

Horizonte Minerals Plc - Management's Discussion and Analysis 12 Months Ended 31 December 2012

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TORONTO, Feb. 22, 2013 /CNW/ - [Horizonte Minerals Plc](#), (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company') the exploration and development company focused in Brazil, announces the Management's Discussion and Analysis for the 12 months ended 31 December 2012.

This Management's Discussion and Analysis of the financial position and results of operations is prepared as at 21st February 2013 and should be read in conjunction with the audited Financial Statements of Horizonte Minerals plc as at December 31st 2012 which have been prepared using accounting policies consistent with International Financial Reporting Standards of the International Accounting Standards Board as adopted by the European Union. .

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 in Brazil.

The Company has two principal mining partners: Teck Resources Limited, which holds a 41.8% interest in the issued share capital of the Company, and AngloGold Ashanti Limited ('AngloGold'), the 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, 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').

In August 2012 the Company released a NI 43-101 Technical Report - 'Preliminary Economic Assessment of the Araguaia Nickel Project, Brazil'. Financial Results included a post tax Net Present Value ('NPV') of US\$693M at an 8% discount rate and Internal Rate of Return ('IRR') of 15.4% based on an ore throughput of 1.75 million tonnes per annum of mineralised material treated through a 90 MW Rotary Kiln Electric Furnace ('RKEF') process plant using US\$8.60/lb as the long term nickel price.

The Company also has a joint venture with AngloGold, 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. Follow up work in 2012 has included an Induced Polarisation (IP) geophysical survey and expansion of the soil geochemical grid to the east of the principal anomaly. An additional 900 metre drilling campaign was completed in November of 2012.

The Company's near term focus is to:

- Advance the Environmental Impact Assessment at Araguaia, to be completed in 2013.
- Complete the third phase of drilling at Araguaia which commenced in September 2012.
- Advance with various on-going metallurgical studies aimed at further optimising both the Rotary Kiln

Electric Furnace ('RKEF') and Atmospheric Tank Leach ('ATL') processing options at Araguaia

Following the results of the on-going drilling and metallurgical studies at Araguaia, the Company's longer term focus remains to complete a Pre-Feasibility Study on Araguaia later in 2013.

Highlights for the fourth quarter of 2012

On November 6th 2012 the Company announced that it had subscribed through a private placement for 8,000,000 new shares in [Guyana Frontier Mining Corp.](#) ('Guyana') at a price of C\$ 0.05 per share, with an additional 8,000,000 warrants with an exercise price of C\$ 0.10 per share valid for 24 months. On the same date the Company entered into a share purchase agreement with Guyana whereby upon completion Guyana would acquire the subsidiary holding the Falcao project in consideration for 84,000,000 new shares in Guyana. Completion of the transaction concerning Falcao was subject to approval by the shareholders of Guyana Frontier.

Material Post Balance Sheet Events:

- On January 8th 2013 the Company announced results from its on-going infill drill programme and metallurgical tests at Araguaia.
- On January 16th 2013 the Company announced that following a due diligence review, it had elected to terminate its share purchase agreement with Guyana.

Review of Operations

Araguaia Project Project Background

The Company owns 100 per cent of the Araguaia Project located in southern Pará 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 is currently carrying out a third phase in-fill resource drilling campaign of approximately 7,000 metres on the Araguaia Project.

In March 2011 the Company announced a NI 43-101 compliant maiden Inferred 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 14 Exploration Licences totalling 118,922 ha.

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

Recent And Current Activity

Recent exploration at the site, conducted since 2006 by both the Company and prior owners, has included a total to date of 25,773 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 £7.8 M up to end-December 2012.

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

- A third phase diamond in-fill drilling campaign of circa 7,000 metres, due for completion in Q1 2013
- Environmental Baseline Study commenced in October 2011
- Additional ATL testing programme by SGS in Canada with the objective of determining the optimal conditions for ATL. The work includes comminution (crushing and milling) tests, additional batch leaching and continuous tank leaching tests under prescribed conditions.
- Drying/calculating/pre-reduction analysis for the RKEF process by FLSmidth in the United States. The objective of this testwork is to determine the optimal conditions in the rotary kiln for the calcination and pre-reduction of the laterite feed prior to smelting in the electric furnace and incorporates studies on particle size distribution, drying rate, attrition potential, sintering temperatures, Fe/Ni reduction levels, agglomeration behaviour and briquetting tests.
- Additional agglomeration behaviour testwork at Feeco, Wisconsin, USA
- High definition mineralogical study of a sample of potential RKEF feed at SGS Lakefield, Ontario, Canada.
- Slag liquidus measurements on samples of potential RKEF feed at Kingston Process Metallurgy (KPM), Ontario, Canada

The combined cost for these is expected to be circa £1.45 million, with completion expected in H1 2013.

