

15 August 2011

Horizonte Minerals plc ('Horizonte' or 'the Company')

Management's Discussion and Analysis

Six Months Ended 30th June 2011

BACKGROUND

This Management's Discussion and Analysis of the financial position and results of operations is prepared as at 10 August 2011 and should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements of Horizonte Minerals plc as at 30 June 2011 and which has been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union and in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

Horizonte Minerals plc ('the Company') is a publicly listed company on the Alternative Investment Market ('AIM') of the London Stock Exchange and on the Toronto Stock Exchange ('the TSX'), in both instances under the symbol "HZM". In compliance with Canadian regulations, this Management Discussion and Analysis has been filed on SEDAR and is also available to view on the Company's website at www.horizonteminerals.com.

COMPANY OVERVIEW

The Company is actively engaged in the exploration and development of nickel and gold projects, principally in Brazil.

The Company has two committed major mining partners: Teck Resources Limited, a major strategic shareholder in the Company, and AngloGold Ashanti Limited ('AngloGold'), a JV partner on the gold portfolio.

The principal nickel asset of the Company is the wholly-owned Araguaia Nickel Project ('Araguaia Project' or 'Araguaia'), located in Pará State in Brazil.

In March 2011 the Company announced a resource at Araguaia of 76.6 million tonnes at a nickel grade of 1.35% and a cobalt grade of 0.06%, which has been classified as an Inferred Mineral Resource in terms of the CIM definitions incorporated in Canadian National Instrument 43-101 ("NI 43-101").

The Company has 2 joint ventures with AngloGold:

- i) A US\$5.3 million exploration joint venture ('the Strategic JV') signed in September 2009 with AngloGold to generate and develop new and existing gold targets within two areas of Brazil.
- ii) An additional joint venture with AngloGold signed in August 2010 whereby AngloGold can earn into 51% of the Falcao gold project ('Falcao') owned by the Company by expending US\$4.5 million over three years with the right to earn a further 19% by taking the project to Pre-feasibility Study. A 3,000 metre drilling programme is currently underway to test a 4km long by 0.5 km wide gold in soil anomaly. Under the terms of the agreement between the Company and AngloGold, the latter are required to

invest a minimum of US\$900,000 within the first year, a milestone that has already been achieved. The Company is operator until vesting is completed.

The Company's near term focus is to:

- Complete the on-going drilling campaign at Araguaia in order to expand and upgrade the resource in Q4 2011
- Complete the first phase 3,000 metre drilling campaign at Falcao in order to test the principal soil anomaly
- Advance the metallurgical processing options for the Araguaia project
- Complete a preliminary economic assessment for the Araguaia project due for release in Q1 2012
- Advance the initial gold targets generated as part of the Strategic JV with AngloGold

The Company's longer term focus is to:

- Initiate a Prefeasibility Study for the Araguaia project in H1 2012
- Continue to advance with the current or new joint ventures with AngloGold

HIGHLIGHTS FOR THE 7 MONTHS ENDED 31 JULY 2011

- On 12 January 2011, the Company signed an Option Royalty Agreement with Anglo Pacific Group plc ('Anglo Pacific') on the Araguaia Project. USD500,000 (£312,500) was paid by Anglo Pacific in return for an option to acquire a net smelter royalty ("NSR") on nickel production at Araguaia. Upon exercise of the option, Anglo Pacific will pay the Company USD12,500,000 and shall receive an NSR of 1.5 per cent on nickel production up to 30,000 tonnes per annum. The NSR percentage scales down above this production level to a minimum of 1.1% for production of 50,000 tonnes per annum and above.
- On 18 January 2011, a Heads of Agreement was entered into with TSX-listed Lara Exploration Ltd pursuant to which the Company would acquire 100% of the Vila Oito and Floresta nickel laterite projects located adjacent to the Company's Araguaia Project. Consideration is 8.5M shares, valued at approximately C\$2.0M.
- On 4 February 2011, the Company announced a fund raising of £8.25M (before expenses) in order to fast track the development of the Araguaia Project. The proceeds were raised through the issue of 32,999,500 ordinary shares in the Company at 25 pence per share.
- On 1 March 2011, a resource was announced for the Araguaia Project of 76.6 million tonnes at 1.35% Nickel and 0.06% Cobalt, classified as an Inferred Mineral Resource in terms of definitions in NI 43-101.
- Drill results were announced on 29 March 2011 for the Araguaia Project.
- Further drill results were announced at Araguaia on 10 May 2011.
- Mr Bill Fisher joined the Board on June 8th 2011 as a Non-Executive Director. Mr Fisher brings over 30 years of industry experience and has held a number of senior roles in the sector.
- On 16 June 2011, it was announced that the ordinary shares of the Company had been approved for listing on the TSX and would commence trading as at that date under the symbol 'HZM'.
- The Company announced on 4 July 2011 that a 3,000 metre diamond drilling programme had been commenced at the Falcao project.
- A definitive agreement was entered into on 12 July 2011 with Lara Exploration Ltd with respect to the Vila Oito and Floresta nickel laterite projects. Completion of the transaction is subject to certain

