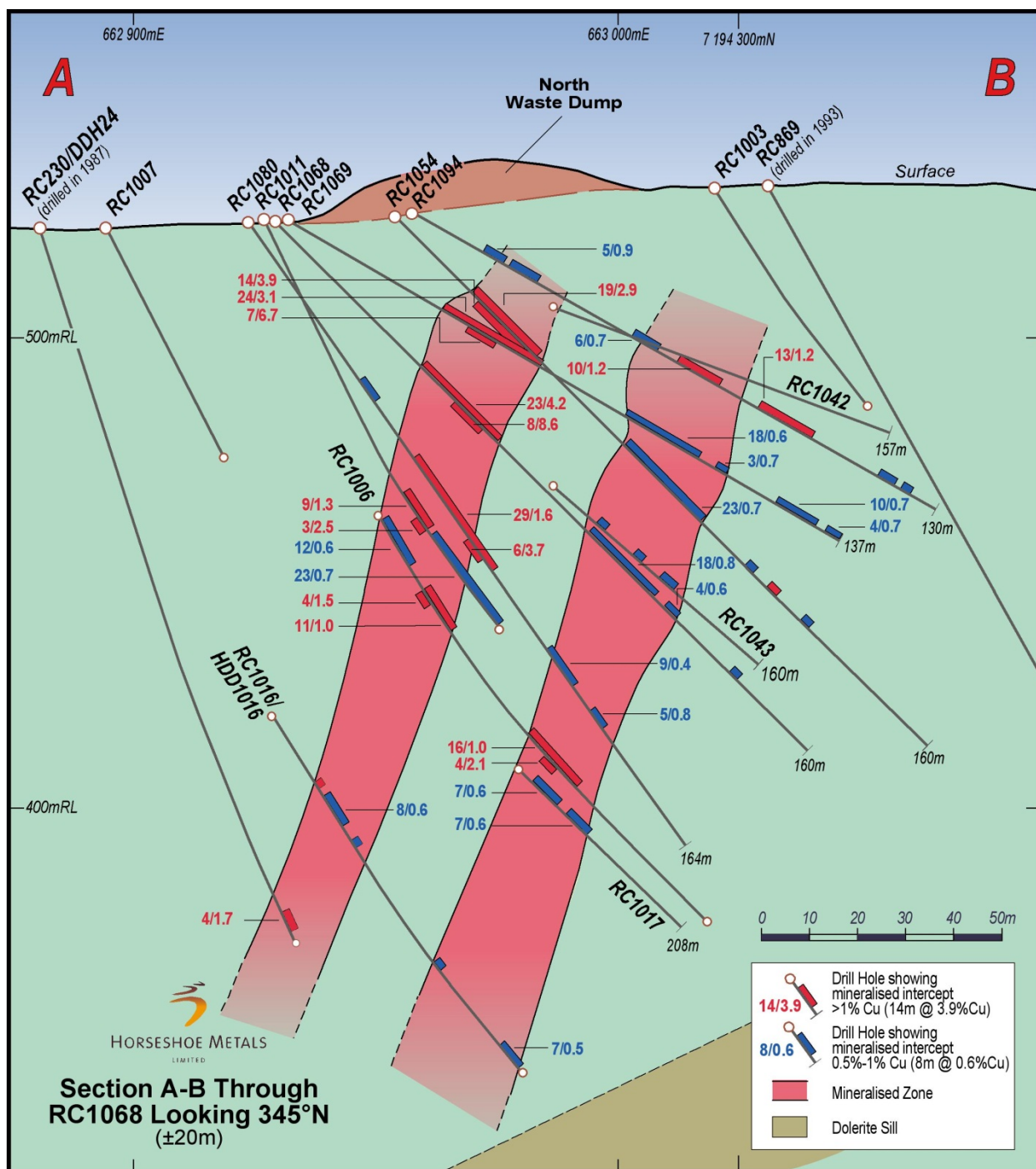


Figure 3: North West Stringer Zone - Drill Section A-B

