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Horizonte Minerals plc / Index: AIM / Epic: HZM / Sector: Mining  
**27 July 2010**

**Horizonte Minerals plc (“Horizonte” or the “Company”)**

**Acquisition of Teck Cominco Brasil S.A.**

**£5.1 million Placing of 51,261,144 Ordinary Shares at 10 pence per Ordinary Share**

**Application for Admission of Enlarged Share Capital to AIM**

**and**

**Notice of General Meeting**

Horizonte, the AIM quoted exploration and development company focussed on Brazil and Peru, is pleased to announce that it has entered into an agreement with leading Canadian mining company Teck Resources Limited (“Teck”) for the purchase of its advanced Araguaia nickel project located in the Carajás mineral district of northern Brazil. The purchase is conditional, amongst other things, on shareholder approval.

**Proposed Transaction Highlights**

- Acquisition of Teck Cominco Brasil S.A., a wholly owned subsidiary of Teck, which owns 100 per cent. of the advanced Araguaia nickel project in the Carajás mineral district of northern Brazil
- Acquisition constitutes a reverse takeover under the AIM Rules for Companies
- The Directors believe that the combination of Teck’s Araguaia project with Horizonte’s Lontra project has the potential for a 100 million tonne resource with grades comparable to other world class projects in Brazil
- Gross proceeds of the Placing of £5.13 million at a price of 10p per Ordinary Share to be used to fast-track the development of the combined nickel project.
- Acquisition of the remaining 50 per cent. interest in the Lontra project not currently held by the Horizonte group

- Memorandum of Understanding with Anglo Pacific Group Plc to grant an option over a 1.5 per cent. net smelter royalty subject to the payment to the Company of US\$500,000 on signing of a definitive agreement and a further US\$12.5 million upon completion of a positive Pre-Feasibility study
- General Meeting to take place at 10am on 12 August 2010

Commenting on the transaction, Jeremy Martin, CEO of Horizonte said: “This is a transformational deal for Horizonte and takes the Company to the next level in terms of valuation. The consolidation of the Araguaia and Lontra nickel projects creates the potential for a 100 million tonne resource with grades comparable to other world-class projects in Brazil. The Company will be initiating an 8,000 metre resource drilling programme in the next few weeks, with the aim of delivering a JORC-compliant resource by the first quarter of 2011.

“Horizonte now has two committed major mining partners: AngloGold Ashanti Limited, with a £5.3 million exploration alliance to generate and develop new gold targets in Brazil, and Teck, our new strategic 50 per cent. shareholder, with whom we look forward to working as we fast-track development at Araguaia towards production.

“The successful fundraising of £5.13 million completed at a premium shows the strong support by our institutional investors in the new enlarged Company and in the value that has been created by this transaction.”

Alex Christopher, General Manager of New Ventures at Teck and a proposed director of Horizonte, said: “Teck shares the same vision as Horizonte in the development of the nickel projects and is keen to help create value for all shareholders of the enlarged Company.”

### **Transaction summary**

Horizonte has entered into a conditional agreement for the acquisition of the whole of the issued share capital of Teck Cominco Brasil S.A. (“Teck Brazil”). The Acquisition Agreement, which incorporates the terms of the Acquisition, was signed on 26 July 2010. The Company has also raised approximately £5.13 million (before expenses) through a conditional placing of approximately 51 million Placing Shares at 10 pence per Placing Share.

The consideration for the Acquisition is to be satisfied by the issue, in aggregate, of such number of Ordinary Shares to Teck which will result in Teck holding 50 per cent. of the enlarged issued share capital of the Company on Admission.

Due to the size of the Acquisition in relation to Horizonte, the Acquisition is classified as a reverse takeover of the Company by Teck under the AIM Rules for Companies and, as such, requires the approval of Shareholders.

The Company has also entered into an agreement to acquire the 50 per cent. interest in the Lontra project not currently held by the Horizonte group by virtue of the acquisition from Quantum Holdings Limited of 50 per cent. of the capital of Lontra Empreendimentos e Participações Ltda (a newly incorporated Brazilian company into which the Lontra mineral concessions are being transferred pursuant to a pre-sale reorganisation). In consideration, Horizonte will issue to Quantum 10,000,000 ordinary shares. This agreement will result in Horizonte owning and controlling 100 per cent. of Lontra alongside its 100 per cent. ownership of Araguaia.

### **The Araguaia Nickel Project Summary**

The combined Araguaia and Lontra projects will comprise 11 licences and licence applications across 73,000 hectares with eight significant mineralised zones. The Directors believe this will enable Horizonte to work towards delineating a resource in excess of 100Mt of nickel laterite with economic grades in a region with established infrastructure. The combined project area lies within the Araguaia mobile belt, approximately 200km southeast of the Carajas mineral province and 80km to the south of Xstrata's Serra da Tapa deposit. The area is serviced by good infrastructure with access by tar sealed and all weather dirt roads. Araguaia is an advanced exploration stage nickel project owned and explored to date by Teck through its wholly owned subsidiary, Teck Brazil. It is located directly to the south east of Lontra. Teck has completed 10,314m of drilling in 492 drill holes at Araguaia resulting in the grassroots discovery of a significant zone of mineralisation. The Araguaia mobile belt is a significant new nickel province. Major mining companies are already present in the region with Xstrata plc's Serra da Tapa nickel resource containing an Inferred Resource of 73Mt grading 1.56 per cent.nickel.

### **Horizonte Summary**

Horizonte is an exploration and development company with a portfolio of gold, silver, and base metal projects in Brazil and Peru. Horizonte is focussed on the discovery and development of new mineral projects which it aims to develop through joint-ventures with major mining companies.

### **Notice of General Meeting**

The General Meeting to approve the Transaction will take place at 10am on 12 August 2010. Notice of the General Meeting is included in the Admission Document. The

Admission Document and Notice of General Meeting, together with a Form of Proxy, have today been posted to Shareholders and can be accessed on the Company's website: [www.horizonteminerals.com](http://www.horizonteminerals.com).

