HORIZONTE

HORIZONTE MINERALS PLC ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Exploration and Discovery in Brazil

CONTENTS

2010 Highlights	1
Chairman's Statement	2-4
Operations Review	5-11
Directors' and Management Biographies	12-13
Directors' Report	14-19
Corporate Governance Report	20
Independent Auditors' Report	21
Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Company Statement of Financial Position	24
Statements of Changes in Equity	25
Consolidated Statement of Cash Flows	26
Company Statement of Cash Flows	27
Notes to the Financial Statements	28-63
Statutory Information	64
Notice of Annual General Meeting	65-67

2010 HIGHLIGHTS

Horizonte Minerals is a leading exploration and development company in Brazil with a solid portfolio of nickel and gold assets.

In August 2010 the Company completed a transformational deal with Teck Resources which has seen it emerge as a major player in the junior nickel market. The consolidation of Teck's Araguaia project with Horizonte's Lontra nickel project in northern Brazil creates the potential for a 100 million tonne resource with grades comparable to other world-class projects.

Horizonte also has exposure to gold through its strategic alliance with AngloGold Ashanti Ltd; a US$5.3 million exploration alliance to generate and develop new and existing gold targets in Brazil and a US$4.5 million JV to fast-track resource drilling at the Company's Falcao gold project in northern Brazil.

- Focussed nickel and gold exploration and development company in Brazil with the support of two mining majors Teck Resources and AngloGold
- Transformational deal completed in August 2010 to acquire 100 per cent of the advanced Araguaia nickel project in the Carajás mineral district of northern Brazil
- Consolidated land position in the emerging Carajás nickel district – created the potential for a 100Mt resource with grades comparable to other leading nickel assets in Brazil
- Continuing to fast-track the resource drilling with the aim of increasing the maiden resource and initiating a preliminary economic assessment in Q4 2011
- US$5.3 million strategic alliance with AngloGold to explore for new gold targets in Brazil continuing to gain traction
- Signed a further US$4.5 million three year agreement with AngloGold in August 2010 to develop Falcão gold project in Brazil

Subsequent events

- Executed a formal Option Royalty Agreement with Anglo Pacific regarding future nickel production at Araguaia – US$500,000 paid for the option to acquire a 1.5% NSR for US$12.5 million which is exercisable on the delivery of a positive pre-feasibility study
- Defined a maiden 43-101 inferred resource of 76.6 million tonnes at 1.35% nickel and 0.06% cobalt in March 2011
- Strong cash position – £8.25 million fundraising completed January 2011 for the development of Araguaia
- Intention to dual list on the Toronto Stock Exchange H1 2011 to attract a wider institutional and retail following in Canada

CHAIRMAN'S STATEMENT

This has been a year of substantial growth for Horizonte which has seen us emerge as a leading exploration and development company in the world-class Carajás mining province in northern Brazil, with a solid portfolio of nickel and gold assets, and supportive major mining partners which include Teck Resources ('Teck') and AngloGold Ashanti ('AngloGold').

In the 2009 annual report, I stated that we were actively seeking opportunities to consolidate our position within the emerging Carajás nickel belt in northern Brazil that hosted our existing Lontra nickel project. We were delighted to announce in July 2010 that we had completed a transformational deal with Teck, whereby we acquired the advanced Araguaia nickel asset adjacent to our Lontra project (together 'Araguaia') which has created the potential for a 100 million tonne ('Mt') resource with grades comparable to other leading nickel plays. In completing this transaction, the value of your Company increased significantly both on an asset and corporate level.

When we acquired Araguaia, Teck had completed a significant amount of drilling with over 489 drill holes totalling 11,400 metres of diamond drilling completed since its discovery in 2005. In September 2010 we commenced a rapid development schedule including compiling and analysing Teck's original drilling results from the project and initiating a 8,000 metre drill programme using three drill rigs with the aim of delineating a first stage resource with a target of between 60 - 70 Mt by the end of H1 2011. We were delighted to announce an initial inferred resource estimate of 76.6 Mt at 1.35% nickel and 0.06% cobalt with a cut off grade of 1% nickel in March 2011 that exceeded this target. We believe that the size and grade of the maiden resource clearly demonstrates that Araguaia has the potential to be developed into a major nickel deposit.

Earlier in 2011 we also further consolidated our position in this potentially world class nickel district by signing an option to acquire the adjacent Vila Oito and Floresta nickel laterite projects from Lara Exploration Ltd. The Vila Oito project has a non compliant resource of 10.4 Mt grading 1.36% Ni.

As we move forward it is our intention to add additional drill rigs to fast-track the resource delineation at Araguaia. The combination of our maiden resource together with additional untested targets within the greater Araguaia project area should see us moving towards a resource target in excess of 100Mt. With this in hand we are seeking a listing on the Toronto Stock Exchange with the aim of attracting a wider market.

Also at the beginning of 2011, we undertook a fundraising, raising £8.25 million before expenses in order to further fast-track the development of Araguaia. The placing, which was oversubscribed, received strong institutional demand from both new and existing shareholders in the UK. After completion of the current 8,000m drilling programme, the funds will be used for a second phase expanded exploration programme to further test exploration targets within the project area and convert the high grade zones to the indicated resource category. In addition to the resource drilling, metallurgical test work will be completed with the aim of initiating a preliminary economic assessment in Q4 2011.

Furthermore, Horizonte executed a formal Option Royalty Agreement with Anglo Pacific Group Plc ("Anglo Pacific") regarding any future nickel production on Araguaia. Under the terms of the agreement, Anglo Pacific has paid US$500,000 for an option to acquire a 1.5% NSR over Araguaia for US$12.5 million which is exercisable on the delivery of a positive pre-feasibility study. We believe the level of payment demonstrates Anglo Pacific's recognition of the quality of the project and the potential value that it may achieve as we fast-track its development.

The nickel market has stabilised and the current price of over US$20,000 per tonne supports the ongoing nickel market deficit expected throughout 2011. In the longer term citibank commented in its 'Nickel Update' of 8 December 2010 that the risk to supply disappointment is increasingly significant. Approximately 70% of the world's nickel resources are found in laterites, yet they account for just circa 40% of global nickel production. The increasing application of leaching, usually by acid to laterites, has at times fallen short of expectations in both the duration of ramp-up and ultimate production achieved. These leaching projects account for half of the expected increase in supply by 2015.

Araguaia is well located and supported by established infrastructure both of which are essential as we progress through the development cycle through to potential production.

However it must be noted that your Company is neither a single project company nor a one commodity business.

Our strategic alliance with AngloGold to explore for new gold targets in Brazil has continued to gain traction; the first year of the US$5.3 million joint venture has been recently completed during which AngloGold funded US$900,000 of project expenditure. This expansive relationship is rapidly creating a large number of new gold anomalies and we expect to advance these new targets towards drilling in the second year of this exciting programme.

In August 2010 we signed a further three year agreement with AngloGold to explore our Falcão gold project also in Brazil. Under the terms of the earn in agreement, AngloGold has the right to earn into a 51% participating interest in the Falcão project by funding the sum of US$4.5 million on project expenditure over the three year period. The first year expenditure will again be US$900,000 and, in the second year, a further US$1.6 million, followed by a final amount in year three of US$2 million.

We have recently completed the soil sampling programme on Falcão as well as an aerial geophysical survey. The initial results are exciting and have returned a significant gold anomaly, approximately 3 km in length and between 300 and 600 metres in width, with consistent gold values above 50 ppb. There are also a number of samples with over 1 g/t gold. Additionally, in January 2011 an airborne magnetic and radiometric survey was flown over the project area which will assist in determining the main regional structural controls on the large alteration system and will further assist with defining drill targets. All of the

CHAIRMAN'S STATEMENT

new data is still being compiled with the aim to initiate a 3,000 metre diamond drill programme in Q2 2011 with our partners to test the resource potential of Falcão.

We believe Horizonte's investment case is clearly evident; the newly enlarged Horizonte is now a leading nickel and gold focused exploration and development company in Brazil, with a world class nickel laterite project and an exciting portfolio of gold exploration assets with significant near term value. This is in tandem with supportive mining majors and a strong treasury, both of which substantially de-risk Horizonte's financial exposure in the future, placing us in a fantastic position to generate value for our shareholders during another exciting year for the growth of your Company.

Finally, as Chairman and fellow shareholder of Horizonte I would like to extend my gratitude for the support we have received from our shareholders during the past year, and would also like to thank our excellent management team led by Jeremy Martin for its continued dedication as we progress as a leading exploration company in Brazil.

David J. Hall
Chairman
3 March 2011

OPERATIONS REVIEW

Introduction

2010 has been a positive year for Horizonte as the Company successfully worked towards securing a major development asset from which to derive value and Company growth. In addition Horizonte was able to secure a second Joint Venture with AngloGold Ashanti for its Falcão gold project in northern Brazil. Horizonte now has two major mining companies associated with it, Teck as a major shareholder and AngloGold as a project Joint Venture Partner on the Company's gold portfolio in Brazil.

Since its formation the Company has remained focussed on its business strategy to develop new mineral projects and partner them with mining companies. Horizonte's current mining associations underpin the Company as a serious explorer capable of generating quality projects. Horizonte strives to deliver the best technical work and maintain ethical standards while running cost efficient operations.

During the period, the Board reviewed the Company's activities and a decision was made to focus Horizonte's activities in Brazil, as we believe this is where the Company's core assets are located and funding best utilised. Brazil has significant discovery potential, both in terms of nickel and gold, and there are still a number of opportunities that fit the Company's investment strategy. We have continued to develop our broad portfolio of projects and remain highly confident of the quality of our assets and our ability to create value for our shareholders through their development.

Strategic review

Horizonte's strategy remains to generate and develop quality assets with a view to partnering with major mining companies. The decision to acquire the Araguaia asset is in line with this strategy as the asset is potentially world class combined with a low acquisition cost in terms of per pound of nickel in the ground.

The development of the Araguiaia nickel laterite project from its current status to preliminary economic assessment and rapidly onto Pre-Feasibility Study is the critical strategic development over the next 12 to 18 months for the Company.

This programme will involve intensive drilling, metallurgical test work, infrastructure appraisal and community/social development. The resource will be taken from current inferred category to an indicated category at which point we can start to apply economic factors for a pre-feasibility study.

It is at this point we expect a major revaluation of the Company in line with potential economic value provided by such a study.

OPERATIONS REVIEW

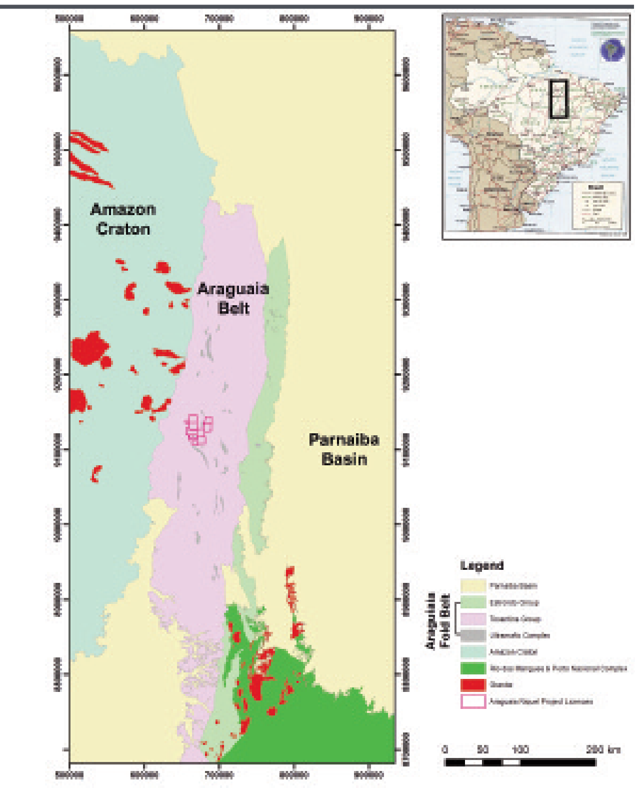
In tandem with the development of the Araguaia nickel project we will maintain our early stage strategic exploration focus through our joint venture with AngloGold Ashanti. The Santana JV is moving into its second year and new targets have been developed and advanced. The aim is to define a number of drill targets by year-end.

