22 February 2012

Horizonte Minerals plc ('Horizonte' or 'the Company')
Management's Discussion and Analysis
Twelve Months Ended 31 December 2011

Background

This Management's Discussion and Analysis of the financial position and results of operations is prepared as at 21 February 2012 and should be read in conjunction with the audited Financial Statements of Horizonte Minerals plc ('Horizonte' or the 'Company') as at 31 December 2011 which have been prepared using the International Financial Reporting Standards of the International Accounting Standards Board as adopted by the European Union.

Horizonte is a publicly listed company on the Alternative Investment Market ('AIM') of the London Stock Exchange and on the Toronto Stock Exchange (the 'TSX'), in both instances trading under the symbol ''HZM".

Company Overview

The Company is actively engaged in the exploration and development of nickel and gold projects principally in Brazil.

The Company has two committed major mining partners: Teck Resources Limited ('Teck'), a major strategic shareholder in the Company, and AngloGold Ashanti Limited ('AngloGold'), a joint venture partner on selected projects.

The principal nickel asset of the Company is its wholly-owned Araguaia nickel project ('Araguaia Project' or 'Araguaia'), located in Pará State in Brazil.

In March 2011 the Company announced an Inferred Mineral Resource at Araguaia of 76.6 million tonnes at a nickel grade of 1.35% and a cobalt grade of 0.06%. An updated National Instrument 43-101 ('NI 43-101') compliant nickel mineral resource was released in January 2012, including an Indicated Mineral Resource of 39.3 million tonnes grading 1.39% nickel together with an Inferred Mineral Resource of 60.9 million tonnes grading 1.22% nickel, both at a 0.95% nickel cut-off.

The Company has 2 joint ventures with AngloGold:

i) A US$5.3 million exploration joint venture (the 'Strategic Santana JV') signed in September 2009 with AngloGold to generate and develop new gold targets within two regional areas of Brazil; and
ii) A joint venture in August 2010 whereby AngloGold can earn into 51% of the Falcao gold project ('Falcao' or 'Falcao Project') owned by the Company by expending US$4.5 million over three years with the right to earn a further 19% by taking the project to Prefeasibility Study. A 15-hole, 3,663 metre drilling programme was

completed in late 2011 to test a 4km long by 0.5 km wide gold in soil anomaly. Of the first 10 holes, 6 intersected zones of gold mineralisation ranging from broad zones of near surface disseminated mineralisation to higher grade intervals. The latter 5 holes were drilled in and around the mineralisation intersected on holes 1 and 2 and results of these are currently awaited. The Company is operator until vesting is completed.

The Company's near term focus is to:

- complete the initial metallurgical processing evaluation at Araguaia, based on testwork commenced in Q3 2011. These comprise pyrometallurgical testwork including batch smelting tests, and bottle roll tests to assess heap leachability;
- complete a Preliminary Economic Assessment ('PEA') on Araguaia in Q2 2012;
- evaluate the results of the last 5 holes of the diamond drilling campaign at Falcao completed in late 2011 in order to plan the follow-up second phase infill drill programme in partnership with AngloGold;
- advance with Q1 fieldwork at Falcao, including a ground Induced Polarisation geophysical survey of the principle mineralised zone, together with an expansion of the soil geochemical sampling with the aim to expand the target to the east; and
- continue to move ahead with the Environmental Impact Assessment ('EIA') at Araguaia, to be completed in late 2012.

The Company's longer term focus remains to:

- following the results of the PEA, initiate a Prefeasibility Study for the Araguaia Project later in 2012 using a preferred metallurgical processing route arising from the ongoing testwork previously referred to, as well as the Preliminary Economic Assessment;
- conduct further geological assessment at Araguaia in order, where applicable, to improve knowledge on higher grade zones, increase overall resource tonnage and upgrade mineral resource estimates from Inferred Mineral Resources to the Indicated Mineral Resources;
- continue with the diamond drill programme at Falcao, subject to positive results from the geophysics and soil evaluation.

Highlights for the Fourth Quarter of 2011

- Preliminary drill results were announced for the Falcao Project on 16 November 2011.
- Further drill results were announced for the Araguaia Project on 21 November 2011.
- An exploration update was announced by the Company on 21 December 2011.

Material Post-Balance Sheet Events

- On 12 January 2012, the Company announced a NI 43-101 compliant mineral resource update for the Araguaia Project.

- On 17 January 2012, the Company announced the departure from the Board of Mr. Nicholas Winer and the appointment of Dr. Owen Bavinton as non-executive Director.
- On 7 February 2012, the Company announced the transfer of the Floresta and Vila Oito licences from affiliates of Lara Exploration Ltd ('Lara'), and the issue of 8.5 million new shares in the Company to Lara as consideration.
- On 16 February 2012, the Company announced the appointment of Dr Philip Mackey as Senior Metallurgical Advisor.

Review of Operations

Araguaia Project

Project background

The Company owns 100 per cent of the advanced Araguaia Project located in southern Pará State to the south of the Carajás mineral district of northern Brazil. Several significant nickel laterite deposits occur within this region of Brazil, including Xstrata's Serra do Tapa/Vale dos Sonhos deposits that are also located within the Araguaia Fold Belt 80km to the north of the project area.

The Araguaia Project area comprises 17 Exploration Licences.

The landholdings which comprise the Araguaia Project do not form part of any native or environmental reserves.

Recent and current activity

Following the acquisition of the Araguaia Project in August 2010, a project team with nickel experience was established and a diamond drilling programme initiated in October 2010.

The Company has a team on site and in September 2011 completed its first phase resource drilling campaign, drilling a total of 13,204 metres in 539 holes.

In March 2011 the Company announced a NI 43-101 compliant Inferred Mineral Resource of 76.6Mt at a grading of 1.35% nickel and 0.06% cobalt at Araguaia at a 1.0% nickel cut-off grade.

An updated NI 43-101 compliant nickel mineral resource was announced in January 2012, including an Indicated Mineral Resource of 39.3 million tonnes grading 1.39% nickel together with an Inferred Mineral Resource of 60.9 million tonnes grading 1.22% nickel, both at a 0.95% nickel cut-off.