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 Exploration Limited ('Lara'). On 7 February 2012 the transfer of the Vila Oito and Floresta licences from affiliates of Lara to a subsidiary undertaking 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 at that time 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.

Preliminary Economic Assessment

In August 2012 the Company announced the results of its NI 43-101-compliant Preliminary Economic Assessment of the Araguaia Project. This included a post tax NPV of US\$693M at an 8% discount rate and IRR of 15.4% based on an ore throughput of 1.75 million tonnes per annum of mineralised material treated through a 90 MW RKEF process plant using US\$8.60/lb long term nickel price. Assessment of the Atmospheric Tank Leach ('ATL') processing option gave a post tax NPV of US\$554M at an 8% discount rate and an IRR of 18.1%. Capital payback is estimated as being 7 years for RKEF and 6 years for ATL.

RKEF is the preferred processing route favoured due to availability of hydro electrical energy in the Araguaia region combined with the presence of three operating RKEF pyrometallurgical operations in Brazil.

Planned Activity

Moving forwards, the results from the recently completed and on-going metallurgical studies, together with the ongoing third phase in-fill drilling campaign, would be fed into a Pre-Feasibility Study. This study would be based on the following:

- A project scope incorporating a RKEF flowsheet defined by the completed process testwork.
- A mine plan developed from Mineral Reserves anticipated to be established from the updated Mineral Resource estimates.
- Engineering studies to support the capital estimate (CAPEX) and operating costs (OPEX) with accuracy appropriate to the study (+/- 25%)
- Infrastructure planning

- Construction planning and scheduling
- Market studies
- On-going environmental baseline impact as well as socio-economic studies.

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 Pre-Feasibility 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 evaluations at Falcao:

Soil Sampling Survey

The survey was carried out during October and 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, is being used to define the drill targets and additional zones for follow-up.

Geological Mapping

Geological 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 diamond 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 any targets 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.

Principal Gold Intersections from Falcao 2011 Drilling:

Drill Hole No.	Depth From (m)	Depth To (m)	Intersected Width (m)	Gold Value (grams/tonne)
FAL-DDH-001	19.00	19.26	0.26	10.65
59.09	88.44	29.35	0.68	
Including:	59.09	70.19	11.10	1.21
FAL-DDH-002	172.00	220.90	48.90	0.93
Including:	205.14	220.90	15.76	1.65
with:	172.00	174.00	2.00	3.03
189.00	190.00	1.00	2.36	
205.14	208.00	2.86	3.50	
216.00	217.00	1.00	12.1	
also:	13.00	13.88	0.88	1.25
50.00	55.00	5.00	0.80	
68.00	70.00	2.00	1.10	
83.00	85.00	2.00	0.91	
287.00	288.22	1.22	2.30	
332.00	333.00	1.00	0.93	
FAL-DDH-003	28.00	29.00	1.00	8.14
170.75	172.42	1.67	27.70	
179.25	180.80	1.55	0.72	
FAL-DDH-004	25.00	28.00	3.00	0.84
84.00	85.00	1.00	4.16	
91.00	92.00	1.00	0.74	
142.00	143.00	1.00	1.24	
FAL-DDH-005	37.00	38.00	1.00	2.64
182.30	183.30	1.00	2.09	
253.00	254.00	1.00	20.26	
FAL-DDH-006	163.00	164.00	1.00	0.79
FAL-DDH-007	2.00	3.30	1.33	1.11
85.00	92.64	7.64	0.90	
86.25	94.00	2.93	1.94	
158.00	159.00	1.00	4.63	
FAL-DDH-012	86.00	112.20	26.20	0.35
Including:	93.90	108.00	14.10	0.55
and:	93.90	101.00	7.10	0.81
FAL-DDH-013	147.00	148.00	1.00	5.62
FAL-DDH-014	73.00	138.00	65.00	0.82
Including:	86.99	103.00	16.01	2.63
and:	112.00	138.00	26.00	1.14

No significant gold values were obtained in holes FAL-008, -009, -010, -011, and -015. True widths of the mineralized intervals have not yet been determined.

