



HORSESHOE METALS
LIMITED

ASX/MEDIA ANNOUNCEMENT

18 MARCH 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:
\$0.18

Market Capitalisation:
\$13.7 Million

Cash at Bank
(31 December 2012)

\$1.1 Million

HORSESHOE IDENTIFIES HIGH PRIORITY DRILLING TARGET AT HORSESHOE LIGHTS

HIGHLIGHTS

- High priority VHMS exploration target within prospective corridor identified from geophysical study
- Prospective corridor extends 800 metres towards the south east of existing open pit
- Limited historical drilling in the high priority VHMS exploration target area identified the presence of anomalous copper within the Narracoota Formation
- The high priority VHMS exploration target is 400 metres along strike from the Horseshoe Lights mine, potentially representing a new zone of mineralisation masked by sedimentary cover
- Drilling to commence in April 2013

Horseshoe Metals Limited (ASX:HOR) ("Horseshoe" or "the Company") is pleased to provide an exploration update on its 100% owned Horseshoe Lights Copper/Gold Project ("Horseshoe Lights Project"), located in the Peak Hill Mineral Field of Western Australia (see Figure 1).

Geophysicists at Resource Potential Pty Ltd have been undertaking a very detailed study for several weeks, using all the available exploration data generated by the Company over the last 2½ years, - along with historical information such as soil sampling data - to ensure all available information is taken into account.

The aim of the study has been:

- to obtain the best possible understanding of the geology at, and surrounding, the Horseshoe Lights mine; and
- to identify exploration targets for the next stage of drilling by the Company.

ABN 20 123 133 166

Unit 6/11 Colin Grove, West Perth PO Box 256 West Perth WA 6872

Ph (08) 9481 5866 Fax: (08) 9481 5966

www.horseshoemetals.com.au

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Whilst the final report from Resource Potential Pty Ltd is yet to be completed, a significant exploration target for volcanogenic-hosted massive sulphide (VHMS) copper/gold deposits has been identified through the study, along with several other priority targets in a zone extending 800 metres to the south east of the existing open pit.

The high priority VHMS target is associated with a gravity high anomaly which has been identified about 400 metres south east from the Main Zone of the existing Horseshoe Lights Mine and just to the west of the topographic feature known as Chert Hill (see Figure 2). The high priority VHMS target is along strike from the mine, potentially representing a new zone of mineralisation masked by the sedimentary cover of the Ravelstone Formation.

The target is interpreted to be at a depth of about 200-300 metres and is considered to be significant due to the following factors:

1. The presence of a moderately high chargeability anomaly identified on Line 3 of the Dipole-Dipole Induced Polarisation ("DDIP") Survey completed in 2011 (see Figure 3);
2. The presence of a coinciding gravity high anomaly identified by the topographically levelled gravity survey completed in late 2012 (see Figure 4);
3. The nearest historical drill holes (RC 689 & RC 690) were drilled to an angled depth of about 200 metres each and both holes recorded anomalous copper intersections within Volcanic schist at the end of each hole (see Figure 4), and
4. From historical drilling information it is interpreted that the Narracoota Formation dips to the south west under the sedimentary cover of the Ravelstone Formation. Geological modelling shows that the abovementioned anomalies are most likely to be situated in the Narracoota Formation (see Figure 4), which is the host geological unit of the Horseshoe Lights mine.

Furthermore, the gravity high anomaly is located about 200 metres south of where the Company drilled 4 diamond drillholes (HDD001-2 & HDD005-6) in April/May 2012 (see Figure 2), targeting a high chargeability anomaly on DDIP survey Line 2. These holes intersected zones of alteration and structures of a nature amenable to the deposition of VHMS mineralisation, albeit with limited copper mineralisation identified. It is considered that the diamond drilling in 2012 did not completely test the target area, so an additional diamond drill hole is planned near DDIP Line 2, to be drilled down dip of HDD001.

A number of other priority VHMS exploration targets have been identified by the study and an initial series of holes, generally designed to a depth of 350 metres, are planned for drilling (see Figures 2, 3 & 4).

The study has also identified shallow drilling targets for copper and gold along newly identified structures that have coincident geochemical anomalies further to the south of the mine.