Horizonte's strategy of discovering quality projects and partnering for the next stage of exploration involving increased costs is demonstrated at the Falcao project where AngloGold Ashanti are also JV partners and there is a comitment to drilling this year.

Good strategy requires focus. The acquisition of a major project like Araguaia meant that management and the team would have to expand. The gold programmes with AngloGold Ashanti at Falcão and Santana are strategically located relatively closely together in central Brazil. The projects in Peru were re-evaluated with this strategy in mind and led the Company to decide that the focus on Brazil was the priority.

This allows the Company to build on where its greatest strengths lie and where it has distinct competitive advantages and where we believe we can create the maximum value for shareholders.

The Araguaia Nickel Project – Brazil



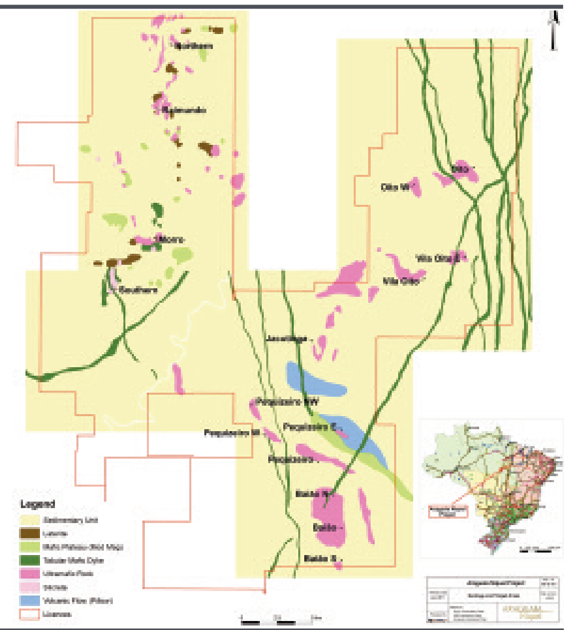
Location of the Araguaia project

The Araguaia Nickel Project represents the combination of the previous Teck Cominco Brasil S.A. Araguaia Project and the Horizonte Minerals Lontra Project ('Araguaia' or 'the Project Area').

The Project Area is based on nickel laterite development on the eastern margin of Pará State, Brazil to the north of the town of Conceição do Araguaia. The Project Area comprises 11 Exploration Licences, four held by Lontra Empreendimentose Participacões Ltda and seven held by Araguaia Niquel Mineracao Ltda. Both companies are now 100% owned subsidiaries of Horizonte after an agreement was concluded in August 2010 in which Horizonte acquired Teck Cominco Brasil S.A., a company that owned 100% of the original Teck Araguaia Project.

Nickel laterite deposits develop by chemical weathering of peridotites in tropical and sub-tropical climatic zones. The laterites within the Project Area are developed on peridotites contained within the metasediments of the Couto Magalhães Formation. This formation forms the western part of the Late

Proterozoic Araguaia Fold Belt, a north-south orogenic zone along the contact of the Amazon Craton to the west and the San Francisco Craton to the east (Figure 7.1 from the NI 43-101 report). The mafic/ultramafic complexes within this formation, of which the peridotites are a part, are made up of elongate bodies varying in length from hundreds of metres to tens of kilometres and can extend up to a kilometre in width. They occur in thrusts within the metasediments and have been interpreted to represent tectonic remnants of ophiolites. Several significant nickel laterite deposits occur within this region of Brazil including Xstrata's Serra do Tapa/Vale dos Sonhos deposits (73Mt @ 1.5% Ni at a 1.0% Ni cut-off– press release 7/3/06) that are also located within the Araguaia Fold Belt 60km to the north of the Project Area (Figure 4.2 from the NI 43-101 report).



Principal target zones of the Araguaia project

Exploration by Teck in the seven Teck Cominco Brasil S.A. licences between 2006 and November 2008 included geological prospecting and stream sediment sampling, airborne geophysical surveys, soil sampling, reverse circulation drilling and diamond drilling. This resulted in the identification and evaluation of 12 nickel laterite targets. These were tested by 489 diamond drill holes totalling over 11,400m. The principal targets were drilled on 200m x 200m grids (Figure 6.7 from the NI 43-101 report).

Exploration by Horizonte in the four Hórizonte-held licences, forming the Lontra Project, from 2007 to 2008 included stream sediment and soil sampling, ground magnetometry, auger drilling and diamond core drilling. Three principal target areas were identified on which 63 diamond drill holes totalling 1,300m were completed on the Northern and Raimundo targets (Figure 6.7 from the NI 43-101 report).

On going and planned work in progress on the Araguaia Nickel Project includes:

- A NI 43-101 compliant resource estimation based on the results of the historical Teck diamond drilling over eight targets with comprehensive 200m x 200m drilling completed
- An 8,000m diamond drilling programme designed to reduce the drill spacing on the Pequizeiro NW, Pequizeiro and Baião targets to 141m x 141m and then on the Pequizeiro and Baião targets to 100m x 100m.
- A NI 43-101 compliant mineral resource estimate on the Pequizeiro and Baião targets based on 100m x 100m diamond drilling
- Compilation of all the historical exploration data over the entire project and reconnaissance exploration and mapping over priority targets
- Mineralogical test programme on selected samples of the major mineralised facies including optical microscopy, quantitative evaluation of materials using scanning electron microscopy (QEMSCAN) analysis, X-ray diffraction (XRD) analysis and electron microprobe (EMP) analysis.

OPERATIONS REVIEW

During August and September 2010 an exploration team based in offices in Conceição do Araguaia was established together with quality core logging and storage facilities. Contracts for the drilling, sample preparation and analysis were concluded and in October 2010 three drill rigs commenced 141m x 141m in-fill drilling on the Pequizeiro West target. By the end of 2010 a total of 943m (33 holes) had been completed; 17 holes on Pequizeiro West and 16 on the Pequizeiro main zone.

In 2011 the Company has planned for additional drill rigs to be mobilised at the Project Area to increase the drill production rate. Additionally, after the completion of the programme outlined above, the scope of the exploration/evaluation programme will be increased to include the following:

- Environmental baseline study
- Preliminary metallurgical process studies to identify the optimum processing route to maximise the economic return
- Infill drilling in the Lontra Sector suitable for an initial mineral resource estimation in this sector
- Reduce drill spacing on all significant targets to 141m x 141m prior to selection of targets for additional 100m x 100m drilling
- Infill drilling on the Pequizeiro and Baião targets if closer spacing than 100m x 100m is required to raise the resource estimations to an indicated category
- Reconnaissance drilling on selected targets from reconnaissance exploration and mapping
- Scoping Study to determine order of magnitude economic parameters

AngloGold Ashanti Exploration Alliance

The signing of an exploration alliance was announced on 4 September 2009 and was a major step allowing Horizonte to expand its areas of operation to Greenfields exploration where the Company has specialised knowledge and know-how. This represents an area of growth for the Company, achieved without requiring additional funding from its investor base. During the first 12 months AngloGold invested US$900,000 in exploration expenditure on two regional greenfield exploration programmes which developed 18 priority targets which are being followed up. These programmes have now been extended as part of the 2011 year earn-in expenditure of US$1.4 million. All work is conducted and managed by Horizonte.

Under the terms of the Option Agreement, AngloGold may, in its absolute discretion, spend US$5.3 million over three years to earn a 51% interest in any project developed by the programme. On completion of the three year exploration programme, each property or properties comprising a target area will be subject to a separate joint venture (each a 'Target Area JV'), with ownership interests in each Target Area JV apportioned 51% to AngloGold and 49% to Horizonte. AngloGold may elect, in its absolute discretion, to earn up to an additional 19% (70% total) in a Target Area JV by funding ongoing exploration expenditure to complete a pre-feasibility study in that Target Area within three years from that vesting date. AngloGold may withdraw at any time without completing its expenditure obligations for a particular year.

During the year approximately 500,000 ha (5,000 km^2) was sampled, comprising a total of 982 stream sediment samples and 1,133 rock geochemical samples. Stream sediment sampling was carried out on first to third order drainages with an average catchment area ranging from 4.9km^2 to 5.4 km^2.

The work has led to the definition of 42 targets with elevated gold, of which 23 are targets composed of multiple, contiguous drainages with anomalous gold values. 18 of these are considered priority targets. These have been ranked and prioritised based on the following criteria:

- Single point vs multiple contiguous drainages with elevated Au
- Addition of pathfinder elements
- Favourable host geology
- Structure
- Open ground

Integration of structure, known geology and occurrences, with an open view on geological models and the potential styles of mineralisation, have been a key component in accruing a wide knowledge base in the first year.

Highlights are:

- A +7,000m trend associated with a 1.8 to 2.05Ga, mid-proterozoic sedimentary package of the same age as the gold rich conglomerates of the Tarkwain in west Africa;
- A 50km2 circular feature associated with low gold and high base metal anomalism of a previously unmapped calc-alkaline or carbonatite target that may have parallels with Palabora gold deposit; and
- A 4,000m trend of low gold and pathfinder elements (Te, Sb, Bi, As +/- W) reflective of intrusion related systems, located on a structure bounding a zoned granite intrusion.

These previously unknown targets are just three examples of the types of anomalies being defined. It is important to remember that it is not always the most obvious anomalies that are the best targets and further work is required to understand the importance of the targets.

In 2011, the highly successful stream sediment sampling programmes will be extended to cover new areas while, in parallel, follow-up and evaluation of the targets identified in the 2010 programme will be carried out.

The Falcão Gold Project – Brazil

The Falcão project is located in the south of the Carajas Mineral Province and was a grassroots discovery through regional stream sediment sampling carried out by BHP Minerals in the mid 1990s. It is marked by contiguous catchment basins anomalous in gold, copper and silver values, over a 50 sq km land area. The stream sediment programme was followed-up by a regional soil grid and shallow auger drill programme on an 800m by 200m grid, which defined the main area of interest as an open 6 km long anomalous gold zone and an adjacent but more localised zinc/silver/gold zone.

OPERATIONS REVIEW

Wide spaced reverse circulation drilling was undertaken in September 1998 to test for the presence of a BHP category gold or base metal deposit. The final reverse circulation drill holes aimed at defining the metallogenic/geologic environment were located on a wide grid (2,400m by 400m) along the 6 km anomalous trend. Despite the wide drill hole spacing, a number of highly anomalous intersections were drilled including 9m at 4.8g/t gold from surface, 3m at 4g/t gold from 57m, and 24m at 0.5g/t gold including 3m at 2.8g/t gold. This latter result was from a hole that was drilled outside the main soil geochemical anomaly.

Negotiations with the farmowner have been ongoing and in 2010 a definitive agreement was signed providing access through the exploration and development / production stages, if necessary. Horizonte initiated semi-detailed geologic mapping, (20km^2), detailed (100m x 50m) multi-element soil geochemistry (4.5km^2) and a detailed (100m line spacing) aeromagnetic / radiometric survey (3200 line kilometres) over the tenement package. This work was completed in November 2010 with the final results received at the end of December 2010. The data is currently being compiled, enhanced and interpreted. In December 2010 an application was made for the renewal of the three exploration areas covering a total of 300km^2. This is being evaluated by the DNPM with a decision expected by the end of the first quarter of 2011. On approval of the extension a 3,000m diamond drilling programme will be initiated.

This project is fully funded through a JV with AngloGold Ashanti who, under the terms of the Option Agreement and at its absolute discretion may spend US$4.5 million over three years to earn a 51% interest in the project. Minimum expenditures are US$900,000 in the first year, US$1.6 million in the second and US$2 million in the third year. On completion of the three year exploration programme, AngloGold may elect to earn up to an additional 19% (70% total) by funding ongoing exploration expenditure to complete a pre-feasibility study. AngloGold may withdraw at any time without completing its expenditure obligations for a particular year.