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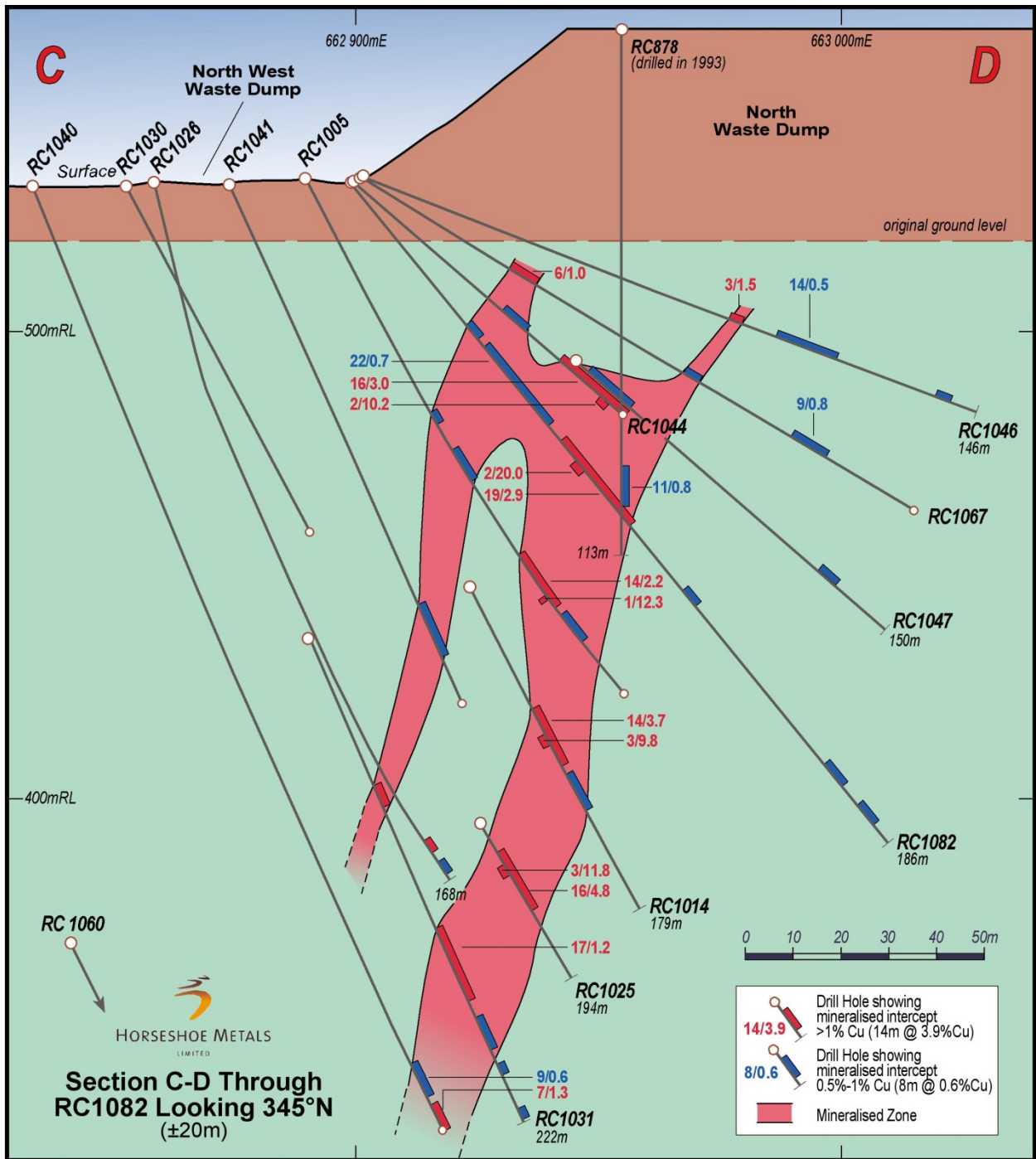


