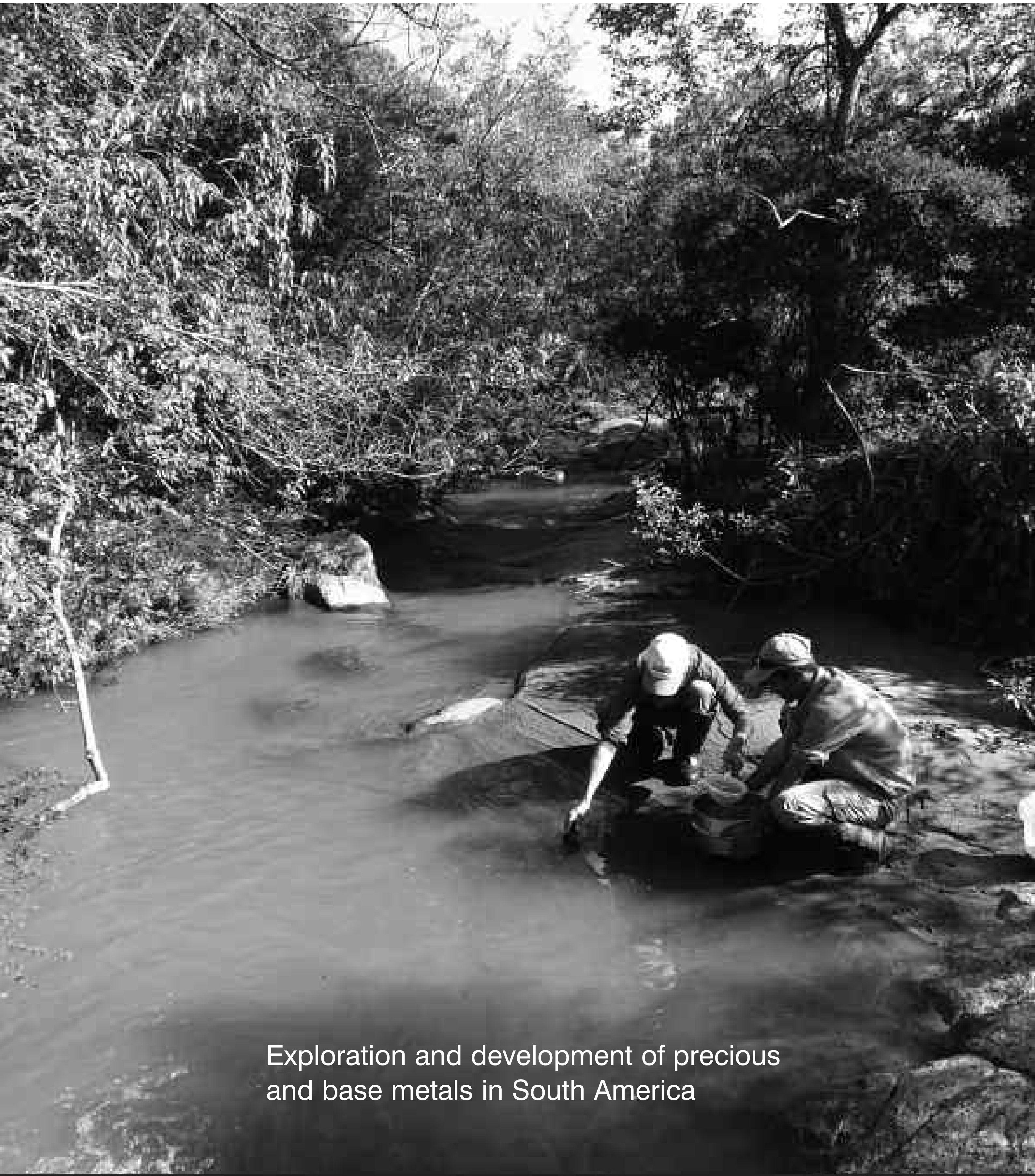
HORIZONTE MINERALS



Exploration and development of precious and base metals in South America

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

CONTENTS

2009 HIGHLIGHTS

Horizonte Minerals Plc is a gold, silver and base metal exploration and development group focused on Brazil and Peru. The Company's strategy is to create value by generating and rapidly developing exploration projects to joint venture out to the mining majors, providing mid-term cash flow, which then can be fed back into the Company to develop and generate new projects. The Company's business model is proven to generate revenue and value, highlighted by deals with AngloGold Ashanti, LGA Mineração e Siderugia Ltda, Barrick Gold Corporation and Troy Resources NL. Horizonte has assembled a broad based portfolio and is led by an experienced management team with over 50 years' experience in mineral exploration in South America, who are actively evaluating further project opportunities.

- Raising of £1.3 million for expansion of activities during a year of world financial crisis.
- Project development JV, fully funded by AngloGold. US$5.3m earn-in with 1st year minimum of US$900,000.
- Project evaluation and development JV with LGA. LGA funding R$1,000,000 (approx. US$440,000) to earn 50%.
- Metallurgical leach test evaluation of the Lontra Nickel Laterite ore demonstrating amenability to evaluation of processing by low cost leaching technologies.
- Continued evaluation of the Tangara gold project by Troy Resources.

CHAIRMAN'S STATEMENT

Horizonte has made excellent progress during the last year despite difficult market conditions. Now, as 2010 progresses, there is a renewed optimism in the resource sector and I feel that Horizonte is well placed to benefit from this. We continue to add value to our portfolio of gold, silver and base metal projects in Brazil and Peru through exploration development and securing partnerships with mining majors.

We successfully raised £1.3 million in September 2009, providing us with the cash resources to develop our projects. In addition, with three active partners now secured, namely AngloGold Ashanti ('AngloGold'), Troy Resources NL ('Troy') and LGA Mineração e Siderugia Ltda ('LGA'), with approximately US$9 million of exploration expenditure under these agreements. I believe we have the foundations in place to generate significant value and deliver strong growth for our shareholders.

In terms of a renewed optimism in the resource sector, nickel is a clear example of this revival. Although in the first half of 2009 the price was below US$6/lb, in 2010 it has exceeded US$10/lb and is scaling new heights due to a rapid increase in stainless steel production. Indeed Macquarie Research estimates that stainless steel production will have hit 7.8Mt for Q1 2010, equal to the previous quarterly high of Q1 2007.

Feeding this new demand is a challenge. Production in Q1 2010 was 8% lower than the all-time high level of Q1 2008. In the industry, a number of nickel exploration projects were dropped during the financial downturn and are unlikely to be revived. Meanwhile ongoing strikes at Vale Inco's Sudbury and Voisey's Bay operations will cause ongoing disruption to nickel supply.

In this vein, I believe new nickel projects will be required. Currently we are developing our Lontra nickel laterite project in the Carajas Mineral Province of Northern Brazil. Since reporting positive initial metallurgical test work in November 2009, we have been working with leading nickel laterite consultant Roger Billington, focussing on the design of the drill plan to complete a JORC compliant resource. Infill soil sampling has been completed and further targets have been identified and we have been preparing the project for re-commencement of the resource definition drilling for Q4 2010, which will be one of our main priorities in 2010. Lontra is a quality project in an excellent location with good infrastructure for nickel laterite development. Interestingly, the project is located 80km south of the major lateritic nickel project operated by Xstrata plc at Serra da Tapa and Vale dos Sonhos (inferred resource of 73Mt at 1.5% Ni). Whilst we continue to fast-track the Lontra project towards a resource definition stage, we are actively looking at opportunities for consolidation within this emerging nickel belt.

Gold is also maintaining its value with the price being sustained above US$1,100/oz. The critical need for new projects and its justification was outlined in my interim statement last year. The strategic association with AngloGold, signed in September 2009, was a major achievement for Horizonte and a testament to the quality of our technical team.

This exploration alliance forms part of a US$5.3million three year target generation and development project for new gold mineralisation in two areas of Brazil. Exploration commenced in October 2009 after a period of data compilation, structural and alteration mapping using Landsat imagery and planning of the regional stream sediment sampling programme. Work on the ground has covered a large area with a total of 608 stream sediments and 679 rock samples taken up to end of March. This type of exploration does not create much in the way of news flow, yet in time it has the potential to create significant value through the identification of a project which develops into a company maker for Horizonte.

At our Tangara gold project located in the Carajas Mineral Province in Brazil, our partner Troy has undertaken extensive work on the Tangara project optioned from Horizonte. The Tangara project is located in close proximity to Troy's operating plant at the Andhorinas gold mine which, subject to positive drilling results at the Tangara project, could represent a rapid development target. Troy produced 17,127 oz in the second half of 2009 from its nearby Andorinhas mine.