The recently-completed drilling programme builds on previous exploration at the site, conducted since 2006 by both the Company and prior owners and which includes to date a total of some 24,800 metres of diamond drilling. This was preceded by stream sediment sampling, airborne geophysical surveys, soil sampling, ground magnetometry, auger drilling and RC drilling. The principal targets were drilled on 200m x 200m grids, enabling the completion of the NI 43-101 compliant resource estimation. Infill drilling on 100m x 100m grids has been completed on the Pequizeiro and Baião targets.

Some of the targets remain open, and some extensions and subsidiary targets at Araguaia are as yet untested.

Direct costs of the Araguaia Project since August 2010 have amounted to £4.9 million up to 31 December 2011.

In addition to the above, the Company has initiated the following at Araguaia which is currently in progress:

- Environmental Impact Assessment ('EIA') commenced in October 2011
- Pyrometallurgical test work including Thermal Characterisation and Batch Smelting Tests are being undertaken at Xstrata's Process Support in Sudbury, Canada
- Hydrometallurgical test work including Bottle Roll Leaching and Atmospheric Tank Leaching tests are being undertaken at the Wardell-Armstrong laboratory in the UK

The combined cost for the foregoing is expected to be approximately £430,000, with completion due in the first or second quarter of 2012, with the exception of the EIA and the second phase of hydrometallurgical test work, due for completion in the second half of 2012.

In July 2011 the Company entered into a definitive agreement to acquire 100% of the Vila Oito and Floresta nickel laterite projects ('Vila Oito and Floresta') from Lara. On 7 February 2012 the transfer of the Vila Oito and Floresta licences from affiliates of Lara to an affiliate of the Company was completed. In accordance with the July 2011 agreement, the consideration paid comprised 8.5 million ordinary shares of the Company, representing 2.95% of the issued share capital of the Company. Vila Oito and Floresta are adjacent to the Company's Araguaia Project and serve to increase the overall land position at Araguaia.

In September 2011 a 130 tonne dry bulk sample was collected from the Pequizeiro target using wide diameter auger drilling. This sampling was designed to collect mineralised limonite, transitional and saprolite material in the same proportions that they occur in the Baião and Pequizeiro targets and with similar chemical parameters as established in the March 2011 mineral resource estimate of the Company. The samples will be used in the next phase of metallurgical testwork.

Planned Activity

Moving forwards, the results from the ongoing metallurgical studies to determine the best processing option for the Araguaia Project will be fed into the PEA, the results of which are anticipated in the second quarter of 2012. Thereafter, the Company's intends to proceed with the Prefeasibility Study at Araguaia. This will involve further metallurgical studies aimed at better understanding the technical and economic dynamics of metallurgical processing, together with further diamond drilling.

Additional diamond drilling is required in order to improve the quality of geological knowledge at Araguaia, where possible: increasing overall resource tonnage, upgrading existing mineral resource estimates from Inferred Mineral Resources to Indicated Mineral Resources and focussing on increasing the resource tonnage of higher grade material, this latter factor being important for project economics.

The preliminary estimate for the overall cost of the Prefeasibility Study, with commensurate drilling and metallurgical evaluation is currently costed at £4.5 million to £6.0 million. However the scope of the study and associated costs will be determined by the outcome of the current metallurgical testing programme and the on-going PEA and for these reasons, this estimate is indicative at this stage.

Falcao Project

The Falcao Project is a joint venture between the Company and AngloGold which was signed in August 2010. It gives AngloGold the right to earn into 51% of the project by investing US$4.5 million over three years. AngloGold has the option of obtaining a further 19%, taking it to 70%, by funding a Prefeasibility Study within three years of the vesting date. Under the terms of the agreement, AngloGold was required to invest a minimum of US$900,000 within the first year, a milestone that was achieved in the second quarter of 2011. Cash expenditure to end-December 2011 amounted to US$2.3 million.

Falcao is located in southern Pará State, north central Brazil, which hosts the Carajás Mineral District and lies approximately 110 km to the north of the Company's Araguaia Project.

The project was a BHP grassroots discovery that was identified by regional stream sediment sampling which defined several sample locations running anomalous gold, copper and silver values, covering a 50 sq km land area. The stream sediment programme was followed-up by a regional soil grid and wide spaced, shallow auger drill programme which defined the main area of interest as an open 6 km long anomalous gold trend and adjacent zinc/silver/gold zone.

BHP undertook a limited wide spaced reverse circulation ('RC') drilling campaign in September 1998. The final RC drill holes were located on a wide (2,400m by 400m) spacing along the 6 km anomalous trend. Despite the wide drill hole spacing a number of highly anomalous intersections were drilled.

Since initiating field work in the third quarter of 2010, the Company carried out the following evaluation at Falcao:

Soil Sampling Survey

The survey was carried out during October and the early part of November 2010 over a 3,000m by 1,500m zone on 100m line spacing. The grid covers the central part of the main target zone. Samples were collected every 25m along lines and every second sample analysed by Acme Laboratories.

The results confirmed a 300 to 600m wide zone at greater than 50ppb, with the trend open to both the east and west and the resulting data compiled with the regional soil geochemistry database and interpreted together with the newly acquired geophysical database to define the drill targets and additional zones for follow-up.

Geologic Mapping

Geologic mapping was carried out over an area of approximately 20 sq km and has been used for the combined interpretation of the geochemical and geophysical data. Given the poor exposure in the target zone, this combined interpretation has played a critical role in enhancing the understanding of the geologic setting and the definition of drill targets.

Aeromagnetic Survey

A 3,200 line km aeromagnetic and radiometric survey was flown over the Falcao Project in November 2010. The survey was carried out on 100m line spacing over the central part of the area and lines at 200m spacings extending to the east and west to aid in the structural interpretation of the data.

All quality control data was monitored and approved by AngloGold's geophysical specialist group in Bogotá.

