Chairman's Statement

The first half of the year has seen the Company deliver a number of project milestones on track and on budget as we maintain our position as a leading exploration and development company in Brazil. Our primary focus during the period has been to advance our flagship 100%-owned Araguaia nickel project ('Araguaia') up the development curve and towards the Pre-Feasibility stage. To this end we have updated and increased the mineral resource estimate, completed preliminary metallurgical testwork, and have been conducting a Preliminary Economic Assessment ('PEA') which is due to be completed mid-Q3 2012. We also have an active joint venture in northern Brazil which we are developing with our partner AngloGold Ashanti Limited ('AngloGold'), which is progressing well and importantly gives us a secondary commodity focus with minimum capital risk exposure to the Company.

The year started with us announcing an updated mineral resource estimate at Araguaia which increased and upgraded the NI 43-101 resource by 31% to 39.3 million tonnes grading 1.39% nickel in the Indicated category and 60.9 million tonnes averaging 1.22% nickel in the Inferred category using a 0.95% nickel cut-off. Within this resource we also defined the existence of higher grade zones i.e. 24.2 million tonnes with a grade of 1.6% nickel using a 1.2% nickel cut-off. This is significant as the presence of higher grade ore is critical to the early mine life economics.

The resource estimate lifts Araguaia to be one of the more attractive nickel assets globally in terms of size and grade and, with the advantage of excellent location and infrastructure, it has the potential to be a major development project with a substantial mine life of over 25 years. For these reasons, I believe Araguaia draws parallels with other large scale nickel projects such as Vale's Onca Puma and Anglo's Barro Alto projects, which are both neighbours of ours in Brazil.

In March 2012 we also completed preliminary metallurgical testwork at Araguaia. This is another vital step in Araguaia's development path and ensures no fundamental flaws with the metallurgical characteristics of the ore, and in essence acts as a major step in de-risking the project. As a part of this testwork we assessed two routes to allow us optionality for the PEA. The results I am delighted to report were highly encouraging for both the pyrometallugical and hydrometallurgical test programmes, demonstrating two process routes that with additional testing are potentially suitable for commercial production.

It is also important to note that Araguaia is ideally located in a country where there are four plants producing ferronickel via the pyrometallurgical route including Anglo American's Barro Alto project that started nickel production in March 2011. The results returned from our initial pyrometallurgical tests at Araguaia showed that it is possible to produce ferronickel with grades ranging from 35.3% nickel to 40.5% nickel with good overall recovery rates, which again is highly promising.

Additionally, work is well underway on the PEA at Araguaia which is due to be completed and announced mid-Q3 2012. The PEA will give a base case valuation on the project in terms of applying pit optimisation to the

resource, mining scheduling and costs on the different treatment routes to provide initial economic parameters to the project. The PEA has run approximately six weeks behind schedule due to delays with third party contractors, however we look forward to reporting results shortly.

Araguaia is a long life project, and it is interesting to note current and long-term views on nickel supply/demand and prices. A presentation at the PDAC mining conference in March 2012 by Mark Selby of Royal Nickel summarised that for 2012 to 2015 there is a largely balanced nickel market with no great oversupply. However, even with all the nickel projects currently under construction, China alone is expected to consume this production, even if higher risk projects are also successfully commissioned.

Beyond 2015, as Mark put it "the cupboard is bare" – there are very few projects in the pipeline. China is going to need a further +1 million tonnes of nickel before the end of this decade. Add to this what the rest of the world (led by Russia, India and Brazil) will need and there is a looming supply gap. It is noteworthy that as an economy such as China's industrialises, demand moves from more basic materials like carbon steel into stainless steels and ultimately into speciality alloys that require a lot of nickel and will drive non-stainless nickel consumption in China. China's current nickel consumption per capita is still less than half of that of the industrial economies of Western Europe and Japan. By 2015 there are only a few large scale projects and Horizonte, I believe, has one of them in Araguaia.

In terms of financing the development of Araguaia, in 2012 we successfully completed a £5.2 million placing through our existing shareholders including our major shareholder Teck Resources. In the current volatile markets the Board felt that it was important to ensure that the cash position of the Company remained robust so as to continue the rapid development of Araguaia. I believe the placing also illustrates the support for the quality of Araguaia and its potential going forward. These funds will importantly allow us to keep the project moving forward and on track for early development. After the PEA, work will start on another infill resource drilling programme in H2 2012, combined with metallurgical pilot test work that will both feed into the start of the Pre-Feasibility Study in early 2013.