To date, work has focussed on the Malvinas Trend, in particular the Gerson Zone, with the aim to delineate a resource/reserve statement. This drilling programme resulted in 264 holes (13,180m) as well as extensive surface work and technical studies to complete the final reporting. Other areas tested were the Americo and West Rio Maria targets. Troy has also contracted the Centre for Exploration Targeting ('CET') of Western Australia to compile all available regional and project data, followed by a re-interpretation and re-processing of various data sets to generate a series of new conceptual and empirical targets on the main project area. The preliminary target results are expected in June 2010.

In addition Troy is reviewing all data on the Tangara option. We are currently awaiting Troy's decision on whether it will exercise its option by paying Horizonte US$2 million and entitling your Company to a US$30/oz royalty on production from the licences. We are working closely with Troy and will keep the market informed on these developments in due course.

On the theme of partnerships, we also signed a 50:50 joint venture agreement ('JV') with LGA in April 2009 to finance the development of six early stage projects in Brazil and identify and acquire suitable bolt-on mineral projects. Under the terms of the agreement LGA is providing funding of US$441,000 over the first year of the agreement.

Currently the JV is focussed on two key project areas comprising the Goias nickel sulphide project and the Sao Felix generative programme. At the Goias project we have generated a number of targets with nickel sulphide potential that are ready for drill testing. At the Sao Felix generative programme, several exploration licences have been evaluated and applied for. Field work has prioritised three areas with targets defined at stream and rock geochemical levels – these include gold and nickel targets. The JV will advance these targets through to a drilling stage later in 2010.

CHAIRMAN'S STATEMENT

Our 100% owned Falcao copper-gold project located in the Carajas Mineral Province in Brazil has had access problems, a common occurrence in Brazil. We have worked persistently on this matter and sought legal advice. This has been a lengthy procedure but one we felt was merited given the potential of the project. I believe we are close to resolving this problem that will allow Horizonte to commence exploration on this major target. This should provide exciting news as we rapidly focus on drill targets. Interestingly, BHP Billiton undertook a limited wide spaced reverse circulation ('RC') drilling campaign in September 1998 to test for the presence of a world-class mineral deposit. The final RC drill holes were located on a wide 2,400m by 400m spacing along the 6km anomalous trend. Despite the wide drill hole spacing, a number of highly anomalous intersections were drilled including 9m at 4.8g/t gold from surface, 3m at 4g/t gold from 57m, and 24m at 0.5g/t gold including 3m at 2.8g/t gold. This latter result was from a hole which was drilled outside the main soil geochemical anomaly and is probably one of the largest gold anomalies without old workings associated with it and has already attracted the attention of competitor companies.

At our Pararapa gold-silver project in Peru, which we will develop in conjunction with our partner Barrick Gold, we intend to conduct resource drilling in the near future depending on permitting and road access. In addition, the El Aguila project has been reviewed by a number of companies and we aim to find a partner to fast-track the development for this project in view of the strengthening silver market.

The Horizonte share price has seen a solid recovery through 2009 with results from our association with AngloGold, ongoing developments with Troy and further news from other activities especially Lontra, we aim to maintain this trend through 2010. It remains for me to thank you on behalf of the Board and management for your support and also personally to thank my fellow members of the Board and the Horizonte management team for their excellent work and support.

David J. Hall
Chairman
4 June 2010

OPERATIONS REVIEW

Introduction

2009 was a difficult year for most exploration companies and especially in Brazil where the mining sector was strongly impacted by the worldwide financial crisis. Exploration operations of many of the large companies were severely cut and the majority of junior companies were in cash preservation mode. Contrary to this general flow Horizonte was positioned to take advantage of the downturn and signed up two major Joint Ventures in which the partners fully funded the operations for a period of one year. This is recognition of Horizonte as a serious explorer capable of generating quality projects. Horizonte strives to deliver the best technical work and maintain ethical standards while running cost efficient operations.

As per the Company's strategy, operations have remained focused in world-class mining districts in Brazil and Peru. We have continued to develop our broad portfolio of projects and remain highly confident of the quality of our assets and our ability to create value for our shareholders through their development.

Strategic review

At Lontra the 63 diamond drill hole programme terminated in December 2008 with results received in early 2009. The drilling was focused on the Northern and Raimundo mineralised trends which lie in the northern part of the claim block.

In November 2008, "Partial Exploration Reports" on the exploration activities carried out on the two key licences of the Lontra Project were submitted and the project was visited by the auditing team of the Mines Department, receiving a positive appraisal. The publication of the approval of the reports occurred early in 2010 extending the licences for a further 3 year period.

Drilling results returned good thickness of mineralistion with potentially economic nickel grades. Best intersections include 13.83 metres grading 1.4 % Ni, 9.22 metres grading 1.47% Ni, 13.51 metres grading 1.17% Ni and 8.86 metres grading 1.31% Ni. The drilling results allowed an internal resource potential evaluation which justified further work. The drilling to date covers approximately 35% of the overall target areas on the project. However, nickel grades and tonnages are only part of the story with metallurgical considerations being equally important. To this end, Horizonte conducted a number of mineralogy and metallurgic evaluations on the ore. These were reported in press releases during the year. The results indicate that the ore is conducive to leaching procedures, a processing route which would result in significant capital and operating cost reductions.

The JVs signed with AngloGold and LGA demonstrate that Horizonte is being recognised for its technical excellence and quality, low cost operations. The AngloGold JV covers two key regions identified by Horizonte that have been underexplored in the past but offer excellent potential for low cost regional programmes to discover and define areas with potential for world class deposits. The minimum funding for the first year of operations is US$900,000 with AngloGold having the option to continue

OPERATIONS REVIEW

funding through the second and third years. On completion of funding US$5.3M in exploration and resource definition, Anglogold will have earned 50% participation in any project they nominate within the key regions with the option to earn an additional 20% by completing a feasibility study.

The LGA JV provided R$1,000,000 (approximately US$440,000) in financing for project development of a number of existent projects combined with new project definition. This investment gives LGA a 50% participating interest in the projects and led to the development of two new quality projects. Of primary interest is a ground holding that was staked on the western continuation of the Carajas Greenstone belt.

On the Tangara project JV partner Troy Resources applied for the conversion of one of the exploration licences covering the Malvinas Trend to a mining licence. Troy also made an application for a new Exploration Licence over the continuation of the mineralised trend to the east. Mineralisation on the Malvinas Trend consists of a series of plunging pipe like bodies making resource definition difficult. This is similar to those found at the nearby Andorinhas Mine operated by Troy. While the current resource is small and further drilling is required, the conversion to a mining licence ensures that the resources can be exploited in the future and provides additional time for the ongoing definition of new resources.
Troy has contracted to carry out target prioritisation and new target generation using both Weights of Evidence and Fuzzy Logic techniques. Preliminary results indicate a number of new targets and a re-prioritisation of other targets. The results of this extensive interpretation and research programme are expected in mid 2010.

Project Summaries

AngloGold Ashanti Exploration Alliance

The signing of an exploration alliance was announced on 4 September 2009 and was a major step in the advancement of Horizonte. Under the terms of the Exploration Alliance, AngloGold has agreed to fund, over the initial 12 months, US$900,000 of exploration expenditure. This expenditure will include funding for prospecting in target areas and possible tenement applications. All work will be conducted and managed by Horizonte.

AngloGold may, in its absolute discretion, elect to provide a further US$1.4 million at the end of the initial 12 months followed by an additional US$3 million over the third year. All expenditure will be in accordance with programmes and budgets approved by AngloGold.

Any expenditure in a year in excess of these annual amounts will be deducted from the subsequent year's allocation.

On completion of the three year exploration programme each property or properties comprising a target area will be subject to a separate joint venture (each a 'Target Area JV'), with ownership interests in each Target Area JV apportioned 51% to AngloGold and 49% to Horizonte. AngloGold may elect, in its absolute discretion, to earn up to an additional 19% (70% total) in a Target Area JV by funding ongoing exploration expenditure to complete a pre-feasibility study in any Target Area within three years from that vesting date.

AngloGold may withdraw at any time without completing its expenditure obligations for a particular year once it has expended at least US$900,000.