### Admission Statistics

Placing Price	10 pence
Number of Existing Ordinary Shares	59,019,096
Number of Placing Shares	51,261,144
Number of Consideration Shares being issued to Teck pursuant to the Acquisition (being a subtotal of the Existing Ordinary Shares, the Quantum Shares, the Broker Shares and the Placing Shares)	123,280,240
Number of Ordinary Shares in issue immediately following Admission	246,560,480
Market capitalisation on Admission at the Placing Price	£24,656,048
Expected additional proceeds from anticipated sale to Anglo Pacific	US\$500,000
Group of option to acquire net smelter royalty	
ISIN Code	GB00B11DNM70
AIM Symbol	HZM

### Expected Timetable of Principal Events

Despatch of the Admission Document	27 July 2010
Latest time and date for receipt of forms of proxy	10 a.m. on 10 August 2010
General Meeting	10 a.m. on 12 August 2010
Completion of the Acquisition and the Quantum Transaction	12 August 2010
Admission and dealings in the Existing Ordinary Shares, the Quantum Shares, the Consideration Shares and the Placing Shares to commence on AIM	13 August 2010
CREST accounts credited	13 August 2010
Despatch of definitive share certificates by (where applicable)	21 August 2010

For further details of the transaction please see the letter from the Chairman to Shareholders below, which is extracted from the Admission Document. The full Admission Document and Notice of General Meeting have today been posted to

Shareholders and can be accessed on the Company's website:  
[www.horizonteminerals.com](http://www.horizonteminerals.com)

This summary should be read in conjunction with the full text of this announcement set out below.

The capitalised terms used in this announcement have the same meaning as in the Admission Document.

Contact:

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This announcement does not constitute an offer to sell or invitation to purchase any securities or the solicitation of any vote for approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in any jurisdiction, in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document and shares in the Company are not being offered to the public by means of this document. The Company's shareholders are advised to read carefully the formal documentation in relation to the Acquisition, the Quantum Transaction and the Placing once it has been dispatched.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. The availability of the new shares to be issued by the Company to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and observe, any applicable requirements. This announcement has been prepared for the purposes of complying with English law and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

The new shares in the Company to be issued in connection with the proposed transactions may not be offered or sold in the United States except pursuant to an effective registration statement under the US Securities Act or pursuant to a valid exemption from registration.

*Forward looking statements*

This announcement, including information included or incorporated by reference in this announcement, may contain "forward looking statements" concerning the Company and Teck Cominco Brasil S.A. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward looking statements. The forward looking statements involve risks and uncertainties that could cause actual results to differ materially from those suggested by them. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements which speak only as at the date of this announcement. The Company assumes no obligation and does not intend to update these forward looking statements, except as required pursuant to applicable law.

**LETTER FROM THE CHAIRMAN OF  
HORIZONTE MINERALS PLC**

*(Incorporated and registered in England and Wales with registered number 05676866)*

**Directors:**

David Hall  
Jeremy Martin  
Allan Walker  
Nicholas Winer

**Registered Office:**

1 Berkeley Street  
London W1J 8DJ

27 July 2010

**Dear Shareholder**

**Proposal relating to the Acquisition of Teck Brazil by Horizonte,  
Placing of 51,261,144 new Ordinary Shares and Admission to trading on AIM,  
Notice of General Meeting**

**1. Introduction**

I am delighted to inform you that Horizonte Minerals plc ("**Horizonte**" or the "**Company**") today announced that it has agreed on the terms of acquisition of the whole of the issued share capital of Teck Cominco Brasil S.A. ("**Teck Brazil**") (the "**Acquisition**"). The Acquisition Agreement, which incorporates the terms of the Acquisition, was signed on 26 July 2010. The Company has also raised approximately £5.1 million (before expenses) through a conditional placing of approximately 51 million Placing Shares. The Company has also agreed to acquire the 50 per cent. interest in Lontra not currently held by the Horizonte group.

The consideration for the Acquisition is to be satisfied by the issue, in aggregate, of such number of Ordinary Shares to Teck Resources Limited ("**Teck**") which will result in Teck holding 50 per cent. of the enlarged issued share capital of the Company on Admission (the "**Consideration Shares**").

Due to the size of the Acquisition in relation to Horizonte, the Acquisition is classified as a reverse takeover of the Company by Teck under the AIM Rules for Companies and, as such, requires the approval of Shareholders. In addition, the Acquisition is also conditional, among other things, on Horizonte raising at least £5 million (before expenses) in the Placing.

Following completion of the Acquisition, the issue of the Placing Shares pursuant to the Placing and the issue of the Quantum Shares (being the Ordinary Shares to be issued in consideration for the acquisition of the remaining 50 per cent. interest in Lontra) Teck will have an aggregate holding of 123,280,240 Ordinary Shares, representing 50 per cent. of the Enlarged Share Capital.

As Teck will be interested in more than 30 per cent. of the voting rights in the Company on Admission, in normal circumstances a general offer from Teck to the Company's Shareholders would be required under Rule 9 of the City Code to acquire all the Ordinary Shares not already owned by Teck.

The Takeover Panel has, however, agreed to waive the requirement for an offer under Rule 9 that would otherwise arise on completion of the Acquisition, subject to Independent Shareholders (defined below) carrying 50 per cent. or more of the voting rights stating in writing that they would not accept such an offer. Each of the Independent Shareholders (who together are the beneficial owners of 29,888,812 Ordinary Shares, representing 50.6 per cent. of the Company's issued share capital carrying voting rights as of the date of this document) has written to the Takeover Panel to confirm that they would indeed not accept such an offer if it were made.

If the Resolutions are duly passed at the General Meeting, the trading in the Existing Ordinary Shares on AIM will be cancelled and it is expected that the Enlarged Share Capital would be admitted to trading on AIM on 13 August 2010, the business day following the General Meeting.

