Horizonte Minerals plc / Index: AIM / TSX / Epic: HZM / Sector: Mining

16 May 2012

Horizonte Minerals plc ('Horizonte' or 'the Company')

Financial Results for the First Quarter 2012 and Management Discussion and Analysis

Horizonte, the AIM and TSX quoted Brazilian focussed exploration and development company, announces that it has today published its unaudited financial results for the three month periods ending 31 March 2012. The Management Discussion and Analysis for the same periods have also been published.

In addition to this document, both of the above have been posted on the Company's website at www.horizonteminerals.com and are also available on SEDAR at www.sedar.com.

Highlights for the First Quarter of 2012

- Strong cash position: £ 4.87 million as at end-March 2012
- Araguaia nickel project in northern Brazil developing into a significant nickel laterite asset in terms of tonnage and grade compared to global peer group
- NI 43-101 compliant resource update released for Araguaia - Indicated Resource of 39.3 million tonnes grading 1.39% nickel ('Ni') using 0.95% Ni cut-off together with Inferred Resource of 60.9 million tonnes averaging 1.22% Ni, both using 0.95% Ni cut-off
- High grade zones defined in the Indicated category at a 1.20% Ni cut-off grade total 24.2 million tonnes averaging 1.6% Ni - important for the economics of early mine production
- First phase metallurgical test work complete at Araguaia with positive results including commercial grade ferronickel in laboratory smelting tests and 93% nickel extraction in atmospheric tank leach tests
- Preliminary Economic Assessment for Araguaia on track for release at the end of Q2 2012
- Consolidating land position around Araguaia via acquisition through all share transactions of the Vila Oito and Floresta projects from TSX listed Lara Exploration Ltd

Financial Highlights

	3 months ended 31 March 2012 £	3 months ended 31 March 2011 £
Profit / (loss from continuing operations	(690,229)	(190,358)
Capitalised Exploration expenditure	(586,684)	(685,076)
Cash at end of period	4,871,878	10,775,560

Total assets at end of period	33,365,093	36,462,461

Horizonte Minerals plc

Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2012

Condensed consolidated statement of comprehensive income

		3 months ended March 31	
		2012	**2011**
		Unaudited	**Unaudited**
	Notes	**£**	**£**
Continuing operations			
Revenue		**-**	**-**
Cost of sales		-	-
Gross profit		**-**	**-**
Administrative expenses		(475,239)	(454,600)
Charge for stock options granted		(116,378)	(46,560)
Toronto Stock Exchange listing fees and associated costs		(37,050)	-
(Loss)/gain on foreign exchange		(76,853)	(13,442)
Other operating income	5	28,948	327,110
Loss from operations		(676,572)	(187,492)
Finance income		28,308	42,782
Finance costs		(41,965)	(45,648)
Loss before taxation		**(690,229)**	**(190,358)**
Taxation		-	-
Loss for the period from continuing operations		**(690,229)**	**(190,358)**
Other comprehensive income			
Exchange differences on translating foreign operations		(158,226)	(284,471)
Total comprehensive income for the period attributable to equity holders of the		**(848,455)**	**(474,829)**

Company

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

Basic and diluted loss per share (pence per share)	9	**(0.243)**	**(0.072)**

Condensed consolidated statement of financial position

	Notes	31 March 2012 Unaudited £	31 December 2011 Audited £
Assets			
Non-current assets			
Intangible assets	6	21,119,128	19,355,457
Property, plant & equipment		118,871	139,264
Deferred taxation		7,203,776	7,243,524
		28,441,775	26,738,245
Current assets			
Trade and other receivables		51,440	172,906
Cash and cash equivalents		4,871,878	5,856,949
		4,923,318	6,029,855
Total assets		**33,365,093**	**32,768,100**
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	2,880,600	2,795,600
Share premium	7	19,984,047	18,772,797
Other reserves		8,375,058	8,533,284
Accumulated losses		(4,273,866)	(3,700,015)
Total equity		26,965,839	26,401,666
Liabilities			
Non-current liabilities			
Contingent consideration		2,757,330	2,715,365
Deferred taxation		3,130,910	3,148,185
		5,888,240	5,863,550
Current liabilities			
Trade and other payables		511,014	502,884
Total liabilities		6,399,254	6,366,434