Drilling

Following evaluation of the above, in July 2011 the Company commenced a 2,587m diamond drilling programme at Falcao, with a view to testing the gold soil anomaly which is currently 4km long and is open to the east and which varies from 200m to 800m in width. 10 drillholes were spaced out over a 4,700 m strike and went to a depth of between 200 and 300 metres.

Potential quality and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on the Falcao Project to date, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.
Of the first 10 holes, 6 intersected zones of gold mineralisation and as a result, a further 5 holes totalling 1,076 m were drilled in late 2011. Results from these holes are anticipated in Q1 2012.

Future plans and expenditures

Budgeted expenditure for 2012 as agreed with AngloGold is US$1.6 million and will focus initially on a induced polarisation geophysical survey of the principal mineralised zone, combined with an expansion of the soil geochemical sampling with the aim to expand the target zone to the east. These studies will be followed by an additional diamond drill programme in Q2 2012, subject to positive results from the geophysics and soil results. The Company is the operator until vesting is completed.

Expenditure at Falcao is funded by AngloGold, the joint venture partner, and therefore future expenditure under the joint venture agreement will depend on decisions taken by AngloGold. These decisions will be based upon the results of the ongoing and planned activities outlined above.

Anglogold Exploration Alliance ('Santana')

On 4 September 2009 an exploration alliance with AngloGold was announced and provided for the Company to expand its areas of operation to greenfields exploration. This represents an area of potential growth for the Company, achieved without the need for further equity financing. During the first 12 months AngloGold invested US$900,000 in exploration expenditure on two regional greenfield exploration programmes. These programmes have now been extended and a further US$500,000 was committed for 2011 and will accrue as part of the AngloGold earn-in expenditure. All work is conducted and managed by the Company.

Under the terms of the Strategic JV, AngloGold may, in its absolute discretion, spend US$5.3M 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 the Company. 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 Prefeasibility 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.

To date a total of approximately 700,000 ha (7,000 sq km) has been sampled, comprising a total of 1,266 stream sediment samples and 1,447 rock geochemical samples. Integration of structure, known geology and occurrences, with an open view on geological models and the potential styles of mineralisation, is a key component to success in this programme.

Geochemical targets are 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; and
- Open ground.

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 Tarkwa Belt in West Africa; 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 two previously unknown targets are examples of the types of anomalies being defined.

Future Planned Work

Follow-up work has yet to define gold mineralisation representing an AngloGold sized target. The Company, with AngloGold, is fully reviewing this programme and the extensive land position built up and will look at ways adding value to the portfolio going forwards.

Tangara Gold Project (JV with Troy Resources)

The Company signed a formal Option Agreement with Troy Resources (ASX:TRY) (‘Troy’) in December 2007 to operate and develop the Tangara Gold Project (‘Tangara Project’) and fast track its development entitling Troy to 100% interest in the Tangara Project. To maintain the option Troy has made cash payments totalling US$400,000 to the Company and invested US$2 million in exploration on the project. Upon exercise of the option Troy will be required to make a production royalty payment to the Company of US$30 for every ounce of gold produced from the Tangara Project area up to a maximum of 500,000oz. In the event of more than 500,000oz being produced, a 1% Net Smelter Royalty (‘NSR’) shall apply. This royalty will increase to 2% NSR in the event of production exceeding 1 million oz.

In the northern part of the joint venture area the focus was on the preparation of the final exploration report as a prelude to a Mining Licence Application on part of the 100 sq km exploration license covering the Malvinas Trend, the central part of which is characterised by a 2.5 km long zone formed by two major trends. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on the Tangara Project to date, and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The first trend is over 1,600m long and is 100m to 300m wide while the second trend is 600m long and 300m wide. Both trends are associated with numerous multi-gram rock sample gold results, the best of which in geological terms, are related to a massive pyrite, sericite, quartz gossan which has returned assays of up to 14.8g/t gold in rock chips.

During 2011, Troy continued to explore the northern part of the project area. Low impact field work, including mapping and soil sampling, continued on the Horizonte JV with work focussed on the northern portion of the Rio Maria West area ('RMW') and further north along the western portion of the Malvinas Trend.

The northern part of the RMW is located about 8km west of the Rio Maria town site. The area has been the site of earlier garimpeiro stream based alluvial workings and at least four historic garimpeiro pits extending into in primary mineralisation. These workings are hosted in mafic metavolcanics rocks with quartz veins within shears zones occur in a similar setting and have a similar style of mineralisation as noted immediately to the south at the Manoel and Anastácio workings within the southern portion of the RMW block.

At RMW the soil programme along the Bezerro - Serrinha Trend yielded significant results with a maximum of 1,989ppb gold and 6 zones above 110ppb gold. The results defined a 3km long east-northeast striking anomalous trend up to 300m wide. South of the main trend another anomalous zone was defined over 1.6km including 4 zones above 100ppb gold with maximum of 811ppb gold and rock chips yielding up to 2.20g/t gold.

On the northern part of the Company joint venture, an infill soil programme at Malvinas resulting in the collection of 440 samples further defined several known anomalous gold-in-soil trends and identified a number of RAB Drill targets.

Future Planned Work
A mining licence application has been lodged with the Brazilian Department of Mines to cover the Malvinas target. Future activity by Troy at the Tangara Project is contingent on this application being successful.

El Aguila
The El Aguila silver-lead-zinc project is located in the Cerro de Pasco mining district in central Peru. The project consists of two claims which lie some 18km north of the city of Cerro de Pasco and is surrounded by active mines. The Company has undertaken no activity on the project in the last 24 months.

Future Planned Work
The project is being maintained and Horizonte is actively seeking a development partner.

Technical Disclosure
All scientific and technical information contained in this Management's Discussion and Analysis has been prepared by or under the supervision of David Hall, Chairman of the Company, a "qualified person" within the meaning of NI 43-101. For further details on the Araguaia Project, please refer to "Geology and Mineral Resources of the Araguaia

nickel project, Brazil NI 43-101 Technical Report”, dated 15 June 2011, available on SEDAR at www.sedar.com.