The purpose of this document, which comprises an admission document prepared under the AIM Rules for Companies, is to provide you with information on the Acquisition and the Placing (as defined below), (together, the "**Transaction**") and the Quantum Transaction (as defined below) and to explain why the Board considers it to be in the best interests of the Company and Shareholders as a whole and why they recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

## **2. The Transaction**

### ***(a) Background***

In May 2006 Horizonte was admitted to trading on AIM. At that time, the Company's primary focus was on the identification and acquisition of gold and base metal projects in Brazil and Peru and on the appraisal and resource definition of these projects by undertaking various exploration and development activities. Depending on the results from such activities, the Company would seek to enter into partnership/joint venture arrangements with mineral exploration and production partners, who would incur the cash investment required to further develop these projects while allowing the Company to retain a long term economic and/or financial interest in each such project.

Horizonte currently has a portfolio of gold, silver and base metal projects in Brazil and Peru with the main focus in Brazil being the world class Carajás Mineral District in northern Brazil, where the Company's core gold and nickel projects are located. The Directors believe these projects have the potential to host significant mineralised systems and are surrounded by and adjacent to large mining projects, with good transport links and proximity to established production infrastructure. Horizonte has already entered into strategic partnerships with two major mining companies, a mid-tier gold producer and a Brazilian mining company as follows:

- an exploration alliance with AngloGold Ashanti Limited ("**AngloGold**") in the Santana area and the Campestre area, both in Brazil;
- an exploration alliance with LGA;
- a strategic alliance with Troy Resources NL ("**Troy**") at the Tangara gold project; and
- a strategic alliance with Barrick Gold Corporation ("**Barrick**") to develop the Pararapa gold project in Peru.

The Directors believe that these partnerships demonstrate the ability of Horizonte's management to locate partners for joint venture arrangements in South America, particularly Brazil, and that certain of the major mining companies already recognise Horizonte's ability to generate and develop new exploration projects.

A competent person's report ("**CPR**") on Horizonte's assets containing a description of the material strategic partnerships (and those assets of Teck Brazil being acquired by Horizonte under the Transaction) is set out in Part IX of this document.

#### *Lontra and Araguaia Nickel Projects*

Lontra is a 221 km<sup>2</sup> exploration land holding and is one of the Company's advanced projects in the northern state of Para in Brazil. Lontra was a grassroots discovery by Horizonte, identified using a regional multi-element stream sediment survey and follow-up soil sampling programme undertaken in 2007. In late 2007, an auger drilling programme commenced and was followed by a successful 60 diamond drill hole



programme in 2008. Lontra is currently 50 per cent. owned and controlled by Horizonte whilst the Company's Brazilian partners own the remainder.

Lontra lies within the Araguaia mobile belt approximately 200km south east of the main Carajás mineral province and 80km to the south of Xstrata's Serra da Tapa deposit. It is also adjacent to Teck Brazil's Araguaia nickel project ("Araguaia") and is serviced by good infrastructure with access by tar sealed and all weather dirt roads.

The Araguaia mobile belt is a significant new nickel province. Major mining companies are already present in the region with Xstrata plc's Serra da Tapa nickel resource containing an Inferred Resource of 73Mt grading 1.56 per cent. nickel.

Araguaia is an advanced exploration stage nickel project owned and explored to date by Teck through its wholly owned subsidiary, Teck Brazil. It is located directly to the south east of Lontra. Teck has completed 10,314m of drilling in 492 drill holes at Araguaia resulting in the grassroots discovery of a significant zone of mineralisation. The Directors believe Araguaia also contains potential for the identification of new targets and for the expansion of the mineralised nickel laterite inventory at the targets already identified.

The combined nickel projects of Araguaia and Lontra will comprise 11 licences and licence applications across 73,000 hectares with 8 significant mineralised zones. The Directors believe this will enable Horizonte to work towards delineating a resource in excess of 100Mt of nickel laterite with economic grades in a region with established infrastructure.

Neither Lontra nor Araguaia contain JORC or NI 43-101 compliant Mineral Resources and the mineral inventory is conceptual in nature as there has been insufficient exploration to define a classified Mineral Resource. Further information on Lontra and Araguaia is set out in Parts II (Information on Horizonte), III (Information on Teck Brazil), IV (Information on the Combined Lontra and Araguaia projects) and IX (the CPR) of this document.

***(b) Summary of the Transaction***

The Transaction will result in Horizonte acquiring Araguaia from Teck through the acquisition of Teck Brazil. Consideration payable to Teck will be in the form of new Ordinary Shares. Horizonte will also acquire the remaining 50 per cent. interest in Lontra.

The Transaction can be summarised as follows:

## 1. Acquisition of Araguaia by Horizonte

The Brazilian nickel laterite project, Araguaia, is held by Teck through its wholly owned Brazilian incorporated subsidiary, Teck Brazil. Horizonte's acquisition of Araguaia will involve Horizonte purchasing the entire issued share capital of Teck Brazil from Teck conditional, among other things, on Horizonte raising at least £5 million (before expenses) pursuant to the Placing. The consideration for Teck Brazil will be satisfied through the issue by Horizonte to Teck of the Consideration Shares, being such number of Ordinary Shares as will equal 50 per cent. of the Enlarged Share Capital. Horizonte currently has 59,019,096 Ordinary Shares in issue. At a price of 10 pence per Placing Share, Horizonte will issue 51,261,144 Placing Shares. A further 10,000,000 Ordinary Shares will be issued to Quantum in consideration for the acquisition of the remaining 50 per cent. of Lontra (the "**Quantum Shares**") and a further 3,000,000 Broker Shares will be issued to satisfy amounts due to Westhouse in respect of advisory fees and commissions relating to the Transaction. Accordingly, as Consideration Shares, Horizonte will issue 123,280,240 Ordinary Shares to Teck.

## 2. Horizonte fundraising and defined use of funds

The Acquisition is conditional upon Horizonte raising a minimum of £5 million (before expenses) and Horizonte has agreed to a predefined application of a proportion of the funds. A proportion of the proceeds of the Placing will be used on further drilling of the Enlarged Group's nickel laterite project (including Lontra) to produce a JORC or NI 43-101 compliant resource and further drilling at its gold projects.

Further details of the agreements governing the Transaction are described below under "Principal Terms of the Transaction" in this Part of the document and in the summaries of material contracts contained in Part X of this document.