administrative steps in Brazil being achieved and consideration to be paid will be as per the Heads of Agreement announced on 18 January 2011.

- Further drill results were announced for Araguaia on 21 July 2011.

ARAGUAIA PROJECT

The Company owns 100 per cent of the advanced Araguaia Project located in southern Pará State to the south of the Carajas mineral district of northern Brazil; the Company believes the project has the potential to deliver a resource with size and grades comparable to other world-class projects in northern Brazil. Several significant nickel laterite deposits occur within this region of Brazil, including Xstrata's Serra do Tapa/Vale dos Sonhos deposits that are also located within the Araguaia Fold Belt, 80km to the north of the project area.

The Company has a team on site and is currently well advanced with its resource drilling campaign on the Araguaia Project.

In March 2011, the Company announced a NI 43-101 compliant maiden resource of 76.6Mt at a grading of 1.35% nickel and 0.06% cobalt at Araguaia. An upgraded 43-101 compliant nickel resource is anticipated in the fourth quarter of 2011.

The Araguaia Project area comprises 14 Exploration Licences.

The landholdings which comprise the Araguaia Project do not form part of any native or environmental reserves.

Recent exploration at the site, conducted since 2006 by both the Company and prior owners, has included a total of some 22 600 metres of diamond drilling, which was preceded by stream sediment sampling, airborne geophysical surveys, soil sampling, ground magnetometry, auger drilling and RC drilling. The principal targets were drilled on 200m x 200m grids, enabling the completion of the NI 43-101 compliant resource estimation. Infill drilling on 100m x 100m grids has been completed on the Pequizeiro target and is at an advanced stage on the Baião target.

Some of the targets remain open, and some extensions and subsidiary targets at Araguaia are as yet untested.

The Company has completed, as at the date of this report, approximately 10,000 metres of infill diamond drilling at Araguaia as part of its initial programme announced in October 2010.

Direct costs of the Araguaia Project since August 2010 have amounted to £3.0M up to end-July 2011.

In June 2011, the Company accelerated the current drilling programme and has expanded it in order to generate the updated NI 43-101 compliant resource announcement in the fourth quarter of 2011. The anticipated additional direct cost of this is £2.7M.

In addition, Company has initiated the following at Araguaia:

- Preliminary economic assessment to be carried out by Wardell Armstrong
- Detailed satellite generated digital elevation model over 60,000 ha
- Process comparison and processing option trade off studies, focussing initially on pyrometallurgical and heap leach processing solutions. Xstrata Process Solutions has been commissioned by the Company to carry out part of this evaluation.

The combined cost for these is expected to be circa £250,000, with completion due around the first quarter of 2012.

As previously mentioned in "Highlights", in July 2012 the Company entered into a definitive agreement to acquire 100% of the Vila Oito and Floresta nickel laterite projects ('Vila Oito and Floresta') from TSX-listed Lara Exploration Ltd. The consideration is to be paid with 8.5M new, ordinary shares in the Company. Vila Oito and Floresta are adjacent to the Company's Araguaia project and serve to increase the overall land position at Araguaia.