Summary of Financial and Operating Performance

Summary of Overall Financial Performance

The Company reports in Pounds Sterling.

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
(Loss)/profit before taxation	**(1,804,053)**	630,438
Cash and cash equivalents	**5,856,949**	3,847,031
Exploration assets	**18,968,079**	16,482,451
Net assets	**26,401,666**	22,498,000

The £2,434,491 negative swing in profit/(loss) before taxation is driven by the following principal factors:

- The results for 2010 benefitted from a net gain of £1,747,927 comprising a gain of £440,079 on remeasuring the Company’s existing interest in Lontra Empreendimentos e Participações Ltda (‘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. These were offset by acquisition costs expensed in 2010 of £490,403. These items did not recur in 2011.
- An additional non-cash charge of £235,756 was incurred in 2011 on stock options, with the full year’s charge being taken on those options issued in November 2010, as well as charges associated with further options issued in September 2011.
- Costs were incurred in 2011 of £216,140 were incurred in 2011 in listing the shares of the Company on the TSX.
- Other operating income improved in the year by £184,009, excluding the one off gain in 2010 of £440,079 on the Lontra purchase included above. This was due principally to option and project management fees.
- Net finance income declined in the year by £27,651. This increase arose primarily from interest on the Company’s increased cash balance which has predominately been held on short-term fixed rate deposits, offset by the finance cost of unwinding the discounted contingent consideration.
- Other operating costs expensed increased in 2011 by £615,008. The increase on 2010 levels reflects the significantly higher levels of corporate and other activity levels since the acquisition of the Araguaia project in the third quarter of 2010, as the Company has acted to reinforce its management structure and corporate

activity has increase with the development of the Araguaia project. The increase is also reflective of the increased complexity of operations in 2011 as the Company advanced its various projects.

Summary of Cash flows

12 months ended	**31 December 2011 £**	31 December 2010 £
Net Cash flows from operating activities	**(1,587,794)**	(1,233,175)
Net cash used in investing activities	**(4,213,834)**	(958,970)
Net cash flow from financing activities	**7,819,437**	4,757,707
Net increase/(decrease) in cash and cash equivalents	**2,017,809**	2,565,562

The net cash flows used in operating activities for the 12 months ended 31 December 2011 are driven by activities in the management of the Araguaia and Falcao Projects and the AngloGold Ashanti alliance and are greater than the equivalent period in 2010 due to the increased activity levels in these areas.

Cash used in investing activities has risen to £4,213,834 in the 12 months ended 31 December 2011 when compared to £958,970 for the 12 months ended 31 December 2010 due to a full year of capitalisation of costs associated with the Araguaia Project, which commenced in September 2010.

Net cash flow from financing activities to 31 December 2011 of £7,819,437 was driven by the capital raise in February 2011 of £8.25 million before expenses, through the placing of 32,999,500 new shares in the Company at 25 pence per share. The net cash flow from financing activities of £4,757,707 for the 12 months ended 31 December 2010 was linked to the placing in August 2010 of 51,261,144 new ordinary shares at 9.25 pence per share.

Analysis of Selected Financial Information

	31 December 2011 £	31 December 2010 £	31 December 2009 £
Gross Profit	**Nil**	Nil	Nil
Loss/profit from continuing operations	**(1,804,053)**	630,438	(890,536)
Total comprehensive income for the year attributable to equity holders in the Company	**(4,204,061)**	1,723,070	(886,357)
Total Assets	**32,768,100**	29,084,857	3,825,849
Total non current liabilities	**(5,863,550)**	(6,187,840)	Nil

Dividend per share	**Nil**	Nil	Nil

The drivers behind the change in Profit/(Loss) from continuing operations in 2011 from £630,438 to £(1,804,053) is set out in the section ‘‘Summary of Overall Financial Performance”. The loss from continuing operations in 2009 of £890,536 was comprised of on-going staff costs and exploration and other expenditure.

Total comprehensive income/(loss) attributable to equity holders in the Company in for the year ended 31 December 2011 of £(4,204,061) was net of exchange differences arising on translation of foreign operations of £(2,400,008) – this is due to the Brazilian Real weakening against the pound as at 31 December 2011 as compared to 31 December 2010. The intangible assets of the Company are principally held in Brazil and are denominated in the currency of that country. In the year ended 31 December 2010, the comprehensive income/(loss) attributable to equity holders in the Company of £1,723,070 was net of exchange differences arising on translation of foreign operations of £1,092,632 – as the Brazilian Real strengthened against the pound as at 31 December 2010 as compared to the exchange rate that existed when the Araguaia assets were purchased in August 2010.

The increase in total assets from 2009 to 2010 of £25,259,008 reflected the acquisition in August 2010 of 100% of the share capital of Teck Cominco Brasil S.A., a Brazilian company owning the exploration rights to the Araguaia nickel project in Pará State, northern Brazil (‘Teck Brasil’). The increase in total assets from 2010 to 2011 of £3,683,243 reflects direct exploration expenditure of £4,327,200, offset by foreign exchange movements on those intangibles of £1,841,572. The remainder of the increase in total assets of £1,197,615 is due to movements in cash and cash equivalents and foreign exchange movements on other assets and liabilities.

Total long-term liabilities as at 31 December 2011 (£5,863,550) and 31 December 2010 (£6,187,840) – Nil as at 31 December 2009 comprise deferred taxation and contingent consideration arising from the purchase of Teck Brasil in August 2010. The contingent consideration has a carrying value of £2,715,365 at 31 December 2011 (2010: £2,676,502). The contingent consideration arrangement requires the Company to pay the former owners of Teck Brasil 50% of the tax effect on utilisation of the tax losses existing in Teck Brasil 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.

Deferred tax liabilities (£3,148,185 as at 31 December 2011; £3,511,338 as at 31 December 2010; Nil as at 31 December 2009) have been recognised on the fair value gains in exploration assets arising on the acquisitions of Araguaia Niquel Mineração Ltda (formerly Teck Brasil) and Lontra. The purchase of Teck Brasil resulted in a gain on bargain purchase of £1,798,251 in the year ended 31 December 2010.

