

Horizonte Minerals plc
Condensed Consolidated Interim Financial Statements
for the nine months ended 30 September 2011

Condensed consolidated statement of comprehensive income

	Notes	9 months ended		3 months ended	
		Sep 30		Sep 30	
		2011	2010	2011	2010
		Unaudited	Unaudited	Unaudited	Unaudited
		£	£	£	£
Continuing operations					
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Administrative expenses		(1,368,092)	(767,341)	(472,696)	(236,100)
Acquisition costs expensed		-	(490,403)	-	(336,068)
Toronto Stock Exchange listing fees and associated costs		(234,863)	-	(44,510)	-
(Loss)/gain on foreign exchange		133	(642)	(82,497)	2,233
Other operating income	5	407,369	440,079	47,607	440,079
Loss from operations		(1,195,453)	(818,307)	(552,096)	(129,856)
Gain on purchase of subsidiary undertaking		-	1,798,251	-	1,798,251
Gain on sale of fixed asset		10,876	-	10,876	-
Finance income		95,199	1,571	37,179	178
Finance costs		(136,944)	(22,011)	(45,648)	(22,011)
(Loss)/Profit before taxation		(1,226,322)	959,504	(549,689)	1,646,562

Taxation	-	-	-	-
(Loss)/Profit for the period from continuing operations	(1,226,322)	959,504	(549,689)	1,646,562
Other comprehensive income				
Exchange differences on translating foreign operations	(2,085,951)	608,921	(2,743,512)	608,921
Total comprehensive income for the period attributable to equity holders of the Company	(3,312,273)	1,568,425	(3,293,201)	2,255,483
Earnings per share from continuing operations attributable to the equity holders of the Company				
Basic and diluted (pence per share)	9	(0.447)	1.08	(0.197)
				1.10

Condensed consolidated statement of financial position

		30 September 2011 Unaudited	31 December 2010 Audited
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	6	19,099,709	16,918,202
Property, plant & equipment		166,782	168,223
Deferred taxation		7,261,316	8,079,087
		26,527,807	25,165,512
Current assets			
Trade and other receivables		78,743	72,314
Cash and cash equivalents		7,051,095	3,847,031
		7,129,838	3,919,345
Total assets		33,657,645	29,084,857
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	2,795,600	2,465,605
Share premium	7	18,772,797	11,283,355
Other reserves		8,847,341	10,933,292
Accumulated losses		(3,265,365)	(2,184,252)
Total equity		27,150,373	22,498,000
Liabilities			
Non-current liabilities			
Contingent consideration		2,813,447	2,676,502
Deferred taxation		3,155,915	3,511,338
		5,969,362	6,187,840
Current liabilities			
Trade and other payables		537,910	399,017
		537,910	399,017
Total liabilities		6,507,272	6,586,857
Total equity and liabilities		33,657,645	29,084,857

Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				Total £
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	
As at 1 January 2010	590,191	6,811,399	(2,867,224)	(1,048,100)	3,486,266
Comprehensive income					
Profit / (Loss) for the period	-	-	959,504	-	959,504
Other comprehensive income					
Currency translation differences	-	-	-	608,921	608,921
Total comprehensive income	-	-	959,504	608,921	1,568,425
Transactions with owners					
Share based payments	-	-	12,818	-	12,818
Issue of ordinary shares	1,875,414	4,883,503	-	10,995,621	17,754,538
Issue costs	-	(411,547)	-	(106,861)	(518,408)
Total transactions with owners	1,875,414	4,471,956	12,818	10,888,760	17,248,948
As at 30 September 2010	2,465,605	11,283,355	(1,894,902)	10,449,581	22,303,639
As at 1 January 2011	2,465,605	11,283,355	(2,184,252)	10,933,292	22,498,000
Comprehensive income					
Loss for the period	-	-	(1,226,322)	-	(1,226,322)
Other comprehensive income					
Currency translation differences	-	-	-	(2,085,951)	(2,085,951)

Total comprehensive income	-	-	(1,226,322)	(2,085,951)	(3,312,273)
Transactions with owners					
Issue of ordinary shares	329,995	7,919,880	-	-	8,249,875
Issue costs	-	(430,438)	-	-	(430,438)
Share based payments	-	-	145,209	-	145,209
Total transactions with owners	329,995	7,489,442	145,209	-	7,964,646
As at 30 September 2011	2,795,600	18,772,797	(3,265,365)	8,847,341	27,150,373

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 September		3 months ended 30 September	
	2011	2010	2011	2010
	Unaudited £	Unaudited £	Unaudited £	Unaudited £
Cash flows from operating activities				
Profit / (Loss) before taxation	(1,226,322)	959,504	(549,689)	1,646,562
Interest income	(95,199)	(1,571)	(37,179)	(178)
Finance costs	136,945	22,011	45,649	22,011
Exchange differences	(1,688)	28,734	10,134	28,734
Employee share options charge	145,209	12,818	52,089	4,339
Gain on bargain purchase of subsidiary undertaking	-	(1,798,251)	-	(1,798,251)
Profit on sale of property, plant and equipment	(10,876)	-	(10,876)	-
Transaction fees settled by share issue	-	150,000	-	150,000
Gain on investment	-	(440,079)	-	(440,079)
Depreciation	4,109	10,103	1,465	3,558
Operating profit / (loss) before changes in working capital	(1,047,822)	(1,056,731)	(488,407)	(383,304)

