HORSESHOE METALS
LIMITED

5 September 2011

Farlee Walker
Adviser, Listings (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Transmission via facsimile: (08) 9221 2020

Dear Farlee

PRICE AND VOLUME QUERY

Further to your correspondence dated 5 September 2011 regarding the change in the price of the securities of Horseshoe Metals Ltd ("**Horseshoe**" and '**the Company**") from a closing price on 2 September 2011 of 19 cents to an intra-day high today, 5 September 2011 of 30 cents and the increase in volume of securities traded today, I wish to respond as follows:

1. The Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company;
2. The directors of Horseshoe are not aware of any specific explanation for the price change and increase in volume in the securities of the Company. However recent market activity in copper focused companies operating in the Horseshoe Lights region is possibly generating market interest in the Company and its copper projects, particularly the Horseshoe Lights Project which has a JORC compliant copper mineral resource and where high grade copper intersections from drilling have been previously reported to the market. The Company recently announced that drilling at the Horseshoe Lights and Kumarina projects is being planned for later this year, which may also be generating market interest; and
3. The directors of Horseshoe confirm that the Company is in compliance with the ASX Listing Rules and, in particular, listing rule 3.1.

Please do not hesitate to contact me with any further queries relating to this matter during office hours on (08) 9481 5866.

Yours faithfully
HORSESHOE METALS LIMITED

ALEC PISMIRIS
Director/Secretary

ASX Compliance Pty Limited
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Perth WA 6000

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5 September 2011

Mr Alec Pismiris
Horseshoe Metals Limited
Unit 6 11 Colin Grove
WEST PERTH WA 6005

By email: AP@azurecapital.com.auu

Dear Alec,

<u>Horseshoe Metals Ltd (the "Company")</u> - PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from a close of 19 cents on 2 September 2011 to an intra day high of 30 cents today. ASX also notes the higher volumes of securities traded today.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should <u>not</u> be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.30 pm (WST) today**.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Farlee Walker
Adviser, Listings (Perth)