Total equity and liabilities	**33,365,093**	**32,768,100**

Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2011	**2,465,605**	**11,283,355**	**(2,184,252)**	**10,933,292**	**22,498,000**
Comprehensive income					
Loss for the period	-	-	(190,358)	-	(190,358)
Other comprehensive income					
Currency translation differences	-	-	-	(284,471)	(284,471)
Total comprehensive income	-	-	(190,358)	(284,471)	(474,829)
Transactions with owners					
Share based payments	-	-	46,560	-	46,560
Issue of ordinary shares	329,995	7,919,880	-	-	8,249,875
Issue costs	-	(430,438)	-	-	(430,438)
Total transactions with owners	329,995	7,489,442	46,560	-	7,865,997
As at 31 March 2011	**2,795,600**	**18,772,797**	**(2,328,050)**	**10,648,821**	**29,889,168**

As at 1 January 2012	**2,795,600**	**18,772,797**	**(3,700,015)**	**8,533,284**	**26,401,666**
Comprehensive income					
Loss for the period	-	-	(690,229)	-	(690,229)
Other					

comprehensive income					
Currency translation differences	-	-	-	(158,226)	(158,226)
Total comprehensive income	-	-	(690,229)	(158,226)	(848,455)
Transactions with owners					
Issue of ordinary shares	85,000	1,211,250	-	-	1,296,250
Share based payments	-	-	116,378	-	116,378
Total transactions with owners	85,000	1,211,250	116,378	-	1,412,628
As at 31 March 2012	**2,880,600**	**19,984,047**	**(4,273,866)**	**8,375,058**	**26,965,839**

Condensed Consolidated Statement of Cash Flows

	3 months ended 31 March 2012	2011
	Unaudited	**Unaudited**
	£	**£**
Cash flows from operating activities		
Loss before taxation	(690,228)	(190,358)
Interest income	(28,308)	(42,782)
Finance costs	41,965	45,648
Exchange differences	57,258	-
Employee share options charge	116,378	46,560
Depreciation	1,631	2,233
Operating loss before changes in working capital	**(501,304)**	**(138,699)**
Increase in trade and other receivables	(223,077)	(8,750)
Increase / (decrease) in trade and other payables	354,944	(4,678)
Net cash outflow from operating activities	**(369,437)**	**(152,127)**
Cash flows from investing activities		

Net purchase of intangible assets	(586,684)	(685,076)
Purchase of property, plant and equipment	-	(96,515)
Interest received	28,308	42,782
Net cash used in investing activities	**(558,376)**	**(738,809)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of issue costs)	-	7,819,437
Net cash inflow from financing activities	**-**	**7,819,437**
Net (decrease)/increase in cash and cash equivalents	**(927,813)**	**6,928,501**
Cash and cash equivalents at beginning of period	5,856,649	3,847,031
Exchange on cash and cash equivalents	(57,258)	28
Cash and cash equivalents at end of the period	**4,871,878**	**10,775,560**

Major non-cash transactions

On 8 July 2011 Horizonte Minerals plc ("the Company") signed a sale and purchase agreement with Lara Exploration Limited for the purchase of the Vila Oito and Floresta nickel laterite projects. The consideration for the transaction was 8,500,000 ordinary shares in the Company and the agreement was contingent on the successful transfer of the legal title to the licences by the Departamento Nacional de Produção Mineral ('DNPM') in Brazil.

On 7 February 2012 the Company received notification that legal title to the licence areas had been successfully transferred and therefore issued 8,500,000 fully paid ordinary shares to Lara Exploration Limited in consideration for 100% of the Vila Oito and Floresta nickel laterite projects.

