

**Horizonte Minerals plc**  
**Condensed Consolidated Interim Financial Statements**  
**for the three months ended 31 March 2013**

**Condensed consolidated statement of comprehensive income**

		<b>3 months ended</b>	
		<b>March 31</b>	
		<b>2013</b>	<b>2012</b>
		<b>Unaudited</b>	<b>Unaudited</b>
	Notes	<b>£</b>	<b>£</b>
<b>Continuing operations</b>			
<b>Revenue</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(360,737)	(475,239)
Charge for stock options granted		(57,016)	(116,378)
Toronto Stock Exchange listing fees and associated costs		(4,765)	(37,050)
Gain/(loss) on foreign exchange		72,067	(76,853)
Other operating income	5	-	28,948
<b>Loss from operations</b>		<b>(350,451)</b>	<b>(676,572)</b>
Finance income		13,780	28,308
Finance costs		(47,297)	(41,965)
<b>Loss before taxation</b>		<b>(383,968)</b>	<b>(690,229)</b>
Taxation		-	-
<b>Loss for the period from continuing operations</b>		<b>(383,968)</b>	<b>(690,229)</b>
<b>Other comprehensive income</b>			
Change in value of available for sale financial assets		(120,240)	-
Currency translation differences		1,943,298	(158,226)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>1,439,090</b>	<b>(848,455)</b>

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

Basic and diluted loss per share (pence per share)

9 (0.107) (0.243)

**Condensed consolidated statement of financial position**

		<b>31 March 2013 Unaudited</b>	<b>31 December 2012 Audited</b>
	Notes	£	£
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	23,467,634	20,417,739
Property, plant & equipment		165,810	145,564
Deferred taxation		6,830,016	6,308,978
		<b>30,463,460</b>	<b>26,872,281</b>
<b>Current assets</b>			
Trade and other receivables		16,918	44,842
Other current financial assets		77,474	197,714
Cash and cash equivalents		4,313,684	5,887,174
		<b>4,408,076</b>	<b>6,129,730</b>
<b>Total assets</b>		<b>34,871,536</b>	<b>33,002,011</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	7	3,600,462	3,600,462
Share premium	7	24,384,527	24,384,527
Other reserves		7,261,957	5,438,899
Accumulated losses		(6,195,048)	(5,868,096)
<b>Total equity</b>		<b>29,051,898</b>	<b>27,555,792</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contingent consideration		2,406,409	2,359,112
Deferred taxation		2,968,466	2,742,012
		<b>5,374,875</b>	<b>5,101,124</b>
<b>Current liabilities</b>			
Trade and other payables		444,763	345,095
<b>Total liabilities</b>		<b>5,819,638</b>	<b>5,446,219</b>
<b>Total equity and liabilities</b>		<b>34,871,536</b>	<b>33,002,011</b>

## Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				Total £
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	
<b>As at 1 January 2012</b>	<b>2,795,600</b>	<b>18,772,797</b>	<b>(3,700,015)</b>	<b>8,533,284</b>	<b>26,401,666</b>
Loss for the period	-	-	(690,229)	-	(690,229)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	(158,226)	(158,226)
<b>Total comprehensive income</b>	-	-	(690,229)	(158,226)	(848,455)
Issue of ordinary shares	85,000	1,211,250	-	-	1,296,250
Share based payments	-	-	116,378	-	116,378
<b>Total contributions by and distributions to owners of the Company</b>	<b>85,000</b>	<b>1,211,250</b>	<b>116,378</b>	<b>-</b>	<b>1,412,628</b>
<b>As at 31 March 2012</b>	<b>2,880,600</b>	<b>19,984,047</b>	<b>(4,273,866)</b>	<b>8,375,058</b>	<b>26,965,839</b>
<b>As at 1 January 2013</b>	<b>3,600,462</b>	<b>24,384,527</b>	<b>(5,868,096)</b>	<b>5,438,899</b>	<b>27,555,792</b>
Loss for the period	-	-	(383,968)	-	(383,968)
<b>Other comprehensive income</b>					
Change in value of available for sale financial assets	-	-	-	(120,240)	(120,240)
Currency translation differences	-	-	-	1,943,298	1,943,298
<b>Total comprehensive income</b>	-	-	(383,968)	1,823,058	1,439,090
Issue of ordinary shares	-	-	-	-	-
Share based payments	-	-	57,016	-	57,016
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>57,016</b>	<b>-</b>	<b>57,016</b>
<b>As at 31 March 2013</b>	<b>3,600,462</b>	<b>24,384,527</b>	<b>(6,195,048)</b>	<b>7,261,957</b>	<b>29,051,898</b>