JV with LGA Mineração e Siderugia ("LGA")

In March 2009, the Company signed a JV agreement with private Brazilian group LGA. Under the terms of the agreement LGA was to invest R$1 million (approximately US$440,000) over a 12 month period to be used for the generation of new early stage projects and further develop five of the early stage pipeline projects in the Company portfolio. LGA earned its 50% interest in the JV projects by March 2010 with the result that the Company had developed a portfolio of nickel sulphide targets and areas with gold potential. However due to the focus on Araguaia these projects were put on care and maintenance during the rest of the year.

The LGA programmes focused on two key regions; Goias and the Carajas – Sao Felix region. In Goias, the JV focused on the evaluation of targets with nickel sulphide potential generated through the combined evaluation of the recent regional aerogeophysical programmes carried out by the government, regional stream sediment data and the exploration licence situation. Over prospective areas, field reconnaissance, stream sediment and rock chip sampling with reconnaissance mapping complimented the evaluation of existent data. As a result of the generation programme the JV controls three targets with nickel sulphide potential. These projects are combined geophysical and geochemical targets at the drill target stage.

In the Carajas – Sao Felix region of Southern Para state the JV applied for a number of exploration licences over which reconnaissance stream sediment sampling was performed and combined with available regional data. While very close to the Carajas district, this belt has remained largely unexplored by modern standards. The application of regional stream sediment sampling over areas of interest, the same exploration philosophy that led to the discovery of the Falcão and Lontra projects, led to the definition of a gold and nickel sulphide target.

The programme has led to the definition of three target areas with anomalous multi-element geochemistry. While the main target was gold, and several low order anomalies are still to be evaluated, two of the areas have strong nickel sulphide targets.

Currently, all the targets are being prioritised and the JV is awaiting the granting of key licence applications over a number of these targets.

JV with Troy Resources

The option anniversary date for Troy to earn to 100% of the Tangara gold project was in December 2010. Troy have completed the minumum earn in figure as per the terms of the Acquistion Agreement. A mining licence application has been resgistered with the DNPM to cover a zone of mineralisation on the Gerson Pit trend. Negotiations are currently underway with Troy to look at re-structuring the completion payment schedule.

The El Aguila Silver-Lead-Zinc Project – Peru

With the focus of the Company's activities in Brazil, the decision was taken to reduce activities in Peru. No work has been undertaken on the El Aguila silver-lead-zinc project during the last 12 months. The project is located in the world-class polymetallic mining district of Cerro de Pasco in central Peru and consists of two mining claims. The Company's El Aguila and Pacos Hill mining claims lie 18km to the north of the highly prospective Cerro de Pasco mining centre, which is located in the Andean high-plateau (Altiplano) of central Peru at an elevation of approximately 4,200m. The project area is surrounded by active mines; the Vinchos silver mine operated by Volcan S.A. is located 8km to the north and the Atacocha silver-lead-zinc mine 10km to the west.

The project is being maintained and Horizonte is actively seeking a partner to develop the asset.

DIRECTORS' AND MANAGEMENT BIOGRAPHIES

David J. Hall, BSc, MSc, Fellow SEG. P. Geo
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 30 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries. From 1992, he was Chief Geologist for Minorco responsible for Central and Eastern Europe, Central Asia and the Middle East. He moved to South America in 1997 as Consultant Geologist for Minorco South America and subsequently became Exploration Manager for AngloGold South America in 1999.

Subsequently in 2002, Mr Hall was instrumental in forming TSX-V listed GoldQuest Mining Corp focused in the Dominican Republic. GoldQuest's major equity partner is one of the world's leading gold mining companies – Gold Fields of South Africa. Mr Hall also founded Stratex International plc, which has made a number of significant gold discoveries in Turkey and has Teck Resources Limited as an equity partner.

Jeremy J. Martin, MSc, ASCM
Director and Chief Executive Officer
Mr Martin holds a degree in mining geology from the Camborne School of Mines, and an MSc. in mineral exploration from the University of Leicester. He has worked in South America for Inca Pacific Resources Inc. and subsequently 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 four AIM and TSX traded companies and has completed a number of high value mineral project transactions. He has served on a number of public company boards and is a member of the Society of Economic Geologists and the Institute of Mining Analysts.

Nicholas R. Winer, 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 MVR in August 2002 and has played a key role in the development of its exploration portfolio, which has now been integrated into the Company. 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, Prospectors and Developers Association of Canada and was a past director of the Agencia para o Desenvolvimento Tecnologico da Industria Mineral Brasileira.

Allan M. Walker, MA
Non-Executive Director
Mr Walker has over 25 years experience in investment banking, primarily focused on project finance and private equity in the energy and natural resource sectors particularly in emerging markets. He has extensive contacts in these sectors 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 2005 to structure and develop a renewable energy, clean fuels 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 company at CSFB Garantia in Sao Paulo, Brazil from 1998 to 2001, where he spent seven years covering Latin America. Mr Walker graduated with an MA in economic geography from Cambridge University in 1982 and speaks Portuguese and Spanish.

Alexander Christopher, BSc (Hons), PGeo (BC)
Non-Executive Director
Mr Christopher, a professional geologist, has over 25 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 1980s 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 focused on gold and base metal exploration.

Jeffrey Karoly, BSc, ACA
Chief Financial Officer and Company Secretary
Mr Karoly has degree in Geology and is a Chartered Accountant with over 12 years experience in the mining industry. He was with Minorco/Anglo American from 1997 to 2007 in a variety of finance/corporate finance functions and from 2008 to 2010 was Chief Financial Officer of South American Ferro Metals, a private company that acquired, explored and developed an iron ore property in Brazil. Mr Karoly started his career at Coopers & Lybrand and speaks French and Portuguese.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of Horizonte Minerals Plc, together with the audited Financial Statements for the year ended 31 December 2010.

Principal activities

The principal activity of the Company and the Group is the exploration and development of precious and base metals in Brazil and Peru. Exploration and development activities during the year were predominantly in Brazil and this will be the area on which the Company and Group will focus in the future.

Review of the business

The Group is focused on the generation of new mineral opportunities in Brazil and Peru. A detailed review of the activities together with future developments of the Group is provided in the Chairman's Statement and the Operations Review.

Financial review

The Group recorded a profit for the year of £630,438 (2009: Loss £886,357). The profit for the year arises from a gain of £440,079 on re-measuring the Group's existing interest in Lontra at the date of acquisition to fair value, together with a gain of £1,798,251 from the acquisition of Araguaia due to the fair value of net assets acquired exceeding the total purchase consideration at that date. Further details are provided in note 5. Full details of the results of the Group are set out on pages 22 to 63.

In August 2010 the Company raised £5.1 million through a placing of 51,261,144 new ordinary shares at a price of 10 pence each. Simultaneously the Company acquired 100% of the issued shares of Teck Cominco Brazil Ltda in consideration for 123,280,240 new ordinary shares and also acquired the remaining 50% of Lontra Participacoes e Empreendimentos Ltda not already held in consideration for 10,000,000 new ordinary shares.

The Group at 31 December 2010 had cash and cash equivalents of £3,847,031. The Directors have prepared cash flow forecasts for the twelve months from the date of signing of these financial statements. The Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company and Group have adequate resources to continue operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial Key Performance Indicators ("KPI's")

The three main KPI's for the Group are as follows. These allow the Company to monitor costs and plan future exploration and development activities.

	2010	2009
Cash and cash equivalents	£3,847,031	£1,281,410
Administrative expenses as a percentage of Total assets	4.3%	23.4%
Exploration costs capitalised as intangible assets	£777,690	£117,883

At 31 December 2010 the Group's intangible assets had a carrying value of £16,918,202.

The Directors do not recommend a payment of a dividend.

Corporate responsibility

People

As a Company we understand the importance of the team in developing and growing the Company for the future. We aim to create an environment that will attract, retain and motivate people so they can maximise their potential.

Social

Horizonte currently conducts exploration primarily in Brazil and recognises that there is a vital social dimension to all exploration activity. We are fortunate to maintain excellent relationships with all communities and landholders located close to, or on, our projects. Horizonte adheres to a good neighbour policy of open community consultation and to sourcing commodities and labour services from local communities. As our projects advance we will proactively engage with the relevant communities to generate and enhance benefits associated with our activities.

Environmental

Horizonte undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Horizonte is currently a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities are minimal. To ensure proper environmental stewardship on its projects, Horizonte conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Horizonte operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management.
This programme is regularly updated to incorporate employee suggestions, lessons learned from past

DIRECTORS' REPORT

incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in improvements to the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Risk and Uncertainties

Exploration risks

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver in global metal prices; these factors are beyond the control of the Company. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprising the mineral exploration licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the governments in Brazil and Peru; if this legislation is changed it could adversely affect the value of the Group's assets.

Country risk

The Group's licences and operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, appropriation of property without fair compensation, cancellation or modification of contract rights, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted.

Both Peru and Brazil, the current focus of the Company's activity, offer stable political frameworks and actively support foreign investment. Both countries have a well-developed exploration and mining code with proactive support for foreign companies.

Dependence on key personnel

The Company is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Company grows could have an adverse effect on future business and financial conditions. To date the Company has been successful in recruiting and retaining high quality staff.

Uninsured risk
The Company, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Company may also be disrupted by a variety of risks and hazards that are beyond control, including, geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Financial risks
Details of the Group's financial risk management objectives are set out in note 3 to the Financial Statements.

Substantial shareholdings
The Directors are aware of the following substantial interests or holdings in 3% or more of the Company's ordinary called up share capital as at 28 February 2011.

Major shareholders	Number of shares	% of issued capital
Teck Resources Limited	123,280,240	44.10
Anglo Pacific Group Plc	31,650,000	11.32
Quantom Holdings Ltd	30,000,000	10.73

Share capital
A statement of the changes in the share capital of the Company is set out in note 15 of the Financial Statements.

Directors and their interests
The Directors who served during the year, together with all their beneficial interests in the shares of the Company as at 31 December 2010 are as follows:

	31 December 2010		31 December 2009	
Director	Shares	Options	Shares	Options
David Hall	528,571	2,000,000	528,571	500,000
Jeremy Martin	493,571	3,250,000	493,571	750,000
Nicholas Winer [1]	5,500,000	2,050,000	5,500,000	550,000
Allan Walker	–	1,400,000	–	400,000
Alex Christopher	–	–	–	–

[1] Nicholas Winer owns 500,000 Ordinary Shares in his own right. MVR holds 5,000,000 Ordinary Shares. Nicholas Winer owns 49% of the equity share capital of MVR and is accordingly interested in 5,500,000 Ordinary Shares for the purposes of section 252 of the Companies Act 2006.

Alex Christopher was appointed as Non-Executive Director on 13 September 2010.

None of the Directors exercised any share opitons during the year.

DIRECTORS' REPORT

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Directors' statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

Creditor payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that the suppliers are aware of the terms of payment and to abide by them. Creditors days as at 31 December 2010 amounted to 37 days (2009: 26 days).

Post balance sheet events

On 4 February 2011 the Company issued 32,999,500 new ordinary shares at a price of £0.25 per share raising £8,249,875 before expenses.

On 12 January 2011 the Company signed an option agreement with Anglo Pacific whereby Anglo Pacific received the option to acquire a Net Smelter Royalty (“NSR”) on future nickel revenues from the Araguaia project in exchange for US$500,000.

If Anglo Pacific chooses to exercise the option, which is exercisable upon completion of a pre-feasibility study on the site, they 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.

On 18 January 2011 the Company signed Heads of Terms with Canadian-Listed Lara Exploration Limited for the purchase of 100% interest in the Vila Otito and Floresta nickel laterite projects. The consideration for the acquisition will be the issue of 8.5m ordinary shares in the Company and will be subject to various lock-in agreements. The completion of the acquisition is subject to the Company completing due diligence, receiving certain third party approvals and completion of a definitive agreement.