Figure 4: North West Stringer Zone - Drill Section C-D

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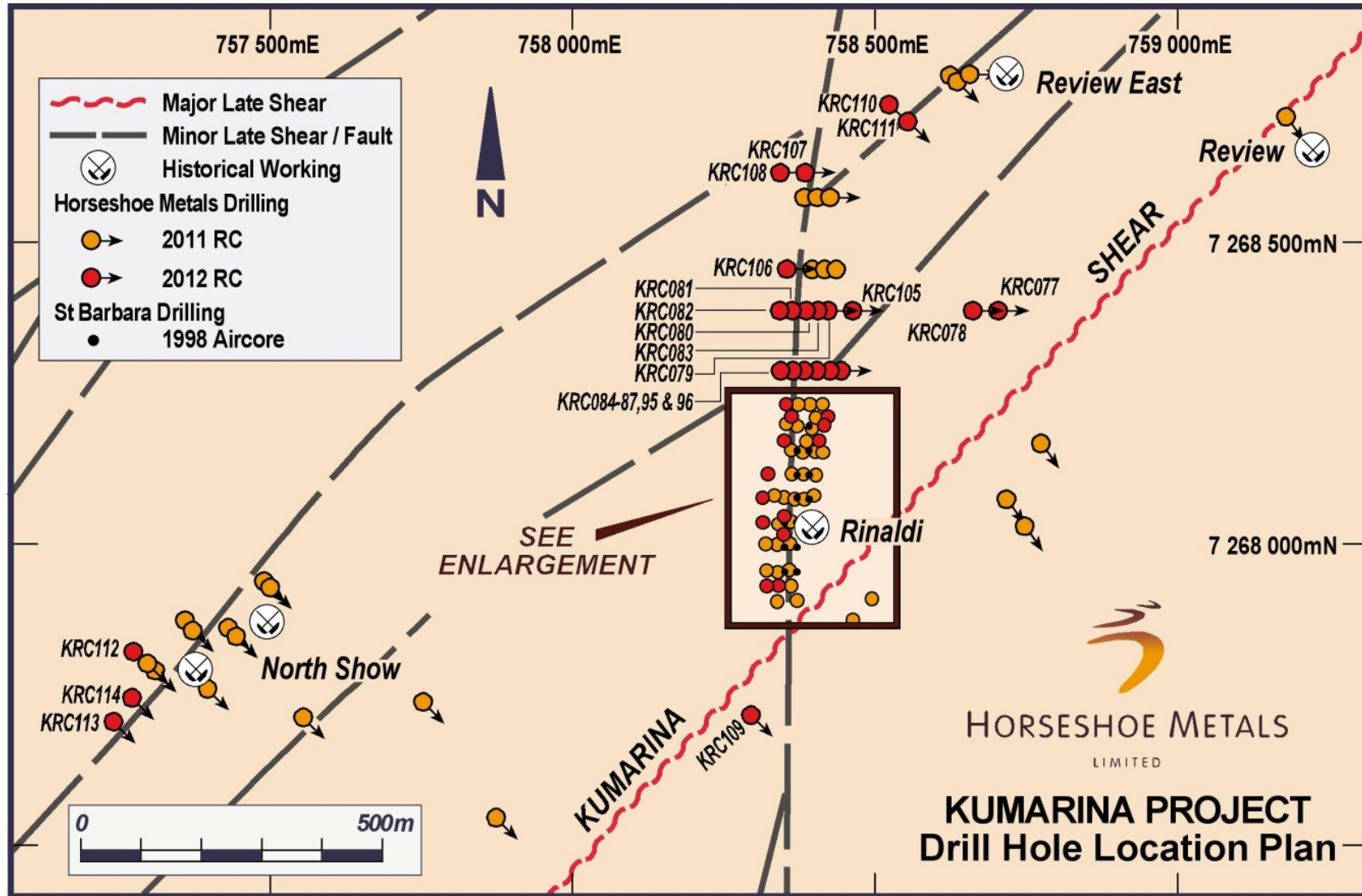