(Increase) / decrease in trade and other receivables	(6,429)	(99,147)	293,308	35,428
Increase / (decrease) in trade and other payables	138,894	423,655	(746,183)	69,310
Net cash inflow/(outflow) from operating activities	(915,357)	(732,223)	(941,282)	(278,566)
Cash flows from investing activities				
Net purchase of intangible assets	(3,743,580)	(621,531)	(1,758,952)	(520,356)
Purchase of property, plant and equipment	(62,511)	(44,720)	1,832	-
Proceeds from sale of property, plant and equipment	10,876	-	10,876	-
Cash acquired in subsidiary	-	957	-	957
Interest received	95,199	1,571	37,179	178
Net cash used in investing activities	(3,700,016)	(663,723)	(1,709,065)	(519,221)
Cash flows from financing activities				
Proceeds from issue of ordinary shares (net of issue costs)	7,819,437	4,757,707	-	4,948,417
Net cash inflow from financing activities	7,819,437	4,757,707	-	4,948,417
Net increase/(decrease) in cash and cash equivalents	3,204,064	3,361,761	(2,650,347)	4,150,630
Cash and cash equivalents at beginning of period	3,847,031	1,281,410	9,701,372	492,541
Exchange (losses)/gains on cash and cash equivalents	0	642	70	642
Cash and cash equivalents at end of the period	7,051,095	4,643,813	7,051,095	4,643,813

Major non-cash transactions

On 17 August 2010, the Company issued 123,280,240 ordinary shares in consideration for the purchase of the entire share capital of Teck Cominco Brasil S.A. and 10,000,000 ordinary shares in consideration for the purchase of the entire share capital of Lontra Empreendimentos e Participações Ltda. On the same date the Company issued a further 3,000,000 ordinary shares to certain professional advisors in settlement of services in relation to the acquisitions and placement of shares.

During 2010 intangible exploration and evaluation costs of £484,921 were disposed of in exchange for shares in a joint venture company.

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. There is no seasonality or cyclicity of the Group's operations.

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Toronto Stock Exchange (TSX). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 26 Dover Street London W1S 4LY.

2. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2010 were approved by the Board of Directors on 3 March 2011 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed interim financial statements of the Company have not been audited or reviewed by the Company's auditor, Littlejohn LLP.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 September 2011.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2010 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.horizonteminerals.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

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 the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2010 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2010, except for the impact of the adoption of the Standards and interpretations described below.

The preparation of condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements, are disclosed in Note 4 of the Group's 2010 Annual Report and Financial Statements.

3.1. Changes in accounting policy and disclosures

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group.

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 2011 or earlier periods, but not currently relevant to the Group.

A revised version of IAS 24 "Related Party Disclosures" simplified the disclosure requirements for government-related entities and clarified the definition of a related party. This revision was effective for periods beginning on or after 1 January 2011.

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieved first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment was effective for periods beginning on or after 1 July 2010.

Amendments to IFRS 7 "Financial Instruments: Disclosures" were designed to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. These amendments were effective for periods beginning on or after 1 January 2011 but are still subject to EU endorsement.

Amendments to IAS 32 "Financial Instruments: Presentation" addressed the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. These amendments were effective for periods beginning on or after 1 February 2010.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarified the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. This interpretation was effective for periods beginning on or after 1 July 2010.

An amendment to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permitted such an entity to treat the benefit of such an early payment as an asset. This amendment was effective for periods beginning on or after 1 January 2011.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

IFRS 12 “Disclosure of Interests in Other Entities” is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

IFRS 13 “Fair Value Measurement” improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

IAS 27 “Separate Financial Statements” replaces the current version of IAS 27 “Consolidated and Separate Financial Statements” as a result of the issue of IFRS 10 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

IAS 28 “Investments in Associates and Joint Ventures” replaces the current version of IAS 28 “Investments in Associates” as a result of the issue of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

Amendments to IAS 1 “Presentation of Financial Statements” require items that may be reclassified to the profit or loss section of the income statement to be grouped together within other comprehensive income (OCI). The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. These amendments are effective for periods beginning on or after 1 July 2012, subject to EU endorsement. The Directors are assessing the possible impact of these amendments on the Group’s Financial Statements.

Amendments to IAS 19 “Employment Benefits” eliminate the option to defer the recognition of gains and losses, known as the “corridor method”; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. These amendments are effective for periods beginning on or after 1 January 2013, subject to EU endorsement, and are not expected to have an impact on the Group’s Financial Statements.

IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” clarifies when stripping costs incurred in the production phase of a mine’s life should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group’s Financial Statements.

4. 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.