The first part of the multi-element stream sediment geochemical survey was successfully completed in Santana area. Reconnaissance was completed by the end of December 2009 with a total of 155 stream sediments and 90 rock samples collected over an area of some 660km^2 with average drainage catchments calculated at 5km^2/sample. A prominent coincident Au-Te-Bi-Sb-W-As-Ba-Mn-Ag anomaly over six contiguous drainages is the priority for follow-up. New concessions have been applied for covering this large area.

The work is to continue in the second area – Campestre in the south of Brazil where excellent geology and known occurrences exist but where little systematic exploration for gold has been undertaken.

The Lontra Nickel Project – Brazil

The Lontra lateritric nickel deposit represents a grassroots discovery with no previously mapped mineral occurrence or geology prospective for nickel. During 2009, based on the drilling programme that terminated in late December 2008, Horizonte carried out an evaluation of the resource potential and verified the amenability of the mineralization to leaching methods. Both these steps verified that the project warrants further exploration and development.

The Lontra Ni Project is owned as part of a 50/50 joint venture with local Brazilian partners LGA Mineracao and PST Empreendimentos. The project is situated in the Araguaia mobile belt, which flanks the eastern margin of the Carajas Mineral Province in southern Para state. This region is a major new lateritic Ni province with a number of large new discoveries. The Horizonte project covers an area of 221 sq km and lies just 80km to the south of the recent major grassroots lateritic nickel discovery by Xstrata at Serra da Tapa. The Xstrata Serra da Tapa project currently has a global resource of 73Mt at 1.5% Ni and 0.06% Co. (press release of 4/6/06). Teck Resources is currently active at the Vila Oito project 6 km east of Lontra.

The Lontra Project lies within the Araguaia mobile belt which is a north to northwest trending graben filled with Proterozoic fine to coarse metasediments hosting a series of ophiolite thrust slices. Ophiolites

OPERATIONS REVIEW

are slices of an old ocean floor consisting of mafic to ultramafic volcanic/intrusive lithologies including tholeiitic basalts, pyroxenites, peridotites, harzburgites and dunites. It is the ultramafic units that can have elevated background values of nickel which, under the tropical weathering conditions found in northern Brazil, can be mobilised and re-concentrated in the deep weathering profiles to form lateritic nickel and cobalt deposits.

The nickel mineralisation is hosted above these ophiolites of the Quatipuru and Serra do Tapa series. These bodies have a general north – south orientation with an easterly dip and are hosted by phyllites, arkoses and quartzites of the Couto Magalhães Formation of meso to neo-Proterozoic age. These sediments have very low metamorphic grades and are generally gently folded, although tight folding can be observed near major structures.

Currently there is no JORC or 43-101 compliant resource for the Lontra licence block. In 2008, Horizonte completed a total of 63 diamond drill holes, totalling 1,300m, testing two of the targets within the licence block; Northern and Raimundo. Drilling densities vary from 400m x 80m grids to more localised 100m x 80m grids. The drill hole depths generally vary between 15m and 25m.

The Company has retained international nickel consultant Roger Billington who was responsible for global nickel laterite exploration for Falconbridge Minerals Ltd. This has ensured that all aspects of the project development have been undertaken to the correct standard to allow a seamless transition to a JORC or 43-101 compliant resource.

Additional untested targets
Two additional targets in the southern portion of the project area remain untested, those being the Morro and Southern Anomaly. The Morro Anomaly is defined by anomalous nickel in soils and auger drilling and covers an area of approximately 0.5km by 0.8km. The larger Southern Anomaly covers an area approximately 2.8km by 1km which returned auger drill results greater than 1% nickel.

The Lontra Project is serviced by good infrastructure in the district and is located to the south of Xstrata's Serra da Tapa deposit, adjacent to Teck's Araguaia project. The Lontra project represents a classic grassroots discovery initiated through regional soil sampling taken through to resource drilling. The Board is confident that with further development, an improvement in nickel prices and normalisation of global markets the Company will have a very marketable asset.

The Tangara Gold Project – Brazil, JV with Troy Resources
The Tangara gold project remains a core asset of the Company. It comprises of 36,395 hectares (363 sq km) covering the western extension of the Archean, Identidade Greenstone belt, located in the southern part of the world class Carajas Mineral Province. Horizonte signed a formal Option Agreement with Troy Resources (ASX:TRY) ('Troy') in December 2007, through its wholly owned subsidiary Reinarda Mineracao Ltda, to operate and develop the Tangara Gold Project and fast track its development. Horizonte entered into a three year Option Agreement in December 2007, which entitles Troy to acquire 100% of the Tangara

project by making cash payments totalling US$800,000 to Horizonte. US$200,000 was payable on signing and a further US$100,000 paid every six months thereafter. In addition, Troy is to expend US$2 million on exploration on the project within the three year agreement. If Troy wishes to exercise the option after three years, it will make a further payment of US$2 million to the Company. Troy will then make a production royalty payment to Horizonte of US$30 for every ounce of gold produced from the Tangara project area up to a maximum of 500,000oz. In the event of more than 500,000oz being produced, a 1% Net Smelter Royalty ('NSR') shall apply. This royalty will increase to 2% NSR in the event of production exceeding 1 million oz.

In 2009 the Troy JV concentrated on the Rio Maria West area where exploration outlined 4 east-west trending shear zones that host a series of old workings, anomalous quartz vein grab samples and gold-in-soil anomalism. The bedrock geology comprises mafic metavolcanic rocks with a small contribution of ultramafic metavolcanics, felsic intrusive and metasediments. The quartz veins strike N260°E-N280°E and are hosted by silicified and sericite altered basalts and metasediments. The host rocks are intensively sheared with late faulting associated with thrust faults.

Artisinal gold workings are located within the Rio Maria West shear trend and host narrow, intensely deformed quartz veins (<1m thick). The Serrinha and Bezerro Quemado workings are the two largest pits measuring 120m x 80m x 60m and 110m x 70m x 60m respectively. Both have indications of limited underground workings. Soil sampling along the Serrinha – Bezerro trend defined a 3000m long east – west striking trend up to 300m wide within which rock grab sampling of float and outcropping veins yielded values up to 36.75g/t. South of the main trend another anomalous zone was defined over 1600m with four zones over 100ppb and a maximum of 811ppb in the soils. Rock chips yielded up to 2.2g/t gold.

In the northern part of the JV area the focus was on the preparation of the Final Exploration Report on the 100 sq km exploration license covering the Malvinas Trend. For the report a non-JORC compliant resource was defined on the Gerson deposit. The Gerson deposit is made up of a series of steeply south dipping, non continuous ore lenses and it was not possible to model these ore bodies in three dimensions due to the complexity of the data and therefore to reach a JORC compliant resource would require further drilling.

To prioritise and define additional drill targets along the Malvinas Trend an infill soil programme was carried out and Troy contracted the Centre for Exploration Targeting (CET) of The University of Western Australia to assist with a generation of a new series of conceptual and empirical targets using both Weights of Evidence and Fuzzy Logic techniques.

The initial phase of the work involved compilation of all available regional data, re-interpretation and reprocessing of the various data sets followed by application of the target generation techniques based on generic and locally derived target models. The preliminary targeting results for field evaluation are expected in June 2010. This project focuses on the interpretation of the geophysical, geochemical and geological data available with the research/interpretation phase to be finished by June 2010.

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The Board considers the JV with Troy as a good strategic transaction for the Company. By the end of 2009 Troy had spent just over US$2.5M in exploration expenditure in the JV areas. In late 2008 production commenced at Troy's Andorinhas gold mine located approximately 18 kilometers to the south of the Tangara project. Mining of the open pit ore from the Lagoa Seca open cut pit was completed in November 2008 and current ore production is dominantly from the underground mining of the Mamao deposit. It is highly probable that any resources defined on the Tangara project will be treated at the Andorinas plant producing mid term cash flow for the Company.

The Falcao Gold Project – Brazil

The Falcao project is located 175 km south of the Tangara project and the Carajas Mineral Province. Falcao was originally a BHP grassroots discovery that was identified by regional stream sediment sampling defining several sample locations running anomalous gold, copper and silver values, covering a 50 sq km land area. The stream sediment programme was followed-up by a regional soil grid and shallow auger drill programme on an 800m by 200m grid, which defined the main area of interest as an open 6 km long anomalous gold/copper and zinc/silver/gold zone.

BHP undertook a limited wide spaced RC drilling campaign in September 1998 to test for the presence of a BHP category mineral deposit. The final RC drill holes were located on a wide (2,400m by 400m) spacing along the 6 km anomalous trend. Despite the wide drill hole spacing, a number of highly anomalous intersections were drilled including 9m at 4.8g/t gold from surface, 3m at 4g/t gold from 57m, and 24m at 0.5g/t gold including 3m at 2.8g/t gold. This latter result was from a hole that was drilled outside the main soil geochemical anomaly.