Cost Of Work To Date

To end-December 2012, a total of USD 4.3 M has been spent on the Falcao project under the joint venture with AngloGold.

2012 Activities And Expenditures

Total expenditure for 2012 as agreed with AngloGold totalled US\$1.67 million. Activities focused initially on an induced polarisation geophysical survey over the principal mineralised zone, combined with an expansion of the soil geochemical sampling aiming to expand the target zone to the east. A follow up drill programme of circa 900 metres was completed in December 2012 - no significant gold mineralisation values were returned outside of the main anomaly defined in 2011. All work to date is now being evaluated to determine the overall geological potential of the project area and if additional exploration work is justified.

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.

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 and 'NI 43-101 Technical Report - Preliminary Economic Assessment of the Araguaia Nickel Project, Brazil' dated August 22nd 2012, both available on SEDAR at www.sedar.com.

Summary of Financial and Operating Performance

Summary of Overall Financial Performance

The Company reports in Sterling.

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Loss before taxation	(2,489,481)	(1,804,053)
Cash and cash equivalents	5,887,174	5,856,949
Exploration assets	20,074,974	18,968,079
Net assets	27,755,792	26,401,666

The financial results of the Group showed a £685,428 negative swing in loss from continuing operations due to a number of mainly one off items, principally as follows:

- A one-off non cash impairment charge of £700,397 due to the writing off of the Tangara intangible asset following termination of the joint venture with Troy Resources, combined with the write off of a fee paid on an option which expired during the year.
- The 2011 results also benefited from a one-off fee of £312,500 on the granting of a royalty option which did not recur in 2012.
- An adverse exchange movement of £181,618 driven by a strengthening of Sterling during the year against the US Dollar and Brazilian Real.

Conversely there were a number of positive movements which partly offset the above, notably:

- Cost savings of £180,758 in administrative and Toronto Stock Exchange compliance costs, due to an increased focus on cost management, coupled with the listing of the Group on the Toronto Stock Exchange in 2011 which involved costs that consequently did not recur in 2012.
- There was an additional net credit to the income statement of £398,217 due to a change in fair value of contingent consideration and arising due to exchange rate changes in the functional currency in which the liability is payable.

Summary of Cash flows

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Net cash flows from operating activities	(1,990,263)	(1,587,794)
Net cash used in investing activities	(3,098,781)	(4,213,834)
Net cash flow from financing activities	5,141,592	7,819,437
Net increase in cash and cash equivalents	52,548	2,017,809

The net cash flows used in operating activities for the 12 months ended 31 December 2012 are driven by activities in the management of the Araguaia and Falcao Projects. They were at similar levels in 2012 as compared to 2011 on an ongoing basis. 2011 however benefitted from a one off sale of a royalty option to the amount of £312,500.

Cash used in investing activities has fallen to £3,098,781 in the 12 months ended 31 December 2012 when compared to £4,213,834 for the 12 months ended 31 December 2011 principally due to timing of exploration activities at the Araguaia project, notably the drilling programmes.

The net cash flow from financing activities of £5,141,592 for the 12 months ended 31 December 2012 was linked to the placing in June 2012 of 71,986,190 new ordinary shares at 7.25 pence per share. Net cash flow from financing activities to 31 December 2011 of £7,819,437 was driven by the capital raise in February 2011 of £8.25 million before expenses, through the placing of 32,999,500 new shares in the Company at 25 pence per share.

Analysis of Selected Financial Information

31

December

2012

£ 31

December

2011

£ 31 December 2010

£

Gross Profit Nil Nil Nil

Loss from operations (2,388,557) (1,724,595) (1,116,006)

Total comprehensive income for the year attributable to equity holders in the Company (5,583,866) (4,204,061) 1,723,070

Total Assets 33,002,011 32,768,100 29,084,857

Total non current liabilities (5,101,124) (5,863,550) (6,187,840)

Dividend per share Nil Nil Nil

The drivers behind the change in loss from operations from £(1,724,595) in 2011 to £(2,388,557) in 2012 are set out in the section "Summary of Overall Financial Performance". The loss from operations in 2010 of £1,116,006 was comprised of on-going staff costs and exploration and other expenditure.