Figure 5: Kumarina Project – Drill Hole Location Plan

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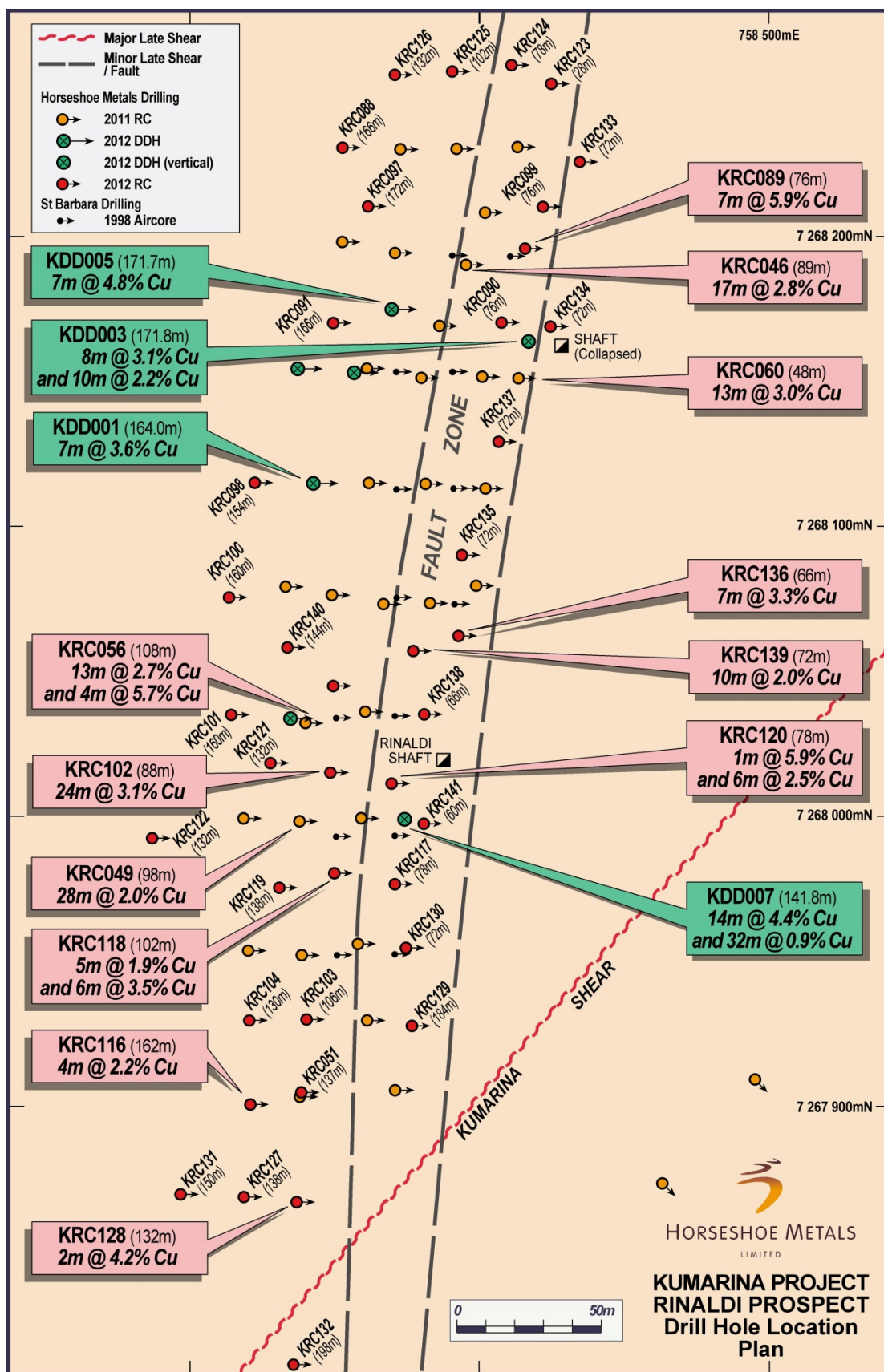