Further details of the proposed acquisition can be found in the Chairman’s Statement on pages 2 to 4 of these Financial Statements.

Annual general meeting

The notice of the annual general meeting of the Company will be distributed to shareholders together with the Annual Report. Full details of the business to be considered at that meeting can be found in the Notice.

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditor.

By Order of the Board

Jeffrey Karoly
Company Secretary
3 March 2011

CORPORATE GOVERNANCE REPORT

The Board of Directors

As at 31 December 2010, the Board of Directors comprised five members: two Executive Directors and three Non-Executive Directors including the Chairman, Mr David Hall. Each of the Executive Directors has a wealth of minerals exploration and development experience. Similarly the Non-Executive Directors have extensive mineral and financial experience.

Board meetings

The Board ordinarily meets on a quarterly basis and as and when further required, providing effective leadership and overall management of the Company's affairs by reference to those matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to the Board meetings. The Board delegates certain of its responsibilities to the Board committees which have terms of reference as listed below.

Corporate governance practices

The Board recognises the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors will develop policies and procedures which reflect the Combined Code on Corporate Governance. So far as is practicable, taking into account the size and nature of the Company, the Directors take steps to comply with the Combined Code.

Remuneration and audit committees

The remuneration committee comprises David Hall and Allan Walker and is responsible for reviewing the performance of the Executive Directors and senior management and for setting the framework and broad policy for the scale and structure of their remuneration taking into account all factors which it shall deem necessary. The remuneration committee also determines the allocation of share options and is responsible for setting up any performance criteria in relation to the exercise of options granted under any share options schemes adopted 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 Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Group's accounting and internal controls.

Internal controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Company's control environment and any related shortfalls during the year. Since the Company was established, the Directors are satisfied that, given the current size and activities of the Company, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future developments of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HORIZONTE MINERALS PLC

We have audited the Financial Statements of Horizonte Minerals Plc for the year ended 31 December 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit and Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

Opinion on Financial Statements
In our opinion:
- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2010 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception
The Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the above matters.

Mark Ling (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD
3 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**Year ended 31 December 2010 £**	Year ended 31 December 2009 £
Continuing operations			
Revenue		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Administrative expenses		**(1,257,954)**	(893,805)
Acquisition costs expensed	5	**(490,403)**	–
Project impairment	11	**(59,945)**	–
(Loss)/gain on foreign exchange		**(2,244)**	3,269
Other operating income	7	**694,540**	–
Loss from operations	8	**(1,116,006)**	(890,536)
Gain on purchase of subsidiary undertaking	5	**1,798,251**	–
Finance income	9	**16,228**	4,179
Finance costs	9	**(68,035)**	–
Profit/(loss) before taxation		**630,438**	(886,357)
Taxation	10	**–**	–
Profit/(loss) for the year from continuing operations		**630,438**	(886,357)
Other comprehensive income			
Exchange differences on translating foreign operations		**1,092,632**	–
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**1,723,070**	(886,357)
Earnings per share from continuing operations attributable to the equity holders of the Company			
Basic (pence per share)	21	**0.489**	(1.94)
Diluted (pence per share)	21	**0.487**	(1.94)

The notes on pages 28 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

COMPANY NUMBER: 05676866

	Notes	At 31 December 2010 £	At 31 December 2009 £
Assets			
Non-current assets			
Intangible assets	11	**16,918,202**	2,498,411
Property, plant & equipment	12	**168,223**	919
Deferred taxation	10	**8,079,087**	–
		25,165,512	2,499,330
Current assets			
Trade and other receivables	13	**72,314**	44,609
Cash and cash equivalents	14	**3,847,031**	1,281,410
		3,919,345	1,326,019
Total assets		**29,084,857**	3,825,349
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	15	**2,465,605**	590,191
Share premium	16	**11,283,355**	6,811,399
Other reserves	18	**10,933,292**	(1,048,100)
Accumulated losses		**(2,184,252)**	(2,867,224)
Total equity		**22,498,000**	3,486,266
Liabilities			
Non-current liabilities			
Contingent consideration	19	**2,676,502**	–
Deferred taxation	10	**3,511,338**	–
		6,187,840	–
Current liabilities			
Trade and other payables	19	**399,017**	339,083
		399,017	339,083
Total liabilities		**6,586,857**	339,083
Total equity and liabilities		**29,084,857**	3,825,349

The notes on pages 28 to 63 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 3 March 2011 and signed on its behalf by

David J. Hall
Chairman

Jeremy J. Martin
Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY NUMBER: 05676866

	Notes	At 31 December 2010 £	At 31 December 2009 £
Assets			
Non-current assets			
Property, plant & equipment	12	**2,810**	899
Investment in subsidiaries	27	**22,111,812**	5,653,324
		22,114,622	5,654,223
Current assets			
Trade and other receivables	13	**42,958**	17,908
Cash and cash equivalents	14	**3,638,534**	1,100,002
		3,681,492	1,117,910
Total assets		**25,796,114**	6,772,133
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	15	**2,465,605**	590,191
Share premium	16	**11,283,355**	6,811,399
Merger reserve	18	**10,888,760**	–
Accumulated losses		**(2,104,258)**	(1,089,133)
Total equity		**22,533,462**	6,312,457
Liabilities			
Non-current liabilities			
Contingent consideration	19	**2,676,502**	–
Current liabilities			
Trade and other payables	19	**586,150**	459,676
Total liabilities		**3,262,652**	459,676
Total equity and liabilities		**25,796,114**	6,772,133

The notes on pages 28 to 63 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on 3 March 2011 and signed on its behalf by

David J. Hall
Chairman

Jeremy J. Martin
Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
Consolidated					
As at 1 January 2009	404,477	5,771,728	(1,995,264)	(1,048,100)	3,132,841
Issue of ordinary shares	185,714	1,114,286	–	–	1,300,000
Issue costs	–	(74,615)	–	–	(74,615)
Share based payments	–	–	14,397	–	14,397
Total comprehensive income for the year	–	–	(886,357)	–	(886,357)
As at 31 December 2009	**590,191**	**6,811,399**	**(2,867,224)**	**(1,048,100)**	**3,486,266**
Issue of ordinary shares	1,875,414	4,883,503	–	10,995,621	17,754,538
Issue costs	–	(411,547)	–	(106,861)	(518,408)
Share based payments	–	–	52,534	–	52,534
Total comprehensive income for the year	–	–	630,438	1,092,632	1,723,070
As at 31 December 2010	**2,465,605**	**11,283,355**	**(2,184,252)**	**10,933,292**	**22,498,000**
Company					
As at 1 January 2009	404,477	5,771,728	(669,420)	–	5,506,785
Issue of ordinary shares	185,714	1,114,286	–	–	1,300,000
Issue costs	–	(74,615)	–	–	(74,615)
Share based payments	–	–	14,397	–	14,397
Total comprehensive income for the year	–	–	(434,110)	–	(434,110)
As at 31 December 2009	**590,191**	**6,811,399**	**(1,089,133)**	**–**	**6,312,457**
Issue of ordinary shares	1,875,414	4,883,503	–	10,995,621	17,754,538
Issue costs	–	(411,547)	–	(106,861)	(518,408)
Share based payments	–	–	52,534	–	52,534
Total comprehensive income for the year	–	–	(1,067,659)	–	(1,067,659)
As at 31 December 2010	**2,465,605**	**11,283,355**	**(2,104,258)**	**10,888,760**	**22,533,462**

The notes on pages 28 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 £	31 December 2009 £
Cash flows from operating activities			
Profit/(loss) before taxation		**630,438**	(886,357)
Interest income		**(16,228)**	(4,179)
Finance costs		**68,035**	–
Employee share options charge		**52,534**	14,397
Gain on bargain purchase of subsidiary undertaking		**(1,798,251)**	–
Project impairment		**59,945**	–
Transaction fees settled by share issue		**150,000**	–
Gain on investment		**(440,079)**	–
Depreciation		**31,161**	719
Operating loss before changes in working capital		**(1,262,445)**	(875,420)
Increase in trade and other receivables		**(27,705)**	(43,296)
Increase in trade and other payables		**56,975**	41,656
Net cash outflow from operating activities		**(1,233,175)**	(877,060)
Cashflows from investing activities			
Net purchase of intangible assets		**(777,690)**	(117,883)
Purchase of property, plant and equipment		**(198,465)**	–
Cash in acquired subsidiary	5	**957**	–
Interest received		**16,228**	7,466
Net cash used in investing activities		**(958,970)**	(110,417)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**4,757,707**	1,225,385
Net cash inflow from financing activities		**4,757,707**	1,225,385
Net increase in cash and cash equivalents		**2,565,562**	237,908
Cash and cash equivalents at beginning of year		**1,281,410**	1,043,502
Exchange gains on cash and cash equivalents		**59**	–
Cash and cash equivalents at end of the year	14	**3,847,031**	1,281,410

Major non-cash transactions

On 17 August 2010, the Company issued 123,280,240 ordinary shares in consideration for the purchase of the entire share capital of Teck Cominco Brasil S.A. and 10,000,000 ordinary shares in consideration for the purchase of the entire share capital of Lontra Empreendimentos e Participações Ltda (Note 5). On the same date the Company issued a further 3,000,000 ordinary shares to certain professional advisors in settlement of services in relation to the acquisitions and placement of shares.

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

The notes on pages 28 to 63 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR YEAR ENDED 31 DECEMBER 2010

	Notes	31 December 2010 £	31 December 2009 £
Cash flows from operating activities			
Loss before taxation		**(1,067,659)**	(434,110)
Interest income		**(16,142)**	(4,176)
Transaction fees settled by share issue		**150,000**	–
Employee share options charge		**52,534**	14,397
Depreciation		**994**	461
Operating loss before changes in working capital		**(880,273)**	(423,428)
Increase in trade and other receivables		**(25,050)**	(16,596)
Increase in trade and other payables		**126,476**	18,136
Net cash outflow from operating activities		**(778,847)**	(421,888)
Cashflows from investing activities			
Loans to subsidiary undertakings		**(1,453,565)**	(585,669)
Purchase of property, plant and equipment		**(2,905)**	–
Interest received		**16,142**	7,463
Net cash used in investing activities		**(1,440,328)**	(578,206)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**4,757,707**	1,225,385
Net cash inflow from financing activities		**4,757,707**	1,225,385
Net increase in cash and cash equivalents		**2,538,532**	225,291
Cash and cash equivalents at beginning of year		**1,100,002**	874,711
Cash and cash equivalents at end of the year	14	**3,638,534**	1,100,002

Major non-cash transactions

On 17 August 2010, the Company issued 123,280,240 ordinary shares in consideration for the purchase of the entire share capital of Teck Cominco Brasil S.A and 10,000,000 ordinary in consideration for the purchase of the entire share capital of Lontra Empreendimentos e Participações Ltda (Note 5). On the same date the Company issued a further 3,000,000 ordinary shares to certain professional advisors in settlement of services in relation to the acquisitions and placement of shares.

The notes on pages 28 to 63 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of Horizonte Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

The address of its registered office is 26 Dover Street London W1S 4LY.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The 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. A summary of the more important accounting policies is set out below.

The preparation of 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 Financial Statements, are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business Combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared to IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. All acquisition costs are expensed.

The revised standard has been applied to the acquisitions of the 100% controlling interests in Lontra Empreendimentos e Participações Ltda and Teck Cominco Brasil S.A on 17 August 2010. The acquisition of Lontra Empreendimentos e Participações Ltda occurred in stages. The revised standard requires goodwill to be determined only at the acquisition date rather than at the previous stages. The determination of goodwill includes the previously held equity interest adjusted to fair value, with the gain on re-measuring the previously held non-controlling interest included in the consolidated statement of comprehensive income. Contingent consideration on the purchase of Teck Cominco Brasil S.A has been recognised at fair value on 17 August 2010. Acquisition-related costs of £490,403 have been recognised in the consolidated statement of comprehensive income, which previously would have been included in the consideration for the business combination.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 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 2010 or later periods, but not currently relevant to the Group.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" addressed concerns that retrospectively determining the cost of an investment in separate financial statements and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost or effort. These amendments were effective for periods beginning on or after 1 July 2009.