FALCAO PROJECT

The Falcao Project ('Falcao') is a joint venture between the Company and AngloGold which was signed in August 2010. It gives AngloGold the right to earn into 51% of the project by investing US\$4.5 million over three years. AngloGold has the option of obtaining a further 19%, taking it to 70%, by funding a pre-feasibility study within three years of the vesting date. Under the terms of the Agreement, AngloGold was required to invest a minimum of US\$900,000 within the first year, a milestone that was achieved in the second quarter of 2011. The second year expenditure is US\$1.6 million and the third year expenditure is US\$2million. The Company is operator until vesting is completed.

Falcao is located in southern Pará State, north central Brazil, which hosts the Carajas Mineral District and lies approximately 110 km to the north of the Company's Araguaia Project.

The project was a BHP grassroots discovery that was identified by regional stream sediment sampling which defined several sample locations running anomalous gold, copper and silver values, covering a 50sqkm land area. The stream sediment programme was followed-up by a regional soil grid and shallow auger drill programme on a 800m by 200m grid which defined the main area of interest as an open 6km long anomalous gold trend and adjacent zinc/silver/gold zone.

BHP undertook a limited wide spaced reverse circulation ('RC') drilling campaign in September 1998. 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.

Since initiating field work in the third quarter of 2010, the Company carried out the following evaluation at Falcao:

Soil Sampling Survey

The survey was carried out during October and the early part of November 2010 over a 3,000m by 1,500m zone on 100m line spacing. The grid covers the central part of the main target zone. Samples were collected every 25m along lines and every second sample sent for analysis by Acme Laboratories. The samples were prepared in Goiania and analysed using the 1F05 ICP procedure with a 15g charge, analysing 53 elements.

The results confirm a 300 to 600m wide zone at greater than 50ppb. and the trend is open to both the east and west. This data has been compiled with the regional soil geochemistry database and interpreted together with the newly acquired geophysical database to define drill targets and additional zones for follow-up.

Geologic Mapping

Geologic mapping was carried out over an area of approximately 20sqkm and has been used for the combined interpretation of the geochemical and geophysical data. Given the poor exposure in the target zone, this combined interpretation has played a critical role in enhancing the understanding of the geologic setting and the definition of drill targets.

Aeromagnetic Survey

A 3,200 line km aeromagnetic and radiometric survey was flown over the Falcao Project in November 2010. The survey was carried out on 100m line spacing over the central part of the area and lines at 200m spacings extending to the east and west to aid in the structural interpretation of the data.

All quality control data was monitored and approved by AngloGold's geophysical specialist group in Bogota. The data was processed by Fugro and delivered at the end of December 2010.

Drilling

Following evaluation of the above, in July 2011 the Company commenced a 3,000m diamond drilling programme at Falcao, with a view to testing the gold soil anomaly which is currently 4km long and is open to the east and which varies from 200m to 800m in width. 10 drillholes have been spaced out over a 4,700m strike and are planned to go to a depth of between 200 and 300 metres. The interpretation of the detailed aerogeophysics and multi-element soil geochemistry was instrumental in the placing of the drillholes.

Potential quality and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on the Falcao Project to date, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

The direct cost of the drilling programme and resultant sample evaluation is expected to amount to approximately £500K, and is being funded by AngloGold under the Joint Venture arrangement signed in August 2010.

ANGLOGOLD ASHANTI EXPLORATION ALLIANCE

On 4 September 2009, an exploration alliance with AngloGold was announced and allowed the Company to expand its areas of operation to greenfield exploration. This represents an area of potential growth for the Company, achieved without the need for further equity financing. During the first 12 months AngloGold invested US\$900,000 in exploration expenditure on two regional greenfield exploration programs. These programs have

now been extended and a further US\$500,000 has been committed for 2011 and will accrue as part of the AngloGold earn-in expenditure. All work is conducted and managed by the Company.

Under the terms of the Strategic JV, AngloGold may, at its absolute discretion, spend US\$5.3M over three years to earn a 51% interest in any project developed by the programme. 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, at 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 that Target Area within three years from that vesting date. AngloGold may withdraw at any time without completing its expenditure obligations for a particular year.

To date a total of approximately 700,000 ha (7,000sqkm) has been sampled, comprising a total of 1,266 stream sediment samples and 1,447 rock geochemical samples. Integration of structure, known geology and occurrences, with an open view on geological models and the potential styles of mineralization, is a key component to success in this program.