During 2008 an extensive geochemical sampling and mapping programme was completed to define follow up drill targets. This programme covered the western extension of the BHP anomaly but was restricted to the east due to difficulties with the landowner. This problem is being resolved through the definition of rent and compensation values by the courts with work expected to be re-commenced during 2010.

JV with LGA Mineração e Siderugia

In March 2009, the Company signed a JV agreement with private Brazilian group LGA. Under the terms of the agreement LGA will invest R$1 million (approximately US$440,000) over a 12 month period to be used for the generation of new early stage projects and further develop 5 of the early stage pipeline projects in the Company portfolio. On completion of the expenditure LGA will have earned a 50% interest in the JV projects. The LGA programmes focused on two key regions; Goias and the Carajas – Sao Felix region.

In Goias the JV focused on the evaluation of targets with nickel sulphide potential generated through the combined evaluation of the recent regional aerogeophysical programmes carried out by the government, regional stream sediment data and the exploration licence situation. Over prospective areas field reconnaissance stream sediment and rock chip sampling with reconnaissance mapping complimented the evaluation of existent data. As a result of the generation programme the JV controls three targets with nickel sulphide potential. These projects are combined geophysical and geochemical targets at the drill target stage.

In the Carajas – Sao Felix region of Southern Para state the JV applied for a number of exploration licences over which reconnaissance stream sediment sampling was performed and combined with available regional data. While so close to the Carajas district, this belt has remained largely unexplored by modern standards. The rapid low cost programme of regional stream sediment sampling is an application of the same exploration philosophy that led to the discovery of the Falcao and Lontra projects.

The programme has led to the definition of 3 target areas with anomalous multi-element geochemistry. While the main target was gold, and several low order anomalies are still to be evaluated, two of the areas have strong nickel sulphide targets. Currently the JV is awaiting the granting of the licence applications over these targets in order to further evaluate them.

The Pararapa Gold Project – Peru, JV with Barrick Gold

In July 2008, the Company signed Heads of Agreement with leading international gold producer Barrick Gold Corporation ('Barrick') via its subsidiary, Placer Dome del Peru S.A.C., to explore and acquire its 2,147 hectare Pararapa gold property located in the Department of Arequipa, southern Peru.

In 2009 work focused on the sampling of the accessible underground workings. This involved 557 rock samples with a gold high of 231g/t (7.4oz/t) Au. The drifts extend for >700 metres over two levels and define a vertical extent of 100 metres. The average of all the samples is 3.25g/t Au and 108g/t Ag. Sampling of a 300 metre drive on the east side of the valley averaged 0.53g/t Au and 101g/t Ag.

The Board continues to be encouraged by these results. The formalisation of the final JV contract has been delayed during 2009 pending agreement on final terms. It is your Company's intention to proceed to drilling of the project on final signing of the agreement.

The El Aguila Silver-Lead-Zinc Project – Peru

The El Aguila project is located in the world-class polymetallic mining district of Cerro de Pasco in central Peru and consists of two mining claims. The Company's El Aguila and Pacos Hill mining claims lie 18km to the north of the highly prospective Cerro de Pasco mining centre, which is located in the Andean high-plateau (Altiplano) of central Peru at an elevation of approximately 4,200m. The project area is surrounded by active mines, the Vinchos silver mine operated by Volcan S.A. is located 8km to the north and the Atacocha silver-lead-zinc mine 10km to the west.

In 2008 an inhouse resource on the project was undertaken by SAMSA based on a high 100 g/t Ag equivalent cut-off which showed the presence of 1.17 Mt grading 148.7 g/t Ag equivalent. The key to exploring El Aguila further is at depth and this will require serious drill commitment.

A partner was sought for the project but was frustrated by the crash in commodity prices. There are no significant holding charges on El Aguila so the project was put on standby to conserve funds.

DIRECTORS' BIOGRAPHIES

David J. Hall, BSc, MSc, Fellow SEG. P. Geo
Non Executive Chairman
Mr Hall is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 30 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries. From 1992, he was Chief Geologist for Minorco responsible for Central and Eastern Europe, Central Asia and the Middle East. He moved to South America in 1997 as Consultant Geologist for Minorco South America and subsequently became Exploration Manager for AngloGold South America in 1999.

Subsequently in 2002, Mr Hall was instrumental in forming TSX-V listed GoldQuest Mining Corp focused in the Dominican Republic. GoldQuest's major equity partner is one of the world's leading gold mining companies – Gold Fields of South Africa. Mr Hall also founded Stratex International plc, which has made a number of significant gold discoveries in Turkey and has Teck Resources Limited as an equity partner.

Jeremy J. Martin, MSc, ACSM
Director and Chief Executive Officer
Mr Martin holds a degree in mining geology from the Camborne School of Mines, and an MSc. in mineral exploration from the University of Leicester. He has worked in South America for Inca Pacific Resources Inc. and subsequently in Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Mr Martin has been involved in the formation of two AIM traded companies and has completed a number of high value mineral project transactions. He has served on the board of Ovoca Gold Plc and is a member of the Society of Economic Geologists and the Institute of Mining Analysts.

Nicholas R. Winer, BSc
Director and Chief Operations Officer
Mr Winer has over 20 years of experience in gold, base metals and diamond exploration in South America, Africa and Australia. He was exploration manager for AngloGold do Brasil Ltda, where he was responsible for brownfield exploration around its mining operations as well as generative exploration programmes. Prior to this he spent 18 years with the exploration division of BHP Limited (now BHP Billiton Limited), three of these being as exploration manager for Brazil. He joined and became a shareholder in MVR in August 2002 and has played a key role in the development of its exploration portfolio, which has now been integrated into the Company. Mr Winer has lived in Brazil since 1996, has permanent residency status and speaks fluent Portuguese. He has a BSc honours degree in geology/geophysics from the University of Macquarie, Sydney, Australia, is a member of the Society of Economic Geologists, Prospectors and Developers Association of Canada and was a past director of the Agencia para o Desenvolvimento Tecnologico da Industria Mineral Brasileira.

Allan M. Walker, MA
Non-Executive Director
Mr Walker has over 25 years experience in investment banking, primarily focused on project finance and private equity in the energy and natural resource sectors particularly in emerging markets. He has extensive contacts in these sectors worldwide as well as with governments, multilateral agencies and regional development banks. He joined Black River Asset Management (UK) Limited, an indirectly held subsidiary of Cargill Inc, in 2005 to structure and develop a renewable energy, clean fuels and carbon fund. Prior to this he was head of power and infrastructure in London for Standard Bank Plc from May 2002, a world leader in emerging markets resource banking. He was also previously a director in the Global Energy and Project Finance Group of Credit Suisse First Boston in London and ran the energy company at CSFB Garantia in Sao Paulo, Brazil from 1998 to 2001, where he spent seven years covering Latin America. Mr Walker graduated with an MA in economic geography from Cambridge University in 1982 and speaks Portuguese and Spanish.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Horizonte Minerals Plc, together with the Financial Statements for the year ended 31 December 2009.

Principal activities

The principal activity of the Company and the Group is the exploration and development of precious and base metals in Brazil and Peru.

Review of the business

The Group is focused on the generation of new mineral opportunities in Brazil and Peru. A detailed review of the activities of the Group is provided in the Chairman's Statement and the Operations Review.

Financial review

The Group recorded a loss for the year of £886,357 (2008: £1,497,313). Full details of the results of the Group are set out on pages 23 to 45.

In September 2009 the Company raised £1.3 million through a placing of 18,571,430 new ordinary shares at a price of 7 pence each.

The Group at 31 December 2009 had a cash balance of £1,281,410. The Directors have prepared cash flow forecasts for the twelve months from the date of signing of these financial statements which indicate that the Company will need to raise new finance at some stage in the future. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Group. This in turn could limit growth prospects in the short term or may even require the Company to dedicate cash flow, dispose of properties or raise new equity to continue operations under circumstances of declining commodity prices or disappointing exploration results. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company if at all. This may be further complicated by the limited market liquidity for shares of smaller companies, restricting access to some institutional investors. If additional financing is raised by the issuance of ordinary shares by the Company, control of the Company may change and shareholders may suffer additional dilution.

Although the Directors have concluded that these circumstances represent a material uncertainty that casts doubt upon the Company's ability to continue as a going concern, the Directors have a reasonable expectation that sufficient funds will be raised to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis.