Furthermore, over the period we have also strengthened our management and geological team with a view to securing Araguaia's smooth development. As mentioned, metallurgy is a key factor in the development of nickel laterite projects and with this in mind, we were delighted to report that we enlisted the help of leading metallurgist Dr. Phillip Mackey as Senior Metallurgical Advisor of Horizonte to oversee future work as we advance Araguaia up the development curve. Dr. Mackey is a consulting metallurgical engineer with over forty years' experience in non-ferrous metals processing with a particular focus on nickel and copper sulphide smelting and nickel laterite processing. He has worked for leading producers of nickel including Falconbridge and Xstrata and throughout his career he has been involved in a number of nickel sulphide projects and later on nickel laterite projects at various stages of the development cycle from laboratory testing and pilot plant operations to commercial scale processing. His world class expertise in metallurgical processing, especially in the nickel arena, will be invaluable to us as we progress Araguaia.

Philip joins our expanding team that includes Roger Billington, Technical Manager, and non-executive directors Bill Fisher and Owen Bavinton, all with extensive nickel laterite experience.

In addition to Araguaia, Horizonte is developing the Falcao Gold Project ('Falcao') with a major mining partner: AngloGold. Falcao is located in southern Pará State, north central Brazil. AngloGold committed £1.6 million for 2012 to further funding to test the project.

At Falcao a total of 3,663 metres of drilling has been completed in 15 diamond drill holes in the first phase of drilling. Initial drill results were reported on 16 November 2011 (drill holes 1 to 7) with encouraging gold mineralisation reported in drill holes 1, 2 and 3, specifically.

DDH-001 returned 11.1m grading 1.21 g/t Au from 59 m, DDH-002 returned 48.9 m grading 0.93g/t Au from 172 m including 15.76 m grading 1.65g/t Au, and DDH-003 returned a high grade interval of 1.67 m grading 27.70 g/t Au.

The results from holes 8 to 15 show continuity of gold mineralisation within a zone of 800 metres encompassed by holes 1, 2, 3 and 12 and 14 over 800 metres in a ENE trend.

DDH-12 returned:

- 93.9 m to 101 m averaging 0.81 g/t Au
- 93.9 m to 108 m averaging 0.55 g/t Au
- 86.0 m to 112.2 m averaging 0.35 g/t Au

DDH-14 returned:

- 73 m to 138 m grading 0.82 g/t Au including 86.99 m to 103 m @ 2.63 g/t Au including 1m @ 14.67 g/t Au
- 112m to 138m @ 1.14 g/t Au

A single interval of 1m grading 5.62 g/t Au was returned at 147 m to 148 m in Fal-DDH-13. No significant values were obtained in holes 8, 9, 10, 11, and 15.

The main mineralised zone defined is associated with altered felsic rocks, namely sericite schists with variable amounts of pyrite mineralisation. The mineralisation is open to east and further soil sampling and IP ground geophysics has been undertaken to attempt to define further continuity along this trend.

Horizonte, with AngloGold, is reviewing all information as well as awaiting results from the soil sampling and IP survey with a view to planning a second phase of diamond drilling on this early stage exploration project in Q3 2012.

Additionally, through our wholly owned subsidiary HM do Brasil Ltda we signed a Heads of Terms Agreement granting Magellan Minerals Ltd ('Magellan'), a Canadian gold exploration company (TSX-V: MNM), an option to earn up to a 70% interest in the Company's 1,553 ha Agua Azul do Norte gold property, located in the Carajas mining region in northern Brazil. Magellan has an initial option to earn into 51% for a total cash consideration of US$320,000 staggered over a 36 month period and a minimum exploration spend of US$1,500,000 on the project. This latest JV with Magellan again underpins our strategy of monetising our gold assets whilst advancing them up the development curve with a view to defining resources, and maximising additional value uplift from our gold portfolio for shareholders, at no cost to Horizonte.

The period under review has been one of substantial achievement and growth for Horizonte, with many milestones achieved. The coming second half of the year will see your Company advancing Araguaia where a clear and exciting development path has been set as we approach the Pre-Feasibility stage. This will bring us one step closer to production to fill at least in part that "bare cupboard" beyond 2015 in terms of nickel supply. Falcao will continue to be explored and fully funded by our partner AngloGold Ashanti. With a robust cash position, a well established management team in the nickel arena, I feel confident on our progress going forward.

Finally, I would like to take this opportunity to thank our loyal shareholders for your on-going support and likewise express my thanks to CEO Jeremy Martin, the management team and the Board.