Notes to the Financial Statements

1. General information

The principal activity of the Company and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. There is no seasonality or cyclicality of the Group's operations.

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Toronto Stock Exchange (TSX). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 26 Dover Street London W1S 4LY.

2. Basis of preparation

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2011 were approved by the Board of Directors on 21 February 2012 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed interim financial statements of the Company have not been audited or reviewed by the Company's auditor, Littlejohn LLP.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 31 March 2012.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2011 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.horizonteminerals.com. The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2011 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2011, except for the impact of the adoption of the Standards and interpretations described below.

The preparation of condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements, are disclosed in Note 4 of the Group's 2011 Annual Report and Financial Statements.

3.1. Changes in accounting policy and disclosures

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Amendments to IFRS 7 "Financial Instruments: Disclosures" are designed to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

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

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

IFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

IAS 27 "Separate Financial Statements" replaces the current version of IAS 27 "Consolidated and Separate Financial Statements" as a result of the issue of IFRS 10 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

IAS 28 "Investments in Associates and Joint Ventures" replaces the current version of IAS 28 "Investments in Associates" as a result of the issue of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

Amendments to IAS 1 "Presentation of Financial Statements" require items that may be reclassified to the profit or loss section of the income statement to be grouped together within other comprehensive income (OCI). The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. These amendments are effective for periods beginning on or after 1 July 2012, subject to EU endorsement. The Directors are assessing the possible impact of these amendments on the Group's Financial Statements.

Amendments to IAS 19 "Employment Benefits" eliminate the option to defer the recognition of gains and losses, known as the "corridor method"; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. These amendments are effective for periods beginning on or after 1 January 2013, subject to EU endorsement, and are not expected to have an impact on the Group's Financial Statements.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" clarifies when stripping costs incurred in the production phase of a mine's life should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This interpretation is effective for periods beginning on or after 1 January 2013 and interim periods within those annual periods, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, subject to EU endorsement. Early application continues to be permitted. The amendments also require additional disclosures on transition from IAS 39 "Financial Instruments: Recognition and Measurement" to IFRS 9.

Amendments to IAS 32 "Financial Instruments: Presentation" add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This interpretation is effective for annual periods beginning on or after 1 January 2014, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements.

Amendments to IAS 12 "Income Taxes" introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will normally be through sale. This interpretation is effective for annual periods beginning on or after 1 January 2012, subject to EU endorsement, and is not expected to have an impact on the Group's Financial Statements, and is not expected to have an impact on the Group's Financial Statements.

4. Segmental reporting

The Company operates in three geographical areas, UK, Brazil, and Peru, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities 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.

2012	UK 3 months ended 31 March 2012 £	Brazil 3 months ended 31 March 2012 £	Peru 3 months ended 31 March 2012 £	Total 3 months ended 31 March 2012 £
Revenue	-	-	-	-
Administrative expenses	**(298,561)**	**(172,642)**	**(4,036)**	**(475,239)**
Loss on foreign exchange	**(73,601)**	**(3,252)**	**-**	**(76,853)**
Other operating Income	**28,948**	**-**	**-**	**28,948**
Loss from operations per reportable segment	**(343,214)**	**(175,894)**	**(4,036)**	**(523,144)**
Inter segment revenues		**80,075**	**16,184**	**96,259**
Depreciation charges	**(551)**	**(1,080)**	**-**	**(1,631)**
Additions to non-current assets	**-**	**1,901,696**	**-**	**1,901,696**
Reportable segment assets	**5,055,984**	**27,501,440**	**807,669**	**33,365,093**
Reportable segment liabilities	**3,045,438**	**3,353,816**	**-**	**6,399,254**