Total comprehensive income attributable to equity holders in the Company for the year ended 31 December 2012 of £(5,583,866) included exchange differences arising on translation of foreign operations of £(3,039,094) - this is due to the Brazilian Real weakening against Sterling as at 31 December 2012 as compared to 31 December 2011. The intangible assets of the Company are principally held in Brazil and are denominated in the currency of that country. In the year ended 31 December 2011, the comprehensive income/(loss) attributable to equity holders in the Company of £(4,204,061) included differences arising on translation of foreign operations of £(2,400,008) - as the Brazilian Real weakened against Sterling as at 31 December 2011 as compared to the exchange rate as at 31 December 2010.

The increase in total assets from 2011 to 2012 of £233,911, from £32,768,100 as at 31 December 2011 to £33,002,011 as at 31 December 2012 reflects the cash and non cash spend in intangible assets during 2012 of £4,196,704, offset by exchange differences £(2,450,304) and an impairment of the Tangara intangible asset of £639,505. The increase in total assets from 2010 to 2011 of £3,683,243 reflects direct exploration expenditure of £4,327,200, offset by foreign exchange movements on £(1,841,572). The remainder of the movement in total assets in each of 2011 and 2012 is due to movements in cash and cash equivalents and foreign exchange movements on other assets and liabilities.

Total long-term liabilities as at 31 December 2012 (£5,101,024), 31 December 2011 (£5,863,550) and (£6,187,840) as at 31 December 2010 comprise deferred taxation and contingent consideration arising from the purchase of Teck Brasil in August 2010. The contingent consideration has a carrying value of £2,359,112 as at 31 December 2012 and £2,715,365 at 31 December 2011 (2010: £2,676,502). The contingent consideration arrangement requires the Company to pay the former owners of Teck Brasil 50% of the tax effect on utilisation of the tax losses existing in Teck Brasil at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

Deferred tax liabilities (£2,742,012 as at 31 December 2012; £3,148,185 as at 31 December 2011;

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

Quarterly Financial Information

Quarter Ended 31 December

2012

£ 30 September

2012

£ 30 June

2012

£ 31 March

2012

£ 31 December

2011 30 September

2011

£ 30 June

2011

£ 31 March

2011

£

Revenue - - - - -

Other Operating Income 32,827 18,467 44,987 28,948 31,101 47,607 32,652 327,110

Loss from continuing

operations (616,724) (615,237) (567,291) (690,229) (577,731) (549,689) (486,275) (190,358)

Total comprehensive
income attributable to

equity holders of the

Company (980,209) (1,361,623) (2,393,579) (848,455) (891,788) (3,293,201) 455,757 (474,829)

Basic earnings/(loss) pence per share (0.160) (0.171) (0.188) (0.243) (0.210) (0.197) (0.174) (0.072)

Other operating income of £327,110 in the first quarter of 2011 included £312,500 arising from a payment by the Anglo Pacific Group plc ('Anglo Pacific') in return for an option to acquire a net smelter royalty on nickel production at Araguaia. The remainder of other operating income in the remaining quarters of 2011 and 2012 comprises management fees arising on the AngloGold joint ventures.

The loss from continuing operations of £616,724 in the fourth quarter of 2012 is consistent with that of the third quarter of 2012 of £615,237, together with the first two quarters of 2012, when exploration and corporate activities were at similar levels. The losses for the second half of 2011 are higher than for the first half of the year, principally because of the £327,110 of other income recognised in the first quarter of 2011 as noted above.

Total comprehensive income attributable to equity holders of the company in the third quarter of 2011 of £(3,293,201) was after exchange differences arising on translating foreign operations of £(2,743,512), as the Brazilian Real had weakened against Sterling. Total comprehensive income attributable to equity holders of the company in the second quarter of 2012 of £(2,393,579) was after exchange differences arising on translating foreign operations of £(1,826,288), as the Brazilian Real had weakened against Sterling as at June 30th 2012 when compared to March 31st 2012. The assets and liabilities of Araguaia are accounted for in Brazilian Reals, their functional currency.

As the Company made a net loss in each quarter of 2011 and 2012, the diluted earnings per share is the same as the basic earnings per share. The total basic and diluted earnings per share for 2012 amounted to a loss of £(0.762) per share. The total basic earnings per share in 2011 amounted to a loss of £(0.653) pence per share.