### *Teck Brazil*

Teck Brazil is a wholly owned subsidiary of Teck. It was incorporated as Teck Participações Ltda in Brazil on April 5, 1994 with Federal Taxpayer registration No. CGC 97.515.035/0001-03. As a result of the recent global financial crisis, combined with Teck's acquisition of additional Canadian coal assets in late 2008, Teck chose to focus its near term discretionary spending on its active producing assets and certain select development projects. As a result Teck reduced exploration and development expenditures on certain other projects, non-core commodities and in certain jurisdictions where it does not have active mines. As a result, whilst Teck Brazil continues to hold Araguaia, it has not advanced Araguaia since November 2008.

With its current focus upon its core assets, Teck considered its options for Araguaia with the objective of further developing the project whilst maintaining a significant equity interest.

#### *Quantom Transaction*

*The Company has also entered into an agreement to acquire the 50 per cent. interest in Lontra not currently held by the Horizonte group by virtue of the acquisition from Quantom Holdings Limited (“Quantom”) of 50 per cent. of the capital of Lontra Empreendimentos e Participações Ltda (“Lontra Ltda”) (a newly incorporated Brazilian company into which the Lontra mineral concessions are being transferred pursuant to a pre-sale reorganisation (see paragraph 8.5 of Part x of this document for further information)) (the “Quantom Transaction”). In consideration for the purchase of Lontra Ltda, Horizonte will issue to Quantom the Quantom Shares, being such number of new Ordinary Shares equal at the Placing Price to a value of £1 million. This agreement will result in Horizonte owning and controlling 100 per cent. of Lontra alongside its 100 per cent. ownership of Araguaia. Completion of the Quantom Transaction is intended to take place on Admission.*

#### *(c) Reasons for the Transaction*

The Acquisition gives Horizonte the opportunity to acquire an advanced nickel project for consideration in Ordinary Shares without incurring any additional debt or reducing its cash reserves. With the merger of Horizonte’s existing nickel laterite project, Lontra, with Araguaia, the combined exploration land holding will be approximately 730 km<sup>2</sup> hosting a series of mineralised zones. The Directors believe this will be of sufficient size and scale to allow Horizonte to create a significant nickel project.

The Acquisition provides Teck with the opportunity to participate in the development and exploration of Araguaia without incurring significant expenditure. Teck will also benefit from the local expertise and experience of Horizonte’s management in developing projects from a grassroots stage.

#### *(d) Principal Terms of the Transaction*

The terms of the Transaction are set out in two principal agreements (the “**Transaction Documents**”):

- (i) an acquisition agreement between Horizonte and Teck (the “**Acquisition Agreement**”). Under the terms of the Acquisition Agreement, Teck agrees to sell the entire issued share capital of Teck Brazil in consideration for Horizonte allotting and issuing to Teck the Consideration Shares, which will amount to 50 per cent. of the Enlarged Share Capital. The Acquisition Agreement is conditional

upon, *inter alia*, the Company having raised a minimum of £5 million (before expenses) under the Placing. It is intended that on completion of the Acquisition Agreement, Teck Brazil will hold only the assets and liabilities related to Teck's tenements within the Enlarged Group's area of influence, being the area covering a 50km radius around each of the tenements that comprise Araguaia (the "AOI"); and

- (ii) a relationship agreement between Horizonte and Teck (the "**Relationship Agreement**"). The Relationship Agreement governs the conduct of both parties as long as Teck is a controlling shareholder in Horizonte. Under the terms of the Relationship Agreement, Teck will, *inter alia*, not take any action which restricts Horizonte from carrying on its business independently of Teck and its affiliates, and conduct all transactions and relationships with the Company on arm's length terms and on a normal commercial basis.

***(e) Teck Brazil Shares***

Pursuant to the Acquisition, the shares of Teck Brazil will be acquired free from all liens, charges, equitable interests, encumbrances and third party rights and, together with all rights now or hereafter attaching thereto, including the right to all dividends and other distributions, if any, declared, made or paid after completion of the Acquisition.

***(f) Details of the Consideration Shares and Quantum Shares***

The Consideration Shares will be issued credited as fully paid and will represent 50 per cent. of the Enlarged Share Capital upon Admission. The Quantum Shares will also be issued credited as fully paid. The Consideration Shares and Quantum Shares will rank *pari passu* with the Existing Ordinary Shares in all respects, including the right to receive all dividends or other distributions declared, made or paid after completion of the Acquisition or the Quantum Transaction, as applicable. The Consideration Shares and Quantum Shares will be acquired free from all liens, charges, equitable interests, encumbrances and third party rights and, together with all rights now or hereafter attaching thereto, including the right to all dividends and other distributions, if any, declared, made or paid after completion of the Acquisition or the Quantum Transaction, as applicable.

***(g) Financial effects of the Acquisition***

An unaudited pro forma statement of consolidated net assets of the Enlarged Group, prepared for illustrative purposes only, showing the impact of the Transaction and the Quantum Transaction on the Enlarged Group, is set out in Part VIII of this document.

Teck Brazil holds assets and is subject to liabilities which do not relate to Araguaia. Teck will procure that a reorganisation is carried out such that at the end of the reorganisation Teck Brazil will only hold those assets and liabilities which relate to Araguaia (the “**Reorganisation**”). This will involve transferring into a wholly owned subsidiary of Teck certain contractual arrangements, mineral licences, fixed assets, and employment contracts. The Reorganisation will be effected by way of a demerger and reduction in the share capital of Teck Brazil. A valuation of Teck Brazil’s assets (based on acquisition costs) has been carried out by an independent firm of accountants so that the value of the assets to be transferred out can be ascertained.

A number of preferred shares are in existence in Teck Brazil which were held by Vale Inco Limited (“**Inco**”). Under the terms of the arrangements with Inco, Teck is entitled to purchase or redeem the preferred shares. Teck has purchased the preferred shares from Inco and will convert them into ordinary shares in Teck Brazil prior to completion of the Acquisition.