2011	UK	Brazil	Peru	Total
	3 months	3 months	3 months	3 months

	ended 31 March 2011 £	ended 31 March 2011 £	ended 31 March 2011 £	ended 31 March 2011 £
Revenue	-	-	-	-
Administrative expenses	(399,347)	(49,250)	(6,003)	(454,600)
Profit/(loss) on foreign exchange	(13,442)	-	-	(13,442)
Other operating Income	327,110	-	-	327,110
Loss from operations per reportable segment	(85,679)	(49,250)	(6,003)	(140,932)
Inter segment revenues	-	32,792	12,895	45,687
Depreciation charges	(182)	(2,051)	-	(2,233)
Additions to non-current assets	-	798,219	-	798,219
Reportable segment assets	10,906,606	24,785,578	770,277	36,462,461
Reportable segment liabilities	2,906,196	3,667,097	-	6,573,293

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

	3 months ended 31 March 2012 **£**	3 months ended 31 March 2011 £
Loss from operations per reportable segment	(523,144)	(140,932)
Charge for stock options	(116,378)	(46,560)
TSX listing fees and associated costs	(37,050)	
– Finance income	28,308	42,782
– Finance costs	(41,965)	(45,648)
Loss for the period from continuing operations	(690,229)	(190,358)

5. Other operating income

Other operating income for the three months ended 31 March 2012 comprised management fees of £ 28,948 (three months ended 31 March 2011: £ 14,610).

Also included in other operating income for the three months ended 31 March 2011 is US$500,000 relating to an option payment received from Anglo Pacific Group plc ("Anglo"). On 12 January 2011 the Company signed an option agreement with Anglo whereby Anglo received the option to acquire a Net Smelter Royalty ("NSR") on future nickel revenues of the Araguaia project in exchange for the option payment.

If Anglo chooses to exercise the option, which is exercisable upon completion of a pre-feasibility study on the site, it will pay Horizonte US$12.5m and shall receive a NSR. The NSR will be at a rate of 1.5% of nickel revenue produced up to 30,000 tonnes per annum, reduced by 0.02% for every 1,000 tonnes per annum above this rate. The rate will be fixed at a minimum rate of 1.1% for production of 50,000 tonnes per annum and above.

6. Intangible assets

Intangible assets comprise exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise internally generated and acquired assets. Additions are net of amounts payable by the Group's strategic partners under various joint venture agreements, amounting to £ 290,145 (three months ended 31 March 2012: £159,846).

Group	Goodwill £	Exploration and evaluation costs £	Total £
Cost			
At 1 January 2012	387,378	18,968,079	19,355,457
Additions	-	1,901,696	1,901,696
Exchange rate movements	(2,107)	(135,918)	(138,025)
Net book amount at 31 March 2012	385,271	20,733,857	21,119,128

7. Share Capital

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2012	**279,559,980**	**2,795,600**	**18,772,797**	**21,568,397**
Issue of ordinary shares	8,500,000	85,000	1,211,250	1,296,250
Issue costs	-	-	-	-
At 31 March 2012	**279,559,980**	**2,880,600**	**19,984,047**	**22,864,647**

8. Dividends

No dividend has been declared or paid by the Company during the three months ended 31 March 2012 (2011: nil).

9. Loss per share

The calculation of the basic and diluted loss per share of 0.243 pence for the 3 months ended 31 March 2012 (31 March 2011 loss per share: 0.072 pence) is based on the loss attributable to the equity holders of the Company of £ 690,229 for the three month period ended 31 March 2012 (31 March 2011: loss £190,358) divided by the weighted average number of shares in issue during the period of 284,510,529 (weighted average number of shares for the 3 months ended 31 March 2011: 264,526,874).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2011.

10. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

11. Related party transactions

The nature of related party transactions of the Group has not changed from those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2011.

12. Commitments

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £531,549 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2011.

13. Events after the reporting period

There are no events which have occurred after the reporting period which would be material to the financial statements.

14. Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 15 May 2012.

HORIZONTE MINERALS PLC
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED 31ST MARCH 2012

BACKGROUND

This Management's Discussion and Analysis of the financial position and results of operations is prepared as at 15th May 2012 and should be read in conjunction with the unaudited Condensed Consolidated Interim Financial Statements of Horizonte Minerals plc as at March 31st 2012 which have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union and in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

Horizonte Minerals plc (the "Company") 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 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, a major strategic shareholder in the Company, and AngloGold Ashanti Limited ("AngloGold"), a JV partner on the Falcao Project.

