



MINING RESEARCH

Horizonte Minerals

5.5p

Secures funding for early stage projects

07 April 2009

Horizonte's exploration in Brazil has been boosted through a R\$1.0 million JV agreement with LGA. The JV remains in line with Horizonte's growth strategy of adding significant value to the company at low cost. The JV enables Horizonte to develop early stage projects that would otherwise have remained unexplored in the portfolio and in addition, generate new projects without diluting the funding or man-power already assigned to its projects. We have ascribed the company a valuation of 14.6p per share and hence maintain our BUY recommendation.

Horizonte has finalised a JV agreement with Brazilian trading company LGA Mineração e Siderurgia Ltda (LGA) to focus on the evaluation of early stage exploration projects in Brazil. Under the JV agreement, Horizonte and LGA will form a subsidiary company. For its 50% interest, LGA will contribute seed funding of R\$1.0 million (approximately US\$441,000) in cash payments over the first year. Following the seed funding, the JV will be funded on a pro-rata basis.

For its 50% interest, Horizonte will contribute six of its early stage projects. Exploration and project generation will initially focus on precious and base metals, primarily within the Carajás, Goiás and Bahia regions of Brazil. The projects which form the basis of the JV agreement are the Crixas, Itajobi and Lobo nickel projects, the Goiás Velho and Araguari gold projects and the Carajas Norte gold-copper project.

The JV will be assigned a dedicated exploration team under Horizonte's control and will focus on evaluating and managing new early stage projects. The JV will be administered by Horizonte which will be paid a fee totalling 10% of the monthly expenses incurred by the JV company.

Horizonte already has a good relationship with LGA whereby LGA's principal is Horizonte's JV partner at the Lontra nickel project. This continued association with LGA potentially provides the JV with valuable access to both downstream sectors, including metallurgy and resource evaluation and new greenfields exploration projects through LGA's networks within the South American resource sector.

Horizonte has entered into the agreement as a means of developing its greenfields projects in a financial environment whereby funding for new exploration projects has all but dried up. The market currently attributes little value to early stage development projects and this agreement enables Horizonte to advance these projects without diverting funds from the company's principal assets. Horizonte believes that under the JV the greenfields projects can be advanced to a position whereby they could add significant value to the company.

We believe that the JV agreement adds value to Horizonte. Horizonte is now able to direct its limited cash resources to its core assets and as a result of the JV create an exploration team which is dedicated to the evaluation of new projects and opportunities within Brazil.

We have upgraded our ascribed valuation to 14.6p per share. We believe that this JV agreement fits well within Horizonte's business model of adding tangible value while minimising risk and we maintain our recommendation that investors BUY the stock.

BUY

ANALYST

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SALES & TRADING CONTACTS

See reverse

COMPANY DESCRIPTION

Gold, silver and base metal exploration and development company focused on Brazil and Peru

INVESTMENT DATA

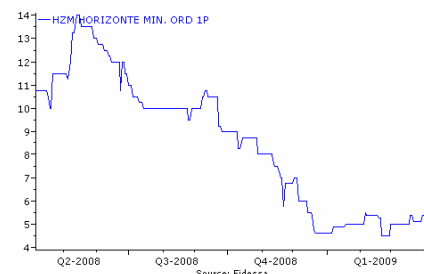
Ticker	HZM
Listing	AIM
No. of shares	40.45m
Market cap	£2.2m

SHAREHOLDERS Holding (%)

Anglo Pacific Group	22.62
MVR	12.36
CIM Special Situation Fund	10.63
SIS Segaintersettle AG	7.15
Management	5.00
Insinger de Beaufort	4.94
Wills and Co	4.41
JM Finn & Nominee Ltd	3.55
Standard Bank Stockbrokers	3.45

As of 02 March 2009

12M SHARE PRICE PERFORMANCE



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