Results from Operations

12 months

ended 31

December

2012

£ 12 months

ended 31

December 2011

£

Cash expenditure on Exploration activities	2,848,040	4,257,608
Net Movement in Intangible Assets		
Expenditure (cash + non-cash)	4,196,704	4,327,200
Foreign exchange movement	(2,450,304)	(1,841,572)
Impairment (639,505) -		
Net Movement	1,106,895	2,485,628
Analysis of Loss from Operations:		
General and Administration Costs		
Compensation (420,360)	(448,884)	
Indemnity for loss of office (55,709)	(96,519)	
Travel/Expenses (111,791)	(124,781)	
Exploration Costs Expensed (560,782)	(567,051)	
Professional Fees (332,075)	(364,380)	
Investor Relations (188,002)	(165,096)	
Overheads/Other (72,665)	(53,717)	
Total General and Administration Costs	(1,741,384)	(1,820,428)
Charge for stock options (non-cash)	(321,400)	(288,290)
TSX listing fees and associated costs	(114,426)	(216,140)
Changes in fair value of contingent consideration	545,439	147,222
Project/Fixed Asset Impairment (700,397) -		
Gain/(loss) on Foreign Exchange (181,618)	14,571	
Other Operating Income	125,229	438,470
Loss from Operations	(2,388,557)	(1,724,595)

Cash expenditure on exploration activities has decreased from £4,257,608 in the year ended 31 December 2011 to £2,848,040 in the year ended 31 December 2011. The expenditure comprises spend on the Araguaia Project, acquired in August 2010. 2011 cash expenditure is principally driven by the cost of the 13,204 m drilling campaign which ran from October 2010 to September 2011. Direct exploration expenditure in both 2011 and 2012 also includes expenditure at Araguaia on metallurgical studies and the Environmental Impact Assessment. 2012 expenditure also included the initial phases of a circa 7,000 metre drill programme, the costs for which started to flow through from November 2012. 2011 expenditure thus included greater drilling metrage than in 2012.

Cash and non cash expenditure on Intangible Assets in the year ended 31 December 2012 of £4,196,704 included £1,275,000 of non-cash consideration paid to Lara Exploration Limited in February 2012 in connection with the acquisition of the Vila Oito and Floresta nickel laterite projects

General and Administration costs have fallen in the 12 months ended 31 December 2012 to £1,741,384 as compared to £1,820,428 for the same period in 2011. Corporate activity levels in 2012 were broadly similar to those in 2011.

Within General and Administration costs:

- Compensation has decreased from £448,884 in the 12 months to 31 December 2011 to £420,360 in the 12 months ended 31 December 2011 due to changes in the management structure. £183,365 of management salaries were also capitalised to the Araguaia project in 2012, whereas this did not occur in 2011.
- The indemnity for loss of office of £96,519 which arose in the 12 months to 31 December 2011 was in relation to the departure of Mr Nicholas Winer from the Company.
- Travel costs have fallen from £124,781 in the 12 months to 31 December 2011 to £111,791 in the 12 months ended 31 December 2012 as costs associated in connection with the TSX listing in 2011 did not recur in 2012.
- Exploration costs expensed have remained at a similar level in 2012 as compared to 2011 as the activity levels in Brazil were similar over the two periods and comprise corporate costs including local management salaries incurred in Brazil in support of Araguaia and the joint venture with AngloGold.
- The level of professional fees has remained similar in each of 2011 and 2012 as corporate activity was at similar levels in each of the two years. Professional fees include legal fees and fees from technical and specialist advisors as well as corporate advisory, accounting, audit and secretarial charges.
- Investor relations costs expensed have risen from £165,096 in the 12 months to 31 December 2011 to £188,002 in the 12 months ended 31 December 2012 due to a greater degree of investor relations activity in

Canada, including participation at trade fairs following the listing of the shares of the company on the TSX in June 2011.

The charge for stock options has risen from £288,290 during the year ended 31 December 2011 to £321,400 as 2012 included the full years charge for those options issued in November 2011, together with an additional charge for further options issued in September 2012.