The principal project of the Company is the wholly-owned Araguaia Nickel Project ("Araguaia Project" or "Araguaia"), located in Pará State in Brazil.

In January 2012 the Company announced a resource update at Araguaia comprising 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 mineral resources have been estimated and classified according to the CIM definitions as referred to by Canadian National Instrument 43-101 ("NI 43-101").

The Company has 2 joint ventures with AngloGold:

i) An exploration joint venture (the "Strategic JV") signed in September 2009 with AngloGold to generate and develop new gold targets within two regional areas of Brazil.
ii) An additional joint venture with AngloGold was signed in August 2010 whereby AngloGold can earn into 51% of the Falcao gold project ("Falcao") 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 Pre-feasibility Study. A 3,663 metre drilling programme has been completed to test a 4km long by 0.5 km wide gold in soil anomaly which is being followed up by an Induced

Polarisation (IP) geophysical survey and further soil geochemical sampling. The Company is operator until vesting is completed.

The Company's near term focus is to:

- continue with the second phase of metallurgical processing test work at Araguaia, to include upgrading of ore and atmospheric tank leach optimisation tests.
- complete a Preliminary Economic Assessment ('PEA') on Araguaia in Q2 2012.
- continue to move ahead with the Environmental Impact Assessment ('EIA') at Araguaia, to be completed in late 2012.

- advance Q2 fieldwork at Falcao, including a ground Induced Polarisation geophysical survey over the principle mineralised zone, together with an expansion of the soil geochemical sampling with the aim to expand the target to the east. Followed by a second phase infill drill programme in partnership with AngloGold.

The Company's longer term focus remains to:

- following the results of the PEA, initiate a Prefeasibility Study in later in 2012 for the Araguaia Project using a proven metallurgical process.
- 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 Indicated Mineral Resources;
- continue with the diamond drill programme at Falcao, subject to positive results from the geophysics and soil evaluation.

HIGHLIGHTS FOR THE FIRST QUARTER OF 2012

As previously disclosed in the Management Discussion and Analysis dated 21st February 2012:

- On 10 January 2012, the Company announced a NI 43-101 compliant mineral resource update for the Araguaia Project (see Company Overview).
- 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.

Furthermore:

- On 22 February 2012 the Company announced its financial results for the year ended 31st December 2011
- On 24 February 2012 the Company announced the filing on Sedar entitled "Geology and Mineral Resources of the Araguaia Nickel Project, NI 43-101 Technical Report"
- On 22 March 2012 the Company announced that it had held its Annual General Meeting of Shareholders on March 21st and that all resolutions had been duly passed.

ARAGUAIA PROJECT

The Company owns 100 per cent of the advanced Araguaia Project located in southern Parà State to the south of the Carajas mineral district of northern Brazil; the Company believes the project has the potential to deliver a resource with size and grades comparable to other nickel laterite projects and mining operations in 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 Company has a team on site and has completed its first phase resource drilling campaign on the Araguaia Project.

In March 2011 the Company announced a NI 43-101 compliant maiden resource of 76.6Mt with a grading of 1.35% nickel and 0.06% cobalt at Araguaia. In September 2011 the Company completed a 13 200 metre drilling programme.

In January 2012 the Company announced a resource update at Araguaia, comprising 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 mineral resources have been estimated and classified according to the CIM definitions as referred to by NI 43-101.

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 exploration at the site, conducted since 2006 by both the Company and prior owners, has included a total to date of some 25 700 metres of diamond drilling, which 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 approximately £ 5.5 M up to end-March 2012.