It is intended that the Reorganisation will occur prior to completion of the Acquisition. However, should that prove not to be possible the Acquisition Agreement contains covenants given by Teck to procure that the Reorganisation is effected as soon as reasonably practicable after completion of the Acquisition. There is no guarantee that the Reorganisation will be completed before the Acquisition completes.

Horizonte is indemnified by Teck in respect of the Reorganisation without limit in time or amount.

## ***(h) The Placing***

### *(i) Details of the Placing*

The Company has raised approximately £5.1 million (before expenses) through a conditional placing by Westhouse of 51,261,144 Placing Shares at 10 pence per share. The Placing is not being underwritten. The Placing Shares will represent approximately 21 per cent. of the Enlarged Share Capital. The Placing is conditional upon, *inter alia*, the completion of the Acquisition and Admission, both of which require approval by the Shareholders at a general meeting. Further details of the Placing Agreement are set out in paragraph 8.1 of Part X of this document.

The Placing Shares, which will be issued on Admission, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission in respect of the Ordinary Shares.

The Placing is being made on a non pre-emptive basis, as the time and costs associated with a pre-emptive offer, resulting from the introduction of the EU Prospectus Rules (which came into force on 1 July 2005), are considered by the Directors to be prohibitive. The making of a pre-emptive offer would require the production of a prospectus which would have to comply with the EU Prospectus Rules and be pre-vetted and approved by the FSA.

*(ii) Use of Proceeds*

The net proceeds of the Placing (approximately £4.986 million) will be used to fund infill drilling on the nickel laterite projects at Araguaia and Lontra to produce a JORC or NI 43-101 compliant resource and the development of Horizonte's other gold assets and payment of overhead costs.

The net proceeds of the Placing will be split approximately as follows:

	<b>£'m</b>
Corporate costs	0.440
Gold projects and Brazilian administration	0.514
Araguaia, Lontra and other exploration	3.218
Movement in bank balances (including interest received)	0.814
<b>Total</b>	<b>4.986</b>

### **3. Directors, Proposed Director and Senior Management**

On Admission, Mr Alexander Christopher, General Manager of New Ventures at Teck, whom Teck has nominated pursuant to its rights under the Relationship Agreement, will be appointed to the Board.

Biographical details of the Directors, including Mr Alexander Christopher, and the Company's senior management are set out below:

***Directors***

***David J. Hall (aged 51 years), BA (Hons), MSc, Non-Executive Chairman***

Mr Hall is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 29 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 40 countries. From 1992, Mr Hall was Chief Geologist for Minorco SA, responsible for Central and Eastern Europe, Central Asia and the Middle East. He moved to South America in 1997 as a consultant geologist for Minorco South America

and subsequently became exploration manager for AngloGold South America in 1999, where he was responsible for exploration around the Cerro Vanguardia gold mine in Argentina, around the Morro Velho and Crixás mines in Brazil and establishing the exploration programme that resulted in the discovery of the La Rescantada gold deposit in Peru as well as certain joint ventures in Ecuador and Colombia. In April 2002 he became an executive director of Minmet and operations director in September 2002. Mr Hall led the divestment of Minmet's exploration assets in the Dominican Republic into GoldQuest Mining Corporation, which is listed on the Toronto Stock Exchange's Venture Exchange. Mr Hall is also founder and Chairman of Stratex International Plc, an AIM traded company with exploration assets in Turkey and in which Teck Resources Limited is an equity shareholder. Mr Hall is a fellow of the Society of Economic Geologists and EuroGeol.

***Jeremy J. Martin (aged 33 years), MSc, ASCM, Director and Chief Executive Officer***

Mr Martin holds a degree in mining geology from the Camborne School of Mines, and a MSc. in mineral exploration from the University of Leicester. He has worked in South America and in Central America and Europe, where he was responsible for grassroots regional metalliferous exploration programmes through to resources definition and mine development. Mr Martin has been involved in the formation of two AIM traded companies and has completed a number of high value mineral project transactions. He has served on the board of Ovoca Gold Plc and is a member of the Society of Economic Geologists and the Institute of Mining Analysts.

***Nicholas R. Winer (aged 50 years), BSc, Director and Chief Operations Officer***

Mr Winer has over 20 years of experience in gold, base metals and diamond exploration in South America, Africa and Australia. He was exploration manager for AngloGold do Brasil Ltda, where he was responsible for Brownfield exploration around its mining operations as well as generative exploration programmes. Prior to this he spent 18 years with the exploration division of BHP Limited (now BHP Billiton Limited), three of these being as exploration manager for Brazil. He joined and became a shareholder in Mineração Vale dos Reis Ltda ("MVR") in August 2002 and has played a key role in the development of its exploration portfolio, which has now been integrated into the Group. Mr Winer has lived in Brazil since 1996, has permanent residency status and speaks fluent Portuguese. He has a BSc honours degree in geology/geophysics from the University of Macquarie, Sydney, Australia, is a member of the Society of Economic Geologists, the Prospectors and Developers Association of Canada and was a past director of the Agência para o Desenvolvimento Tecnológico da Indústria Mineral Brasileira.

***Allan M. Walker (aged 50 years), MA, Non-Executive Director***

Mr Walker has over 22 years' experience in investment banking, primarily focussed on energy sector project finance and private equity, particularly in emerging markets. He has

extensive contacts in the renewable energy sector worldwide as well as with governments, multilateral agencies and regional development banks. He joined Black River Asset Management (UK) Limited, an indirectly held subsidiary of Cargill Inc, in October 2005 to structure and develop a renewable energy, biofuels and carbon fund. Prior to this he was head of power and infrastructure in London for Standard Bank Plc from May 2002, a world leader in emerging markets resource banking. He was also previously a director in the Global Energy and Project Finance Group of Credit Suisse First Boston in London and ran the energy group at CSFB Garantia in Sao Paulo, Brazil from 1998 to 2001, where he spent seven years covering Latin America. He also spent three years in the energy group of ING Barings in New York. Mr Walker graduated with an MA in economic geography from Cambridge University in 1982 and speaks Portuguese and Spanish.