2011	UK	Brazil	Peru	Total
	9 months	9 months	9 months	9 months
	ended	ended	ended	ended
	30	30	30	30
	September	September	September	September
	2011	2011	2011	2011
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(1,085,779)	(262,368)	(19,945)	(1,368,092)

Profit / (Loss) on foreign exchange	133	-	-	133
Listing fees and associated costs	(234,863)	-	-	(234,863)
Other operating income	407,369	-	-	407,369
Loss from operations per reportable segment	(913,140)	(262,368)	(19,945)	(1,195,453)
Inter segment revenues	-	179,041	39,120	218,161
Depreciation charges	(611)	(3,498)	-	(4,109)
Additions to non-current assets	-	3,864,885	-	3,864,885
Reportable segment assets	6,922,127	25,956,482	779,036	33,657,645
Reportable segment liabilities	3,155,212	3,352,060	-	6,507,272

2010	UK	Brazil	Peru	Total
	9 months ended 30 September 2010	9 months ended 30 September 2010	9 months ended 30 September 2010	9 months ended 30 September 2010
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(463,425)	(208,461)	(95,455)	(767,341)
Profit / (Loss) on foreign exchange	(642)	-	-	(642)
Other operating income		440,079		440,079
Acquisition costs expensed	(490,403)	-	-	(490,403)
Loss from operations per reportable segment	(954,470)	231,618	(95,455)	(818,307)
Inter segment revenues		89,266	37,261	126,527
Depreciation charges	310	9,793	-	10,103
Additions to non-current assets	-	646,149	-	646,149
Reportable segment assets	4,635,205	23,732,453	812,608	29,180,266
Reportable segment liabilities	3,453,150	3,423,478	-	6,876,628

A reconciliation of adjusted loss from operations per reportable segment to profit/(loss) before tax is provided as follows:

	9 months ended 30 September 2011 £	9 months ended 30 September 2010 £	3 months ended 30 September 2011 £	3 months ended 30 September 2010 £
Profit /(Loss) from operations per reportable segment	(1,195,453)	(818,307)	(552,096)	(129,856)
– Gain on bargain purchase	-	1,798,251	-	1,798,251
– Gain on sale of fixed asset	10,876		10,876	
– Finance income	95,199	1,571	37,179	178
– Finance costs	(136,944)	(22,011)	(45,648)	(22,011)
Profit/(Loss) for the period from continuing operations	(1,226,322)	959,504	(549,689)	1,646,562

5. Other operating income

Included in other operating income for the nine months ended 30 September 2011 is US\$500,000 relating to an option payment received from Anglo Pacific Group plc. On 12 January 2011 the Company signed an option agreement with Anglo whereby Anglo received the option to acquire a Net Smelter Royalty (“NSR”) on future nickel revenues of the Araguaia project in exchange for the option payment.

If Anglo chooses to exercise the option, which is exercisable upon completion of a pre-feasibility study on the site, it will pay Horizonte US\$12.5m and shall receive a NSR. The NSR will be at a rate of 1.5% of nickel revenue produced up to 30,000 tonnes per annum, reduced by 0.02% for every 1,000 tonnes per annum above this rate. The rate will be fixed at a minimum rate of 1.1% for production of 50,000 tonnes per annum and above.

6. Intangible assets

Intangible assets comprise exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise internally generated and acquired assets. Additions are

net of amounts payable by the Group's strategic partners under various joint venture agreements, amounting to £ 885,655.

Group	Goodwill	Exploration and evaluation costs	Total
	£	£	£
Cost			
At 1 January 2011	435,751	16,482,451	16,918,202
Additions	-	3,800,542	3,800,542
Exchange rate movements	(47,422)	(1,571,613)	(1,619,035)
Net book amount at 30 September 2011	388,329	18,711,380	19,099,709

7. Share Capital

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2011	246,560,480	2,465,605	11,283,355	13,748,960
Issue of ordinary shares	32,999,500	329,995	7,919,880	8,249,875
Issue costs	-	-	(430,438)	(430,438)
At 30 September 2011	279,559,980	2,795,600	18,772,797	21,568,397

8. Dividends

No dividend has been declared or paid by the Company during the nine months ended 30 September 2011 (2010: nil).

9. Loss per share

The calculation of the basic loss per share of 0.447 pence for the 9 months ended 30 September 2011 (30 September 2010 earnings per share: 1.08 pence) is based on the loss attributable to the equity holders of the Company of £1,226,322 for the nine month period ended 30 September 2011 (30 September 2010: profit £959,504) divided by the weighted average number of shares in issue during the period of 272,084,955 (weighted average number of shares for the 9 months ended 30 September 2010: 89,245,546).

The calculation of the basic loss per share of 0.197 pence for the 3 months ended 30 September 2011 (30 September 2010 earnings per share: 1.10 pence) is based on the loss attributable to the equity holders of the Company of £549,689 for the three month period ended 30 September 2011 (3 months ended 30 September 2010: profit

£1,646,562) divided by the weighted average number of shares in issue during the period of 279,559,980 (weighted average number of shares for the 3 months ended 30 September 2010: 150,347,008).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2010.

10. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

11. Related party transactions

The nature of related party transactions of the Group has not changed from those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2010.

12. Commitments

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £289,000 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2010.

13. Events after the reporting period

There are no events which have occurred after the reporting period which would be material to the financial statements

14. Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 14 November 2011.

****ENDS****