In addition Company has initiated the following at Araguaia, which are currently in progress:

- Preliminary Economic Assessment ('PEA') commenced September 2011
- Environmental Baseline Study and Social Impact Assessment commenced in October 2011
- Testwork for upgrading of ore has been initiated in April 2012
- Tenders have been requested from third parties to carry out optimisation tests in atmospheric tank leaching testwork

- Proposals are being evaluated to operate a pyrometallurgical pilot plant, using the 150 tonne bulk samples collected in September 2011.

The combined cost for these is expected to be circa £ 750 K, with completion during the course of 2012, with the PEA due for completion in Q2 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.

Planned Activity
Moving forwards, the results from the recently completed metallurgical studies to determine the best processing option for the Araguaia Project are being fed into the PEA, the results of which are anticipated in the second quarter of 2012. Thereafter and contingent on the results of the PEA, 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 deemed important for enhancing project economics.

The preliminary estimate for the overall cost of the Prefeasibility Study, with commensurate drilling and metallurgical evaluation is currently estimated at approximately £ 7 million. However the scope of the study and associated costs will be determined by the outcome of 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.

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 spacing 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, taking the total number of metres drilled to 3,663.

Cost of work to date
To end-March 2012, a total of USD 2.9M has been spent on the Falcao project.

Future plans and expenditures
Budgeted expenditure for 2012 as agreed with AngloGold is US$1.6 million and will focus initially on an induced polarisation geophysical survey over the principal mineralised zone, combined with an expansion of the soil geochemical sampling with the aim to expand the target zone to the east. Subject to positive results, a follow up drill programme is planned for Q2/Q3 2012. 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.

Strategic JV with AngloGold

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 were extended in and a further US$620,000 was spent in 2011 and has accrued 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.

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 February 23rd 2012, available on SEDAR at www.sedar.com.

SUMMARY OF CASHFLOWS

3 months ended	31st March 2012 £	31st March 2011 £
Net Cashflows from operating activities	(369,437)	(152,127)
Net cash used in investing activities	(558,376)	(738,809)
Net cashflow from financing activities	-	7,819,437
Net increase / (decrease) in cash and cash equivalents	(927,813)	6,928,501

The net cashflows used in operating activities for the 3 months ended 31st March 2012 are driven by activities in the management of Araguaia and the AngloGold Ashanti Joint Ventures. The overall increase in cash used in operating activities of £ 217,310 (from £(152,127) for the three months ended 31st March 2011 to £ (369,437) for the three months ended 31st 2012) is driven by the following principal factors:

- an increase in exploration costs expensed of £ 123,466 (from £53,212 for the three months ended 31st March 2011 to £ 176,678 for the three months ended 31st March 2012) – see 'Results from Operations' for explanation;
- the cost of TSX compliance and Canadian Investor Relations of £ 77,586 in the first three months of 2012 and which did not arise in the first quarter of 2011;
- the results for the 3 months ended 31st March 2011 enjoyed other operating income of £ 312,500 due to the Royalty option payment from Anglo Pacific Group plc which was not repeated in 2012.
- The above three factors responsible for driving the increase in cash used in operating activities in the first quarter of 2012 versus the same period in 2011 are partly offset by reduced professional fees, which amounted to £ 58,916 in the 3 months ended 31st March 2012 as compared to £ 214,970 in the 3 months ended 31st March 2013 – see 'Results from Operations' for explanation.

Cash used in investing activities has fallen to £ 558,376 in the 3 months ended 31st March 2012 when compared to £738,809 in the 3 months ended March 31st 2011. The higher spend in the first quarter of 2011 as compared to the same period in 2012 is driven by the drilling programme that was underway and capital expenditure that took place in the first quarter of 2011.

Net cashflow from financing activities to March 31st 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, fully paid ordinary shares in the Company. There were no funds raised through issue of shares in the 3 months ended 31st March 2012.