### ***Proposed Director***

#### ***Alexander N. Christopher (aged 50 years), BSc (Hons), PGeo (BC), Non-Executive Director***

Mr Christopher, a professional geologist, has 27 years of experience in mineral exploration and the mining industry. He is a member of the Association of Professional Engineers and Geoscientists BC and possesses an Honours B.Sc. in Geology from McMaster University and an Environmental Biology Technology diploma from Canadore College. Mr Christopher currently holds the position of General Manager New Ventures within the Corporate Development Group at Teck. Mr Christopher has been with Teck since the mid 1980's holding a number of positions within the company and has spent much of his time over the past 10 years focusing on the junior mining sector, partnerships, property transactions and Teck's junior mining equity investments. Prior to moving into a more business oriented role at Teck, he spent over a decade in the field on early to advanced stage exploration projects focussed on gold and base metal exploration. He is currently a member of the Prospectors and Developers Association of Canada and the Association of Mineral Exploration BC where Mr Christopher was previously a member of the Board of Directors. During his term on the Board of the Association of Mineral Exploration BC, Mr Christopher served as Vice Chairman as well as on a number of committees including the Executive Committee and the Finance Committee, which he continues to serve on at this time.

### ***Senior Management***

#### ***Gary Townsend, FCA, CTA, Chief Financial Officer***

Mr Townsend is a Chartered Accountant with over 10 years' experience in the gold mining industry. He worked for Ashanti Goldfields from 1996 until 2004 as Group Financial Controller where he was responsible for setting up financial reporting systems across the group which had seven operating mines across Africa. He was also responsible



for ensuring compliance with all financial regulations including SEC filings and for tax planning. In 2004 he was appointed Chief Financial Officer of Guinor Gold, a TSX listed company with operations in Guinea in West Africa and was involved in raising over US\$100 million in equity and project finance for the expansion of operations.

***Jeffrey Karoly, Proposed Chief Financial Officer***

Mr Karoly, 42, is a Chartered Accountant and worked from 1997 to 2007 with Minorco/Anglo American in a number of finance and business development functions across the group in Europe, Southern Africa and Brazil, where he lived for two years, reporting to the Head of Exploration for Latin America. From 2008 to present he has been the Chief Financial Officer of South American Ferro Metals, a private company that has acquired, explored and developed an iron ore property in Brazil. Mr Karoly started his career at Coopers and Lybrand in London and Budapest and speaks Portuguese.

***Antonio Valério da Silva, BSc, Director of HM do Brasil Ltda***

Mr da Silva is a Brazilian geologist with over 35 years of minerals industry experience. He worked for five years in the Brazilian Mines Department during which time he developed a keen understanding of the Brazilian mining code and the associated legal obligations. This was followed by 11 years working for consulting companies on a variety of projects in the Amazon region of Brazil. This included a period with Docegeo, the exploration arm of Companhia Vale de Rio Doce (CVRD), and NUCLEBRAS (Empresas Nucleares Brasileiras), the Brazilian government's nuclear mineral exploration company. Since 1983 he has acted as a consultant to a number of local mining companies and in 1986 he co-founded MVR which has worked with companies including BHP (BHP Empreendimentos Mineraiis Ltda), AngloGold do Brasil Ltda, Noranda Exploração Mineral Ltda, and through Mineração Serra da Canga Ltda, partnerships with EBX, Wheaton River Minerals and most recently GoldCorp Inc. He has a geology degree from the Pará State University, Brazil and lives in Belém, Brazil. He is an officer and legal representative of the Company's Brazilian subsidiary, HM do Brasil Ltda, and is its 'Competent Person' under Brazilian law.

#### **4. Business and Strategy**

The Directors believe that the development of the exploration sector is important in order to safeguard a sustainable economic future for the mining industry and that the lack of direct investment in exploration activities over the past decade has resulted in the projected global demand exceeding the projected global supply for a number of commodities. The Directors believe this creates an opportunity for junior exploration companies to create significant value in an expanding market.

Horizonte's objective is to exploit these opportunities as a focussed exploration company so as to become a recognised supplier of quality exploration projects with the potential

for economic discoveries in Brazil and a preferred exploration partner for major gold and base metal mining companies in the region. Horizonte's core projects, its exploration portfolio and the management team's experience of working in South America, particularly in Brazil, should, in the view of the Directors, assist in assuring that the Company is well positioned to exploit these opportunities.

The Directors will continue a strategy designed to create shareholder value through the successful exploration and development of prospects and discoveries.

Key elements to this strategy are:

- development of the combined projects at Lontra and Araguaia through resource definition drilling to create a significant nickel resource
- continuing the development of Horizonte's gold projects
- adding to the Group's existing portfolio by identifying and acquiring gold and base metal projects in Brazil and Peru
- continuing to seek to enter into partnership/joint venture arrangements with mineral exploration and production partners to develop newly identified or acquired assets

Nickel is an essential metal in modern society. Two thirds of all nickel mined is used in the production of stainless steels with the remaining one third used in a variety of products including specialised non-ferrous alloys, electroplating and batteries. Increased demand for stainless steel, in recent years largely driven by the Chinese and to a lesser extent by the Indian markets, has been rising at an average of over 3 per cent. per annum and it is anticipated that this trend will continue for many years. The dramatic fluctuations in demand for and price of nickel seen in recent years, including the highs of 2007 and the complementary lows induced by the world financial crisis of 2008/9, have levelled out. Since March 2009, the price of nickel has shown a steady rise from under US\$5/lb to between US\$9 and US\$12 in recent months. In the medium and long terms, despite inevitable short term fluctuations, it is expected that the market for nickel will continue to grow, in particular to meet the demands of the developing Asian nations.

## **5. Current Trading and Prospects**

Horizonte has strategic partnerships with four companies: AngloGold, Troy, LGA and Barrick, with which the Company is working to develop its multi-commodity portfolio and explore further development opportunities in Brazil and Peru.

Horizonte has a generative pipeline of early stage projects in development and has established a 50:50 joint venture company with LGA to finance the development of the Crixás, Goiás Velho, Carajás Norte, Lobo and Araguari, and Itajobi pipeline projects, and identify and acquire suitable bolt-on mineral projects in Brazil. Furthermore, Horizonte

signed a US\$5.3 million three year joint venture in September 2009 with AngloGold to focus on target generation and potential acquisitions of gold projects in Brazil.