Figure 6: Rinaldi Prospect – Drill Hole Location Plan



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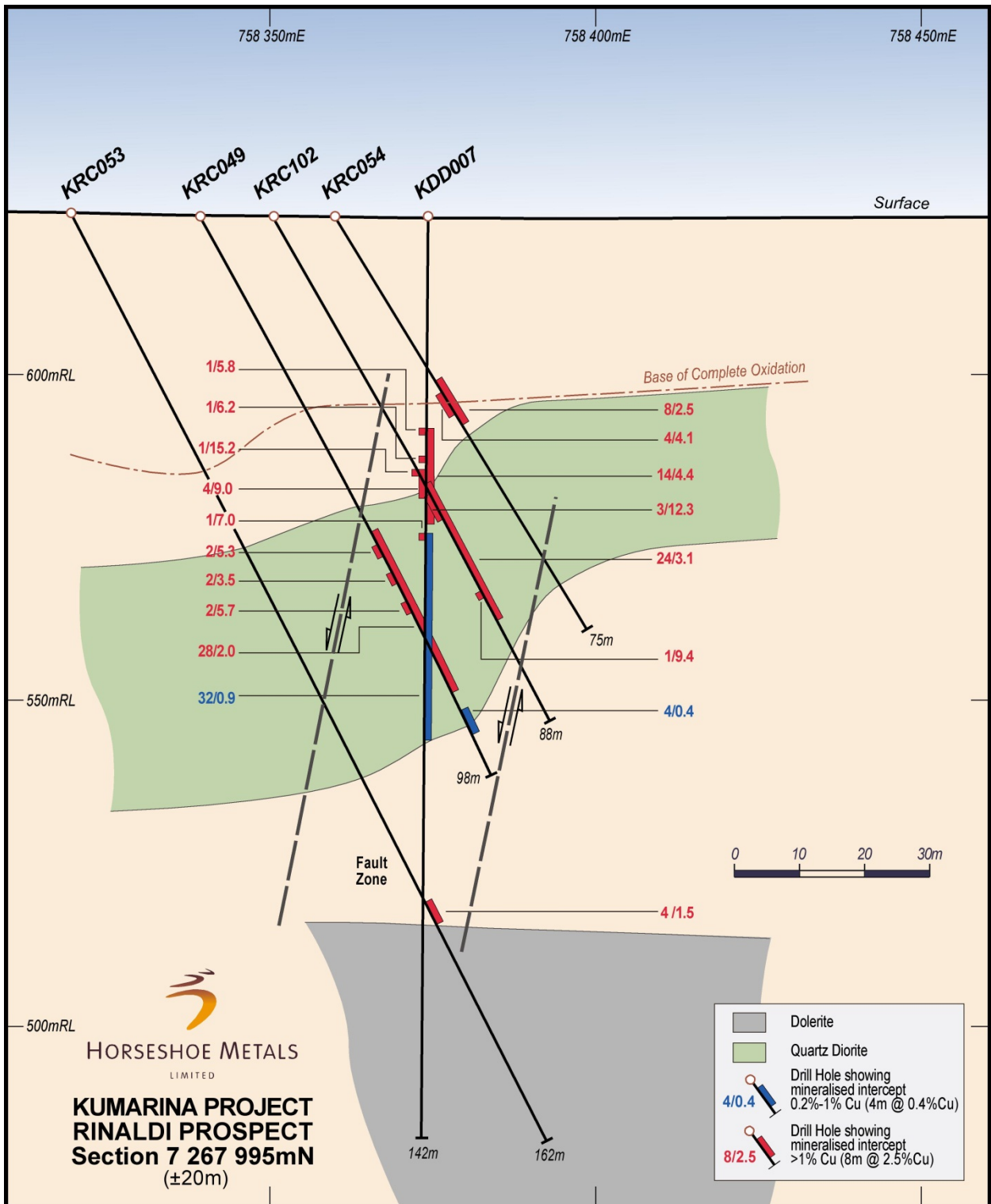


Figure 7: Rinaldi Prospect - Drill Section 7267995mN



Table 2
Horseshoe Lights Project
RC Drilling Programme (since 1 Oct 2012)
Copper Intersections
(0.25% 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
RC1090	7194152	662926	75°	-48°	195	83	109	26	1.4%	Main/NW Stringer
including						93	96	3	2.5%	
						111	122	11*	0.4%	
						159	162	3	0.9%	
						179	183	4	0.9%	
RC1091	7194206	662992	90°	-45°	160	38	56	18	4.4%	Main/NW Stringer
including						40	41	1	23.5%	
and						47	51	4	8.6%	
						63	70	7 ⁺	0.4%	
including						72	89	17 [^]	0.9%	
						82	86	4	2.4%	
						115	130	15	1.6%	
RC1092	7194222	662994	90°	-20°	180	60	70	10	0.7%	Main/NW Stringer
						84	87	3	1.1%	
RC1093	7194262	662994	90°	-20°	152	23	25	2	0.4%	Main/NW Stringer
						40	42	2	0.6%	
						62	67	5	0.8%	
						103	106	3	1.2%	
RC1094	7194265	662959	75°	-25°	130	17	22	5	0.9%	NW Stringer
						54	60	6 ⁺	0.7%	
						66	76	10 ⁺	1.2%	
including						69	71	2	3.3%	
						86	99	13	1.2%	
						116	119	3	0.6%	
						121	123	2	0.7%	
RC1095	7193570	664414	330°	-60°	98	No Significant Result				Tailings Dam area
RC1098	7193984	662276	90°	-60°	110	No Significant Result				West of Pit

Notes: Coordinates GDA 94 Zone 50. RC1090-RC1094 located by RTK GPS with accuracy +/-0.02 metres
Down-hole surveys using Multismart survey tool have been completed on RC1090, RC1091 and selected other holes from the complete drilling programme.
Insufficient geological information is available to determine the true widths of mineralisation reported.
+ includes 1 x 1m interval grading <0.25% Cu
* includes 2 x 1m interval grading <0.25% Cu
^ includes 3 x 1m interval grading <0.25% Cu
@ includes 1 x 2m interval grading <0.25% Cu