QUARTERLY FINANCIAL INFORMATION

	2012	2011	2011	2011	2011	2010	2010	2010
Quarter Ended	31 March £	31 December £	30 Sept. £	30 June £	31 March £	31 December £	30 Sept. £	30 June £
Revenue	-	-	-	-	-	-	-	-
Other Operating Income	**28,948**	**31,101**	**47,607**	**32,652**	**327,110**	**254,461**	**440,079**	**-**
Profit/(loss) from continuing operations	**(690,229)**	**(577,731)**	**(549,689)**	**(486,275)**	**(190,358)**	**(329,066)**	**1,646,562**	**(300,594)**
Total comprehensive income attributable to equity holders of the Company	**(848,455)**	**(891,788)**	**(3,293,201)**	**455,757**	**(474,829)**	**154,645**	**2,255,483**	**(300,594)**
Basic earnings/(loss) pence per share	**(0.243)**	**(0.210)**	**(0.197)**	**(0.174)**	**(0.072)**	**0.553**	**1.100**	**(0.509)**

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 in return for an option to acquire a net smelter royalty on nickel production at Araguaia. The remainder of other operating income in 2011 and in the first quarter of 2012 comprises management fees arising on the AngloGold joint ventures.

The loss from continuing operations of £690,229 for the first quarter of 2012 includes a non-cash share option charge of £ 116,378 and a negative exchange movement of £ 76,853 due to a weakening of the US Dollar against Sterling in the quarter. The loss was otherwise driven by expensing of exploration costs of £ 176,678 and additional administration expenses of £ 298,561.

Total comprehensive income attributable to equity holders of the company in the first quarter of 2012 of £ (848,455) was after exchange differences arising on translating foreign operations of £ (158,226), as the Brazilian Real had weakened against Sterling as at March 31st 2012 when compared to December 31st 2011.

Total comprehensive income attributable to equity holders of the company in the third quarter of 2011 of £ (3,293,273) was after exchange differences arising on translating foreign operations of £ (2,743,512), as the Brazilian Real had weakened against Sterling as at September 30th 2011 when compared to June 30th 2011.

The assets and liabilities of the Araguaia Project are accounted for in Brazilian Reais, their functional currency.

RESULTS FROM OPERATIONS

	3 m/e 31 March 2012 £	3 m/e 31 March 2011 £
General and Administration Costs		
Compensation	**(118,019)**	**(118,793)**
Travel / Expenses	**(24,821)**	**(28,716)**
Exploration Costs Expensed	**(176,678)**	**(53,212)**
Professional Fees	**(58,916)**	**(214,970)**
Investor Relations – UK	**(37,598)**	**(19,418)**
Investor Relations - Canada	**(40,536)**	**-**
Overheads / Other	**(18,671)**	**(19,491)**
Total General and Administration Costs	**(475,239)**	**(454,600)**
Charge for stock options granted	(116,378)	(46,560)
Toronto Stock Exchange listing fees and associated costs	(37,050)	-
Gain / (loss) on Foreign Exchange	(76,853)	(13,442)
Other Operating Income	28,948	327,110
Loss from Operations	**(676,572)**	**(187,492)**

Within General and Administration costs:

- The charge for stock options granted has risen from £ 46,560 in the 3 months to end-March 2011 to £ 116,378 in the 3 months to end-March 2012 due to the charge for 14,380,000 options granted in September 2011.
- Exploration costs expensed have risen from £ 53,212 in the three months to end-March 2011 to £ 176,678 in the three months to end-March 2012 principally due to increased salaries and associated social charges. The compensation charge to end-March 2012 included in exploration costs expensed totalled £ 95,143 (three months to end-March 2011: £ 45,501). Other cost increases incurred within exploration costs expensed in the three months ended 31 March 2012 as compared to the three months ended 31 March 2011 included: legal / professional fees for the three months to end-March 2012 of £ 24,958 (three months to end-March 2011: £ 5,858); variable overheads for the three months to end-March 2012 totalled £ 28,580 (three months to end-March 2011: £ 16,146). Overall, the increased level of exploration costs expensed in the three months to end-March 2012 as compared to the same period in 2011 is due to consolidation of the management structure in Brazil in the middle of 2011.

