



MINING RESEARCH

Horizonte Minerals

7.1p

Positive metallurgical results

30 November 2009

Horizonte announced positive results from metallurgical testwork it completed on its Lontra nickel project. Bottle roll leach tests have returned recoveries averaging 92% nickel and 82% cobalt in the transition and silicate zone with low acid consumption reported from the limonite zone. The results suggest that mineralisation at Lontra is amenable to low cost heap or tank leach processing compared to other common processing routes. The company will start infill resource drilling and further exploration drilling in Q1 2010. We maintain our BUY recommendation with an unchanged target price of 14p per share and suggest that Horizonte, trading at a 50% discount to our target price, is significantly undervalued.

Metallurgical testing of the Lontra nickel deposit in northern Brazil, has yielded very positive results. Bottle roll tests indicate that nickel and cobalt recoveries improve with depth through the laterite lithologic zoning with optimal recoveries of up to 99% nickel and 83% cobalt yielded by the transition and silicate zones. Acid consumption is lowest within the limonite zone and increases with depth. The testwork was done for 90 days but significantly, the optimal results were reached after only 31 days.

This is positive news for the company because it indicates that mineralisation at Lontra is amenable to processing through standard tank or heap leaching which is lower cost compared to other commonly used nickel processing routes such as high temperature pressure acid leaching (HPAL). This significantly enhances the potential economics of any future development of the Lontra nickel discovery.

Resource drilling to commence Q1 2010

These positive results have enabled the company to move forward with plans for a resource drilling programme. Drilling is expected to commence in Q1 2010 following the end of the rainy season. Resource drilling will focus on the Northern and Raimundo targets and exploration drilling will commence to the south and north of the project area. The company intends to bring the project up to a JORC code compliant resource and is targeting an initial resource of around 30 million tonnes at 1% nickel from the Northern and Raimundo zones.

In addition, Horizonte recently completed soil grids over certain nickel targets at the Lontra deposit for which the company is currently awaiting the results. Positive results from the soil grids will lead the way for further drilling with the potential to add to the overall targeted tonnage of the Lontra project.

We expect a steady news flow reporting the results of the soil grids and the resource/exploration drilling from Q1 2010 onwards.

Emerging major nickel province

The Araguaia mobile belt is shaping up to be a major new nickel province. Large-cap miners are already operating in the region including Xstrata whose Serra da Tapa nickel deposit has an inferred resource of 73 million tonnes grading 1.5% nickel. Teck Resources' Vila Oito project is also already the focus of scoping studies.

We believe that this makes Horizonte's Lontra project a potential target for the majors. We already know that Horizonte is on the radar of major mining companies through its strategic partnerships with four large and mid cap miners: AngloGold Ashanti, LGA Mineração, Barrick Gold and Troy Resources. We believe that this clear evidence of the recognition of Horizonte's ability to make significant mineral discoveries at low cost.

BUY**ANALYST**

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See reverse

COMPANY DESCRIPTION

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

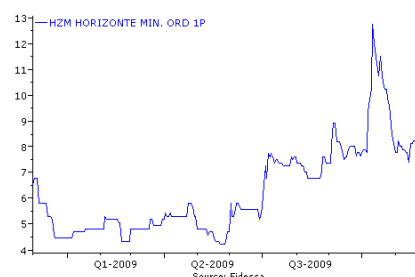
INVESTMENT DATA

| | |
|---------------|--------|
| Ticker | HZM |
| Listing | AIM |
| No. of shares | 59.01m |
| Market cap. | £4.20m |

SHAREHOLDERS Holding (%)

| | |
|-----------------------|------|
| Anglo Pacific Group | 15.5 |
| MVR | 8.5 |
| Gartmore Investments | 6.0 |
| Barclays Stockbrokers | 5.1 |

*As at 30 September 2009

12M SHARE PRICE PERFORMANCE

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Significantly undervalued

Horizonte is trading at a 50% discount to our valuation of 14p per share. We believe that investors are not recognising Horizonte's massive upside potential. However, as proven by the strategic partnerships with these four large and mid tier mining companies, it is evident that the majors are certainly recognising Horizonte's capabilities.

We maintain our **BUY** recommendation for Horizonte and suggest that the company is significantly undervalued. However, we believe that once Horizonte announces a JORC code compliant resource for the Lontra nickel project (or any of the company's other exciting projects for that matter) the share price will begin to reflect the true value of the company. In the meantime, now is a good time to get in while the price is low - it won't be for long.

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