Geochemical targets are ranked and prioritized based on the following criteria:

- Single point vs multiple contiguous drainages with elevated Au.
- Addition of pathfinder elements
- Favourable host geology
- Structure
- Open ground

Highlights are;

- A +7,000m trend associated with a 1.8 to 2.05Ga, mid-Proterozoic sedimentary package of the same age as the gold rich conglomerates of the Tarkwa Belt in West Africa.
- A 4,000m trend of low gold and pathfinder elements (Te, Sb, Bi, As +/- W) reflective of intrusion related systems, located on a structure bounding a zoned granite intrusion.

These two previously unknown targets are examples of the types of anomalies being defined.

TECHNICAL DISCLOSURE

All scientific and technical information contained in this management's discussion and analysis has been prepared by or under the supervision of David Hall, Chairman of the Company, a "qualified person" within the meaning of NI 43-101. For further details on the Araguaia Project, please refer to 'Geology and Mineral Resources of the Araguaia Nickel Project, Brazil NI 43-101 Technical Report', dated 15 May 2011, available on SEDAR at www.sedar.com.

SUMMARY OF CASHFLOWS

6 months ended	30 th June 2011	30 th June 2010
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	£	£
Net Cashflows from operating activities	25,925	(453,657)
Net cash used in investing activities	(1,990,951)	(144,502)
Net cashflow from financing activities	7,819,437	(190,710)
Net increase / (decrease) in cash and cash equivalents	5,854,411	(788,869)

The positive cashflows from operating activities for the 6 months ended 30th June 2011 are mainly driven by movements in working capital, principally suppliers linked to the Araguaia Project. The loss before taxation in the 6 months to 30th June 2011 of £ (676,633) compares to £ (687,058) in the same period in 2010.

Cash used in investing activities has risen to £ (1,990,951) in the 6 months ended 30th June 2011 when compared to £ (144,502) in the six months ended 30th June 2010 due to capitalisation of costs associated with the Araguaia project, which did not arise in the first 6 months of 2010.

Net cashflow from financing activities to 30th June 2011 of £7,819,437 was driven by the capital raise in February 2011 of £8.25 million before expenses, consideration being 32,999,500 new shares in the Company. There was no capital raise in the same period in 2010.

QUARTERLY FINANCIAL INFORMATION

	2011	2011	2010	2010
Quarter Ended	June 30	March 31	June 30	March 31
	£	£	£	£
Revenue	-	-	-	-
Other Operating Income	32,652	327,110	-	-
Profit / (loss) from continuing operations	(486,275)	(190,358)	(300,594)	(386,464)
Total comprehensive income attributable to equity holders of the Company	455,757	(474,829)	(300,594)	(386,464)
Basic and diluted loss per share	(0.174)	(0.072)	(0.509)	(0.655)

Other operating income of £327,110 in the first quarter of 2010 included £312,500 arising from a payment by the Anglo Pacific Group plc in return for an option to acquire a net smelter royalty on nickel production at Araguaia. The remainder of other operating income in 2011 comprises management fees arising on the AngloGold joint ventures.

The loss from continuing operations increased in the first and second quarters of 2011 (£(190,358) and £(486,275) respectively) were similar when the effect of the other operating income of £327,110 which only arose in the first quarter of the year is removed.

Allowing for the effects of the other operating income arising in the first quarter of 2011 of £327,110, the loss from continuing operations in the first and second quarters of 2011 (£(190,358) and £(486,275) respectively) were

higher than the first and second quarters in 2010 (£ (386,464) and £(300,594) respectively) due to increased activity levels in the Company, driven by the Araguaia Project.

Total comprehensive income attributable to equity holders of the company in the second quarter of 2011 of £455,757 included a gain on exchange difference on translating foreign operations of £942,032 which arose due to a strengthening of the Brazilian Real against Sterling. The assets and liabilities of the Araguaia Project are accounted for in Brazilian Reals, their functional currency.

