

**Horizonte Minerals plc**  
**Condensed Consolidated Interim Financial Statements**  
**for the three months ended 31 March 2017**

**Condensed consolidated statement of comprehensive income**

		<b>3 months ended</b>	
		<b>March 31</b>	
		<b>2017</b>	<b>2016</b>
		<b>Unaudited</b>	<b>Unaudited</b>
			<b>(Restated)</b>
	Notes	£	£
<b>Continuing operations</b>			
<b>Revenue</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(278,061)	(184,090)
Charge for stock options granted		(50,386)	(9,092)
Change in fair value of contingent consideration	5	32,210	(39,698)
Gain/(loss) on foreign exchange		(103,940)	44,311
Other losses – impairment of available for sale asset		-	-
<b>Profit / (Loss) from operations</b>		<b>(400,177)</b>	<b>(188,569)</b>
Finance income		623	2,056
Finance costs		(58,186)	(55,204)
<b>Profit / (Loss) before taxation</b>		<b>(457,740)</b>	<b>(241,717)</b>
Taxation		-	-
<b>Profit / (Loss) for the period from continuing operations</b>		<b>(457,740)</b>	<b>(241,717)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Change in value of available for sale financial assets		-	-
Exchange differences on translating foreign operations		<u>302,765</u>	<u>4,114,798</u>

<b>Other comprehensive income for the period, net of tax</b>		<b>302,765</b>	<b>4,114,798</b>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>(154,975)</b>	<b>3,873,081</b>
<b>Earnings per share from continuing operations attributable to the equity holders of the Company</b>			
Basic and diluted profit/(loss) pence per share	9	<b>(0.038)</b>	<b>(0.036)</b>

#### Condensed consolidated statement of financial position

		<b>31 March 2017 Unaudited</b>	<b>31 December 2016 Audited</b>
	Notes	£	£
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	33,188,164	32,017,796
Property, plant & equipment		531	862
		<b>33,188,695</b>	<b>32,018,658</b>
<b>Current assets</b>			
Trade and other receivables		49,086	35,493
Cash and cash equivalents		7,792,924	9,317,781
		<b>7,842,010</b>	<b>9,353,274</b>
<b>Total assets</b>		<b>41,030,705</b>	<b>41,371,932</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	7	11,719,343	11,719,343
Share premium	7	35,747,912	35,767,344
Other reserves		4,769,829	4,467,064
Accumulated losses		(15,306,651)	(14,899,297)
<b>Total equity</b>		<b>36,930,433</b>	<b>37,054,454</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contingent consideration	5	3,669,018	3,643,042
Deferred taxation		285,264	282,450
		<b>3,954,282</b>	<b>3,925,492</b>
<b>Current liabilities</b>			
Trade and other payables		145,990	391,986
		<b>145,990</b>	<b>391,986</b>

<b>Total liabilities</b>	4,100,272	4,317,478
<b>Total equity and liabilities</b>	<b>41,030,705</b>	<b>41,371,932</b>

### Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				Total £
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	
<b>As at 1 January 2016 (Restated)</b>	<b>6,712,044</b>	<b>31,252,708</b>	<b>(13,477,853)</b>	<b>(4,848,116)</b>	<b>19,638,783</b>
Profit/(Loss) for the period	-	-	(241,717)	-	(241,717)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	4,114,798	4,114,798
<b>Total comprehensive income</b>	-	-	(241,717)	<b>4,114,798</b>	<b>3,873,081</b>
Share based payments	-	-	9,092	-	9,092
<b>Total contributions by and distributions to owners of the Company</b>	-	-	<b>9,092</b>	-	<b>9,092</b>
<b>As at 31 March 2016 (unaudited)</b>	<b>6,712,044</b>	<b>31,252,708</b>	<b>(13,710,478)</b>	<b>(733,318)</b>	<b>23,520,956</b>
<b>As at 1 January 2017</b>	<b>11,719,343</b>	<b>35,767,344</b>	<b>(14,899,297)</b>	<b>4,467,064</b>	<b>37,054,454</b>
Profit/(Loss) for the period	-	-	(457,740)	-	(457,740)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	302,765	302,765
Change in value of available for sale assets	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(457,740)</b>	<b>302,765</b>	<b>(154,975)</b>
Share based payments	-	-	50,386	-	50,386
Issue costs	-	(19,432)	-	-	(19,432)

<b>Total contributions by and distributions to owners of the Company</b>	-	(19,432)	50,386	-	30,954
<b>As at 31 March 2017 (unaudited)</b>	<b>11,719,343</b>	<b>35,747,912</b>	<b>(15,306,651)</b>	<b>4,769,829</b>	<b>36,930,433</b>