Further amendments to IFRS 1 addressed the retrospective application of IFRSs to particular situations (oil and gas assets and leasing contracts), and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. These amendments were effective for periods beginning on or after 1 January 2010.

Amendments to IFRS 2 "Share-based Payment" clarified the accounting for group cash-settled share-based payment transactions. These amendments were effective for periods beginning on or after 1 January 2010.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" provided additional guidance on what can be designated as a hedged item. These amendments were effective for periods beginning on or after 1 July 2009.

IFRIC 17 "Distributions of Non-cash Assets to Owners" standardised practice in the measurement of distributions of non cash assets to owners. This interpretation was effective for periods beginning on or after 1 July 2009.

IFRIC 18 "Transfers of Assets from Customers" clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This interpretation was effective for periods beginning on or after 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

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

IFRS 9 "Financial Instruments" specifies how an entity should classify and measure financial instruments, 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 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

A revised version of IAS 24 "Related Party Disclosures" simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This revision is effective for periods beginning on or after 1 January 2011 and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment is effective for periods beginning on or after 1 July 2010 and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

Further Amendments to IFRS 1 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. This amendment is effective for periods beginning on or after 1 July 2011, subject to EU endorsement, and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

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. These amendments are effective for periods beginning on or after 1 January 2011, subject to EU endorsement. The Directors are assessing the possible impact of these amendments on the Group's or Parent Company'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. These amendments are effective for periods beginning on or after 1 January 2012, subject to EU endorsement, and are not expected to have an impact on the Group's or Parent Company's Financial Statements.

Amendments to IAS 32 “Financial Instruments: Presentation” address the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. These amendments are effective for periods beginning on or after 1 February 2010, and are not expected to have an impact on the Group’s or Parent Company’s Financial Statements.

“Improvements to IFRSs” are collections of amendments to IFRSs resulting from the annual improvements project, a method of making necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. These improvements have various implementation dates; for May 2010 improvements, the earliest is effective for periods beginning on or after 1 July 2010 subject to EU endorsement. The Directors are assessing the possible impact of these improvements on the Group’s or Parent Company’s Financial Statements.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” clarifies the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. This interpretation is effective for periods beginning on or after 1 July 2010. The Directors are assessing the possible impact of this interpretation on the Group’s or Parent Company’s Financial Statements.

An amendment to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment is effective for periods beginning on or after 1 January 2011, and is not expected to have an impact on the Group’s or Parent Company’s Financial Statements.

2.3 Basis of consolidation
Horizonte Minerals Plc was incorporated on 16 January 2006. On 23 March 2006 Horizonte Minerals Plc acquired the entire issued share capital of Horizonte Exploration Ltd (HEL) by way of a share for share exchange. The transaction was treated as a group reconstruction and was accounted for using the merger accounting method as the entities were under common control before and after the acquisition.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Other than for the acquisition of HEL as noted above, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred unless they

NOTES TO THE FINANCIAL STATEMENTS

result from the issuance of shares, in which case they are offset against the premium on those shares within equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

References to various joint venture arrangements in the Chairman's Statement and the Operations Review do not meet the definition of joint ventures under IAS 31 "Interests in Joint Ventures" and therefore these Financial Statements do not reflect the accounting treatments required under IAS 31.

The following 100% owned subsidiaries have been included within the consolidated Financial Statements:

Subsidiary undertaking	Parent company	Country of incorporation	Nature of business
Horizonte Exploration Ltd	Horizonte Minerals Plc	England	Mineral Exploration
Horizonte Minerals (IOM) Ltd	Horizonte Exploration Ltd	Isle of Man	Holding company
HM Brazil (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
HM Peru (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
Horizonte Nickel (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
HM do Brasil Ltda	HM Brazil (IOM) Ltd	Brazil	Mineral Exploration
Araguaia Niquel Mineração Ltda	Horizonte Nickel (IOM) Ltd	Brazil	Mineral Exploration
Lontra Empreendimentos e Participações Ltda	HM do Brasil Ltda/HM Brazil (IOM) Ltd	Brazil	Mineral Exploration
Mineira El Aguila SAC	HM Peru (IOM) Ltd	Peru	Mineral Exploration
Mineira Cotahusi SAC	Mineira El Aguila SAC	Peru	Mineral Exploration
South America Resources Ltd	Horizonte Minerals Plc	Isle of Man	Holding company
Brazil Mineral Holdings Ltd	South America Resources Ltd	Isle of Man	Holding company
PMA Geoquimica Ltda	Brazil Mineral Holdings Ltd	Brazil	Mineral Exploration

2.4 Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report on pages 2 to 4; in addition note 3 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Group has sufficient funds to undertake its operating activities for a period of at least the next 12 months including any additional payments required in relation to its current exploration projects. The Group has considerable financial resources, which, together with additional funding available from various joint venture partners, will be sufficient to fund the Group's committed expenditure both operationally and on various exploration projects for the foreseeable future. However, as additional projects are identified and existing projects move into production, additional funding may be required. The amount of funding is estimated without any certainty at the point of approval of these Financial Statements and the Group may be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors are confident that funds will be forthcoming if and when they are required.

The Directors' have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

2.5 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

NOTES TO THE FINANCIAL STATEMENTS

Exploration and evaluation assets arising on business combinations are included at their acquisition-date fair value in accordance with IFRS 3 (revised) 'Business combinations'. Other exploration and evaluation assets and all subsequent expenditure on assets acquired as part of a business combination are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25%
Vehicles and exploration equipment	25% - 33%

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the statement of comprehensive income.

2.7 Impairment

Assets that have an indefinite useful life; for example, goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Intangible assets that are subject to amortisation and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK and Isle of Man entities is sterling and the functional currency of the Brazilian and Peruvian entities is Brazilian Real and Peruvian Nuevo Sol respectively. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) each component of profit or loss is translated at average exchange rates during the accounting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

2.9 Financial assets

The Group has only one class of financial asset, loans and receivables, which are non-derivitive financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Financial assets are initially recognised in the statement of financial position at fair value and subsequently carried at amortised cost using the effective interest method. Provision is made for diminution in value where there is objective evidence of impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Taxation

The tax credit or expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The charge for current tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.12 Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.13 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Operating leases
Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to profit or loss on a straight-line basis over the period of the respective leases.

2.15 Share based payments and incentives
The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions; and
- Including the impact of any non-vesting conditions.

NOTES TO THE FINANCIAL STATEMENTS

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of goods or services received in exchange for shares is recognised as an expense.

2.16 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Company's chief operating decision-maker.

2.17 Finance income
Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3 Financial risk management

The main financial risks that the Group's activity exposes it to are liquidity and fluctuations on foreign currency.

(a) Liquidity
In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Group monitors its cash and future funding requirements through the use of cash flow forecasts.

All cash, with the exception of that required for immediate working capital requirements, is held on short-term deposit.

(b) Foreign currency risks
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real, Peruvian Nuevo Sol, US Dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group holds a proportion of its cash in US Dollars to hedge its exposure to foreign currency fluctuations and recognises the profits and losses resulting from currency fluctuations as and when they arise.

(c) Interest rate risk
As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities.
The Group's interest rate risk arises from its cash held on short-term deposit.

(d) Price risk
The Group is exposed to commodity price risk as a result of its operations. However, given the size and stage of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it has no listed or other equity investments.

(e) Credit risk
Credit risk arises from cash and cash equivalents as well as exposure to joint venture partners including outstanding receivables. Management does not expect any losses from non-performance by these partners.

No debt finance has been utilised and if required this is subject to pre-approval by the Board of Directors. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

(f) Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at the 31 December 2010 and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

The Group holds cash reserves on deposit at several banks and in different currencies until they are required and in order to match where possible with the corresponding liabilities in that currency.

4 Critical accounting estimates and judgements
The preparation of the 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. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

NOTES TO THE FINANCIAL STATEMENTS

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2010 of £16,482,451 (2009: £2,498,411). Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in note 2.5. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and grades, permitting and infrastructure. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have made an impairment charge where appropriate.

Estimated impairment of goodwill

Goodwill has a carrying value at 31 December 2010 of £435,751 (2009: £Nil). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.5.

Management have concluded that there is no impairment charge necessary to the carrying value of goodwill.

Fair value of exploration assets acquired in business combinations

During the year ended 31 December 2010 the Group acquired exploration and evaluation assets with an estimated acquisition date fair value of £12,950,000 through business combinations. Management has made various estimations regarding the fair value of exploration assets acquired in business combinations given the absence of any verifiable and accurate data or JORC compliant resource at that time. The fair value of exploration assets acquired has been estimated based on a number of valuation techniques.

Where acquisitions represent transactions between knowledgeable and willing parties on an arms length basis the exploration assets acquired have been valued on the basis of the consideration transferred. Where acquisitions do not represent arms length transactions management have compared them to similar transactions that are on an arms length basis taking into account key factors such as certainty over the level of defined resource, processing technology and location infrastructure.

Management has also undertaken an exercise to compare their estimated fair values based on the level of work completed and geological upside potential with similar exploration companies in the form of a benchmarking exercise.

Further information is included in note 5. Actual values could be different from management estimations.

Contingent consideration

Contingent consideration has a carrying value of £2,676,502 at 31 December 2010 (2009: £Nil). The contingent consideration arrangement requires the Group to pay the former owners of Teck Cominco Brasil S.A 50% of the tax effect on utilisation of the tax losses existing in Teck Cominco Brasil S.A at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

The fair value of this potential consideration has been determined using a hypothetical discounted cash flow analysis. Management has made assumptions regarding the future operating parameters of the Araguaia Project, combined with local and global operating parameters taken from other comparable nickel projects, in order to calculate the ability to utilise the acquired tax losses, together with the timing of their utilisation. The Group has used discounted cash flow analysis to determine when it is anticipated that the tax losses will be utilised and any potential contingent consideration paid. Cash flow projections exceeding a period of five years have been estimated in order to incorporate the anticipated time period to establishing a JORC compliant resource, completing a feasibility study and then exploiting the estimated resource. These cash flows could be affected by upward or downward movements in several factors to include commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates.

The carrying value of contingent consideration would be an estimated £184,246 lower or £65,316 higher if the taxable profits used in the discounted cash flows were to vary by 50% from management's estimates. Should no acquired tax losses be utilised within 10 years of the date of acquisition, no contingent consideration would be payable.

Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax liabilities have been recognised on the fair value gains in exploration assets arising on the acquisitions of Teck Cominco Brasil S.A and Lontra Empreendimentos e Participações Ltda. A deferred tax asset has been recognised on acquisition of Teck Cominco Brasil S.A for the utilisation of the available tax losses acquired. Should the actual final outcome regarding the utilisation of these losses be different from management's estimations, the Group may need to revise the carrying value of this asset.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 17.

Other areas

Other estimates include but are not limited to the allowance for doubtful accounts; employee benefit liabilities; future cash flows associated with assets; useful lives for depreciation, depletion and amortisation; workers' compensation claims; income taxes; and fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

5 Business Combinations

5.1 Acquisition of Teck Cominco Brasil S.A

On 17 August 2010 the Group acquired 100% of the share capital of Teck Cominco Brasil S.A., a wholly owned subsidiary of Teck Resources Limited. Teck Cominco Brasil S.A. is a Brazilian company owning the exploration rights to the Araguaia Nickel Project in Para State in northern Brazil. The Araguaia project borders the Group's Lontra assets and, as a result of the acquisition, the Group will be able to combine the Lontra and Araguaia assets with a view to conducting further exploration and eventually developing the project.

The transaction resulted in a gain on bargain purchase of £1,798,251. This has been recognised in the statement of comprehensive income.