David J. Hall
Chairman
14 August 2012

HORIZONTE MINERALS

Horizonte Minerals plc

Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2012

Condensed consolidated statement of comprehensive income

		6 months ended June 30 2012	2011	3 months ended June 30 2012	2011
		Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	Notes	**£**	**£**	**£**	**£**
Continuing operations					
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Group Administrative expenses		(909,983)	(802,278)	(434,744)	(347,678)
Charge for Share Options Granted		(232,755)	(93,118)	(116,377)	(46,558)
Toronto Stock Exchange listing fees and associated costs		(62,982)	(190,353)	(25,932)	(190,353)
(Loss)/gain on foreign exchange		(85,197)	82,630	(8,344)	96,072
Other operating income	5	73,935	359,762	44,987	32,652
Loss from operations		(1,216,982)	(643,357)	(540,410)	(455,865)
Finance income		43,391	58,020	15,083	15,238
Finance costs		(83,929)	(91,296)	(41,964)	(45,648)
Loss before taxation		**(1,257,520)**	**(676,633)**	**(567,291)**	**(486,275)**
Taxation		-	-	-	-
Loss for the year from		**(1,257,520)**	**(676,633)**	**(567,291)**	**(486,275)**

continuing operations					
Other comprehensive income					
Currency translation differences on translating foreign operations		(1,984,515)	657,561	(1,826,288)	942,032
Total comprehensive income for the period attributable to equity holders of the Company		**(3,242,035)**	**(19,072)**	**(2,393,579)**	**455,757**
Earnings per share from continuing operations attributable to the equity holders of the Company					
Basic and diluted (pence per share)	9	**(0.43)**	**(0.25)**	**(0.19)**	**(0.17)**

Condensed consolidated statement of financial position

	Notes	**30 June 2012 Unaudited**	**31 December 2011 Audited**
		£	**£**
Assets			
Non-current assets			
Intangible assets	6	20,149,784	19,355,457
Property, plant & equipment		155,749	139,264
Deferred taxation		6,632,406	7,243,524
		26,937,939	26,738,245
Current assets			
Trade and other receivables		40,126	172,906

Cash and cash equivalents		8,801,564	5,856,949
		8,841,690	6,029,855
Total assets		**35,779,629**	**32,768,100**
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	3,600,462	2,795,600
Share premium	7	24,384,527	18,772,797
Other reserves		6,548,769	8,533,284
Accumulated losses		(4,724,779)	(3,700,015)
Total equity		**29,808,979**	**26,401,666**
Liabilities			
Non-current liabilities			
Contingent consideration		2,799,294	2,715,365
Deferred taxation		2,882,581	3,148,185
		5,681,875	5,863,550
Current liabilities			
Trade and other payables		288,775	502,884
Total liabilities		5,970,650	6,366,434
Total equity and liabilities		**35,779,629**	**32,768,100**

Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
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	-	-	(676,633)	-	(676,633)
Other comprehensive income					
Currency translation differences	-	-	-	657,561	657,561
Total comprehensive	-	-	(676,633)	657,561	(19,072)

income					
Transactions with owners					
Issue of ordinary shares	329,995	7,919,880	-	-	8,249,875
Issue costs	-	(430,438)	-	-	(430,438)
Share based payments	-	-	93,118	-	93,118
Total transactions with owners	329,995	7,489,442	93,118	-	7,912,555
As at 30 June 2011	**2,795,600**	**18,772,797**	**(2,767,767)**	**11,590,853**	**30,391,483**
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	-	-	(1,257,520)	-	(1,257,520)
Other comprehensive income					
Currency translation differences	-	-	-	(1,984,515)	(1,984,515)
Total comprehensive income	-	-	(1,257,520)	(1,984,515)	(3,242,035)
Transactions with owners					
Issue of ordinary shares	804,862	5,710,387	-	-	6,515,249
Issue costs	-	(98,657)	-	-	(98,657)
Share based payments	-	-	232,756	-	232,756
Total transactions with owners	804,862	5,611,730	232,756	-	6,649,348
As at 30 June 2012	**3,600,462**	**24,384,527**	**(4,724,779)**	**6,548,769**	**29,808,979**