Planned Activities

Drilling at Horseshoe Lights is being planned to recommence next month with testing of the gravity high VHMS target being a priority.

Shallow drilling to test the geochemical targets will follow the deeper VHMS drilling program once all site access clearances have been received.

ENDS

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For further information please contact:

Neil Marston
Managing Director
Horseshoe Metals Limited
Ph: +61 8 9481 5866
M: 0427 188 768
E: nam@horseshoemetals.com.au

Colin Hay
Professional Public Relations Pty Ltd
Ph: +61 8 9388 0944
E: colin.hay@ppr.com.au

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 volcanogenic-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 Formation, which also host Sandfire Resources' DeGrussa Cu-Au mine.

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.

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.

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Dr Jayson Meyers who is a Fellow of the Australian Institute of Geoscientists. Dr Meyers is a consultant to Horseshoe Metals Limited and 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". Dr Meyers consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.

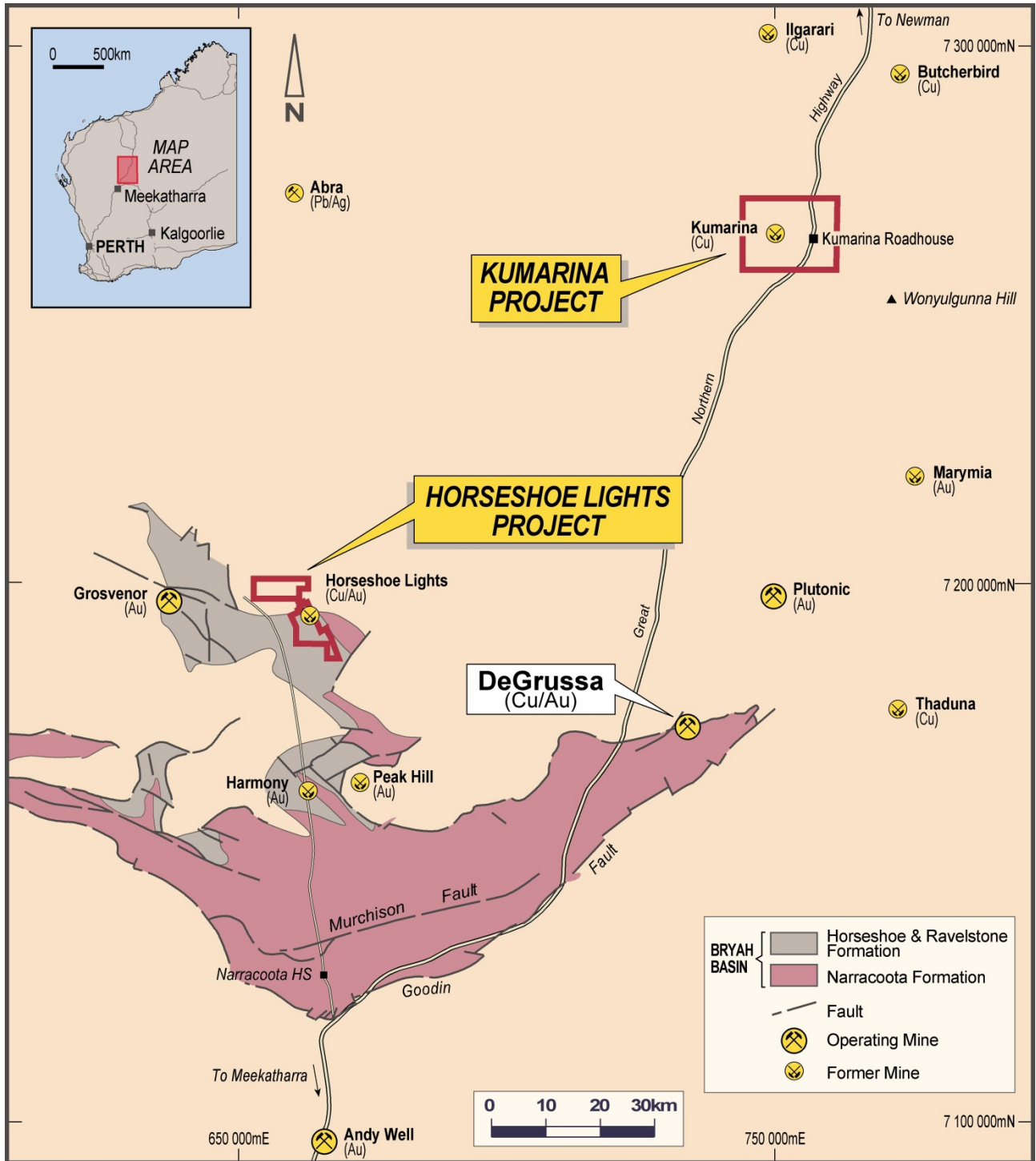


Figure 1 - Projects Location Plan

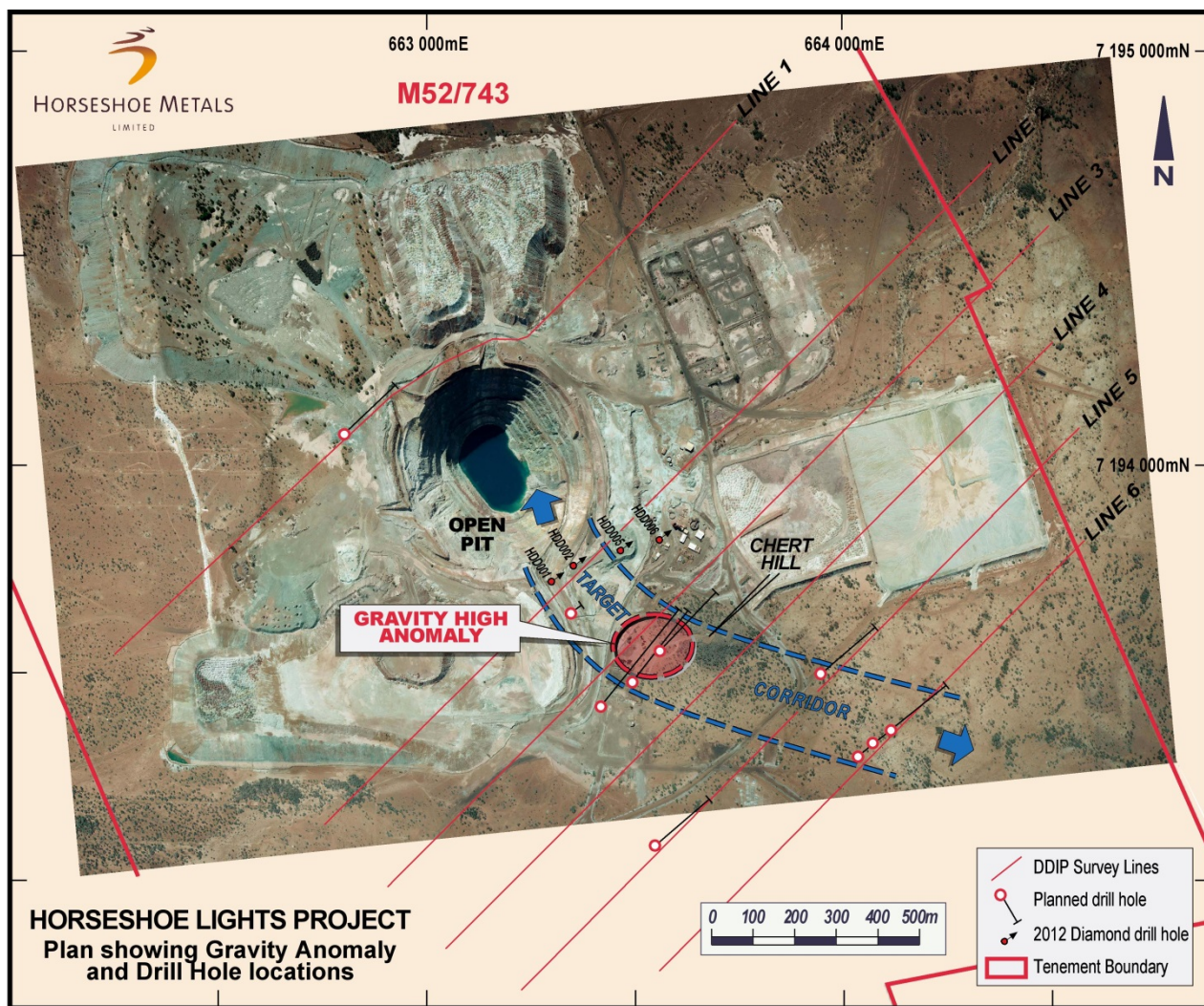


Figure 2 - Plan showing Gravity Anomaly and Planned Drill Hole Locations

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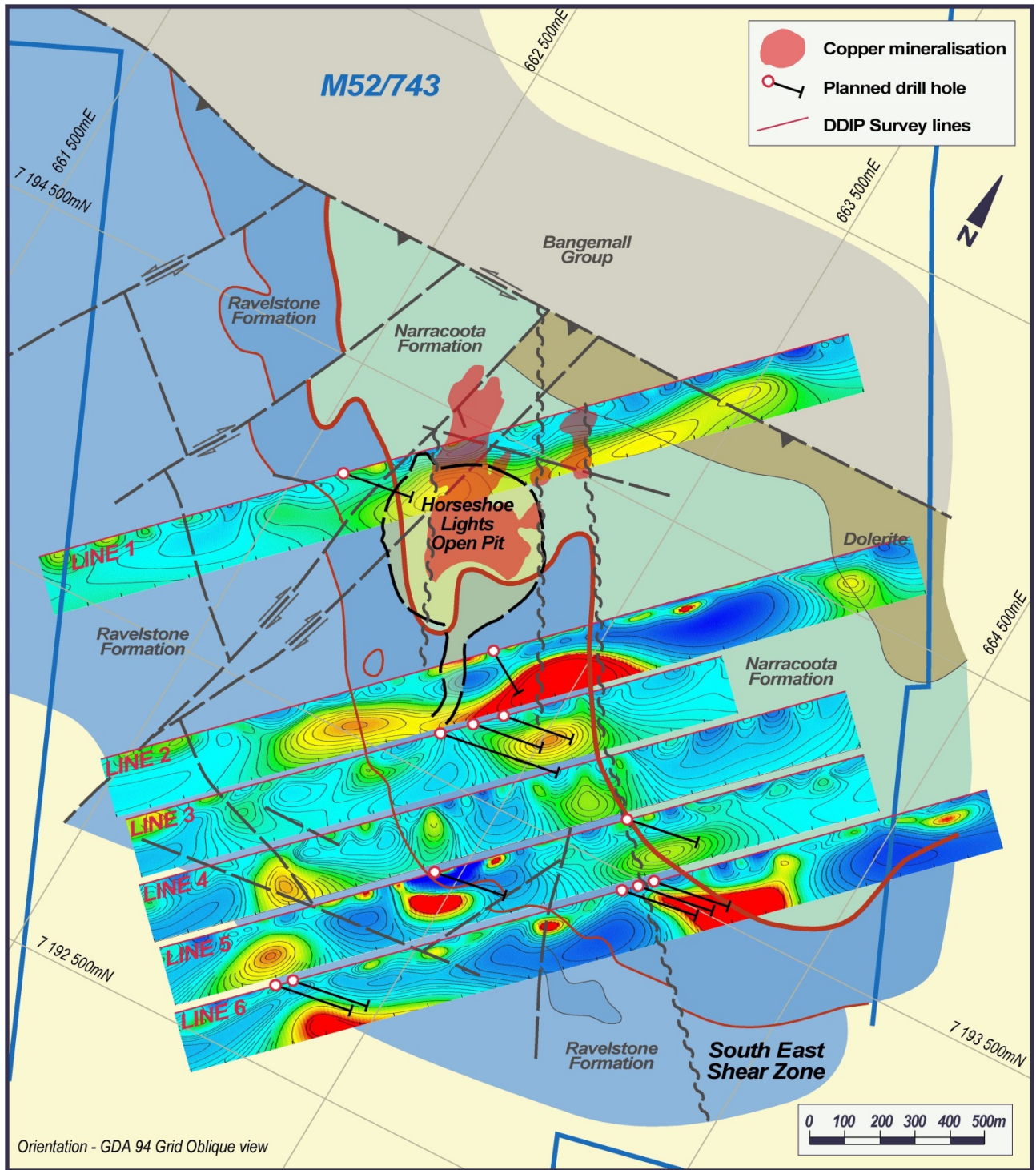