At 31 December 2009 the Group's intangible assets had a carrying value of £2,498,411. Given the continued volatile market conditions the Directors carried out a review of the carrying value of all projects indicating that no impairment loss had arisen.

The Directors do not recommend a payment of a dividend.

Corporate responsibility

People

As a Company we understand the importance of the team in developing and growing the Company for the future. We aim to create an environment that will attract, retain and motivate people so they can maximise their potential.

Social

Horizonte currently conducts exploration in two countries with notably different communities and cultures and recognises that there is a vital social dimension to all exploration activity. We are fortunate to maintain excellent relationships with all communities and landholders located close to, or on, our projects. Horizonte adheres to a good neighbour policy of open community consultation and to sourcing commodities and labour services from local communities. As our projects advance we will proactively engage with the relevant communities to generate and enhance benefits associated with our activities.

Environmental

Horizonte undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Horizonte is a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities are minimal. To ensure proper environmental stewardship on its projects, Horizonte conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Horizonte operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

DIRECTORS' REPORT

Risk factors

Exploration risks

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver in global metal prices; these factors are beyond the control of the Company. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprising the mineral exploration licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the Government; if this legislation is changed it could adversely affect the value of the Group's assets.

Country risk

The Group's licences and operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalism, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

Both Brazil and Peru, the current focus of the Company's activity, offer stable political frameworks and actively support foreign investment. Both countries have a well-developed exploration and mining code with proactive support for foreign companies.

Dependence on key personnel

The Company is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Company grows could have an adverse effect on future business and financial conditions.

Uninsured risk

The Company, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Company may also be disrupted by a variety of risks and hazards that are beyond control, including, geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Financial Risks

Details of the Group's financial risk management objectives are set out in note 3 to the Financial Statements.

Substantial shareholdings

The Directors are aware of the following substantial interests or holdings in 3% or more of the Company's ordinary called up share capital as at 30 April 2010.

Major shareholders	Number of shares	% of issued capital
Anglo Pacific Group Plc	9,150,000	15.50
Mineracao Vale Dos Reis	5,000,000	8.47
TD Waterhouse Investor Services (Europe), Ltd	3,749,566	6.35
Barclays Private Bank, Ltd	2,853,594	4.84
Gartmore Investment Management	2,820,717	4.78
Hawkwood Capital LLP	2,814,286	4.77
J M Finn & Company	2,342,856	3.97
Charles Stanley & Company, Ltd (Asset Management)	1,838,800	3.12
Standard Bank	1.796,667	3.04

Share capital

A statement of the changes in the share capital of the Company is set out in note 13 of the Financial Statements.

Directors and their interests

The Directors who served during the year, together with all their beneficial interests in the shares of the Company as at 31 December 2009 are as follows:

	31 December 2009		31 December 2008	
Director	Shares	Options	Shares	Options
David Hall	528,571	500,000	500,000	450,000
Jeremy Martin	493,571	750,000	500,000	450,000
Nicholas Winer [1]	5,500,000	550,000	5,500,000	450,000
Allan Walker	–	400,000	–	450,000

[1] Nicholas Winer owns 500,000 Ordinary Shares in his own right. MVR holds 5,000,000 Ordinary Shares. Nicholas Winer owns 49% of the equity share capital of MVR and is accordingly interested in 5,500,000 Ordinary Shares for the purposes of section 252 of the Companies Act 2006.

DIRECTORS' REPORT

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that period.

In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Directors' statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

Creditor payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that the suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 30 days of receipt of invoice.

Annual general meeting

The notice of the annual general meeting of the Company will be distributed to shareholders together with the Annual Report. Full details of the business to be considered at that meeting can be found in the Notice.

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditors. A resolution to re-appoint them will be put before the forthcoming Annual General Meeting.

By Order of the Board

Gary Townsend
Company Secretary
4 June 2010

CORPORATE GOVERNANCE REPORT

The Board of Directors

As at 31 December 2009, the Board of Directors comprised four members: two Executive Directors and two Non-Executive Directors including the Chairman, Mr David Hall. Each of the Executive Directors has a wealth of minerals exploration and development experience. Similarly the Non-Executive Directors have extensive mineral and financial experience.

Board meetings

The Board ordinarily meets on a quarterly basis and as and when further required, providing effective leadership and overall management of the Company’s affairs by reference to those matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to the Board meetings. The Board delegates certain of its responsibilities to the Board committees which have terms of reference as listed below.

Corporate governance practices

The Board recognises the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors will develop policies and procedures which reflect the Combined Code on Corporate Governance. So far as is practicable, taking into account the size and nature of the Company, the Directors take steps to comply with the Combined Code.

Remuneration and audit committees

The remuneration committee comprises David Hall and Allan Walker and is responsible for reviewing the performance of the Executive Directors and senior management and for setting the framework and broad policy for the scale and structure of their remuneration taking into account all factors which it shall deem necessary. The remuneration committee also determines the allocation of share options and is responsible for setting up any performance criteria in relation to the exercise of options granted under any share options schemes adopted by the Company.

The audit committee, also comprising of David Hall and Allan Walker, has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company’s auditors relating to the Group’s accounting and internal controls.

Internal controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Company's control environment and any related shortfalls during the year. Since the Company was established, the Directors are satisfied that, given the current size and activities of the Company, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future developments of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HORIZONTE MINERALS PLC

We have audited the Financial Statements of Horizonte Minerals Plc for the year ended 31 December 2009 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit and Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances, and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view, of the state of the Group's and of the Parent Company's affairs as at 31 December 2009;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HORIZONTE MINERALS PLC

Emphasis of matter – going concern

In forming our opinion on the Financial Statements, which is not qualified, we have considered the adequacy of the disclosure made on page 34 'Accounting Policies – Going Concern' of these Financial Statements concerning the Company's and Group's ability to continue as a going concern. The Group incurred a loss of £886,357 during the year ended 31 December 2009 and at that date had cash resources of £1,281,410 and net current assets of £986,936. The matters explained in 'Accounting Polices – Going Concern' indicate the existence of a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

As stated in the 'Financial Review' section of the Directors' Report on page 14 and the disclosure made on page 34 'Accounting Policies – Going concern', we note the Directors have a reasonable expectation that sufficient funds will be raised to continue in operational existence for the foreseeable future.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

The Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the above matters.

Mark Ling (Senior statutory auditor)

For and on behalf of Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
4 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2009 £**	Year ended 31 December 2008 £
Continuing operations			
Revenue		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Administrative expenses	21	**(893,805)**	(1,011,054)
Project impairment	8	**–**	(545,310)
Gain/(loss) on foreign exchange		**3,269**	(9,073)
Loss from operations	6	**(890,536)**	(1,565,437)
Finance income	24	**4,179**	68,124
Loss before taxation		**(886,357)**	(1,497,313)
Taxation	7	**–**	–
Loss for the year from continuing operations		**(886,357)**	(1,497,313)
Total comprehensive income for the year attributable to equity shareholders		**(886,357)**	(1,497,313)
Loss per share (pence) – basic and diluted	18	**(1.94)**	(3.70)

The notes on pages 29 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2009 £**	31 December 2008 £
Assets			
Non-current assets			
Intangible assets	8	**2,498,411**	2,380,528
Property, plant & equipment	9	**919**	1,638
		2,499,330	2,382,166
Current assets			
Trade and other receivables	10	**44,609**	4,600
Cash and cash equivalents	12	**1,281,410**	1,043,502
		1,326,019	1,048,102
Total assets		**3,825,349**	3,430,268
Equity and liabilities			
Equity			
Issued capital	13	**590,191**	404,477
Share premium	14	**6,811,399**	5,771,728
Other reserves	16	**(1,048,100)**	(1,048,100)
Accumulated losses		**(2,867,224)**	(1,995,264)
Total equity		**3,486,266**	3,132,841
Current liabilities			
Trade and other payables	11	**339,083**	297,427
Total liabilities		**339,083**	297,427
Total equity and liabilities		**3,825,349**	3,430,268

The notes on pages 29 to 45 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 4 June 2010 and signed on its behalf by