HORIZONTE MINERALS

Condensed Consolidated Statement of Cash Flows

	6 months ended 30 June		3 months ended 30 June	
	2012	2011	2012	2011
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Cash flows from operating activities				
Loss before taxation	(1,257,520)	(676,633)	(567,291)	(486,275)
Interest income	(43,392)	(58,020)	(15,084)	(15,238)
Finance costs	83,930	91,296	41,965	45,648
Exchange differences	65,602	(11,822)	8,344	(11,822)
Employee share options charge	232,756	93,120	116,378	46,560
Depreciation	3,176	2,644	1,545	411
Operating loss before changes in working capital	(915,448)	(559,415)	(414,143)	(420,716)
Increase / (decrease) in trade and other receivables	(213,492)	(299,737)	9,585	(290,987)
Increase / (decrease) in trade and other payables	111,746	885,077	(243,196)	889,755
Net cash inflow/(outflow) from operating activities	(1,017,194)	25,925	(647,754)	178,052
Cash flows from investing activities				
Net purchase of intangible assets	(1,072,313)	(1,984,628)	(485,629)	(1,267,380)
Purchase of property, plant and equipment	(64,013)	(64,343)	(64,013)	-
Interest received	43,392	58,020	15,084	15,238
Net cash used in investing activities	(1,092,934)	(1,990,951)	(534,558)	(1,252,142)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	5,218,999	8,249,875	5,218,999	-
Share issue costs	(98,657)	(430,438)	(98,657)	-
Net cash inflow from financing activities	5,120,342	7,819,437	5,120,342	-
Net increase/(decrease) in cash and cash equivalents	3,010,215	5,854,411	3,938,030	(1,074,090)
Cash and cash equivalents at beginning of period	5,856,949	3,847,031	4,871,878	10,775,560
Exchange loss on cash and cash equivalents	(65,600)	(70)	(8,344)	(98)
Cash and cash equivalents at end of	8,801,564	9,701,372	8,801,564	9,701,372

the period

Major non-cash transactions

On 7 February 2012 the Company issued 8,500,000 new ordinary shares of 1 pence per share each to Lara Exploration Limited at a premium of 14 pence per share in consideration for the acquisition 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 cyclicality 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 but have been 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 June 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 and judgements

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

(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 and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012 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 2012 or later 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.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" replace references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs, and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

(c) 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 amendment 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. The Directors are assessing the possible impact of this amendment on the Group's Financial Statements.

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.

IFRS 9 "Financial Instruments" specifies how an entity should classify and measure financial assets, including some hybrid contracts, with the aim of improving and simplifying the approach to classification and measurement compared with IAS 39. This standard is effective for periods beginning on or after 1 January 2015, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" clarify the IASB's intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied.

The amendments are 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.

"Annual Improvements 2009 – 2011 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" clarifies whether an entity may apply IFRS 1:
(a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period; or
(b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.
The amendment also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs.

- An amendment to IAS 1 "Presentation of Financial Statements" clarifies the requirements for providing comparative information:
(a) for the opening statement of financial position when an entity changes accounting policies, or makes retrospective restatements or reclassifications; and
(b) when an entity provides financial statements beyond the minimum comparative information requirements.

- An amendment to IAS 16 "Property, Plant and Equipment" addresses a perceived inconsistency in the classification requirements for servicing equipment.

- An amendment to IAS 32 "Financial Instruments: Presentation" addresses perceived inconsistencies between IAS 12 "Income Taxes" and IAS 32 with regard to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

- An amendment to IAS 34 "Interim Financial Reporting" clarifies the requirements on segment information for total assets and liabilities for each reportable segment.

The amendments are 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 elsewhere relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

2011	UK 6 months ended 30 June 2011 £	Brazil 6 months ended 30 June 2011 £	Other 6 months ended 30 June 2011 £	Total 6 months ended 30 June 2011 £
Revenue	-	-	-	-
Group Administrative expenses	(665,760)	(127,070)	(9,448)	(802,278)
Profit / (Loss) on foreign exchange	82,630	-	-	82,630
Other operating income	359,762	-	-	359,762
Loss from operations per reportable segment	(223,368)	(127,070)	(9,448)	(359,886)
Inter segment revenues	-	80,007	25,921	105,928
Depreciation charges	(364)	(2,280)	-	(2,644)
Additions to non-current assets	-	2,085,769	-	2,085,769
Reportable segment assets	8,680,655	28,631,404	768,711	38,080,770
Reportable segment liabilities	(3,430,318)	(4,258,969)	-	(7,689,287)

2012	UK 6 months ended 30 June 2012 £	Brazil 6 months ended 30 June 2012 £	Other 6 months ended 30 June 2012 £	Total 6 months ended 30 June 2012 £
Revenue	-	-	-	-
Group Administrative expenses	(518,412)	(370,844)	(20,727)	(909,983)
Profit / (Loss) on foreign exchange	(28,705)	(56,492)	-	(85,197)
Other operating income	73,935	-	-	73,935
Loss from operations per reportable segment	(473,182)	(427,336)	(20,727)	(921,245)
Inter segment revenues	-	166,789	32,538	199,327
Depreciation charges	(1,101)	(1,989)	-	(3,090)
Additions to non-current assets	-	2,425,093	-	2,425,093
Reportable segment assets	9,148,116	25,808,844	822,669	35,779,629
Reportable segment liabilities	2,946,914	3,023,736	-	5,970,650