### Condensed Consolidated Statement of Cash Flows

	3 months ended	
	31 March	
	2017	2016
	Unaudited	Unaudited
	£	£
		(Restated)
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	(457,740)	(241,717)
Interest income	(623)	(2,056)
Finance costs	58,186	55,204
Loss on disposal of subsidiary	-	-
Realisation of Peruvian Reserves	-	-
Impairment of Available For Sale Assets	-	-
Exchange differences	103,940	(44,311)
Employee share options charge	50,386	9,092
Change in fair value of contingent consideration	(32,210)	39,698
Depreciation	159	285
<b>Operating loss before changes in working capital</b>	<b>(277,902)</b>	<b>(183,805)</b>
Decrease / (Increase) in trade and other receivables	(13,593)	12,933
(Decrease) / Increase in trade and other payables	(276,961)	(46,869)
<b>Net cash outflow from operating activities</b>	<b>(568,456)</b>	<b>(217,741)</b>
<b>Cash flows from investing activities</b>		
Net purchase of intangible assets	(833,652)	(392,976)
Purchase of property, plant and equipment	-	-
Interest received	623	2,056
<b>Net cash used in investing activities</b>	<b>(833,029)</b>	<b>(390,920)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares (net of issue costs)	-	-
Issue costs	(19,432)	-
<b>Net cash inflow from financing activities</b>	<b>(19,432)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,420,917)</b>	<b>(608,661)</b>
Cash and cash equivalents at beginning of period	9,317,781	2,738,905
Exchange on cash and cash equivalents	(103,940)	42,811
<b>Cash and cash equivalents at end of the period</b>	<b>7,792,924</b>	<b>2,173,055</b>

### Major non-cash transactions

There were no major non-cash transactions during the three months ended 31 March 2017.

## **Notes to the Financial Statements**

### **1. General information**

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

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

### **2. Basis of preparation**

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 2016 were approved by the Board of Directors on 16 March 2017 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, BDO 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 2017.

### ***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 2016 Annual Report and Financial Statements, a copy of which is available on the Group's website: [www.horizonteminerals.com](http://www.horizonteminerals.com) and on Sedar: [www.sedar.com](http://www.sedar.com) The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

### ***Critical accounting estimates***

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2016 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

### ***Prior period restatement***

As clearly set out in the 2016 audited annual report and the accompanying management discussion and analysis, which can be found on the company's website and also filed on Sedar, the company restated certain prior year numbers for the year ended 2015 and before. The result of this and applying a consistent methodology means that the 2016 quarterly information has been restated in line with the revised assumptions. These quarterly condensed unaudited financial statements have been restated to reflect the amended figures for the quarter ended 31 March 2016. The figures for 31 March 2017 are not affected.

## **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 2016, 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 2016 Annual Report and Financial Statements.

#### 4. Segmental reporting

The Group operates principally in the UK and Brazil, 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 relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

<b>2016</b>	UK	Brazil	Total
	3 months	3 months	3 months
	ended	ended	ended
	31 March	31 March	31 March
	2016	2016	2016
	(Restated)	(Restated)	(Restated)
	£	£	£
Revenue	-	-	-
Administrative expenses	(142,290)	(41,800)	(184,090)
Profit / (loss) on foreign exchange	37,512	6,799	44,311
Loss from operations per reportable segment	(104,778)	(35,001)	(139,779)
Inter segment revenues	-	240,488	-
Depreciation charges	(259)	(26)	(285)
Additions to non-current assets	-	3,357,699	3,357,699
Reportable segment assets	2,154,863	27,611,470	29,766,333
Reportable segment liabilities	5,410,816	1,842,562	7,253,378
<b>2017</b>	UK	Brazil	Total
	3 months	3 months	3 months
	ended	ended	ended
	31 March	31 March	31 March
	2017	2017	2017
	£	£	£
Revenue	-	-	-
Administrative expenses	(152,691)	(125,370)	(278,061)
Profit / (loss) on foreign exchange	(103,528)	(412)	(103,940)
Loss from operations per reportable segment	(256,219)	(125,782)	(382,001)
Inter segment revenues	-	-	-
Depreciation charges	(159)	-	(159)
Additions to non-current assets	-	1,167,851	1,167,851

Reportable segment assets	<b>7,762,047</b>	<b>33,268,658</b>	<b>41,030,705</b>
Reportable segment liabilities	<b>3,693,518</b>	<b>406,754</b>	<b>4,100,272</b>

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

	3 months ended 31 March 2017 £	3 months ended 31 March 2016 (Restated) £
Loss from operations per reportable segment	(382,001)	(139,779)
Change in fair value of contingent consideration	32,210	(39,698)
Charge for stock options	(50,386)	(9,092)
Finance income	623	2,056
Finance costs	(58,186)	(55,204)
Profit/(Loss) for the period from continuing operations	(457,740)	(241,717)

## 5. Change in fair value of contingent consideration

*Contingent Consideration payable to the former owners of Teck Cominco Brasil S.A.* Contingent consideration payable to the former owners of Teck Cominco Brasil S.A. has a carrying value of £114,108 at 31 March 2017 (31 March 2016 (Restated: £354,713)).