Quarterly Financial Information

Quarter Ended	**2011** **31 December** **£**	**2011** **30 September** **£**	**2011** **30 June** **£**	**2011** **31 March** **£**	2010 31 December £	2010 30 September £	2010 30 June £	2010 31 March £
Revenue	**-**	**-**	**-**	**-**	-	-	-	-
Other Operating Income	**31,101**	**47,607**	**32,652**	**327,110**	254,461	440,079	-	-
Profit/(loss) from continuing operations	**(577,731)**	**(549,689)**	**(486,275)**	**(190,358)**	(329,066)	1,646,562	(300,594)	(386,464)
Total comprehensive income attributable to equity holders of the Company	**(891,788)**	**(3,293,201)**	**455,757**	**(474,829)**	154,645	2,255,483	(300,594)	(386,464)
Basic earnings/(loss) per share	**(0.210)**	**(0.197)**	**(0.174)**	**(0.072)**	0.553	1.100	(0.509)	(0.655)

Other operating income of £327,110 in the first quarter of 2011 included £312,500 arising from a payment by the Anglo Pacific Group plc (‘Anglo Pacific’) in return for an option to acquire a net smelter royalty on nickel production at Araguaia. The remainder of other operating income in 2011 comprises management fees arising on the AngloGold joint ventures.

Other operating income in the third quarter of 2010 of £440,079 comprised a gain on revaluation of the Company’s existing 50% holding in Lontra.

The loss from continuing operations of £577,731 in the fourth quarter of 2011 is consistent with that of the third quarter of 2011 of £549,869, when exploration and corporate activities were at similar levels. The losses for the second half of 2011 are higher than for the first half of the year, principally because of the £327,110 of other income recognised in the first quarter of 2011 as noted above.

Total comprehensive income attributable to equity holders of the company in the third quarter of 2011 of £(3,293,201) was after exchange differences arising on translating foreign operations of £(2,743,512), as the Brazilian Real had weakened against Sterling. The assets and liabilities of Araguaia are accounted for in Brazilian Reais, their functional currency.

As the Company made a net loss in each quarter of 2011, the diluted earnings per share is the same as the basic earnings per share. The total basic and diluted earnings per share for 2011 amounted to a loss of £0.653 per share. The total basic/diluted earnings per share in 2010 amounted to earnings of £0.489/0.487 pence per share respectively.

Results from Operations

	12 months ended 31 December 2011 £	12 months ended 31 December 2010 £
Cash expenditure on Exploration activities	**4,257,608**	777,690
Net Movement in Intangible Assets		
Expenditure (cash + non-cash)	**4,327,200**	13,653,131
Foreign exchange movement	**(1,841,572)**	826,605
Impairment	–	(59,945)
Net Movement	**2,485,628**	14,419,791
Analysis of Loss from Operations:		
General and Administration Costs		
Compensation	**(448,884)**	(325,056)
Indemnity for loss of office	**(96,519)**	–
Travel/Expenses	**(124,781)**	(82,583)
Exploration Costs Expensed	**(567,051)**	(547,423)
Professional Fees	**(364,380)**	(127,809)
Investor Relations	**(165,096)**	(66,240)
Overheads/Other	**(53,717)**	(56,309)
Total General and Administration Costs	**(1,820,428)**	(1,205,420)
Charge for stock options (non-cash)	**(288,290)**	(52,534)
Acquisition Costs Expensed	–	(490,403)
TSX listing fees and associated costs	**(216,140)**	–
Changes in fair value of contingent consideration	**147,222**	–
Project Impairment	–	(59,945)
Gain/(loss) on Foreign Exchange	**14,571**	(2,244)
Other Operating Income	**438,470**	694,540
Loss from Operations	**(1,724,595)**	(1,116,006)

Cash expenditure on exploration activities have risen from £777,690 in the year ended

31 December 2010 to £4,257,608 in the year ended 31 December 2011. The expenditure comprises spend on the Araguaia Project, acquired in August 2010 and includes the cost of the 13,204 m drilling campaign which ran from October 2010 to September 2011. Direct exploration expenditure in 2011 also includes expenditure at Araguaia on metallurgical studies and the Environmental Impact Assessment. 2011 thus comprised a full year of exploration expenditure at Araguaia, whereas 2010 only included the first 4 months post acquisition of the Araguaia Project.

The Net Movement in Intangible Assets in the year ended 31 December 2010 of £14,419,791 was driven by the acquisition in August 2010 of 100% of the share capital of Teck Brasil, a wholly-owned subsidiary of Teck. Total consideration amounted to £14,011,889 and comprised equity instruments valued at £11,403,422 (128,280,240 shares at 9.25 pence per share) and contingent consideration of £2,608,467. The contingent consideration arrangement requires the Company to pay the former owners of Teck Brasil 50% of the tax effect on utilisation of the tax losses existing in Teck Brasil 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.

General and Administration costs have risen in the 12 months ended 31 December 2011 to £1,820,428 as compared to £1,205,420 for the same period in 2010 due to the increased activity levels within the company which have arisen as a result of the acquisition of Teck Brasil in August 2010. The increase is also reflective of the increased complexity of operations in the Company as it advances with the various projects.

Within General and Administration costs:

- Compensation has increased from £(325,056) in the 12 months to 31 December 2010 to £(448,884) in the 12 months ended 31 December 2011 due to consolidation of the management structure and increased pay levels commensurate with increased activity levels and responsibilities.
- The indemnity for loss of office of £96,519 which arose in the 12 months to 31 December 2011 was in relation to the departure of Mr Nicholas Winer from the Company.
- Travel costs have risen from £(82,583) in the 12 months to 31 December 2010 to £(124,781) in the 12 months ended 31 December 2011 due to increased international corporate activity, in particular related to the listing the shares of the Company on the TSX in June 2011.
- Exploration costs expensed have risen from £(547,423) in the 12 months to 31 December 2010 to £(567,051) in the 12 months ended 31 December 2011 and comprise corporate costs including local management salaries incurred in Brazil in support of the Araguaia and joint ventures with AngloGold.
- Professional fees have risen from £(127,809) in the 12 months to 31 December

2010 to £(364,380) in the 12 months ended 31 December 2011 as with the exception of the acquisition of Araguaia in August 2010 (the costs for which are separately disclosed in the above table), corporate activity in 2010 was relatively limited. The professional fees in 2011 are principally driven by corporate finance and legal fees associated with the capital raise in February 2011, legal fees associated with the signing of the Option Royalty Agreement with Anglo Pacific in January 2011 (and fully accounted for in 2011) as well as additional accounting, audit and interim review costs in 2011 as compared to 2010.