Additionally, the Company has two primary projects situated in the Carajás Mineral Province of northern Brazil being advanced towards a resource definition: Lontra and the Tangara gold project, for which the Company signed a US\$2.8 million option agreement to advance the project with Troy in December 2007.

On 26 November 2009, Horizonte announced positive metallurgical results from Lontra. The highlights of this announcement were: (i) bottle role leach results at Lontra indicated suitability for the low cost heap leach process; (ii) significant nickel and cobalt recovery with low acid consumption in the limonite zone; (iii) an average nickel recovery of 92 per cent. and an average cobalt recovery of 82 per cent. in the transition and silicate zones; (iv) the completion of soil geochemical sampling to define additional targets; and (v) the plan to drill in 2010 to define a JORC compliant resource.

On 9 December 2009, Horizonte announced that it had expanded its exploration portfolio through a successful priority application with LGA for the Tucuma nickel project, a mineral exploration licence in the western part of the Carajás Mineral Province.

On 11 February 2010, Horizonte announced an exploration update. The highlights of this announcement were: (i) the planned commencement in the second quarter of 2010 of resource definition drilling at Lontra; (ii) a new phase of targeting by Troy at the Tangara gold project; (iii) the commencement of a regional programme and targets generated by AngloGold in respect of its exploration alliance with the Company; and (iv) the expansion of the portfolio with LGA following the acquisition of prospective ground at the Tucuma nickel project.

On 19 May 2010, Horizonte released an update on its three year exploration alliance with AngloGold. The highlights of this announcement were: (i) nine priority gold and multi element anomalies generated from sampling in the Campestre region; (ii) the best anomaly having a peak of 41.3ppb Au; (iii) 485 stream sediments year to date were taken in Campestre; (iv) 613 supporting rock samples, with a high of 18.3g/t Au; (v) ground applied for in Campestre totalling 71,738 hectares (717 km<sup>2</sup>); and (vi) total ground holding now under application in Brazil being 163,366 hectares (1,633 km<sup>2</sup>).

Full details of the status of the Company's projects are contained in the CPR in Part IX of this document.

On Admission, the Directors anticipate that the Enlarged Group will have cash resources (including the net proceeds of the Placing) of approximately £4.99 million.

## **6. Anglo Pacific Group Plc**

Horizonte has entered into a non-binding memorandum of understanding with Anglo Pacific Group Plc (“**Anglo Pacific**”) in respect of an offer to pay to the Company US\$500,000 in exchange for an option for Anglo Pacific to acquire a net smelter royalty (“**NSR**”) on production at Araguaia exercisable by Anglo Pacific on the completion of a positive, industry standard pre-feasibility study on Araguaia with a maturity date of six years from the date of the proposed agreement. The exercise period will be the earlier of 120 days from receipt of the positive pre-feasibility study or the maturity date.

Upon exercise of the option, Anglo Pacific shall pay to Horizonte a further US\$12.5 million and shall receive NSR at the rate of 1.5 per cent. of revenue on production at Araguaia up to 30,000 tonnes per annum, reduced by 0.02 per cent. for every 1,000 tonnes per annum above this rate. Above 50,000 tonnes per annum that rate will be 1.1 per cent. and fixed at this level.

The outline terms of the option have been agreed in a memorandum of understanding, which is not legally binding, but it is intended that they will be finalised in a definitive binding royalty agreement after Admission. As Anglo Pacific is a substantial shareholder in Horizonte, any agreement between Anglo Pacific and Horizonte will constitute a related party transaction under the AIM Rules for Companies. The Directors, having consulted with Westhouse, the Company’s nominated adviser, have considered the terms of the proposed transaction with Anglo Pacific and consider them fair and reasonable insofar as Shareholders are concerned.

## **7. Admission and CREST**

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Admission is expected to take place, and dealings in the Enlarged Share Capital are expected to commence on AIM, at 8.00 a.m. on 13 August 2010. The Consideration Shares and Quantum Shares will initially be issued in certificated form but, following Admission, all Ordinary Shares, including the Consideration Shares and Quantum Shares, may (subject to applicable overseas laws) be held in either certificated or uncertificated form.

It is expected that the Placing Shares will be delivered in CREST immediately following Admission, except where definitive share certificates are requested, in which case certificates will be posted by first class post as soon as is practicable. No temporary documents of title will be issued in connection with the Placing. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The articles of association of the Company

permit the holding of Ordinary Shares under the CREST system. The Existing Ordinary Shares are, and the Consideration Shares, Quantum Shares and the Placing Shares will be, in registered form and no temporary documents of title will be issued. The Ordinary Shares have been admitted to CREST and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may (subject to overseas laws) take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of the Ordinary Shares who wish to receive and retain share certificates will be able to do so.

## **8. Lock-in and Orderly Market Agreements**

Following the Transaction and the Quantum Transaction, the Directors will be interested in an aggregate of 6,522,142 Ordinary Shares representing 2.65 per cent. of the Enlarged Share Capital on Admission.

Each of the Directors has agreed that he will not dispose of any interest in the Company's share capital held by him at Admission for a period of 12 months following Admission except in strictly limited circumstances.

Both Teck and Quantum have agreed that they will not dispose of any interest in the Consideration Shares or the Quantum Shares as applicable for a period of 12 months following Admission except in strictly limited circumstances. Further details of these agreements can be found in Part X of this document.

## **9. Dividend Policy**

The Directors believe that the Company should seek to generate capital growth for Shareholders through the appraisal, exploration and appropriate development of gold, silver and base metals projects in producing mineral districts in Brazil and Peru. It is not anticipated that the Directors will recommend a dividend in the short to medium term following Admission. Thereafter, it is the Directors' intention to pay dividends when it is commercially prudent to do so, taking into account the availability of distributable reserves, the appropriate level of dividend cover and the capital necessary to grow the business.