David J. Hall
Chairman

Jeremy J. Martin
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2008	404,477	5,771,728	(618,755)	(1,048,100)	4,509,350
Share options – value of employee services	–	–	120,804	–	120,804
Total comprehensive income for the year	–	–	(1,497,313)	–	(1,497,313)
As at 31 December 2008 and 1 January 2009	**404,477**	**5,771,728**	**(1,995,264)**	**(1,048,100)**	**3,132,841**
Issue of ordinary shares	185,714	1,114,286	–	–	1,300,000
Issue costs	–	(74,615)	–	–	(74,615)
Share options – value of employee services	–	–	14,397	–	14,397
Total comprehensive income for the year	–	–	(886,357)	–	(886,357)
As at 31 December 2009	**590,191**	**6,811,399**	**(2,867,224)**	**(1,048,100)**	**3,486,266**

The notes on pages 29 to 45 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2009 £	31 December 2008 £
Assets			
Non-current assets			
Property, plant & equipment	9	**899**	1,360
Investment in subsidiaries	25	**5,653,324**	5,067,655
		5,654,223	5,069,015
Current assets			
Trade and other receivables	10	**17,908**	4,600
Cash and cash equivalents	12	**1,100,002**	874,711
		1,117,910	879,311
Total assets		**6,772,133**	5,948,326
Equity and liabilities			
Equity			
Issued capital	13	**590,191**	404,477
Share premium	14	**6,811,399**	5,771,728
Accumulated losses		**(1,089,133)**	(669,420)
		6,312,457	5,506,785
Current liabilities			
Trade and other payables	11	**459,676**	441,541
Total liabilities		**459,676**	441,541
Total equity and liabilities		**6,772,133**	5,948,326

The notes on pages 29 to 45 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 4 June 2010 and signed on its behalf by

David J. Hall
Chairman

Jeremy J. Martin
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Year ended 31 December 2009 £**	Year ended 31 December 2008 £
Cash flows from operating activities			
Loss before taxation		**(886,357)**	(1,497,313)
Interest income		**(4,179)**	(68,124)
Employee share options charge		**14,397**	120,804
Project impairment		**–**	545,310
Depreciation		**719**	630
Operating loss before changes in working capital		**(875,420)**	(898,693)
(Increase)/decrease in trade and other receivables		**(43,296)**	103,238
Increase in trade and other payables		**41,656**	25,621
Net cash outflow from operating activities		**(877,060)**	(769,834)
Cashflows from investing activities			
Net purchase of intangible assets		**(117,883)**	(640,801)
Purchase of property, plant and equipment		**–**	(1,099)
Interest received		**7,466**	64,838
Net cash used in investing activities		**(110,417)**	(577,062)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**1,225,385**	–
Net cash inflow from financing activities		**1,225,385**	–
Net increase/(decrease) in cash and cash equivalents		**237,908**	(1,346,896)
Cash and cash equivalents at beginning of year		**1,043,502**	2,390,398
Cash and cash equivalents at end of the year		**1,281,410**	1,043,502
Consisting of:			
Group cash	12	**1,281,410**	1,043,502

The notes on pages 29 to 45 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Cash flows from operating activities			
Loss before taxation		**(434,110)**	(422,278)
Interest income		**(4,176)**	(67,868)
Employee share options charge		**14,397**	120,804
Depreciation		**461**	364
Operating loss before changes in working capital		**(423,428)**	(368,978)
(Increase)/decrease in trade and other receivables		**(16,596)**	3,238
Increase/(decrease) in trade and other payables		**18,136**	(39,480)
Net cash outflow from operating activities		**(421,888)**	(405,220)
Cashflows from investing activities			
Increase in investments		**(585,669)**	(1,104,696)
Purchase of property, plant and equipment		**–**	(1,099)
Interest received		**7,463**	64,582
Net cash used in investing activities		**(578,206)**	(1,041,213)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**1,225,385**	–
Net cash inflow from financing activities		**1,225,385**	–
Net increase/(decrease) in cash and cash equivalents		**225,291**	(1,446,433)
Cash and cash equivalents at beginning of year		**874,711**	2,321,144
Cash and cash equivalents at end of the year		**1,100,002**	874,711
Consisting of:			
Company cash	12	**1,100,002**	874,711

The notes on pages 29 to 45 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of Horizonte Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

The address of its registered office is 1 Berkeley Street, London W1J 8DJ.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important group accounting policies is set out below.

The Group has adopted the following new and amended IFRSs as of 1 January 2009.

- IAS 1 (revised) "Presentation of Financial Statements" – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the Statement of Changes in Equity, requiring 'non-owner changes in equity' to be presented separately from owners changes in equity in a Statement of Comprehensive Income. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IFRS 2 (amendment), "Share-based payment" – effective 1 January 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. All cancellations should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from 1 January 2009.

The above amendments do not have a material impact on the Group or Company's Financial Statements.

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not adopted them early:

- IFRIC 17 " Distributions of non-cash assets to owners" (effective for annual periods beginning on or after 1 July 2009).
- IAS 27 (revised) "Consolidated and separate financial statements" (effective from 1 July 2009).
- IFRS 3 (revised) "Business combinations" and IAS 27 (amended) " Consolidated and separate financial statements" (effective from 1 July 2009).

NOTES TO THE FINANCIAL STATEMENTS

- IAS 38 (amendment) "Intangible Assets" (effective from 1 July 2009).
- IFRS 5 (amendment) "Non-current assets held for sale and discontinued operations" (effective 1 January 2010).
- IAS 1 (amendment) "Presentation of Financial Statements" (effective 1 January 2010).
- IFRS 2 (amendment) "Group cash-settled share-based payments" (effective for annual periods beginning on or after 1 January 2010).

The Directors anticipate that the future adoption of these standards and interpretations will have no material impact on the Group or Company's financial statements.

2.2 Basis of consolidation
Horizonte Minerals Plc was incorporated on 16 January 2006. On 23 March 2006 Horizonte Minerals Plc acquired the entire issued share capital of Horizonte Exploration Ltd (HEL) by way of a share for share exchange. The transaction was treated as a group reconstruction and was accounted for using the merger accounting method.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

References to various joint venture arrangements in the Chairman's Statement and the Operations Review do not meet the definition of joint ventures under IAS 31 "Interests in Joint Ventures" and therefore these Financial Statements do not reflect the accounting treatments required under IAS 31.

The following 100% owned subsidiaries have been included within the consolidated financial statements:

Subsidiary undertaking	Parent company	Country of incorporation	Nature of business
Horizonte Exploration Ltd	Horizonte Minerals Plc	England	Mineral Exploration
Horizonte Minerals (IOM) Ltd	Horizonte Exploration Ltd	Isle of Man	Holding company
HM Brazil (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
HM Peru (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
HM do Brazil Ltda	HM Brazil (IOM) Ltd	Brazil	Mineral Exploration
Minera El Aguila SAC	HM Peru (IOM) Ltd	Peru	Mineral Exploration
Minera Cotahuasi SAC	Minera El Aguila SAC	Peru	Mineral Exploration
South America Resources Ltd	Horizonte Minerals Plc	Isle of Man	Holding company
Brazil Mineral Holdings Ltd	South America Resources Ltd	Isle of Man	Holding company
PMA Geoquimica Ltda	Brazil Mineral Holdings Ltd	Brazil	Mineral Exploration

2.3 Intangible assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities of that unit, the associated expenditures are written off to the statement of comprehensive income.

2.4 Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation.
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25%

2.5 Impairment

At each balance sheet date, the Company and Group review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

2.6 Foreign currency translation

i) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK and Isle of Man entities is sterling and the functional currency of the Brazilian and Peruvian entities is Brazilian Real and Peruvian Nuevo Sol respectively. The Financial Statements are presented in sterling, which is the Group's and Company's presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Taxation

The charge for current tax is based on the results for the period, as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.9 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.10 Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to operating profit on a straight-line basis over the period of the respective leases.

2.11 Share based incentives

Employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date the group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

NOTES TO THE FINANCIAL STATEMENTS

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.12 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Company's chief operating decision-maker.

2.13 Financial instruments
Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest receivable and payable is accrued and credited/charged to the statement of comprehensive income in the period to which it relates.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2.14 Going concern
The Group's business activities, together with the factors likely to affect their future development, performance and position are set out in the Chairman's Statement, Operations Review and Directors' Report. The financial position of the Group and Company in terms of cash flows and liquidity position are set out on pages 24 to 28. In addition, note 3 to the Financial Statements includes the Group's objectives and their exposure to credit risk and liquidity risk.

As explained on page 14, the cash flow forecasts prepared by the Directors for the twelve months from the date of signing these Financial Statements indicate that the Company will need to raise new finance in order to fund its operating costs. The Company may require additional financing depending on its future exploration, development, acquisition and divestiture plans. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Group. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company if at all.