The fair value of the contingent consideration arrangement with the former owners of Teck Cominco Brasil S.A. was estimated at the acquisition date according to the probability and timing of when future taxable profits will arise against which the tax losses may be utilised in accordance with the terms of the acquisition agreement.

As explained in note 21 of the 2016 Annual Report the estimate of fair value was restated as at 31 December 2015 and all periods up to 31 December 2016. The critical assumptions underlying the fair value estimate are set out in note 4.3. Estimates were also based on the current rates of tax on profits in Brazil of 34% and a discount factor of 7.0% was applied to the future dates at which the tax losses will be utilised and consideration paid.

As at 31 March 2017, there was a finance expense of £2,525 (31 March 2016 Restated: £3,204) recognised in finance costs within the Condensed Statement of Comprehensive Income in respect of this contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.



The cash flow model used to estimate the contingent consideration was adjusted, to take into account changed assumptions in the timing of cash flows as derived from the Pre-Feasibility Study as published by the Group in October 2016. The key assumptions underlying the cash flow model derived from the Pre-Feasibility Study as published by the Group in October 2016 are unchanged as at 31 March 2017. The change in the fair value of contingent consideration payable to the former owners of Teck Cominco Brasil S.A. generated a charge to profit or loss of £32,210 for the three months ended 31 March 2017 (31 March 2016 Restated: £21,234 charge) due to changes in the functional currency in which the liability is payable.

*Contingent Consideration payable to Xstrata Brasil Mineração Ltda*  
The contingent consideration payable to Xstrata Brasil Mineração Ltda has a carrying value of £3,305,576 at 31 March 2016 (31 March 2016: £2,917,906). It comprises two elements: US\$1,000,000 due after the date of issuance of a joint feasibility study for the combined Enlarged Project areas and to be satisfied by shares or cash, together with US\$5,000,000 consideration in cash as at the date of first commercial production from any of the resource areas within the Enlarged Project area. The key assumptions underlying the treatment of the contingent consideration the US\$5,000,000 are as per those applied to the contingent consideration payable to the former owners of Teck Cominco Brasil S.A.

As at 31 March 2017, there was a finance expense of £55,660 (2016: £44,018) recognised in finance costs within the Statement of Comprehensive Income in respect of this contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The change in the fair value of contingent consideration payable to Xstrata Brasil Mineração Ltda generated a credit to profit or loss of £58,683 for the three months ended 31 March 2017 (31 March 2016: £67,011) due to changes in the functional currency in which the liability is payable.

## 6. Intangible assets

Intangible assets comprise exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise internally generated and acquired assets. Exploration licences comprise the Vale dos Sonhos exploration licence acquired from a subsidiary of Glencore in November 2015.

Group	Exploration and evaluation costs			Total
	Goodwill	Exploration licences		
	£	£	£	£
Cost				
At 1 January 2017	280,060	5,645,185	26,092,551	32,017,796
Additions	-	-	864,795	864,795
Exchange rate movements	2,787	46,103	256,684	305,574
Net book amount at 31 March 2017	<b>282,847</b>	<b>5,691,288</b>	<b>27,214,030</b>	<b>33,188,165</b>

## 7. Share Capital

<b>Issued and fully paid</b>	<b>Number of shares</b>	<b>Ordinary shares £</b>	<b>Share premium £</b>	<b>Total £</b>
At 1 January 2017	1,171,934,300	11,719,343	35,767,344	47,486,687
Issue of ordinary shares	-	-	-	-
Issue costs	-	-	-	-
At 31 March 2017	1,171,934,300	11,719,343	35,767,343	47,486,687

## 8. Dividends

No dividend has been declared or paid by the Company during the three months ended 31 March 2017 (2016: nil).

## 9. Profit / (loss) per share

The calculation of the basic and diluted loss per share of (0.038) pence for the 3 months ended 31 March 2017 (31 March 2016 loss per share: (0.036) pence) is based on the loss from continuing operations attributable to the equity holders of the Company of £ (450,740) for the three month period ended 31 March 2017 (31 March 2016: Loss £241,717) divided by the weighted average number of shares in issue during the period of 1,171,934,300 (weighted average number of shares for the 3 months ended 31 March 2016: 671,204,378).

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 2016.

## 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 2016.

## 12. Commitments

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £320,445 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2016.

### **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 10 May 2017.

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