## **10. Corporate Governance**

The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice, as published by the Committee on Corporate Governance published by the Financial Reporting Council in June 2008 (commonly known as the "Combined Code") and, when applicable, the UK Corporate Governance Code, published by the Financial Reporting Council in May 2010, to the

extent they consider appropriate in light of the Company's size, stage of development and resources. The Company further intends to comply with the principles of the Corporate Governance Guidance for AIM Companies published by the Quoted Companies Alliance in 2005.

Following Admission, the Board will comprise two executive directors and three non-executive directors. The Company will hold Board meetings throughout the year at which reports relating to the Group's operations, together with financial reports, will be considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and acquisitions. The Company has an audit committee and a remuneration committee with formally delegated duties and responsibilities. The remuneration committee comprises David Hall and Allan Walker and is responsible for determining the terms and conditions of service, including remuneration and other benefits granted or proposed to be granted by the Company. The audit committee, also comprising David Hall and Allan Walker, has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls.

The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

## **11. The City Code**

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or otherwise, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of

equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Under the City Code a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means an interest or interest in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

Rule 9 of the City Code further provides, among other things, that where any person who together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

On Admission Teck will hold 50 per cent. of the voting rights of the Company. As this amount is greater than a 30 per cent. interest and not more than a 50 per cent. holding of the voting rights in the Company on Admission, in normal circumstances a general offer from Teck to the Company's Shareholders would be required under Rule 9 of the City Code to acquire all the Ordinary Shares not already owned by Teck.

Dispensation from Rule 9 of the City Code in relation to the Placing

Under Note 1 on the Notes on the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code (a "**Rule 9 Offer**") if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him (the "**Independent Shareholders**") pass an ordinary resolution on a poll at a general meeting (a "**Whitewash Resolution**") approving such a waiver. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the City Code) if Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

Each of the Independent Shareholders (who together are the beneficial owners of 29,868,812 Ordinary Shares, representing 50.6 per cent. of the Existing Ordinary Shares carrying voting rights as at the date of this document) have written to the Takeover Panel to confirm:

1. that it/he/she has absolute discretion over the manner in which its/his/her respective Ordinary Shares are voted and that these Ordinary Shares are held free of all liens, pledges, charges and encumbrances;
2. that:
  - (a) save for the fact that they are shareholders in the Company, there is no connection between it/him/her and Teck;
  - (b) it/he/she does not have any interest or potential interest, whether commercial, financial or personal, which is conditional on the outcome of the Acquisition and Placing; and
  - (c) it/he/she is an Independent Shareholder of the Company; and
3. that, in connection with the Transaction:
  - (a) it/he/she has consented to the Takeover Panel granting a waiver from the obligation for Teck to make a Rule 9 offer to the Company's Shareholders;
  - (b) subject to Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution giving separate confirmations in writing, it/he/she consents to the Takeover Panel dispensing with the requirement that Independent Shareholders approve a Whitewash Resolution at a general meeting of the Company; and
  - (c) it/he/she would vote in favour of a Whitewash Resolution were such a resolution put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, each of the Independent Shareholders acknowledged:

4. that, if the Takeover Panel receives written confirmation from Independent Shareholders holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution, the Takeover Panel will approve a waiver from the obligation for Teck to make a Rule 9 Offer, without the requirement for the waiver to be approved by Independent Shareholders of the Company at a general meeting (an "**Accelerated Panel Waiver**"); and
5. that, if no general meeting is held to approve the Whitewash Resolution:
  - (a) there would not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
  - (b) there would not be an opportunity for any other Shareholders to make known their views on the waiver of Rule 9; and

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- (c) there would be no requirement for the Company either (i) to obtain and make known to the Shareholders competent independent advice under Rule 3 of the City Code on either the Transaction or the waiver of the obligation for Teck to make a Rule 9 offer or (ii) to publish a circular to Shareholders in compliance with Appendix 1 of the City Code in connection with this matter.

Independent Shareholders also confirmed that they would not sell, transfer, pledge, charge or grant any option or other right over, or create any encumbrance over, or otherwise dispose of their Ordinary Shares until after the conclusion of the General Meeting to approve, *inter alia*, the Placing.

**Following completion of the Acquisition, the Quantum Transaction and the Placing, Teck will hold 50 per cent. of the Enlarged Share Capital. Any further increase in the interest in Ordinary Shares by Teck will be subject to Rule 9 of the City Code.**

## **12. General Meeting**

A notice convening the General Meeting to be held at 10 a.m. on 12 August 2010 at the offices of Westhouse Securities Limited, One Angel Court, London, EC2R 7HJ at which resolutions to: (a) approve the Acquisition; (b) amend the Company's articles of association to remove the concept of an 'authorised share capital' pursuant to section 21 of the Act; (c) authorise the Directors of the Company pursuant to section 551 of the Act to allot Ordinary Shares and grant rights to subscribe for Ordinary Shares in connection with the Acquisition, the Quantum Transaction, the Broker Shares and the Placing; and (d) disapply any pre-emption rights on the issue and allotment of Ordinary Shares pursuant to section 570 of the Act, will be proposed is set out at the end of this document.

## **13. Action to be taken**

You will find enclosed the form of proxy for use at the General Meeting. You are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by the Company not later than 10 a.m. on 10 August 2010. Completion and return of the form of proxy will not preclude you from attending the General Meeting and voting in person, if you so wish.

## **14. Further Information**

Your attention is drawn to Parts II to X of this document, which provide further information on the Transaction. In particular, your attention is drawn to Part V of this document entitled "Risk Factors".

## **15. Taxation**

Information regarding UK taxation is set out in paragraph 11 of Part X of this document. This information is intended as a general guide only. If you are in any doubt as to your tax position, you should contact an independent professional adviser immediately.

#### **16. Recommendation**

The Directors, who have been so advised by Westhouse, consider the Transaction and the Quantum Transaction to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as those Directors who own Ordinary Shares have irrevocably undertaken to do so in respect of their own beneficial holdings, amounting in aggregate to 6,522,142 Ordinary Shares, representing 11.05 per cent. of the Existing Ordinary Shares.

Yours faithfully

**David J. Hall**  
**Non-Executive Chairman**

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