The Directors have concluded that these circumstances represent a material uncertainty that casts doubt upon the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after considering the uncertainties mentioned above and based upon the Board approved forecasts and projections, the Directors have a reasonable expectation that sufficient new funds will be raised to continue in operational existence for the foreseeable future and at least until the end of June 2011.
For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Financial Statements.

3 Financial risk management

The main financial risks that the Group's activity exposes it to are liquidity and currency fluctuations on foreign currency.

(a) Liquidity

In keeping with similar sized mineral exploration Groups, its continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital.

All cash, with the exception of that required for immediate working capital requirements, is held on short-term deposit.

(b) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real, Peruvian Nuevo Sol, US Dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group holds a proportion of its cash in US Dollars to hedge its exposure to foreign currency fluctuations and recognises the profits and losses resulting from currency fluctuations as and when they arise.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities.
The Group's interest rate risk arises from its cash held on short-term deposit.

(d) Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it has no listed or other equity investments.

(e) Credit risk

No debt finance has been utilised and if required this is subject to pre-approval by the Board of Directors. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities.

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results may vary from the estimates used to produce these Financial Statements. The most significant judgement for the Group is the assumption that exploration at the various sites will ultimately lead to a commercial mining operation. Failure to do so could lead to the write-off of the intangible assets relating to the particular site.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5 Segmental reporting

The Company operates in three geographical areas, UK, Brazil, and Peru, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Brazil and Peru relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

	UK 2009 £	**Brazil 2009 £**	**Peru 2009 £**	**Total 2009 £**
Administrative expenses	**(596,096)**	**(157,718)**	**(139,991)**	**(893,805)**
Gain on foreign exchange	**3,269**	**–**	**–**	**3,269**
Loss from operations per operating segment	**(592,827)**	**(157,718)**	**(139,991)**	**(890,536)**
Intra segment revenues	**–**	**108,842**	**45,116**	**153,958**
Additions to non-current assets	**–**	**117,883**	**–**	**117,883**
Reportable segment assets	**1,176,833**	**1,838,073**	**810,443**	**3,825,349**
Reportable segment liabilities	**100,436**	**236,627**	**2,020**	**339,083**

	UK 2008 £	Brazil 2008 £	Peru 2008 £	Total 2008 £
Administrative expenses	(620,591)	(216,742)	(173,721)	(1,011,054)
Project impairment	–	(467,584)	(77,726)	(545,310)
Loss on foreign exchange	(9,073)	–	–	(9,073)
Loss from operations per operating segment	(629,664)	(684,326)	(251,447)	(1,565,437)
Intra segment revenues	–	102,965	38,378	141,343
Additions to non-current assets	1,099	484,377	156,424	641,900
Reportable segment assets	904,790	1,823,040	702,438	3,430,268
Reportable segment liabilities	35,769	256,986	4,672	297,427

6 Loss from operations

Loss from operations is stated after charging the following:

	2009 £	2008 £
Depreciation	**719**	630
Project impairment (note 8)	**–**	545,310
Auditors' remuneration		
Fees payable for the audit of Parent and consolidated financial statements	**14,000**	13,500
Tax and other services	**6,075**	4,097

7 Taxation

No charge to taxation arises due to the losses incurred. No deferred tax asset has been recognised on accumulated tax losses, as the recoverability of any assets is not likely in the foreseeable future.

Income tax expense

	2009 £	2008 £
Analysis of tax charge		
UK Corporation tax charge for the year	**–**	–
Foreign tax		
Current tax charge for the year	**–**	–
Deferred tax charge for the year	**–**	–
Tax on loss for the year	**–**	–

The Group has not recognised deferred income tax assets of £392,000 in respect of losses amounting to approximately £1,400,000 that can be carried forward against future taxable profits.

Reconciliation of current tax

	2009 £	2008 £
Loss before income tax	**886,357**	1,497,313
Current tax credit at 28%	**248,180**	419,248
Effects of:		
Expenses not deductible for tax purposes, timing differences	**(5,600)**	(156,800)
Tax losses carried forward – UK	**(111,918)**	(153,118)
– Brazil and Peru	**(130,662)**	(109,330)
Total current tax	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

8 Intangible assets – exploration and evaluation assets

Group

	Cost £
Cost	
At 1 January 2008	2,285,037
Additions	640,801
Impairments	(545,310)
At 31 December 2008	2,380,528
Additions	117,883
Net book amount	
At 31 December 2009	**2,498,411**

Intangible assets represent internally generated exploration and evaluation costs. Additions are stated net of funds received from the Group's various joint venture partners in accordance with the terms of those agreements.

The impairment charge of £545,310 in 2008 relates to the write off of exploration and evaluation costs incurred on projects that have been discontinued by the Group.

Impairmant reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area, which represent potential single cash generating units. The Group's exploration and evaluation projects are at an early stage of development and no JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment the Directors concluded that no impairment of exploration and evaluation assets arose as at 31 December 2009.

9 Property, plant and equipment

Group

	Office equipment £	Total £
Cost		
1 January and 31 December 2009	2,878	2,878
Accumulated depreciation		
At 1 January 2009	1,240	1,240
Charge for the year	719	719
At 31 December 2009	**1,959**	**1,959**
Net book amount		
At 31 December 2009	**919**	**919**
At 31 December 2008	1,638	1,638

Company

	Office equipment £	Total £
Cost		
1 January and 31 December 2009	1,846	1,846
Accumulated depreciation		
At 1 January 2009	486	486
Charge for the year	461	461
At 31 December 2009	**947**	**947**
Net book amount		
At 31 December 2009	**899**	**899**
At 31 December 2008	1,360	1,360

10 Trade and other receivables

	Group		Company	
	2009 £	2008 £	**2009 £**	2008 £
Trade receivables	**40,885**	300	**14,184**	300
Other receivables	**3,724**	4,300	**3,724**	4,300
	44,609	4,600	**17,908**	4,600
Less: non current portion	**–**	–	**–**	–
Current portion	**44,609**	4,600	**17,908**	4,600

NOTES TO THE FINANCIAL STATEMENTS

11 Trade and other payables

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Trade and other payables	**97,517**	46,004	**25,019**	5,078
Deferred income	**220,732**	220,732	**–**	–
Amounts due to related parties – note 19	**–**	–	**413,823**	405,772
Social security and other taxes	**6,834**	5,691	**6,834**	5,691
Accrued expenses	**14,000**	25,000	**14,000**	25,000
	339,083	297,427	**459,676**	441,541

Deferred income relates to stage payments receivable on the Tangara Project in accordance with the terms of the underlying earn-in agreement. After three years from the date of the agreement, when the option to take over the licence is either exercised or not, the deferred income will be recognised in the statement of comprehensive income.

All of the other payables are expected to be settled within one year of the balance sheet date.

12 Cash and cash equivalents

	Group		Company	
	2009	2008	**2009**	2008
	£	£	**£**	£
Cash at bank and on hand	**202,159**	82,444	**82,331**	39,237
Short term deposits	**1,079,251**	961,058	**1,017,671**	835,474
	1,281,410	1,043,502	**1,100,002**	874,711

13 Share capital

	2009	**2009**	2008	2008
Group and Company	**Number**	**£**	Number	£
Authorised				
Ordinary shares of 1p each	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	**40,447,666**	**404,477**	40,447,666	404,477
Issue of ordinary shares	**18,571,430**	**185,714**	–	–
At 31 December	**59,019,096**	**590,191**	40,447,666	404,477

14 Share Premium

Group and Company	2009 £	2008 £
At 1 January	**5,771,728**	5,771,728
Premium arising on issue of ordinary shares	**1,114,286**	–
Issue costs	**(74,615)**	–
At 31 December	**6,811,399**	**5,771,728**

15 Share options

The Directors have discretion to grant options to the Group employees to subscribe for Ordinary shares up to a maximum of 10% of the Company's issued share capital. The options are exercisable two years from the date of grant and lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the Group. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

Movements on number of share options and their related exercise price are as follows:

	Number of options 2009 £	Weighted average exercise price 2009	Number of options 2008	Weighted average exercise price 2008 £
Outstanding at 1 January	**3,060,000**	**0.168**	900,000	0.247
Cancelled	**(3,060,000)**	**0.168**	–	–
Granted	**4,050,000**	**0.095**	2,780,000	0.145
Forfeited	**–**	**–**	(620,000)	0.181
At 31 December	**4,050,000**	**0.095**	3,060,000	0.168

During 2009, the Company cancelled all options granted under the existing unapproved share option scheme that had fully vested at prices ranging from 13.2 pence per share to 25.0 pence per share. They were replaced with options at a price of 9.5 pence per share, a premium of 19% to the market price at the date of issue. The replacement of the options did not give rise to an increase in the total fair value of the options.