Figure 3 - Oblique Plan showing DDIP Chargeability Anomalies along survey lines

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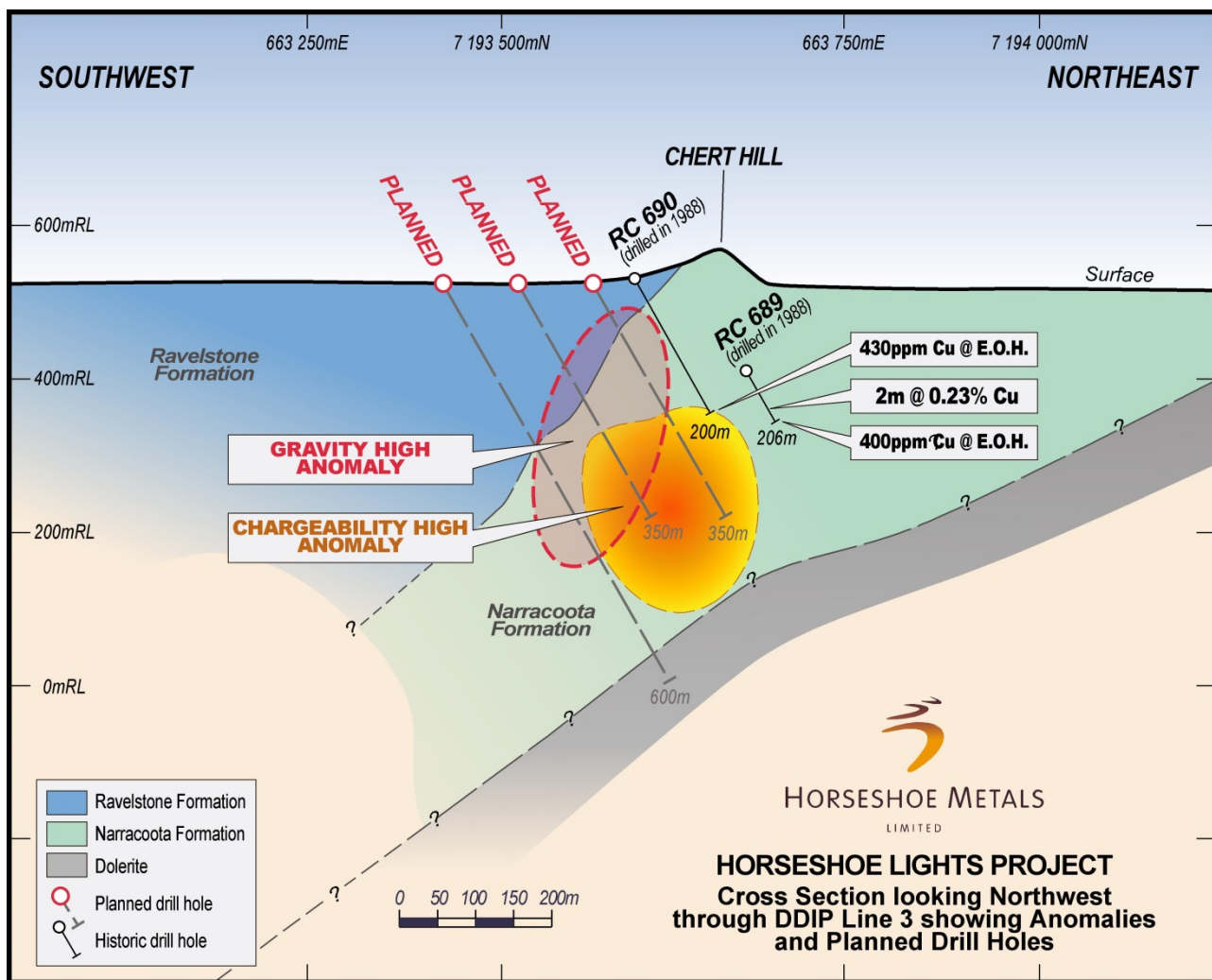


Figure 4 - Sectional View of Geophysical Anomalies on DDIP Line 3

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