- Investor relations costs expensed have risen from £(66,240) in the 12 months to 31 December 2010 to £(165,096) in the 12 months ended 31 December 2011. The increase is due to a full year of increased investor relations activity in 2011 following the acquisition of Teck Brasil in August 2010, together with costs incurred in Canada following the listing of the shares of the company on the TSX in June 2011.

The charge for stock options has risen from £52,534 during the year ended 31 December 2011 to £288,290 as 2011 included the full years charge for those options issued in November 2010, together with an additional charge for further options issued in September 2011.

There have also been a number of one-off costs which have arisen in 2010 and 2011 as follows:

- Acquisition costs expensed in 2010 of £490,403, which were in relation to the acquisition in August 2010 of 100% of the share capital of Teck Brasil from Teck.
- Costs totalling £216,140 in 2011, incurred in connection with the listing of the shares of the Company on the TSX, which occurred in June 2011.
- A gain arose in 2011 of £147,222 due to the change in the fair value of the contingent consideration as the cash flow model has been adjusted to take into account the timing of cash flows and improved knowledge of mineral grades at Araguaia.

The (loss)/gain on foreign exchange is associated with movements arising on cash deposits held by the company in currencies other than Sterling.

Other operating income for the year ended 31 December 2010 of £694,540 principally comprised a gain of £440,079 on remeasuring the Company’s existing interest in Lontra, together with £202,372 of other option fees relating to non-refundable payments made by a joint venture partner for the right to first refusal on the purchase of the Tangara exploration assets. Other operating income for the year ended 31 December 2011 of £438,470 included £115,094 of project management fees and fees of £312,500 in connection with an option payment received from the Anglo Pacific in January 2011 whereby an option was granted to acquire a Net Smelter Royalty on future nickel revenues arising from the Araguaia Project.

Analysis of Intangible Assets

Group	**Year ended 31 December 2011 £**	Year ended 31 December 2010 £
Brazil – Araguaia/Lontra	**16,934,456**	14,384,634
Brazil – Other	**1,217,759**	1,331,603
El Aguila (Peru)	**815,864**	766,214
	18,968,079	16,482,451

Impairment reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area. 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. No impairment was required in 2011.

The intangible assets are denominated in the functional currency of the country in which the asset is located. The Araguaia Project together with the other intangible assets held in Brazil are thus denominated in Brazilian Reais while the El Aguila asset is denominated in Peruvian Soles.

Other Information

Outstanding Share Data

	31 December 2011	**31 December 2011**	31 December 2010	31 December 2010
	Number	**£**	Number	£
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	**246,560,480**	**2,465,605**	59,019,096	590,191
Issue of ordinary shares	**32,999,500**	**329,995**	187,541,384	1,875,414
At 31 December	**279,559,980**	**2,795,600**	246,560,480	2,465,605

On 4 February 2011, 32,999,500 ordinary shares of 1p each were issued fully paid for cash consideration at 25 pence per share to raise £8.25 million before expenses.

In addition, on 7 February 2012, 8,500,000 shares were issued to Lara Exploration Ltd in consideration for the Acquisition of the Vila Oito and Floresta licences, both located in the vicinity of Araguaia. The total number of issued ordinary shares as at the date of this report is 288,059,980.

Stock Options in the Company

Details of stock options outstanding and exercisable during the year are as follows:

	Number of options 2011	**Weighted average exercise price 2011**	Number of options 2010	Weighted average exercise price 2010
		£		£
Outstanding at 1 January	**14,150,000**	**0.136**	4,050,000	0.095
Forfeited	**(1,150,000)**	**0.095**	-	-
Granted	**14,380,000**	**0.155**	10,100,000	0.152
Outstanding at 31 December	**27,380,000**	**0.147**	14,150,000	0.136
Exercisable at 31 December	**2,900,000**	**0.095**	-	-

The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 9.21 years.

In September 2011 14,380,000 options were issued at an exercise price of 15.5 pence, representing a 10% premium to the share price on the day that the options were issued.

The 1,150,000 Options forfeited in 2011 were held by employees who left the Company. The fair value of the share options was determined using the Black Scholes valuation model.

The parameters used are detailed below.

Group and Company	**2011 options**	2010 options	2009 options
Date of grant or reissue	**21/09/2011**	17/11/2010	25/09/2009
Weighted average share price	**13.9 pence**	14.0 pence	8.0 pence
Weighted average exercise price	**15.5 pence**	15.5 pence	9.5 pence
Expiry date	**21/09/2021**	17/11/2020	25/09/2019
Options granted	**14,380,000**	10,100,000	4,050,000
Volatility	**21%**	17%	50%
Dividend yield	**Nil**	Nil	Nil
Option life	**10 years**	10 years	10 years
Annual risk free interest rate	**2.50%**	2.50%	3.30%
Forfeiture discount	–	–	15%
Marketability discount	**5%**	5%	–
Total fair value of options granted	**£528,745**	£343,271	£132,379

Liquidity, Capital Reserves and Financing Activities

The Company is not in commercial production on any of its resource properties and accordingly it does not generate cash from operations and finances its activities by raising capital through equity issues.

As at 31 December 2011 the Company had £5,856,949 in cash at bank and on deposit. As at 31 December 2010 cash at bank and on deposit amounted to £3,847,031. A capital raise of £8.25 million before expenses was completed on 4 February 2011. The Santana and Falcao Joint Ventures are funded by AngloGold in advance on a quarterly basis.