- Professional fees have decreased in the three months to end-March 2012 to £ 58,916 from £ 214,970 for the three months to end-March 2011 principally because the charge in 2011 included 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 as well as additional audit and interim review costs in 2011 as compared to 2012.

- Costs are also incurred in the first quarter of 2012 in connection with the Company having listed on the TSX, which occurred in June 2011 and which did not arise in the three months to end-March 2011.

The (loss) / gain on foreign exchange is predominantly associated with movements arising on cash deposits held by the company in other currencies, namely the US Dollar and the Brazilian Real.

LIQUIDITY, CAPITAL RESERVES AND FINANCING ACTIVITIES

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

As at 31th March 2012 the Company had £ 4,871,878 in cash at bank and on deposit, including £ 137,873 advanced from AngloGold Ashanti plc under the Joint Venture Agreements in place. As at 31st December 2011 cash at bank and on deposit amounted to £ 5,856,949. The Joint Ventures with AngloGold are funded in advance on a quarterly basis.

All of the Company's cash and cash equivalents as at March 31st 2012 are held in interest bearing accounts. The Company has not invested in any short-term commercial paper, asset backed securities or other financial instruments.

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	33,000	26,000	7,000
Other contracts	531,000	531,000	-

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

SHAREHOLDERS EQUITY

As at May 15th 2012 there were 288 059 980 ordinary shares issued. (December 31st 2011: 279 559 980 ordinary shares issued).

On February 7th 2012 the Company issued 8,500,000 fully paid ordinary shares to Lara Exploration Limited in consideration for 100% of the Vila Oito and Floresta nickel projects, which are situated in proximity to the Company's Araguaia project.

Total options outstanding as at May 15th 2012 amount to 23,230,000 with exercise prices ranging from 9.5 pence to 15.5 pence, vesting between September 24th 2011 and September 21st 2013. There is no other share-based compensation paid by the Company.

The Company recognises as an expense the cost of stock based compensation based upon the estimated fair value of new stock options granted. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model and is expensed over the vesting period.

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 condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of 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. The factors which are considered include past and future, planned exploration work and general market conditions.

Fair value of exploration projects acquired in business combinations
Management has made various estimations regarding the fair value of exploration projects acquired in the absence of NI 43-101 compliant resource data available at acquisition. The fair value of exploration projects acquired has been estimated based on a number of valuation techniques.

Where acquisitions represent transactions between knowledgeable and willing parties on an arm’s length basis the exploration projects 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 arm’s 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 £ 2,757,330 as at March 31st 2012 (£2,715,365 at December 31st 2011). The contingent consideration arrangement requires the Company 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 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 projects 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 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:

- Risks and uncertainties related to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations.

- Risks that the results of scoping studies, pre-feasibility 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, commodity prices, interest rates and market sentiment.

- Risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining government approvals or in the completion of development or construction activities.

- 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.

- Political or regulatory risks associated with conducting mineral exploration in Brazil and other countries.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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 for the first 3 months of 2012 and the comparative period in 2011 are as follows and cancel out upon consolidation:

	Brazil		Peru		Total	
	3 m/e 31 March 2012 £	3 m/e 31 March 2011 £	3 m/e 31 March 2012 £	3 m/e 31 March 2011 £	3 m/e 30 March 2012 £	3 m/e 31 March 2011 £
Intragroup charges	80,075	44,121	16,184	15,925	96,259	45,713

****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

Notes

Horizonte Minerals Plc is an AIM and TSX quoted 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 Holdings plc, 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 acquired the Lara Exploration Vila Oito project which has a non compliant potential resource of 10 to 11 Mt grading 1.3 to 1.4% Ni further consolidating the greater Araguaia district.

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

Horizonte Minerals prepared this news release and David Hall, an independent Qualified Person under National Instrument 43-101, has reviewed and approved the technical information contained herein.

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 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". In addition, statements relating to "mineral reserves" or "mineral resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources and mineral reserves described can be profitably mined in the future. 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.