RESULTS FROM OPERATIONS

	6 m/e 30 June 2011 £	6 m/e 30 June 2010 £	3 m/e 30 June 2011 £	3 m/e 30 June 2010 £
General and Administration Costs				
Compensation	(271,424)	(133,306)	(107,071)	(66,653)
Travel / Expenses	(64,429)	(36,799)	(35,713)	(15,806)
Exploration Costs Expensed	(135,618)	(205,202)	(82,416)	(59,277)
Professional Fees	(295,585)	(101,701)	(80,615)	(82,036)
Investor Relations	(65,707)	(28,987)	(46,289)	(16,818)
Overheads / Other	(62,633)	(25,246)	(42,132)	(11,271)
Total General and Administration Costs	(895,396)	(531,241)	(394,236)	(251,861)
Costs				
Acquisition Costs Expensed	-	(154,335)	-	(39,335)
Toronto Stock Exchange listing fees and associated costs	(190,353)	-	(190,353)	-
Project Impairment	-	-	-	-
Gain / loss on Foreign Exchange	82,630	2,875	96,072	(9,886)
Other Operating Income	<u>359,762</u>	-	<u>32,652</u>	-
Loss from Operations	(643,357)	(688,451)	(455,865)	(301,082)

General and Administration costs have risen in the 6 months ended 30th June 2011 to £895,396 as compared to £531,241 for the same period in 2010 due to the increased activity levels within the company which have arisen as a result of the acquisition of the Teck Cominco Brasil S.A. in August 2010.

Within General and Administration costs:

- Compensation has increased from £(133,306) in the 6 months to June 2010 to £(271,424) in the 6 months to June 2011 due to a consolidation of the management structure and increased pay levels commensurate with increased responsibilities. The variance in compensation within the two quarters of 2011 is due to timing of payments.

- Exploration costs expensed have fallen from £(205,202) in the 6 months ended 30 June 2010 to £(135,618) in the 6 months ended 30^t June 2011 due to increased activity levels in the Strategic JV and Falcao in 2011 when compared to 2010.
- Professional fees have increased in the 6 months ended 30 June 2011 to £(295,585) as compared to £(101,701) for the 6 months ended 30 June 2010 due to the Company having an additional broker in 2011 as compared to 2010, corporate finance and legal fees associated with the capital raise in February 2011, legal fees associated with the signing of the Option Royalty Agreement with Anglo Pacific in January 2011 as well as additional audit and interim review costs.

On June 16 2011, it was announced that ordinary shares in the Company had been approved for listing on the TSX. The £(190,353) in costs incurred in the second quarter of 2011 were associated with this process.

Acquisition costs expensed of £(154,335) incurred in the first half of 2010 were associated with the purchase in August 2010 of Teck Cominco Brasil S.A. and the 50 percent of the Lontra project not already held by the Company.

The (loss) / gain on foreign exchange is associated with movements arising on cash deposits held by the company in other currencies.

INTANGIBLE ASSETS

	Goodwill	Exploration and evaluation costs	Total
	£	£	£
Cost			
At 1 January 2009	–	2,380,528	2,380,528
Additions	–	117,883	117,883
Impairments	–	–	–
At 31 December 2009	–	2,498,411	2,498,411
Additions	–	777,690	777,690
Disposals	–	(484,921)	(484,921)
Acquisition of subsidiary undertakings (at fair value)	410,362	12,950,000	13,360,362
Exchange rate movements	25,389	801,216	826,605
Impairments	–	(59,945)	(59,945)
Net book amount at 31 December 2010	435,751	16,482,451	16,918,202

Additions in 2009 comprised direct exploration expenditure of £31,145 on the Falcao project and £86,738 on the Lontra project.

Additions in 2010 comprised direct exploration costs of £732,031 on Araguaia, and £45,659 of expenditure on the Falcao project. The Disposals in 2010 of £(484,921) comprised the sale of the Company's share in the Lontra Joint Venture. These assets were reacquired simultaneously at their fair value with the acquisition of 100% of the share capital of Lontra Empreendimentos e Participações Ltda and Teck Cominco Brasil S.A., these acquisitions comprising the £12,950,000 disclosed.

The exchange rate movement of £801,216 arose as the Lontra and Araguaia intangible assets are recorded in their functional currency of Brazilian Reais. The Brazilian Real strengthened from R\$2.76 / GBP at the time of the acquisition to R\$2.599 as at 31 December 2010.

LIQUIDITY, CAPITAL RESERVES AND FINANCING ACTIVITIES

The Company is not in commercial production on any of its resource properties and accordingly it does not generate cash from operations and finances its activities by raising capital through equity issues.