The Group's cash at bank and short-term deposits are held with institutions with the following credit ratings (Fitch):

	2011	2010
	£	£
A	**3,889,970**	1,755,037
BBB	**1,966,622**	2,082,072
	5,856,949	3,837,109

All of the Company's cash and cash equivalents as at 31 December 2011 are held in interest bearing accounts. The Company has not invested in any short-term commercial paper, asset backed securities or other financial instruments.

Of the total cash and cash equivalents of £5,856,592 as at 31 December 2011, £3,785,450 was held in Sterling, the equivalent of £1,806,836 in United States Dollars and the equivalent of £264,306 in Brazilian Reais.

In management's view the Company has sufficient financial resources to fund currently planned exploration programmes and ongoing operating expenditures over the next 12 months. The Company will continue to be dependent on raising equity capital as required until and unless it reaches the production stage and generates cash flow from operations.

Contractual Obligations

	Payments Due by Period		
£	Total	Less than 1 year	1-3 years
Operating leases	7,814	7,814	nil
Other contracts	333,900	333,900	nil

Operating leases relate to office space. Other contracts relate to ongoing consultancy arrangements in connection with metallurgical and other evaluations at Araguaia.

Capital Commitments and Resources

As previously described, capital and operating lease commitments of the Company total £341,714 as at end-December 2011.

In order to assess the expenditures not yet committed, but required to maintain the development of the Company's assets through 2012, a budget has been prepared and approved by management.

Cash expenditure by the Company in 2012 is expected to include the following

	£000's
Brazil and London Corporate costs including management salaries and investor relations	1,600
Expenditure at Araguaia including field team and technical management, environmental, economic and metallurgical studies, excluding those contemplated within the Prefeasibility Study	1,600
Other expenditure:	
Maintenance of licences	140
Contingency	300
Total initial expenditure 2012 excl. Prefeasibility Study	3,640

The cash and cash equivalents held by the Company as at end-2011 of £5,856,949 are thus sufficient to fund the above expenditure.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements in place and has no plans to implement any such.

Transactions with Related Parties

With the exception of charges levied within the Company in consideration for management services and in accordance with signed agreements, there are no related party transactions.

The charges levied during the 12 months ended 31 December 2011 and the comparative period in 2010 are as follows and cancel out upon consolidation:

	Brazil		Peru		Total	
	12 m/e 31 Dec 2011 £	12 m/e 31 Dec 2010 £	**12 m/e 31 Dec 2011 £**	12 m/e 31 Dec 2010 £	**12 m/e 31 Dec 2011 £**	12 m/e 31 Dec 2010 £
Intragroup	**212,337**	127,895	**64,754**	50,573	**277,091**	178,468

charges						

Amounts totalling £6,025,165 (2010: £1,386,040) were lent to HM Brazil (IOM)Ltd, HM do Brasil Ltda, Araguaia Niquel Mineração Ltda, Minera El Aguila SAC and Minera El Cotahuasi SAC to finance exploration work during 2011. Interest is charged at an annual rate of 4% on balances outstanding during the year.

Balances with subsidiaries at the year-end were:

	2011	**2011**	2010	2010
	Assets	**Liabilities**	Assets	Liabilities
Company	**£**	**£**	£	£
HM do Brasil Ltda	**357,173**	–	1,256,494	–
PMA Geoquimica Ltda	–	**42,653**		
Minera El Aguila SAC	**1,255,252**	–	1,170,836	–
Minera El Cotahuasi SAC	–	–	17,793	–
HM Brazil (IOM) Ltd	**5,123,066**	–	3,208,159	–
Horizonte Nickel (IOM) Ltd	**19,189,919**	–	14,100,486	–
Araguaia Niquel Mineração Ltda	**388,820**	–	10,000	–
Horizonte Exploration Ltd	–	**413,823**	–	413,823
Total	**26,314,230**	**456,476**	19,763,768	413,823

All Group transactions were eliminated on consolidation.

Changes in Accounting Policies

There have been no changes in accounting policies from previous reporting periods.

Financial Instruments

The Company does not use Financial Instruments.

Critical Accounting Policies and Estimates

The financial information disclosed within this document was prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The preparation of 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 each reporting period.

Significant items subject to such estimates include:

Valuation of Intangible Assets

In accordance with IFRS 6, the Company capitalises as Intangible Assets all exploration and evaluation costs, including acquisition costs, field exploration and analysis costs relating to specific properties until those properties are brought into production, at which time they will be amortised on a unit-of-production basis or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge is made.

Intangible Assets are reviewed for impairment to determine if a write down of their carrying amount is required. 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 consider no impairment charge necessary for the year ended 31 December 2011 (2010: £59,945).

Estimated impairment of goodwill

Goodwill has a carrying value at 31 December 2011 of £387,378 (2010: £435,751). The Group tests annually whether goodwill has suffered any impairment, as per intangible assets.

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

Management has made various estimations regarding the fair value of exploration assets acquired in the absence of NI 43-101 compliant resource data available at acquisition. 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.

Contingent consideration

Contingent consideration has a carrying value of £2,715,365 as at 31 December 2011 (£2,676,502 at 31 December 2010). The contingent consideration arrangement requires the Company to pay the former owners of Teck Brasil 50% of the tax effect on utilisation of the tax losses existing in Teck Brasil 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 Company 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 NI 43-101 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.

Current and deferred taxation

The Company is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Company 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 Brasil and Lontra. 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 Company may need to revise the carrying value of this asset.

Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this management's discussion and analysis constitutes ''forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of minerals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as ‘‘plans”, ‘‘expects” or ‘‘does not expect”, ‘‘is expected”, ‘‘budget”, ‘‘scheduled”, ‘‘estimates”, ‘‘forecasts”, ‘‘intends”, ‘‘anticipates” or ‘‘does not anticipate”, or ‘‘believes”, or variations of such words and phrases or statements that certain actions, events or results ‘‘may”, ‘‘could”, ‘‘would”, ‘‘might” or ‘‘will be taken”, ‘‘occur” or ‘‘be achieved”. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- the Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic mineral deposits;
- future plans for the Araguaia and Falcao Projects and other property interests held by the Company or which may be acquired on a going forward basis, if at all;
- management's outlook regarding future trends;
- the Company's ability to meet its working capital needs at the current level in the short-term; and
- governmental regulation and environmental liability.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of minerals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Risks and Uncertainties

An investment in the Company entails certain risk factors, which should be considered carefully, including but not limited to those set out below:

Primary Risk Factors:

Exploration risks

Ability to Raise External Finance

Mineral exploration and development requires the continual injection of capital and other sources of financing to fund activities. In the past, the Company has financed its operations by: entering into joint venture agreements with partners and raising finance through the sale of equity capital. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms acceptable to the Company.

Mineral Resource Estimates

The Group's reported resources are only estimates. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and as a result are uncertain because the samples may not be fully representative of the full resource. Mineral resource estimates may require revision (either up or down) in future periods based on further drilling or actual production experience.

Any future resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a decline in the market price for natural resources, particularly nickel, could render reserves containing relatively lower grades of these resources uneconomic to recover.

Country risk

The Group's licences and operations are located in foreign jurisdictions. 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.

Brazil, the current focus of the Company's activity, offer stable political frameworks and actively support foreign investment. Brazil has a well-developed exploration and mining code with proactive support for foreign companies and in terms of economic growth is currently running at circa 4.5% which compares well to its global peer group.

Volatility of commodity prices

Historically, commodity prices (including in particular the price of nickel) have fluctuated and are affected by numerous factors beyond the Group's control. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices in the long-term may adversely affect the returns of the Group's exploration projects.

A significant reduction in the global demand for nickel, leading to a fall in nickel prices could lead to a significant fall in the cash flow of the group in future periods and/or delay in exploration and production, which may have a material adverse impact on the operating results and financial condition of the Group.

Secondary Risk Factors

- Risks that the results of scoping studies, Prefeasibility and feasibility studies and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations.
- Risks related to possible variations in reserves, grade and changes in project parameters as plans continue to be refined.
- Exploration and future development risks, including risks related to the grant of access rights to the properties, accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in exploration and development.
- Risks related to liquidity, foreign exchange, credit, interest rates and market sentiment.
- Risks related to environmental regulation and liability
- Risks related to community relations
- Risks related to the loss of the services of key executives, including the Directors of the Company and a small number of highly skilled and experienced executives and personnel.

Disclosure Controls

Disclosure controls and processes have been designed to ensure that information required to be disclosed by the Company is compiled and reported to Company management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive officer and Chief Financial Officer have concluded, based on their evaluation as of 31 December 2011, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company is made known to them by employees and third party consultants working for the Company. There have been no significant changes in the Company’s disclosure controls and processes since the year ended 31 December 2011. It should be noted that while the Company’s Chief Executive Officer and Chief Financial Officer believe that its disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that its objectives are met.

ICFR

Management is responsible for certifying the design of the Company’s internal control over financial reporting (‘ICFR’) as required by National Instrument 52-109F1 – “Certification of Disclosure in Issuers’ Annual and Interim Filings”. ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable IFRS.

ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness in future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of the Company’s ICFR as of 31 December 2011, pursuant to the requirements of National Instrument 52-109F1. The Company has designed appropriate ICFR for the nature and size of the Company’s business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS except as noted herein.

Management has determined that the internal controls of the Company are designed and operating effectively for the twelve month period ended 31 December 2011. There have been no changes in ICFR during the twelve month period ended 31 December 2011, that has materially affected, or is reasonably likely to materially affect, the Company’s

ICFR.

Additional Information

Additional information relating to the Company, including its annual information form for its most recently completed fiscal year, is available on SEDAR at www.sedar.com.

****ENDS****

For further information visit www.horizonteminerals.com or contact:

Jeremy Martin	Horizonte Minerals plc	Tel: +44 (0) 20 7763 7157
David Hall	Horizonte Minerals plc	Tel: +44 (0) 20 7763 7157
Dominic Morley	Panmure Gordon (UK) Limited (Nomad and Broker)	Tel: +44 (0) 20 7459 3600
Joanna Weaving	finnCap Ltd (Joint Broker)	Tel: +44 (0) 20 7600 1658
Felicity Edwards	St Brides Media & Finance Ltd (PR)	Tel: +44 (0) 20 7236 1177
Sebastian de Kloet	Horizonte Minerals plc Canadian Investor Relations	Tel: 001-416-970-5277

About Horizonte Minerals:

Horizonte Minerals plc is an AIM and TSX listed exploration and development Company with a portfolio of nickel and gold projects in the Carajas District of Brazil. The Company is focussed on creating value by generating and rapidly advancing exploration projects in tandem with joint ventures with major mining companies, providing mid-term cash flow, which is then used to develop the business and pipeline projects.

Horizonte has two committed major mining partners: Teck Resources Limited, a major strategic shareholder in the Company, and AngloGold Ashanti Limited, a JV partner on the gold portfolio.

Horizonte owns 100 per cent of the advanced Araguaia nickel project located to the south of the Carajas mineral district of northern Brazil.; the project has the potential to deliver a resource with size and grades comparable to other world-class projects in northern Brazil.

In addition, Horizonte and AngloGold Ashanti have a US$5.3 million exploration alliance to generate and develop new and existing gold targets within two areas of Brazil and a further JV with the major whereby AngloGold Ashanti can earn into 51% of the Falcao gold project by expending US$4.5 million over three years with the right to earn a further 19% by taking the project to Pre-feasibility Study.

Horizonte is well funded to accelerate the development of its core projects.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this press release constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's current or future property mineral projects; the success of exploration and mining activities; cost and timing of future exploration, production and development; the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; and the realization of mineral resource and reserve estimates. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, and various risks associated with the legal and regulatory framework within which the Company operates.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.