The following table summarises the consideration paid for Teck Cominco Brasil S.A and the amount of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at 17 August 2010

	£
Equity instruments (123,280,240 ordinary shares at 9.25 pence per share)	11,403,422
Contingent consideration	2,608,467
Total consideration	14,011,889

Acquisition related costs

	£
Included in the statement of comprehensive income for the year ended 31 December 2010	490,403
Offset against other reserves – costs related to the issue of equity	106,861
	597,264

Recognised amounts of identifiable assets acquired and liabilities assumed

	£
Cash and cash equivalents	957
Araguaia exploration assets (included within intangible assets)	11,100,000
Deferred tax assets	7,608,358
Trade and other payables	(2,788)
Deferred tax liabilities	(2,896,387)
Total identifiable net assets	15,810,140
Gain on bargain purchase	(1,798,251)
Total consideration	14,011,889

The fair value of the 123,280,240 ordinary shares issued as part of the consideration paid for Teck Cominco Brasil S.A. (£11,403,422) was based on the published share price on 17 August 2010.

The contingent consideration arrangement requires the Group to pay the former owners of Teck Cominco Brasil S.A 50% of the tax saving on utilisation of the tax losses existing in Teck Cominco Brasil S.A at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between £Nil and £3,807,511.

The fair value of the potential contingent consideration arrangement at the acquisition date of £2,608,467 was estimated according to when future taxable profits against which the tax losses may be utilised are anticipated to arise. The fair value estimates are based on the current rates of tax on profits in Brazil of 34%. A discount factor of 7.0% was applied to the future dates at which the tax losses will be utilised and consideration paid.

As at 31 December 2010, there was a finance expense of £68,035 recognised in finance costs within the statement of comprehensive income in respect of the contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The purchase agreement was structured such that the former owners of Teck Cominco Brasil S.A would receive 50% of the post admission share capital of Horizonte Minerals plc in exchange for the sale of their 100% interest in Teck Cominco Brasil S.A. The number of shares issued to effect the acquisition was, therefore, partially unrelated to the value of the assets acquired by the Group and was subject to other factors such as the number of shares raised through a placing that occurred as part of the re-admission. In the Directors' opinion, given that the value of the shares issued depended in part on the number of shares raised through a placing, the consideration paid should not be used solely as a basis of fair valuing the identifiable assets acquired.

Based upon the potential resource inventory estimates for Araguaia contained within the Competent Persons Report prepared at the time of the acquisition and re-admission, which set out internal non-JORC compliant mineral inventories, gradings and cut-offs, the fair value applied to the identifiable intangible exploration and evaluation assets in Teck Cominco Brasil S.A is consistent with the consideration paid per estimated lb of nickel for the adjacent Lontra acquisition set out in note 5.2, taking into account differences in size of mineralised zone, nickel grades, mineralogy, upside potential and local infrastructure.

A deferred tax liability of £2,896,387 has been recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the Araguaia exploration asset and its tax base. The deferred tax liability has been estimated at a rate of 34% of the temporary difference, representing the tax rates that are expected to apply in the period when the temporary differences reverse.

NOTES TO THE FINANCIAL STATEMENTS

A deferred tax asset of £7,608,358 has been recognised for the utilisation of available tax losses acquired. Tax losses are available to offset against future trading profits up to a maximum of 30% of the taxable profit each year. Management estimate that sufficient taxable profits will be generated in the future to allow all of the tax losses acquired to be utilised. In accordance with IAS 12 deferred tax assets and liabilities have not been discounted.

On 25 August 2010, in accordance with the share purchase agreement, Teck Cominco Brasil S.A changed its name to Araguaia Niquel Mineração S.A. On 16 November 2010 the legal status of the Company was changed and the company is now Araguaia Niquel Mineração Ltda.

5.2 Acquisition of Lontra Empreendimentos e Participações Ltda
On 6 July 2010 the Group acquired 50% of the share capital of Lontra Empreendimentos e Participações Ltda ("Lontra") through the transfer of exploration licences. On 17 August 2010 the Group acquired the remaining 50% of the share capital and obtained control of Lontra, an exploration company operating in Brazil. As a result of the acquisition, the Group owns and controls 100% of the Lontra project, alongside its adjacent, wholly owned, Araguaia project.

The goodwill of £410,362 arising from the acquisition is attributable to the economies of scale expected from combining the Araguaia and Lontra projects, together with a greater degree of certainty over the expected volume of estimated resources at that site.

None of the goodwill recognised is expected to be deductible for tax purposes. The following table summarises the consideration paid for Lontra and the amounts of the assets acquired and liabilities assumed as recognised at the acquisition date.

Consideration at 17 August 2010

	£
Equity instruments (10,000,000 ordinary shares at 9.25 pence per share)	925,000
Total consideration transferred	925,000
Fair value of 50% equity interest in Lontra held before the business combination	925,000
Total consideration	1,850,000

Recognised amounts of identifiable assets acquired and liabilities assumed

	£
Lontra exploration assets (included within intangible assets)	1,850,000
Deferred tax liabilities	(410,362)
Total identifiable net assets	1,439,638
Goodwill	410,362
Total consideration	1,850,000

The fair value of the 10,000,000 ordinary shares issued as part of the consideration paid for Lontra (£925,000) was based on the published share price on 17 August 2010.

The fair value of exploration assets of £1,850,000 was estimated by applying a number of valuation metrics which include; geological upside potential, nickel grades, mineralogy, market benchmarks and application of local market factors. In the Directors' opinion, the value of the shares issued to effect the acquisition related primarily to the value of the exploration licence and internal inferred resource and upside potential representing a price agreed between willing and knowledgeable parties on an arms length basis. The fair value of the shares issued as consideration has, therefore, been used as a basis for valuing the exploration asset acquired.

A deferred tax liability of £410,362 has been recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the Lontra exploration asset and its tax base.

The deferred tax liability has been estimated at a rate of 34% of the temporary difference, representing the tax rates that are expected to apply to the period when the temporary differences reverse. In accordance with IAS 12, the deferred tax liability recognised has not been discounted.

The Group recognised a gain of £440,079 as a result of measuring at fair value its 50% equity interest in Lontra held before the business combination. The gain is included in other operating income in profit or loss for the year ended 31 December 2010.

The acquisition was effected at the same time as the acquisition of Teck Cominco Brasil S.A referred to in note 5.1. Management believes it is not possible to allocate acquisition costs between the two transactions and as such the acquisition costs of £597,264 referred to in note 5.1 relate to both transactions.

Subsequent to the date of acquisition of Teck Cominco Brasil S.A. and Lontra, the shares held in the two companies by Horizonte Minerals plc were transferred to other companies within the Group (refer note 27). No income or profit since 17 August 2010 included in the consolidated statement of comprehensive income was contributed by Teck Cominco Brasil S.A or Lontra.

Had Teck Cominco Brasil S.A. and Lontra been consolidated from 1 January 2010, the consolidated statement of comprehensive income would show revenue of £Nil and profit of £554,727.

NOTES TO THE FINANCIAL STATEMENTS

6 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.

2010	UK 2010 £	Brazil 2010 £	Peru 2010 £	Total 2010 £
Administrative expenses	(740,608)	(407,592)	(109,754)	(1,257,954)
(Loss)/profit on foreign exchange	(5,476)	3,232	–	(2,244)
Impairment charges	–	(21,578)	(38,367)	(59,945)
Other operating income	33,730	660,810	–	694,540
Acquisition costs expensed	(490,403)	–	–	(490,403)
(Loss)/profit from operations per reportable segment	(1,202,757)	234,872	(148,121)	(1,116,006)
Inter segment revenues	–	127,895	50,573	–
Depreciation charges	(994)	(30,166)	–	(31,160)
Additions to non-current assets	2,905	973,250	–	976,155
Reportable segment assets	3,827,167	24,485,310	772,380	29,084,857
Reportable segment liabilities	2,953,487	3,633,370	–	6,586,857

2009	UK 2009 £	Brazil 2009 £	Peru 2009 £	Total 2009 £
Administrative expenses	(596,096)	(157,718)	(139,991)	(893,805)
Gain on foreign exchange	3,269	–	–	3,269
Loss from operations per reportable segment	(592,827)	(157,718)	(139,991)	(890,536)
Inter segment revenues	–	108,842	45,116	–
Depreciation charges	(461)	(258)	–	(719)
Additions to non-current assets	1,099	484,377	156,424	641,900
Reportable segment assets	1,176,833	1,838,073	810,443	3,825,349
Reportable segment liabilities	100,436	236,627	2,020	339,083

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

	2010 £	2009 £
Loss from operations per reportable segment	(1,116,006)	(890,536)
– Finance income	16,228	4,179
– Finance costs	(68,035)	–
– Gain on bargain purchase	1,798,251	–
Profit / (loss) for the year from continuing operations	630,438	(886,357)

7 Other operating income

Group	2010 £	2009 £
Project management fees	**33,729**	–
Gain on re-measuring existing interest in Lontra on acquisition (note 5)	**440,079**	–
Option fees (Note 19)	**220,732**	–
	694,540	–

Option fees relate to non-refundable payments made by a joint venture partner for the right to first refusal on the purchase of one of the Group's exploration projects.

8 Loss from operations

Loss from operations is stated after charging the following:

Group	2010 £	2009 £
Depreciation	**31,161**	719
Project impairment (note 11)	**59,945**	–
Auditors' remuneration		
– Fees payable for the audit of Parent and consolidated financial statements	**20,000**	14,000
– Tax and other services	**7,100**	6,075
Operating lease charges	**37,620**	–

Auditors' remuneration of £38,433 charged during the year (2009: £Nil) in respect of the corporate finance transaction has been included within issue costs and offset against other reserves.

NOTES TO THE FINANCIAL STATEMENTS

9 Finance income and costs

Group	2010 £	2009 £
Finance income:		
– Interest income on cash and short-term bank deposits	**16,228**	4,179
Finance costs:		
– Contingent consideration: unwinding of discount (note 5)	**(68,035)**	–
Net finance costs	**(51,807)**	4,179

10 Taxation

Income tax expense

Group	2010 £	2009 £
Analysis of tax charge		
Analysis of tax charge		
UK Corporation tax charge for the year	**–**	–
Foreign Tax		
– Current tax charge for the year	**–**	–
– Deferred tax charge for the year	**–**	–
Tax on profit/(loss) for the year	**–**	–

Reconciliation of current tax

Group	2010 £	2009 £
Profit/(loss) before income tax	**630,438**	(886,357)
Current tax at 28%	**176,523**	(248,180)
Effects of:		
Income not subject to tax	**(626,732)**	–
Expenses not deductible for tax purposes	**170,499**	5,600
Tax losses carried forward – UK	**147,494**	111,918
– Brazil and Peru	**132,215**	130,662
Total tax	**–**	–

Income not subject to tax comprises the tax effect of the gain on purchase of subsidiary undertaking and the gain on remeasuring an existing interest as part of a stepped acquisition.

Deferred income tax

An analysis of deferred tax assets and liabilities is set out below.

Group	2010 £	2009 £
Deferred tax assets		
– Deferred tax asset to be recovered after more than 12 months	**8,079,087**	–
	8,079,087	–
Deferred tax liabilities		
– Deferred tax liability to be recovered after more than 12 months	**(3,511,338)**	–
	(3,511,338)	–
Deferred tax asset (net)	**4,567,749**	–

The gross movement on the deferred income tax account is as follows:

Group	2010 £	2009 £
At 1 January	**–**	–
Acquisition of subsidiary undertakings (Note 5)	**4,301,609**	–
Exchange differences	**266,140**	–
At 31 December	**4,567,749**	–

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group	Deferred tax liabilities Fair value gains £	Deferred tax assets Tax losses £	Total £
At 1 January 2010			
Arising on acquisition of subsidiary undertakings	(3,306,749)	7,608,358	4,301,609
Exchange differences	(204,588)	470,729	266,141
At 31 December 2010	**(3,511,337)**	**8,079,087**	**4,567,750**

Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group has tax losses of approximately £25,440,000 (2009: £1,400,000) available to carry forward against future taxable profits. With the exception of the deferred tax asset arising on acquisition of Teck Cominco Brasil S.A., no deferred tax asset has been recognised in respect of tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

NOTES TO THE FINANCIAL STATEMENTS

11 Intangible assets

Intangible assets comprise exploration and evaluation costs and goodwill. Exporation and evaluation costs comprise acquired and internally generated assets. Additions are net of funds received from the Group's strategic partners under various joint venture agreements, amounting to £795,475.