As at 30 June 2011, the Company had £9,701,372 in cash at bank and on deposit. As at 31st December 2010 cash at bank and on deposit amounted to £3,847,031. A capital raise of £8.25 million before expenses was completed on 4 February 2011. The Santanna and Falcao Joint Ventures are funded by AngloGold in advance on a quarterly basis.

All of the Company's cash and cash equivalents as at 30 June 2011 are held in interest bearing accounts. The Company has not invested in any short-term commercial paper, asset backed securities or other financial instruments.

In management's view the Company has sufficient financial resources to fund currently planned exploration programmes and ongoing operating expenditures over the next 12 months. The Company will continue to be dependent on raising equity capital as required until and unless it reaches the production stage and generates cash flow from operations.

CONTRACTUAL OBLIGATIONS

£	<i>Payments Due by Period</i>		
	<i>Total</i>	<i>Less than 1 year</i>	<i>1-3 years</i>
Operating leases	33,000	26,000	7,000
Other contracts	90,681	90,681	

Operating leases relate to office space. Other contracts relate to ongoing consultancy arrangements in connection with metallurgical and other evaluations.

SHAREHOLDERS EQUITY

As at 9th August 2011, there were 279,559,980 ordinary shares issued and outstanding (December 31st 2010: 246,560,480 ordinary shares issued and outstanding).

On February 4th 2011, the Company issued 32,999,500 shares in consideration for cash at a price of 25 pence per share.

As at 9 August 2011 and at 31 December 2010, there were 14,150,000 stock options with exercise prices ranging from 9.5 pence to 15.5 pence, vesting between September 24 2011 and November 16 2012. There is no other share-based compensation paid by the Company.

The Company recognises as an expense, the cost of stock based compensation based upon the estimated fair value of new stock options granted. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model and is expensed over the vesting period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information disclosed within this document was prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards International Financial Reporting Standards (IFRS) as adopted by the European Union.

The preparation of condensed interim 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 end of each reporting period.

Significant items subject to such estimates include:

Valuation of Intangible Assets

In accordance with IFRS 6, the Company capitalises as Intangible Assets all exploration and evaluation costs, including acquisition costs, field exploration and analysis costs relating to specific properties until those properties are brought into production, at which time they will be amortised on a unit-of-production basis or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge is made.

Intangible Assets are reviewed for impairment to determine if a write down of their carrying amount is required. The factors which are considered include past and future, planned exploration work and general market conditions.

Fair value of exploration assets acquired in business combinations

Management has made various estimations regarding the fair value of exploration assets acquired in the absence of NI 43-101 compliant resource data available at acquisition. The fair value of exploration assets acquired has been estimated based on a number of valuation techniques.

Where acquisitions represent transactions between knowledgeable and willing parties on an arm's length basis, the exploration assets acquired have been valued on the basis of the consideration transferred. Where acquisitions do not represent arm's length transactions management have compared them to similar transactions that are on an arm's length basis taking into account key factors such as certainty over the level of defined resource, processing technology and location infrastructure.

Management has also undertaken an exercise to compare their estimated fair values based on the level of work completed and geological upside potential with similar exploration companies in the form of a benchmarking exercise.

Contingent consideration

Contingent consideration has a carrying value of £2,767,798 as at 30 June 2011 (£2,676,502 at 31 December 2010). The contingent consideration arrangement requires the Company to pay the former owners of Teck Cominco Brasil S.A 50% of the tax effect on utilisation of the tax losses existing in Teck Cominco Brasil S.A at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

The fair value of this potential consideration has been determined using a hypothetical discounted cash flow analysis. Management has made assumptions regarding the future operating parameters of the Araguaia Project, combined with local and global operating parameters taken from other comparable nickel projects, in order to calculate the ability to utilise the acquired tax losses, together with the timing of their utilisation. The Company has used discounted cash flow analysis to determine when it is anticipated that the tax losses will be utilised and any potential contingent consideration paid. Cash flow projections exceeding a period of five years have been estimated in order to incorporate the anticipated time period to establishing a JORC compliant resource, completing a feasibility study and then exploiting the estimated resource. These cash flows could be affected by upward or downward movements in several factors to include commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates.