There have also been a number of one-off costs which have arisen in 2012 and 2011 as follows:

- The cost of listing of the Company in June 2011 is included in the 2011 TSX listing and compliance costs in 2011 of £216,140. The costs incurred in 2012 of £114,426 included the costs of compliance and advice in Canada in connection with the TSX listing.
- A non-cash gain arose in 2011 of £147,222 due to the change in the fair value of the contingent consideration as the cash flow model has been adjusted to take into account the timing of cash flows and improved knowledge of mineral grades at Araguaia. The non-cash credit of £545,439 in 2012 is due to exchange rate changes in the functional currency in which the liability is payable.
- The project impairment in 2012 arose due to the writing off of the Tangara project intangible asset following termination in the year of the joint venture with Troy Resources to the value of £639,505. Furthermore an option agreement expired in the year and the related £60,892 payment was written off. These two amounts totalled £700,397.

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

Other operating income for the year ended 31 December 2011 of £438,470 included £115,094 of project management fees and fees of £312,500 in connection with an option payment received from the Anglo Pacific in January 2011 whereby an option was granted to acquire a Net Smelter Royalty on future nickel revenues arising from the Araguaia Project. Other operating income for the year ended 31 December 2012 of £125,229 principally comprised project management fees.

Analysis of Intangible Assets

Group Year ended

31 December

2012

£ Year ended

31 December

2011

£

Brazil - Araguaia/Lontra /Vila Oito and Floresta 18,819,797 16,934,456

Brazil - Other 431,153 1,217,759

El Aguila (Peru) 824,024 815,864

20,074,974 18,968,079

Impairment reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area. The Group's exploration and evaluation projects are at various stages of exploration and development and are therefore subject to a variety of valuation techniques. Intangible assets to the value of £639,505 were impaired during the year due to the writing down of the Tangara intangible asset following the termination of the joint venture with Troy Resources.

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

Other Information

Outstanding Share Data

31 December

2012

Number 31 December

2012

£ 31 December

2011

Number 31 December

2011

£

Issued and fully paid

Ordinary shares of 1p each

At 1 January 279,559,980 2,795,600 246,560,480 2,465,605

Issue of ordinary shares 80,486,190 804,862 32,999,500 329,995

At 31 December 360,046,170 3,600,462 279,559,980 2,795,600

On 7 February 2012, 8,500,000 shares were issued to Lara Exploration Ltd in consideration for the Acquisition of the Vila Oito and Floresta licences, both located in the vicinity of Araguaia.

In addition, on 13 June 2012, 71,986,190 ordinary shares of 1p each were issued fully paid for cash consideration at 7.25 pence per share to raise £5.2 million before expenses. The total number of issued ordinary shares as at the date of this report is 360,046,170.

Stock Options in the Company

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

Number

of options

2012 Weighted

average

exercise

price

2012

£ Number of

options

2011 Weighted

average

exercise

price

2011

£

Outstanding at 1 January 27,380,000 0.147 14,150,000 0.136

Forfeited (4,150,000) 0.154 (1,150,000) 0.095

Granted 3,500,000 0.154 14,380,000 0.155

Outstanding at 31 December 26,730,000 0.147 27,380,000 0.147

Exercisable at 31 December 11,900,000 0.138 2,900,000 0.095

The options outstanding at 31 December 2012 had a weighted average remaining contractual life of 8.38 years (2011: 9.21 years).

In September 2012 3,500,000 options were issued at an exercise price of 15.4 pence, representing a 63% premium to the share price on the day that the options were issued.

The 4,150,000 Options forfeited in 2012 were held by employees who left the Company. The fair value of the share options was determined using the Black Scholes valuation model.

The parameters used are detailed below.

Group and Company 2012 options 2011 options 2010 options 2009 options

Date of grant or reissue 24/09/2012 21/09/2011 17/11/2010 25/09/2009

Weighted average share price 9.43 pence 13.9 pence 14.0 pence 8.0 pence

Weighted average exercise price 15.4 pence 15.4 pence 15.5 pence 9.5 pence

Expiry date 24/09/2022 21/09/2021 17/11/2020 25/09/2019

Options granted 3,500,000 14,380,000 10,100,000 4,050,000

Volatility 14% 17% 17% 17%

Dividend yield Nil Nil Nil Nil

Option life 10 years 10 years 10 years 10 years

Annual risk free interest rate 2.50% 2.50% 2.50% 3.30%

Forfeiture discount - - - 15%

Marketability discount 5% 5% 5% -

Total fair value of options granted £41,233 £528,745 £343,271 £132,379

Liquidity, Capital Reserves and Financing Activities

The Company is not in commercial production on any of its resource properties and accordingly it does not

generate cash from operations and finances its activities by raising capital through equity issues.