Group	Goodwill £	Exploration and evaluation costs £	Total £
Cost			
At 1 January 2009	–	2,380,528	2,380,528
Additions	–	117,883	117,883
Impairments	–	–	–
At 31 December 2009	–	2,498,411	2,498,411
Additions	–	777,690	777,690
Disposals	–	(484,921)	(484,921)
Acquisition of subsidiary undertakings (at fair value)	410,362	12,950,000	13,360,362
Exchange rate movements	25,389	801,216	826,605
Impairments	–	(59,945)	(59,945)
Net book amount at 31 December 2010	**435,751**	**16,482,451**	**16,918,202**

Impairment charges are included in the statement of comprehensive income. Additions to intangible assets are internally generated.

(a) Exploration and evaluation assets

Additions to exploration and evaluation assets are stated net of funds received from the Group's various joint venture partners in accordance with the terms of those agreements.

Impairment reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area, which represent potential single cash generating units. The Group's exploration and evaluation projects are at various stages of exploration and development and are therefore subject to a variety of valuation techniques.

An operating segment-level summary of exploration and evaluation assets is presented below.

Group	2010 £	2009 £
Brazil – Araguaia/Lontra	**14,384,634**	406,971
Brazil – Other	**1,331,603**	1,286,859
Peru	**766,214**	804,581
	16,482,451	2,498,411

During the period the Group acquired the adjacent Lontra and Araguaia exploration sites (refer note 5). Management consider that the merger of the Lontra and Araguaia projects will give rise to a potential resource of a sufficient size and scale to allow the Company to create a significant single nickel project.

For this reason, at the current stage of development, these two projects are viewed and assessed for impairment by management as a single cash generating unit.

Given that the Araguaia/Lontra project is an early to mid-stage exploration project, the Directors are unable as at 31 December 2010 to estimate with any degree of certainty the key assumptions needed in order to perform a value in use calculation. Value in use calculations will be possible in future accounting periods once a JORC compliant resource is established and a clearer position achieved of the revenue and costs expected to arise from exploiting the resource.

Other early stage exploration projects in Brazil and Peru are at an early stage of development and no JORC or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal.
- No further exploration or evaluation is planned or budgeted for.
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment the Directors concluded that an impairment of exploration and evaluation assets arose of £59,945 as at 31 December 2010.

(b) Goodwill

Goodwill arose on the acquisition of Lontra Empreendimentos e Participações Ltda during the year (refer note 5). The Directors have determined the recoverable amount of goodwill based on the same assumptions used for the assessment of the Lontra exploration project detailed above. As a result of this assessment, the Directors have concluded that no impairment charge is necessary against the carrying value of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

Group	Vehicles and other field equipment £	Office Equipment £	Total £
Cost			
At 1 January 2009 and 31 December 2009	–	2,878	2,878
Additions	195,560	2,905	198,465
At 31 December 2010	**195,560**	**5,783**	**201,343**
Accumulated depreciation			
At 1 January 2009	–	1,240	1,240
Charge for the year	–	719	719
At 31 December 2009	–	1,959	1,959
Charge for the year	30,147	1,014	31,161
At 31 December 2010	**30,147**	**2,973**	**33,120**
Net book amount as at 31 December 2010	**165,413**	**2,810**	**168,223**
Net book amount as at 31 December 2009	–	919	919

Company	Office Equipment £	Total £
Cost		
At 1 January 2009 and 31 December 2009	1,846	1,846
Additions	2,905	2,905
At 31 December 2010	**4,751**	**4,751**
Accumulated depreciation		
At 1 January 2009	486	486
Charge for the year	461	461
As at 31 December 2009	947	947
Charge for the year	994	994
At 31 December 2010	**1,941**	**1,941**
Net book amount as at 31 December 2010	**2,810**	**2,810**
At 31 December 2009	899	899

13 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade receivables	**60,290**	40,885	**30,934**	14,184
Other receivables	**12,024**	3,724	**12,024**	3,724
Current portion	**72,314**	44,609	**42,958**	17,908

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
UK Pound	**18,895**	17,908	**18,895**	17,908
US Dollar	**53,419**	26,701	**24,063**	–
	72,314	44,609	**42,958**	17,908

As of 31 December 2010 the Group's and Company's trade receivables of £60,290 (2009: £40,885) were fully performing. Other receivables do not contain any impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group and Company do not hold any collateral as security.

14 Cash and cash equivalents

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Cash at bank and on hand	**1,086,959**	202,159	**878,462**	82,331
Short term deposits	**2,760,072**	1,079,251	**2,760,072**	1,017,671
	3,847,031	1,281,410	**3,638,534**	1,100,002

NOTES TO THE FINANCIAL STATEMENTS

15 Share capital

Group and Company	2010 number	2010 £	2009 number	2009 £
Authorised				
Ordinary shares of 1p each	**287,541,384**	**2,875,414**	100,000,000	1,000,000
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	**59,019,096**	**590,191**	40,447,666	404,477
Issue of ordinary shares	**187,541,384**	**1,875,414**	18,571,430	185,714
At 31 December	**246,560,480**	**2,465,605**	59,019,096	590,191

On 17 August 2010, 51,261,144 ordinary shares of 1p each were issued fully paid for cash consideration at 10 pence per share and 133,280,240 ordinary shares of 1p each were issued fully paid at 9.25 pence per share as consideration for the business acquisitions in the year (note 5). On the same date the Company issued 3,000,000 ordinary shares of 1p each fully paid at 10 pence per share in settlement of certain professional fees.

The share based payment charge of £300,000 has been charged as follows: £150,000 to issue costs offset against share premium and £150,000 to profit or loss.

16 Share Premium

Group and Company	2010 £	2009 £
At 1 January	**6,811,399**	5,771,728
Premium arising on issue of ordinary shares	**4,883,503**	1,114,286
Issue costs	**(411,547)**	(74,615)
At 31 December	**11,283,355**	6,811,399

17 Share options

The Directors have discretion to grant options to the Group employees to subscribe for Ordinary shares up to a maximum of 10% of the Company's issued share capital. The options are exercisable two years from the date of grant and lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the Group. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

Movements on number of share options and their related exercise price are as follows:

	Number of options 2010	**Weighted average exercise price 2010 £**	Number of options 2009	Weighted average exercise price 2009 £
Outstanding at 1 January	**4,050,000**	**0.095**	3,060,000	0,168
Cancelled	**–**	**–**	(3,060,000)	0.168
Granted	**10,100,000**	**0.152**	4,050,000	0.095
Outstanding at 31 December	**14,150,000**	**0.136**	4,050,000	0,095
Exercisable at 31 December	**–**	**–**	–	–

The options outstanding at 31 December 2010 had a weighted average remaining contractual life of 9.55 years.

In November 2010 10,100,000 options were issued, including 9,600,000 options at an exercise price of 15.5 pence, representing a 10% premium to the share price on the day that the options were issued. A further 500,000 options were issued at an exercise price of 9.5 pence.

The fair value of the share options was determined using the Black Scholes valuation model. The parameters used are detailed below.

Group and Company	**2010 options**	2009 options
Date of grant or reissue	17/11/2010	25/09/2009
Weighted average fair value per option	3.1 pence	4.0 pence
Weighted average share price	14.0 pence	8.0 pence
Weighted average exercise price	15.2 pence	9.5 pence
Expiry date	17/11/2020	25/09/2019
Options granted	10,100,000	4,050,000
Volatility	17%	50%
Dividend yield	Nil	Nil
Expected option life	8 years	8 years
Annual risk free interest rate	2.50%	3.30%
Forfeiture discount	–	15%
Marketability discount	5%	–
Total fair value of options granted	£343,271	£132,379

NOTES TO THE FINANCIAL STATEMENTS

17 Share options continued

The expected volatility is based on historical volatility for the 6 months prior to the date of grant. The risk free rate return is based on zero yield government bonds for a term consistent with the option life.

The range of option exercise prices is as follows:

Range of exercise prices (£)	2010 Weighted average exercise price (£)	2010 Number of shares	2010 Weighted average remaining life expected (years)	2010 Weighted average remaining life contracted (years)	2009 Weighted average exercise price (£)	2009 Number of shares	2009 Weighted average remaining life expected (years)	2009 Weighted average remaining life contracted (years)
0 – 0.1	**0.095**	**4,550,000**	**6.9**	**8.9**	0.095	4,050,000	7.7	9.7
0.1 – 0.2	**0.155**	**9,600,000**	**7.9**	**9.9**	–	–	–	–

The total number of options in issue during the year has given rise to a charge to the statement of comprehensive income of £52,534 (2009: £14,397) based on the fair values at the time the options were granted.

18 Other reserves

Group	Merger reserve £	Translation reserve £	Other reserve £	Total £
At 1 January 2009 and 31 December 2009	–	–	(1,048,100)	(1,048,100)
Shares issued to acquire subsidiaries	10,995,621	–	–	10,995,621
Issue costs	(106,861)	–	–	(106,861)
Currency translation differences	–	1,092,632	–	1,092,632
At 31 December 2010	**10,888,760**	**1,092,632**	**(1,048,100)**	**10,933,292**

Company	Merger reserve £	Total £
At 1 January 2009 and 31 December 2009	–	–
Shares issued to acquire subsidiaries	10,995,621	10,995,621
Issue costs	(106,861)	(106,861)
At 31 December 2010	**10,888,760**	**10,888,760**

The other reserve as at 31 December 2010 arose on consolidation as a result of merger accounting for

NOTES TO THE FINANCIAL STATEMENTS

the acquisition of the entire issued share capital of Horizonte Exploration Limited during 2006 and represents the difference between the value of the share capital and premium issued for the acquisition and that of the acquired share capital and premium of Horizonte Exploration Limited.

During the year ended 31 December 2010 the Company acquired 100% of the share capital of Teck Cominco Brasil S.A and Lontra Empreendimentos e Participações Ltda (refer note 5). These acquisitions were effected by the issue of shares in Horizonte Minerals plc. These shares qualified for merger relief under section 612 of the Companies Act 2006. In accordance with section 612 of the Companies Act 2006 the premium on the shares issued was recognised in a separate reserve within equity called Merger reserve.

19 Trade and other payables

	Group		Company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Non-current				
Contingent consideration (Note 5)	**2,676,502**	–	**2,676,502**	–
	2,676,502	–	**2,676,502**	–
Current				
Trade and other payables	**317,371**	97,517	**90,682**	25,019
Deferred income	**–**	220,732	**–**	–
Amounts due to related parties (Note 22)	**–**	–	**413,823**	413,823
Social security and other taxes	**19,755**	6,834	**19,755**	6,834
Accrued expenses	**61,891**	14,000	**61,890**	14,000
	399,017	339,083	**586,150**	459,676
Total trade and other payables	**3,075,519**	339,083	**3,262,652**	459,676

Deferred income relates to option payments received on the Tangara Project in accordance with the terms of the underlying earn-in agreement. Since the option to take over the licence was not exercised in December 2010, and the amounts received to that date are non-refundable, the deferred income of £220,732 was recognised in the statement of comprehensive income for 2010 (refer note 7).

Trade and other payables includes £167,049 (2009: £54,582) of cash advanced by AngloGold Ashanti Holdings plc under the Exploration Alliance and the Falcão Joint Venture. This cash had not been spent at year end, but is expected to be expended during 2011 in accordance with the agreed work plan.

Trade and other payables include amounts due of £73,241 (2009: £Nil) in relation to exploration and evaluation activities.

20 Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2010 (2009: nil).

