

Horizonte Minerals plc
Condensed Consolidated Interim Financial Statements
for the three months ended 31 March 2012

Condensed consolidated statement of comprehensive income

		3 months ended	
		March 31	
		2012	2011
		Unaudited	Unaudited
	Notes	£	£
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(475,239)	(454,600)
Charge for stock options granted		(116,378)	(46,560)
Toronto Stock Exchange listing fees and associated costs		(37,050)	-
(Loss)/gain on foreign exchange		(76,853)	(13,442)
Other operating income	5	28,948	327,110
Loss from operations		(676,572)	(187,492)
Finance income		28,308	42,782
Finance costs		(41,965)	(45,648)
Loss before taxation		(690,229)	(190,358)
Taxation		-	-
Loss for the period from continuing operations		(690,229)	(190,358)
Other comprehensive income			
Exchange differences on translating foreign operations		(158,226)	(284,471)
Total comprehensive income for the period attributable to equity holders of the Company		(848,455)	(474,829)

Earnings per share from continuing operations attributable to the equity holders of the Company

Basic and diluted loss per share (pence per share)	9	(0.243)	(0.072)
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Condensed consolidated statement of financial position

		31 March 2012 Unaudited	31 December 2011 Audited
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	6	21,119,128	19,355,457
Property, plant & equipment		118,871	139,264
Deferred taxation		7,203,776	7,243,524
		28,441,775	26,738,245
Current assets			
Trade and other receivables		51,440	172,906
Cash and cash equivalents		4,871,878	5,856,949
		4,923,318	6,029,855
Total assets		33,365,093	32,768,100
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	2,880,600	2,795,600
Share premium	7	19,984,047	18,772,797
Other reserves		8,375,058	8,533,284
Accumulated losses		(4,273,866)	(3,700,015)
Total equity		26,965,839	26,401,666
Liabilities			
Non-current liabilities			
Contingent consideration		2,757,330	2,715,365
Deferred taxation		3,130,910	3,148,185
		5,888,240	5,863,550
Current liabilities			
Trade and other payables		511,014	502,884
Total liabilities		6,399,254	6,366,434
Total equity and liabilities		33,365,093	32,768,100

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 2011	2,465,605	11,283,355	(2,184,252)	10,933,292	22,498,000
Comprehensive income					
Loss for the period	-	-	(190,358)	-	(190,358)
Other comprehensive income					
Currency translation differences	-	-	-	(284,471)	(284,471)
Total comprehensive income	-	-	(190,358)	(284,471)	(474,829)
Transactions with owners					
Share based payments	-	-	46,560	-	46,560
Issue of ordinary shares	329,995	7,919,880	-	-	8,249,875
Issue costs	-	(430,438)	-	-	(430,438)
Total transactions with owners	329,995	7,489,442	46,560	-	7,865,997
As at 31 March 2011	2,795,600	18,772,797	(2,328,050)	10,648,821	29,889,168

As at 1 January 2012	2,795,600	18,772,797	(3,700,015)	8,533,284	26,401,666
Comprehensive income					
Loss for the period	-	-	(690,229)	-	(690,229)
Other comprehensive income					
Currency translation differences	-	-	-	(158,226)	(158,226)
Total comprehensive income	-	-	(690,229)	(158,226)	(848,455)
Transactions with owners					
Issue of ordinary shares	85,000	1,211,250	-	-	1,296,250
Share based payments	-	-	116,378	-	116,378
Total transactions with owners	85,000	1,211,250	116,378	-	1,412,628
As at 31 March 2012	2,880,600	19,984,047	(4,273,866)	8,375,058	26,965,839

Condensed Consolidated Statement of Cash Flows

	3 months ended	
	31 March	
	2012	2011
	Unaudited	Unaudited
	£	£
Cash flows from operating activities		
Loss before taxation	(690,228)	(190,358)
Interest income	(28,308)	(42,782)
Finance costs	41,965	45,648
Exchange differences	57,258	-
Employee share options charge	116,378	46,560
Depreciation	1,631	2,233
Operating loss before changes in working capital	(501,304)	(138,699)

Increase in trade and other receivables	(223,077)	(8,750)
Increase / (decrease) in trade and other payables	354,944	(4,678)
Net cash outflow from operating activities	(369,437)	(152,127)
Cash flows from investing activities		
Net purchase of intangible assets	(586,684)	(685,076)
Purchase of property, plant and equipment	-	(96,515)
Interest received	28,308	42,782
Net cash used in investing activities	(558,376)	(738,809)
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of issue costs)	-	7,819,437
Net cash inflow from financing activities	-	7,819,437
Net (decrease)/increase in cash and cash equivalents	(927,813)	6,928,501
Cash and cash equivalents at beginning of period	5,856,649	3,847,031
Exchange on cash and cash equivalents	(57,258)	28
Cash and cash equivalents at end of the period	4,871,878	10,775,560

Major non-cash transactions

On 8 July 2011 Horizonte Minerals plc (“the Company”) signed a sale and purchase agreement with Lara Exploration Limited for the purchase of the Vila Oito and Floresta nickel laterite projects. The consideration for the transaction was 8,500,000 ordinary shares in the Company and the agreement was contingent on the successful transfer of the legal title to the licences by the Departamento Nacional de Produção Mineral (‘DNPM’) in Brazil.