Table 3
Kumarina Project
RC Drilling Programme
Significant Copper Intersections
(0.20% Cu cut-off)

Hole	Easting (m)	Northing (m)	Planned Azimuth (degrees)	Planned Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Cu % (average)	Prospect/ Zone
KRC102	758349	7268012	90°	-60°	88	46	70	24 ⁺	3.1	Rinaldi
including						49	52	3	12.3	
and						65	66	1	9.4	
KRC089	758418	7268193	90°	-60°	76	12	19	7	5.9	Rinaldi
including						15	17	2	13.6	
KRC136	758394	7268063	90°	-60°	66	18	25	7	3.3	Rinaldi
including						22	23	1	11.6	
KRC120	758370	7268011	90°	-60°	78	21	22	1	5.9	Rinaldi
						22	25	Mine Void		
						25	31	6	2.5	
including						25	28	3	4.8	
KRC139	758374	7268057	90°	-60°	72	39	49	10 ⁺	2.0	Rinaldi
including						42	44	2	5.9	
						51	54	3	0.3	
KRC099	758422	7268209	90°	-60°	76	11	14	3	4.2	Rinaldi
including						12	13	1	7.5	
						18	20	2	0.2	
KRC090	758408	7268166	90°	-60°	76	17	22	5	2.2	Rinaldi
including						19	20	1	3.9	
						27	30	3	0.8	
KRC115	758352	7268046	90°	-60°	124	49	51	2	1.0	Rinaldi
						60	69	9	1.0	
KRC091	758350	7268176	90°	-60°	166	49	52	3	1.4	Rinaldi
						100	101	1	0.5	
						129	130	1	0.8	
KRC097	758370	7268211	90°	-60°	172	72	81	9 ⁺	0.7	Rinaldi
including						78	79	1	2.2	
KRC098	758321	7268115	90°	-60°	154	No Significant Results				Rinaldi
KRC100	758314	7268080	90°	-60°	160	147	148	1	0.5	Rinaldi
						151	152	1	0.3	
KRC101	758313	7268038	90°	-60°	160	151	154	3	0.3	Rinaldi
KRC103	758336	7267931	90°	-60°	106	37	38	1	0.6	Rinaldi
						50	56	6	0.5	
						66	68	2	0.3	
KRC104	758316	7267932	90°	-60°	130	106	107	1	0.4	Rinaldi
KRC088	758352	7268230	90°	-60°	166	144	145	1	0.2	Rinaldi
KRC080	758382	7268388	90°	-60°	112	71	73	2	1.0	N of Rinaldi
						80	83	3	0.2	



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Table 3 (cont)

Hole	Easting (m)	Northing (m)	Planned Azimuth (degrees)	Planned Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Cu % (average)	Prospect/ Zone
KRC086	758363	7268293	90°	-60°	142	100	102	2	0.6	N of Rinaldi
KRC087	758348	7268293	90°	-60°	178	111	114	3	0.2	N of Rinaldi
						132	133	1	0.5	
KRC107	758380	7268619	90°	-60°	142	115	116	1	0.8	N of Rinaldi
KRC112	757273	7267822	130°	-60°	142	75	76	1	0.5	North Show
KRC113	757240	7267706	130°	-60°	76	3	15	12 ⁺	0.2	North Show
KRC114	757266	7267747	130°	-60°	52	13	19	6	0.4	North Show
						23	33	10	0.3	
KRC110	758526	7268734	130°	-60°	122	63	67	4	0.4	Review East
KRC111	758556	7268705	130°	-60°	106	33	34	1	0.4	Review East
KRC128	758338	7267867	90°	-60°	132	82	84	2	0.4	Rinaldi
						96	98	2	0.7	
						106	108	2	4.2	
including						107	108	1	7.0	
						110	111	1	0.4	
KRC127	758318	7267868	90°	-60°	138	115	118	3	1.6	Rinaldi
including						115	116	1	4.1	
KRC118	758351	7267978	90°	-60°	102	25	27	2	0.8	Rinaldi
						30	35	5⁺	1.9	
including						30	32	2	4.1	
						42	48	6⁺	3.5	
including						45	47	2	9.1	
KRC116	758319	7267907	90°	-60°	162	106	110	4	2.2	Rinaldi
including						106	107	1	4.0	
KRC134	758426	7268172	90°	-60°	72	2	7	5	1.6	Rinaldi
including						2	3	1	5.9	
						9	13	4 ⁺	0.2	
KRC138	758381	7268036	90°	-60°	66	0	6	6	0.9	Rinaldi
						12	17	5	0.4	
						24	27	Mine Void		
						27	35	8	0.8	
including						31	32	1	4.1	
KRC140	758333	7268058	90°	-60°	144	89	99	10*	0.4	Rinaldi
						106	108	2	0.9	
						126	127	1	0.9	
KRC126	758370	7268260	90°	-60°	131	89	99	10*	0.3	Rinaldi
						101	105	4	0.6	
KRC135	758392	7268093	90°	-60°	72	23	25	2	1.1	Rinaldi
						27	28	1	0.5	
KRC133	758433	7268229	90°	-60°	72	2	7	5	0.4	Rinaldi