## Condensed Consolidated Statement of Cash Flows

	3 months ended	
	31 March	
	2013	2012
	Unaudited	Unaudited
	£	£
<b>Cash flows from operating activities</b>		
Loss before taxation	(383,968)	(690,228)
Interest income	(13,780)	(28,308)
Finance costs	47,297	41,965
Exchange differences	(72,067)	57,258
Employee share options charge	57,016	116,378
Depreciation	977	1,631
<b>Operating loss before changes in working capital</b>	<b>(364,525)</b>	<b>(501,304)</b>
Decrease / (Increase) in trade and other receivables	26,562	(223,077)
(Decrease) / Increase in trade and other payables	(66,108)	354,944
<b>Net cash outflow from operating activities</b>	<b>(404,071)</b>	<b>(369,437)</b>
<b>Cash flows from investing activities</b>		
Net purchase of intangible assets	(1,218,945)	(586,684)
Purchase of property, plant and equipment	(36,321)	-
Interest received	13,780	28,308
<b>Net cash used in investing activities</b>	<b>(1,241,486)</b>	<b>(558,376)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares (net of issue costs)	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,645,557)</b>	<b>(927,813)</b>

Cash and cash equivalents at beginning of period	5,887,174	5,856,649
Exchange on cash and cash equivalents	72,067	(57,258)
<b>Cash and cash equivalents at end of the period</b>	<b>4,313,684</b>	<b>4,871,878</b>

### **Major non-cash transactions**

There were no major non-cash transactions during the period three months ended 31 March 2013

### **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 consolidated 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 2012, 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 2012 were approved by the Board of Directors on 21 February 2013 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 2013.

### ***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 2012 Annual Report and Financial Statements, a copy of which is available on the Group's website: [www.horizonteminerals.com](http://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 consolidated 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 2012 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 2012, 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 2012 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*

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.

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.

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.

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.

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).

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, as a result of the issue of IFRS 11. The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1.

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.

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.

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.

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.

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.

‘Annual Improvements 2009 – 2011 Cycle’ sets out amendments to various IFRSs as follows:

- An amendment to IFRS 1, ‘First-time Adoption’ 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 to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalization 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 recognizing 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 Group intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

*(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted*

The Group's assessment of the impact of these new standards and interpretations is set out below. Unless stated below, the Directors believe that none of these is expected to have a significant effect on the Financial Statements of the Company or Group.

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.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 27, 'Separate Financial Statements', define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9, 'Financial Instruments', in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The Company intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### 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.

<b>2013</b>	UK	Brazil	Other	Total
	3 months	3 months	3 months	3 months
	ended	ended	ended	ended
	31 March	31 March	31 March	31 March
	2013	2013	2013	2013
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	<b>(189,039)</b>	<b>(167,598)</b>	<b>(4,100)</b>	<b>(360,737)</b>
Profit on foreign exchange	<b>51,671</b>	<b>20,396</b>	-	<b>72,067</b>
Other operating Income	-	-	-	-
Loss from operations per reportable segment	<b>(137,368)</b>	<b>(147,202)</b>	<b>(4,100)</b>	<b>(288,670)</b>
Inter segment revenues	-	<b>119,019</b>	<b>16,210</b>	<b>135,230</b>
Depreciation charges	<b>(628)</b>	<b>(349)</b>	-	<b>(977)</b>
Additions to non-current assets	-	<b>1,410,293</b>	-	<b>1,410,293</b>
Reportable segment assets	<b>4,608,793</b>	<b>29,395,837</b>	<b>866,906</b>	<b>34,871,536</b>
Reportable segment liabilities	<b>2,474,991</b>	<b>3,344,647</b>	-	<b>5,819,638</b>
<b>2012</b>	UK	Brazil	Other	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	<b>(343,214)</b>	<b>(175,894)</b>	<b>(4,036)</b>	<b>(523,144)</b>

reportable segment				
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

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

	3 months ended 31 March 2013 £	3 months ended 31 March 2012 £
Loss from operations per reportable segment	(288,670)	(523,144)
Charge for stock options	(57,016)	(116,378)
TSX listing fees and associated costs	(4,765)	(37,050)
– Finance income	13,780	28,308
– Finance costs	(47,297)	(41,965)
Loss for the period from continuing operations	(383,968)	(690,229)

## 5. Other operating income

Other operating income for the three months ended 31 March 2013 comprised management fees of £ nil (three months ended 31 March 2012: £ 28,948).

## 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 £ 52,361 (three months ended 31 March 2012: £290,145).

Group	Goodwill	Exploration and evaluation costs	Total
	£	£	£
Cost			
At 1 January 2013	342,765	20,074,974	20,417,739
Additions	-	1,410,292	1,410,292
Exchange rate movements	22,499	1,617,104	1,639,603
Net book amount at 31 March 2013	365,264	23,102,370	23,467,634

## 7. Share Capital

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2013	360,046,170	3,600,462	24,384,527	27,984,989
Issue of ordinary shares	-	-	-	-
Issue costs	-	-	-	-
At 31 March 2013	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 three months ended 31 March 2013 (2012: nil).

## 9. Loss per share

The calculation of the basic and diluted loss per share of 0.107 pence for the 3 months ended 31 March 2013 (31 March 2012 loss per share: 0.243 pence) is based on the loss attributable to the equity holders of the Company of £383,968 for the three month period ended 31 March 2013 (31 March 2012: loss £690,229) divided by the weighted average number of shares in issue during the period of 360,046,170 (weighted average number of shares for the 3 months ended 31 March 2012: 284,510,529).

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 2012.

## **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 2012.

## **12. Commitments**

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £268,178 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2012.

## **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 May 2013.

**\*\*ENDS\*\***