The total number of options in issue during the year has given rise to a charge to the statement of comprehensive income of £14,397 (2008: £120,804) based on the fair values at the time the options were granted.

NOTES TO THE FINANCIAL STATEMENTS

The fair value of the share options for the 990,000 new options issued in 2009 was determined using the Black Scholes valuation model. The parameters used are detailed below. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share prices over a 100 day period.

	2009 options	2008 options
Weighted average fair value	**4.0 pence**	4.0 pence
Weighted average share price	**8.0 pence**	13.0 pence
Exercise price	**9.5 pence**	15.0 pence
Expiry date	**2019**	2018
Vesting period	**2 years**	1 year
Volatility	**50%**	27%
Dividend yield	**nil**	nil
Expected option life	**8 years**	8 years
Annual risk free interest rate	**3.30%**	4.47%

The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 9.75 years. None of the options were exercisable at 31 December 2009.

16 Other reserves

	Merger reserve **£**
At 31 December 2008 and 2009	**1,048,100**

The merger reserve arose on consolidation as a result of merger accounting for the acquisition of the entire issued share capital of Horizonte Exploration Limited during 2006 and represents the difference between the value of the share capital and premium issued for the acquisition and that of the acquired share capital and premium of Horizonte Exploration Limited.

17 Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2009 (2008: nil).

18 Loss per share

The basic loss per share is 1.94p (2008: 3.70p) and the diluted loss per share is 1.94p (2008: 3.70p).

The basic loss per share is calculated by dividing the loss for the year of £886,357 (2008: £1,497,313) by 45,790,132 (2008: 40,447,666) ordinary shares, being the weighted average number of shares in issue.

The diluted loss per share is the same as the basic loss per share as the options that were in existence have an anti-dilutive effect on the loss per share and therefore have not been taken into account.

19 Related party transactions

Company

The following transactions took place with subsidiaries in the year:

A fee totalling £108,842 (2008: £102,965) was charged to HM Brazil Ltda and £45,116 (2008: £38,878) to Minera El Aguila SAC by Horizonte Minerals Plc in respect of consultancy services provided and funding costs.

An amount of £441,996 (2008: £1,104,696) was lent to HM Brazil (IOM)Ltd, HM Brazil Ltda, Minera El Aguila SAC and Minera El Cotahuasi SAC to finance exploration work during 2009. Interest is charged at an annual rate of 4% on balances outstanding.

Balances with subsidiaries at the year-end were:

	Assets £	Liabilities £
HM Brazil Ltda	**896,142**	–
Minera El Aguila SAC	**1,014,968**	–
Minera El Cotahuasi SAC	**13,031**	–
HM Brazil (IOM) Ltd	**1,381,139**	–
Horizonte Exploration Ltd	–	**413,823**
Total	**3,305,280**	**413,823**

20 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

21 Expenses by nature

	2009 £	2008 £
Employee benefit expense	**298,298**	393,374
Exploration related costs expensed	**297,709**	390,463
Depreciation (note 9)	**719**	630
Other expenses	**297,079**	226,587
Total administrative expenses	**893,805**	1,011,054

NOTES TO THE FINANCIAL STATEMENTS

22 Directors remuneration

	2009 **£**	2008 £
Emoluments	**198,752**	166,003
Social security	**15,371**	12,388
Benefits in kind	**1,181**	975
	215,304	179,366

Remuneration of the highest paid director was £114,433 (2008: £93,975). The Company does not operate a pension scheme and no contributions were made to pension schemes during the year (2008: nil) on behalf of the Directors.

23 Employee benefit expense (including directors)

	2009 **£**	2008 £
Wages and salaries	**261,252**	254,368
Social security costs	**22,649**	18,202
Share options granted to directors and employees (note 15)	**14,397**	120,804
	298,298	393,374
Average number of employees including Directors	**11**	9

24 Finance income

	2009 **£**	2008 £
Interest income on cash and short-term bank deposits	**4,179**	68,124
	4,179	68,124

25 Investments

	2009 £	2008 £
Company		
Shares in Group undertakings	**2,348,044**	2,348,044
Loans to Group undertakings	**3,305,280**	2,719,611
	5,653,324	5,067,655

Investments in Group undertakings are stated at cost.

On 23 March 2006 the Company acquired the entire issued share capital of Horizonte Exploration Limited by means of a share for share exchange; the consideration for the acquisition was 21,841,000 ordinary shares of 1 penny each, issued at a premium of 9 pence per share. The difference between the total consideration and the assets acquired has been credited to the merger reserve.

26 Contingencies and capital commitments

The Group has no contingent liabilities or capital commitments.

27 Events after the balance sheet dates

No material events have occurred after the balance sheet date.

28 Parent company Statement of Comprehensive Income

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The Parent Company's statement of comprehensive income for the year was a loss of £434,110 (2008: loss £422,278).

	2009 £	2008 £
Company		
Balance at 1 January	**(669,420)**	(367,946)
Total comprehensive income	**(434,110)**	(422,278)
Share options	**14,397**	120,804
Balance at 31 December	**(1,089,133)**	(669,420)

STATUTORY INFORMATION

DIRECTORS
David John Hall (Non-Executive Chairman)
Jeremy John Martin (Chief Executive Officer)
Nicholas Robert Winer (Executive Director)
Allan Michael Walker (Non-Executive Director)

COMPANY SECRETARY
Gary Townsend

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SOLICITORS TO THE COMPANY

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Brazil

REGISTRAR
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Ireland

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Horizonte Minerals Plc will be held at the offices of Westhouse Securities Limited, One Angel Court, London EC2R 7HJ on 29 June 2010 at 3.00pm. The business of the meeting will be to consider and, if thought fit, pass the following resolutions:

Ordinary resolutions

1 To receive and adopt the Directors' Report and Accounts for the year ended 31 December 2009, together with the Auditors Report thereon.

2 To re-elect Mr. Jeremy Martin who has retired by rotation.

3 To re-elect Mr. Allan Walker who has retired by rotation.

4 To re-appoint Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.

5 THAT the Directors of the Company be and hereby generally and unconditionally authorised and empowered in accordance with section 551 of the Companies Act 2006 ("the Act") to allot any shares and grant rights to subscribe for, or convert any security into shares of the Company up to an aggregate nominal amount of the authorised but unissued share capital of the Company to such persons at such times and on such terms as they think proper, such authority to expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or if sooner 15 months after the date of this resolution, save that the Company may prior to such expiry make any offer or such agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement notwithstanding the expiry of the authority given by this resolution and so that all previous authorities of the Directors pursuant to Section 551 of the Act be and they are hereby revoked.

Special resolutions

6 THAT, subject to and conditional upon the passing of resolution (5), the Directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 260(1) of the Act) in the capital of the Company for cash pursuant to the authority conferred on them in accordance with Section 551 of the Act by resolution 5 as if Section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £333,000 and shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (or if sooner 15 months after the date of this resolution), save that the Company may prior to such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board 4 June 2010
G Townsend
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1 Members of the Company are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on their behalf at the Annual General Meeting. A proxy need not be a member of the Company. Completion and return of a Form of Proxy will not prevent a member from attending and voting at the Annual General Meeting in person should he/she wish to do so.

2 Members of the Company may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Member of the Company may not appoint more than one proxy to exercise rights attached to any one share.

3 A Form of Proxy is provided with this notice and instructions for use are shown thereon. To be effective the completed Form of Proxy together with any power of attorney or other authority (if any) under which it is signed or notarially certified copies of such power of attorney or authority must be received by the Company no later than 48 hours before commencement of the meeting or any adjourned meeting.

4 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company has specified that only the holders of Ordinary Shares registered in the register of members of the Company at 6.00 p.m. on the date which is two days prior to the AGM or any adjournment of it shall be entitled to attend and vote or appoint a proxy or proxies to attend and vote on their behalf at the Annual General Meeting or any adjourned Annual General Meeting. Entries on the register of members after 6.00 p.m. on that date shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

5 In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised.

6 In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.

7 The following documents will be available for inspection at the registered office of the Company from the date of this notice until the time of the Annual General Meeting during normal business hours and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting until its conclusion:

(i) copies of the executive directors service contracts;

(ii) copies of the letters of appointment of the non-executive directors; and

(iii) a copy of the Articles of Association of the Company.

HORIZONTE
MINERALS

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