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Table 3 (cont)

Hole	Easting (m)	Northing (m)	Planned Azimuth (degrees)	Planned Dip (degrees)	Hole Depth (m)	From (m)	To (m)	Interval (m)	Cu % (average)	Prospect/ Zone
KRC137	758406	7268129	90°	-60°	72	14	16	2	0.6	Rinaldi
KRC141	758381	7268001	90°	-60°	60	6	7	1	0.3	Rinaldi
						7	10	Mine Void		
						10	11	1	0.2	
KRC051	758338	7267904	90°	-60°	137	113	114	1	0.5	Rinaldi
KRC119	758330	7267976	90°	-60°	138	73	75	2	0.2	Rinaldi
						94	99	5 ⁺	0.6	
KRC121	758328	7268019	90°	-60°	132	97	98	1	0.4	Rinaldi
						119	120	1	1.0	
KRC125	758391	7268257	90°	-60°	102	59	62	3	1.5	Rinaldi
						65	67	2	0.3	
						73	77	4	0.4	
KRC129	758376	7267929	90°	-60°	84	15	17	2	Tr	Rinaldi
KRC132	758335	7267813	90°	-60°	198	101	109	8	Tr	Rinaldi
KRC117	758370	7267978	90°	-60°	78	No Significant Result				Rinaldi
KRC122	758286	7267998	90°	-60°	138	No Significant Result				Rinaldi
KRC123	758430	7268258	90°	-60°	28	Hole abandoned – drill bit broken				Rinaldi
KRC124	758411	7268259	90°	-60°	78	No Significant Result				Rinaldi
KRC130	758374	7267955	90°	-60°	72	No Significant Result				Rinaldi
KRC131	758297	7267869	90°	-60°	150	No Significant Result				Rinaldi
KRC077	758704	7268394	90°	-60°	96	No Significant Results				N of Rinaldi
KRC078	758664	7268393	90°	-60°	100	No Significant Results				N of Rinaldi
KRC079	758421	7268390	90°	-60°	100	No Significant Results				N of Rinaldi
KRC081	758363	7268389	90°	-60°	130	No Significant Results				N of Rinaldi
KRC082	758343	7268386	90°	-60°	202	No Significant Results				N of Rinaldi
KRC083	758400	7268388	90°	-60°	100	No Significant Results				N of Rinaldi
KRC084	758403	7268291	90°	-60°	88	No Significant Results				N of Rinaldi
KRC085	758382	7268292	90°	-60°	100	No Significant Results				N of Rinaldi
KRC092	756702	7266797	90°	-60°	118	No Significant Results				Kumarina Cu Mine
KRC093	756699	7266763	90°	-60°	112	No Significant Results				Kumarina Cu Mine
KRC094	758486	7268288	90°	-60°	88	No Significant Results				N of Rinaldi
KRC095	758428	7268290	90°	-60°	82	No Significant Results				N of Rinaldi
KRC096	758486	7268288	90°	-60°	94	No Significant Results				N of Rinaldi
KRC105	758467	7268390	90°	-60°	94	No Significant Results				N of Rinaldi
KRC106	758357	7268458	90°	-60°	148	No Significant Results				N of Rinaldi
KRC108	758343	7268618	90°	-60°	148	No Significant Results				N of Rinaldi
KRC109	758296	7267711	130°	-60°	184	No Significant Results				S of Rinaldi

Notes: Coordinates GDA94 Zone 50. All holes located by RTK GPS with accuracy +/-0.02 metres
 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

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

Table 4
Horseshoe Lights Project
Mineral Resource Estimation

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 5.

Table 5
Block Model Density Values

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