On 7 February 2012 the Company received notification that legal title to the licence areas had been successfully transferred and therefore issued 8,500,000 fully paid ordinary shares to Lara Exploration Limited in consideration for 100% of the Vila Oito and Floresta nickel laterite projects.

Notes to the Financial Statements

1. General information

The principal activity of 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 2011, 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 2011 were approved by the Board of Directors on 21 February 2012 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 31 March 2012.

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 2011 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 2011 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 2011, 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 2011 Annual Report and Financial Statements.

3.1. Changes in accounting policy and disclosures

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to IFRS 7 “Financial Instruments: Disclosures” are 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.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 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 remeasurements 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.

Amendments to IFRS 7 “Financial Instruments: Disclosures” require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. This interpretation is effective for periods beginning on or after 1 January 2013 and interim periods within those annual periods, subject to EU

endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, subject to EU endorsement. Early application continues to be permitted. The amendments also require additional disclosures on transition from IAS 39 "Financial Instruments: Recognition and Measurement" to IFRS 9.

Amendments to IAS 32 "Financial Instruments: Presentation" add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This interpretation is effective for annual periods beginning on or after 1 January 2014, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

Amendments to IAS 12 "Income Taxes" introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will normally be through sale. This interpretation is effective for annual periods beginning on or after 1 January 2012, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements, and is not expected to have an impact 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.

2012	UK	Brazil	Peru	Total
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31 March	31 March	31 March	31 March
	2012	2012	2012	2012
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(298,561)	(172,642)	(4,036)	(475,239)
Loss on foreign exchange	(73,601)	(3,252)	-	(76,853)
Other operating Income	28,948	-	-	28,948
Loss from operations per reportable segment	(343,214)	(175,894)	(4,036)	(523,144)
Inter segment revenues		80,075	16,184	96,259
Depreciation charges	(551)	(1,080)	-	(1,631)
Additions to non-current assets	-	1,901,696	-	1,901,696
Reportable segment assets	5,055,984	27,501,440	807,669	33,365,093
Reportable segment liabilities	3,045,438	3,353,816	-	6,399,254
2011	UK	Brazil	Peru	Total
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31 March	31 March	31 March	31 March
	2011	2011	2011	2011
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(399,347)	(49,250)	(6,003)	(454,600)
Profit/(loss) on foreign exchange	(13,442)	-	-	(13,442)
Other operating Income	327,110	-	-	327,110
Loss from operations per reportable segment	(85,679)	(49,250)	(6,003)	(140,932)
Inter segment revenues	-	32,792	12,895	45,687
Depreciation charges	(182)	(2,051)	-	(2,233)
Additions to non-current assets	-	798,219	-	798,219
Reportable segment assets	10,906,606	24,785,578	770,277	36,462,461
Reportable segment liabilities	2,906,196	3,667,097	-	6,573,293

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

	3 months ended 31 March 2012 £	3 months ended 31 March 2011 £
Loss from operations per reportable segment	(523,144)	(140,932)
Charge for stock options	(116,378)	(46,560)
TSX listing fees and associated costs	(37,050)	
– Finance income	28,308	42,782
– Finance costs	(41,965)	(45,648)
Loss for the period from continuing operations	(690,229)	(190,358)

5. Other operating income

Other operating income for the three months ended 31 March 2012 comprised management fees of £ 28,948 (three months ended 31 March 2011: £ 14,610).

Also included in other operating income for the three months ended 31 March 2011 is US\$500,000 relating to an option payment received from Anglo Pacific Group plc (“Anglo”). 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 £ 290,145 (three months ended 31 March 2012: £159,846).

Group	Goodwill	Exploration and evaluation costs	Total
	£	£	£
Cost			
At 1 January 2012	387,378	18,968,079	19,355,457
Additions	-	1,901,696	1,901,696
Exchange rate movements	(2,107)	(135,918)	(138,025)
Net book amount at 31 March 2012	385,271	20,733,857	21,119,128

7. Share Capital

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2012	279,559,980	2,795,600	18,772,797	21,568,397
Issue of ordinary shares	8,500,000	85,000	1,211,250	1,296,250
Issue costs	-	-	-	-
At 31 March 2012	279,559,980	2,880,600	19,984,047	22,864,647

8. Dividends

No dividend has been declared or paid by the Company during the three months ended 31 March 2012 (2011: nil).

9. Loss per share

The calculation of the basic and diluted loss per share of 0.243 pence for the 3 months ended 31 March 2012 (31 March 2011 loss per share: 0.072 pence) is based on the loss

attributable to the equity holders of the Company of £ 690,229 for the three month period ended 31 March 2012 (31 March 2011: loss £190,358) divided by the weighted average number of shares in issue during the period of 284,510,529 (weighted average number of shares for the 3 months ended 31 March 2011: 264,526,874).

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 2011.

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 2011.

12. Commitments

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £531,549 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2011.

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 15 May 2012.

****ENDS****