2011	UK	Brazil	Other	Total
	3 months ended 30 June 2011 £	3 months ended 30 June 2011 £	3 months ended 30 June 2011 £	3 months ended 30 June 2011 £
Revenue	-	-	-	-
Group Administrative expenses	(456,766)	(77,820)	(3,445)	(538,031)
Profit/(loss) on foreign exchange	96,072	-	-	96,072
Other operating Income	32,652	-	-	32,652
Loss from operations per reportable segment	(328,042)	(77,820)	(3,445)	(409,307)
Inter segment revenues	-	47,215	13,026	60,241
Depreciation charges	(182)	(229)	-	(411)
Additions to non-current assets	-	1,287,550	-	1,287,550

2012	UK	Brazil	Other	Total
	3 months ended 30 June 2012	3 months ended 30 June 2012	3 months ended 30 June 2012	3 months ended 30 June 2012
	£	£	£	£
Revenue	-	-	-	-
Group Administrative expenses	(219,851)	(198,202)	(16,691)	(434,744)
Profit/(loss) on foreign exchange	44,896	(53,240)	-	(8,344)
Other operating Income	44,987			44,987
Loss from operations per reportable segment	(129,968)	(251,442)	(16,691)	(398,101)
Inter segment revenues	-	86,714	16,354	103,068
Depreciation charges	(550)	(909)	-	(1,459)
Additions to non-current assets	-	523,397	-	523,397

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

	6 months ended 30 June 2012 £	6 months ended 30 June 2011 £	3 months ended 30 June 2012 £	3 months ended 30 June 2011 £
Loss from operations per reportable segment	(921,245)	(359,886)	(398,101)	(409,307)
– Charge for share options granted	(232,755)	(93,118)	(116,377)	(46,558)
– Toronto Stock Exchange Listing Fees and associated costs	(62,982)	(190,353)	(25,932)	-
– Finance income	43,391	58,020	15,083	15,238
– Finance costs	(83,929)	(91,296)	(41,964)	(45,648)
Loss for the period from continuing operations	(1,257,520)	(676,633)	(567,291)	(486,275)

5 Other operating income

Included in other operating income for the six months ended 30 June 2012 is US$ 20,000 relating to an option payment received from Magellan Minerals Ltd under a Heads of Terms signed on 23 May 2012. The Heads of Terms, which remain subject to definitive binding documentation, provide Magellan Minerals Ltd with an option to earn up to a 70% interest in the Company's Azul do Norte property.

Included in other operating income for the six months ended 30 June 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 Pacific Group plc 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 £ 548,561.

Group	Goodwill £	Exploration and evaluation costs £	Total £
Cost			
At 1 January 2012	387,378	18,968,079	19,355,457
Additions	-	2,425,093	2,425,093
Exchange rate movements	(32,663)	(1,598,103)	(1,630,766)
Net book amount at 30 June 2012	354,715	19,795,069	20,149,784

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	80,486,190	804,862	5,710,387	6,515,249
Issue costs	-	-	(98,657)	(98,657)
At 30 June 2012	**360,046,170**	**3,600,462**	**24,384,527**	**27,984,989**

8 Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2012 (2011: nil).

9 Loss per share

The calculation of the basic loss per share of 0.429 pence for the 6 months ended 30 June 2012 (30 June 2011 loss per share: 0.249 pence) is based on the loss attributable to the equity holders of the Company of £ 1,257,520 for the six month period ended 30 June 2012 (30 June 2011: £676,633) divided by the weighted average number of shares in issue during the period of 293,036,583 (weighted average number of shares for the 6 months ended 30 June 2011: 272,084,955).

The calculation of the basic loss per share of 0.188 pence for the 3 months ended 30 June 2012 (30 June 2011 loss per share: 0.174 pence) is based on the loss attributable to the equity holders of the Company of £ 567,291 for the three month period ended 30 June 2012 (3 months ended 30 June 2011: £ 486,275) divided by the weighted average number of shares in issue during the period of 301,507,950 (weighted average number of shares for the 3 months ended 30 June 2011: 279,559,980).

The basic and diluted loss per share is the same, as the effect of the exercise of share options would be to decrease the loss per share.

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 £ 361,048 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 Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 13 August 2012.