21 Earnings per share

(a) Basic

The basic earnings per share of 0.489p (2009 loss per share: 1.94p) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Group	2010 £	2009 £
Profit/(loss) attributable to equity holders of the Company	**630,438**	(886,357)
Weighted average number of ordinary shares in issue	**128,897,529**	45,790,132

(b) Diluted

The diluted earnings per share of 0.487p is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, share options. To assess the dilutive potential of the share options, a calculation is undertaken to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Group	2010 £
Earnings	
Profit/(loss) attributable to equity holders of the Company	**630,438**
Weighted average number of ordinary shares in issue	**128,897,529**
Adjustments for:	
– Share options	**443,832**
Weighted average number of ordinary shares for diluted earnings per share	**129,341,361**

In accordance with IAS 33, no diluted earnings per share is presented for the year ended 31 December 2009 as the effect of the exercise of share options would be to decrease the loss per share.

Details of share options that are currently anti-dilutive but may be dilutive in the future are set out in note 17.

Since the year end the Company has issued ordinary shares. These shares will have a dilutive effect on earnings per share in future periods. Details of the shares issued since the year end are set out in note 29.

NOTES TO THE FINANCIAL STATEMENTS

22 Related party transactions

Company

The following transactions took place with subsidiaries in the year:

A fee totalling £ 117,895 (2009: £108,842) was charged to HM Brazil Ltda, £ 50,573 (2009: £45,116) to Minera El Aguila SAC and £ 10,000 (2009: £nil) to Araguaia Niquel Mineração Ltda by Horizonte Minerals Plc in respect of consultancy services provided and funding costs.

Amounts totalling £1,386,040 (2009: £441,996) were lent to HM Brazil (IOM)Ltd, HM Brazil Ltda, Minera El Aguila SAC and Minera El Cotahuasi SAC to finance exploration work during 2010. Interest is charged at an annual rate of 4% on balances outstanding during the year.

Balances with subsidiaries at the year-end were:

Company	2010 Assets £	2009 Liabilities £	2010 Assets £	2009 Liabilities £
HM Brazil Ltda	**1,256,494**	–	**896,142**	–
Minera El Aguila SAC	**1,170,836**	–	**1,014,968**	–
Minera El Cotahuasi SAC	**17,793**	–	**13,031**	–
HM Brazil (IOM) Ltd	**3,208,159**	–	**1,381,139**	–
Horizonte Nickel (IOM) Ltd	**14,100,486**	–	**–**	–
Araguaia Niquel Mineração Ltda	**10,000**	–	**–**	–
Horizonte Exploration Ltd	**–**	413,823	**–**	413,823
Total	**19,763,768**	413,823	**3,305,280**	413,823

23 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

24 Expenses by nature

Group	2010 £	2009 £
Staff costs	**738,836**	298,298
Transaction costs (excluding staff costs)	**328,353**	–
Exploration related costs expensed (excluding staff costs)	**300,116**	297,709
Depreciation (note 12)	**31,160**	719
Loss/(gain) on foreign exchange	**2,244**	(3,269)
Project impairments	**59,945**	–
Other expenses	**349,892**	297,079
Total operating expenses	**1,810,546**	890,536

25 Directors' remuneration

Group 2010	Basic salary and fees £	Other benefits £	Discretionary, performance related bonus £	Total £
Non executive Directors				
Alexander Christopher	–	–	–	–
David Hall	**63,944**	–	**48,000**	**111,944**
Alan Walker	**16,000**	–	–	**16,000**
Executive Directors				
Jeremy Martin	**119,664**	**800**	**128,475**	**248,939**
Nicholas Winer	**78,595**	–	**55,000**	**133,595**
	278,203	**800**	**231,475**	**510,478**

Group 2009	Basic salary and fees £	Other benefits £	Discretionary, performance related bonus £	Total £
Non executive Directors				
David Hall	45,000	-	22,000	67,000
Alan Walker	18,500	-	-	18,500
Executive Directors				
Jeremy Martin	81,252	1,181	32,000	114,433
Nicholas Winer	69,230	-	-	69,230
	213,982	1,181	54,000	269,163

The Company does not operate a pension scheme and no contributions were made to pension schemes during the year (2009: nil) on behalf of the Directors.

Included within discretionary performance related bonus payments is £101,407 (2009:£Nil) relating to amounts charged to share premium as a cost of raising finance.

NOTES TO THE FINANCIAL STATEMENTS

26 Employee benefit expense (including directors)

Group	2010 £	2009 £
Wages and salaries	**711,897**	261,252
Social security costs	**103,491**	22,649
Share options granted to Directors and employees (note 17)	**52,534**	14,397
	867,922	298,298
Wages and salaries charged to Share Premium	**101,407**	–
Social security costs charged to Share Premium	**6,627**	–
	975,956	298,298
Average number of employees including Directors	**19**	11

Employee benefit expenses include £44,155 of costs capitalised and included within intangible non-current assets. £84,931 of employee benefit expenses have been reimbursed by various joint venture partners.

Share options granted include costs of £34,147 (2009: £7,821) relating to Directors.

27 Investments

Company	2010 £	2009 £
Shares in Group undertakings	**2,348,044**	2,348,044
Loans to Group undertakings	**19,763,768**	3,305,280
	22,111,812	5,653,324

Investments in Group undertakings are stated at cost.

On 17 August 2010 the Company acquired 100% of the share capital of Teck Cominco Brasil S.A and Lontra Empreendimentos e Participações Ltda. Immediately subsequent to the acquisitions the shares acquired in Lontra were transferred to HM Brazil (IOM) Ltd and the shares acquired in Teck Cominco Brasil S.A were transferred to Horizonte Nickel (IOM) Ltd. The shares were transferred at their fair value via a loan agreement with the relevant group undertaking and amounts due are included within loans to group undertakings.

On 23 March 2006 the Company acquired the entire issued share capital of Horizonte Exploration Limited by means of a share for share exchange; the consideration for the acquisition was 21,841,000 ordinary shares of 1 penny each, issued at a premium of 9 pence per share. The difference between the total consideration and the assets acquired has been credited to other reserves.

STATUTORY INFORMATION

DIRECTORS
David John Hall (Non-Executive Chairman)
Jeremy John Martin (Chief Executive Officer)
Nicholas Robert Winer (Executive Director)
Allan Michael Walker (Non-Executive Director)
Alex Christopher (Non-Executive Director)

COMPANY SECRETARY
Jeffrey Laszlo Karoly

REGISTERED OFFICE
Horizonte Minerals Plc,
26 Dover Street,
London W1S 4LY,
United Kingdom

NOMINATED ADVISER AND BROKER
Panmure Gordon And Co plc
155 Moorgate
London
EC2M 6XB

finnCap
60 New Broad Street
London
EC2M 1JJ

AUDITORS TO THE COMPANY
Littlejohn LLP,
Statutory Auditor,
1 Westferry Circus,
Canary Wharf,
London E14 4HD,
United Kingdom

SOLICITORS TO THE COMPANY

As to English law:
Greenberg Traurig Maher LLP
200 Gray's Inn Road
London
WC1X 8HF

As to Brazilian law:
Junqueira de Carvalho, Murgel & Brito
Belo Horizonte – MG
Av.Raja Gabaglia, 1.093-6o andar
Luxemburgo – CEP 30.380-403
Brazil

As to Peruvian law:
Rodriguez Mariategui & Vidal SCRL, Abogados,
Miguel Aljovín 530, Lima 33 (Surco),
Lima, Peru

REGISTRAR
Computershare Investor Services (Ireland) Limited,
Heron House,
Corrig Road,
Sandyford Industrial Estate,
Dublin 18,
Ireland

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Horizonte Minerals plc will be held at the offices of Panmure Gordon & Co plc at 155 Moorgate London EC2M 6XB on 29th of March 2011 at 2 p.m. The business of the meeting will be to consider and, if thought fit, pass the following resolutions:

Ordinary resolutions

1 To receive and adopt the Directors' Report and Accounts for the year ended 31 December 2010, together with the Auditors Report thereon.

2 To re-elect Mr. David Hall who has retired by rotation.

3 To re-elect Mr. Nicholas Winer who has retired by rotation.

4 To re-appoint Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.

5 THAT the Directors of the Company be and are hereby generally and unconditionally authorised and empowered in accordance with Section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and grant rights to subscribe for, or convert any security into shares in the Company ("Rights"):

(A) up to an aggregate nominal amount of £931,866 (such amount to be reduced by the nominal amount allotted or granted under paragraph (B) below in excess of such sum);

(B) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £1,863,733 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(C) up to an aggregate nominal amount of £85,000 to Lara Exploration Limited ("Lara") in connection with the acquisition from Lara by the Company of certain mining rights in Brazil,

such authorities to expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, 15 months after the date of this resolution, save that the Company may prior to such expiry make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant to any such offer or agreement notwithstanding the expiry of the authority given by this resolution and all previous authorities of the Directors pursuant to Section 551 of the Act be and they are hereby revoked.

NOTICE OF ANNUAL GENERAL MEETING

Special resolutions

6 THAT, subject to and conditional upon the passing of resolution 5, the Directors be and they are hereby empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560(1) of the Act) in the capital of the Company for cash pursuant to the authority conferred on them in accordance with Section 551 of the Act by resolution 5 as if Section 561(1) of the Act did not apply to such allotment provided that this power shall be limited:

(A) to the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 5, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(B) in the case of the authority granted under paragraph (C) of resolution 5, to the allotment of equity securities up to an aggregate nominal amount of £85,000; and

(C) to the allotment otherwise than pursuant to paragraphs (A) and (B) above of equity securities up to an aggregate nominal amount of £931,866,

and shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (or, if earlier, 15 months after the date of this resolution), save that the Company may prior to such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

7 THAT Article 71 of the Company's articles of association be corrected by deleting the reference to "Article 4(B)" in the second sentence of Article 71 and replacing it with a reference to "Article 4", so that the second sentence of Article 71 will be as follows:

> "Subject to any directions made by the Company when resolving on the increase of capital, any new shares shall, subject to the provisions of Article 4, be at the disposal of the Board and shall be considered as part of the original capital and shall be subject to the same provisions with reference to the payment of calls and the forfeiture of shares on non-payment of calls, transfer and transmission of shares, lien or otherwise as if they had been part of the original capital."

By Order of the Board
Jeffrey Karoly
Company Secretary
3 March 2011

Notes:

1 Members of the Company are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on their behalf at the Annual General Meeting. A proxy need not be a member of the Company. Completion and return of a Form of Proxy will not prevent a member from attending and voting at the Annual General Meeting in person should he/she wish to do so.

2 Members of the Company may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Members of the Company may not appoint more than one proxy to exercise rights attached to any one share.

3 A Form of Proxy is provided with this notice and instructions for use are shown thereon. To be effective the completed Form of Proxy together with any power of attorney or other authority (if any) under which it is signed or notarially certified copies of such power of attorney or authority must be received by the Company no later than 48 hours before commencement of the meeting or any adjourned meeting.

4 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001, the Company has specified that only the holders of Ordinary Shares registered in the register of members of the Company at 6.00 p.m. on the date which is two days prior to the AGM or any adjournment of it shall be entitled to attend and vote or appoint a proxy or proxies to attend and vote on their behalf at the Annual General Meeting or any adjourned Annual General Meeting. Entries on the register of members after 6.00 p.m. on that date shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

5 In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised.

6 In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.

7 The following documents will be available for inspection at the registered office of the Company from the date of this notice until the time of the Annual General Meeting during normal business hours and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting until its conclusion:

(i) copies of the executive directors service contracts;

(ii) copies of the letters of appointment of the non-executive directors;

(iii) a copy of the proposed new Articles of Association of the Company; and

(iv) a copy of the existing Articles of Association marked to show the changes being proposed in Resolution 7.

Designed and Produced by Buckley Deane Wakefield 020 7454 1919

HORIZONTE

Horizonte Minerals Plc
26 Dover Street
London W1S 4LY
United Kingdom

Tel: +44 (0) 20 7763 7157
www.horizonteminerals.com

HORIZONTE MINERALS PLC ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010