Current and deferred taxation

The Company is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax liabilities have been recognised on the fair value gains in exploration assets arising on the acquisitions of Teck Cominco Brasil S.A and Lontra Empreendimentos e Participações Ltda. A deferred tax asset

has been recognised on acquisition of Teck Cominco Brasil S.A for the utilisation of the available tax losses acquired. Should the actual final outcome regarding the utilisation of these losses be different from management's estimations, the Company may need to revise the carrying value of this asset.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this management's discussion and analysis constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of minerals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- the Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic mineral deposits;
- future plans for the Araguaia and Falcao Projects and other property interests held by the Company or which may be acquired on a going forward basis, if at all;
- management's outlook regarding future trends;
- the Company's ability to meet its working capital needs at the current level in the short term; and
- governmental regulation and environmental liability.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to, risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of minerals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of

the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES - NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The following new standards and amendments to standards were mandatory for the first time for the financial year beginning 1 January 2010:

IFRS 3 (revised), 'Business Combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared to IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. All acquisition costs are expensed.

The revised standard was applied to the acquisitions of the 100% controlling interests in Lontra Empreendimentos e Participações Ltda and Teck Cominco Brasil S.A in August 2010. The acquisition of Lontra Empreendimentos e Participações Ltda occurred in stages. The revised standard requires goodwill to be determined only at the acquisition date rather than at the previous stages.

The determination of goodwill includes the previously held equity interest adjusted to fair value, with the gain on re-measuring the previously held non-controlling interest included in the consolidated statement of comprehensive income. Contingent consideration on the purchase of Teck Cominco Brasil S.A has been recognised at fair value on 17 August 2010. Acquisition-related costs of £490,403 have been recognised in the consolidated statement of comprehensive income, which previously would have been included in the consideration for the business combination.

RISKS AND UNCERTAINTIES

An investment in the Company entails certain risk factors, which should be considered carefully, including but not limited to those set out below:

- Risks and uncertainties related to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations.
- Risks that the results of scoping studies, pre-feasibility and feasibility studies and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations.
- Risks related to possible variations in reserves, grade and changes in project parameters as plans continue to be refined.
- Exploration and future development risks, including risks related to the grant of access rights to the properties, accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in exploration and development.
- Risks related to liquidity, foreign exchange, credit, commodity prices, interest rates and market sentiment.
- Risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining government approvals or in the completion of development or construction activities.
- Risks related to environmental regulation and liability
- Risks related to community relations
- Risks related to the loss of the services of key executives, including the Directors of the Company and a small number of highly skilled and experienced executives and personnel.
- Political or regulatory risks associated with conducting mineral exploration in Brazil and other countries.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

With the exception of charges levied within the Company in consideration for management services and in accordance with signed agreements, there are no related party transactions.

The charges levied for the first 6 months of 2011 and the comparative period in 2010 are as follows and cancel out upon consolidation:

	Brazil		Peru		Total	
	H1 2011 £	H1 2010 £	H1 2011 £	H1 2010 £	H1 2011 £	H1 2010 £
Intragroup charges	80,007	57,695	25,921	24,362	105,928	82,057

**** ENDS ****

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Notes

Horizonte Minerals plc is an AIM quoted exploration and development company with a portfolio of nickel and gold projects in the Carajas District of Brazil. The Company is focused on creating value by generating and rapidly advancing exploration projects in tandem with joint ventures with major mining companies, providing mid-term cash flow which is then used to develop the business and pipeline projects.

Horizonte has two committed major mining partners: Teck Resources Limited, a major strategic shareholder in the Company, and AngloGold Ashanti Limited, a JV partner on the gold portfolio.

Horizonte owns 100 per cent of the advanced Araguaia nickel project located to the south of the Carajas mineral district of northern Brazil; the project has the potential to deliver a resource with size and grades comparable to other world-class projects in northern Brazil

In addition Horizonte recently acquired the Lara Exploration Vila Oito project which has a non compliant potential resource of 10 to 11 Mt grading 1.3 to 1.4% Ni further consolidating the greater Araguaia district.

Horizonte is well funded to accelerate the development of its core projects.