As at 31 December 2012 the Company had £5,887,174 in cash at bank and on deposit. As at 31 December 2011 cash at bank and on deposit amounted to £5,856,949. A capital raise of £5.2 million before expenses was completed on 13 June 2012. The Falcao Joint Venture is funded by AngloGold in advance on a quarterly basis.

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

2012

£ 2011

£

A 3,240,254 3,889,970

BBB 2,646,920 1,966,622

5,887,174 5,856,592

All of the Company's cash and cash equivalents as at 31 December 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.

Of the total cash and cash equivalents of £5,887,174 as at 31 December 2012, £4,710,976 was held in Sterling, the equivalent of £1,096,076 in United States Dollars and the equivalent of £80,122 in Brazilian Reais.

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

Contractual Obligations

Payments Due by Period

£ Total Less than 1 year 1-3 years

Operating leases 24,669 24,669 nil

Other contracts 847,006 847,006 nil

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

Capital Commitments and Resources

As previously described, capital and operating lease commitments of the Company total £871,675 as at 31 December 2012.

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

Cash expenditure by the Company in 2013 is expected to include the following
£000's

Brazil and London Corporate costs including management salaries and investor relations 1,851

Expenditure at Araguaia including field team and technical management, environmental, economic and metallurgical studies 2,897

Other expenditure:

Maintenance of licences 111

Contingency 86

Total initial committed expenditure 2013 4,945

The cash and cash equivalents held by the Company as at 31 December 2012 of £5,887,174 are thus sufficient to fund the above expenditure.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

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

The charges levied during the 12 months ended 31 December 2012 and the comparative period in 2011 are as follows and cancel out upon consolidation:

Brazil Other Total

12 m/e

31 Dec

2012

£ 12 m/e

31 Dec

2011

£ 12 m/e

31 Dec

2012

£ 12 m/e

31 Dec

2011

£ 12 m/e

31 Dec

2012

£ 12 m/e

31 Dec

2011

£ 12 m/e

31 Dec

2011

£

Intragroup charges 377,533 212,067 65,486 64,754 443,019 277,091

Amounts totalling £4,031,256 (2011: £6,025,165) were lent to HM Brazil (IOM)Ltd, HM do Brasil Ltda, Araguaia Niquel Mineração Ltda, Minera El Aguila SAC and Minera El Cotahuasi SAC to finance exploration work during 2012. Interest is charged at an annual rate of 4% on balances outstanding during the year.

Balances with subsidiaries at the year-end were:

Company 2012

Assets

£ 2012

Liabilities

£ 2011

Assets

£ 2011

Liabilities

£

HM do Brasil Ltda 160,460 - 357,173 -

PMA Geoquimica Ltda - 44,680 - 14,508

Minera El Aguila SAC 1,325,769 - 1,255,252 -

Minera El Cotahuasi SAC - - -

HM Brazil (IOM) Ltd 5,944,359 - 5,123,066 -

Horizonte Nickel (IOM) Ltd 21,150,454 - 19,189,919 -

Araguaia Niquel Mineração Ltda 2,049,946 - 388,820 -

Brazil Mineral Holdings Ltd 124,327 - - -

Horizonte Minerals (IOM) Ltd 253,004 - - -

Horizonte Exploration Ltd - 413,930 - 413,823

Total 31,008,319 458,610 26,314,230 428,331

All Group transactions were eliminated on consolidation.

Changes in Accounting Policies

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

Financial Instruments

The Company does not use Financial Instruments.

Critical Accounting Policies and Estimates

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of each reporting period.

Significant items subject to such estimates include:

Valuation of Intangible Assets

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

Intangible Assets are reviewed for impairment to determine if a write down of their carrying amount is required. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and consider an impairment charge necessary for the year ended 31 December 2012 of £639,505 in connection with the Tangara project, following the termination of the joint venture with Troy Resources (2011: £nil).

Estimated impairment of goodwill

Goodwill has a carrying value at 31 December 2012 of £342,765 (2011: £387,378). The Group tests annually whether goodwill has suffered any impairment, as per intangible assets.

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

Fair value of exploration assets acquired in business combinations

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

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

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

Contingent consideration

Contingent consideration has a carrying value of £2,359,112 as at 31 December 2012 (£2,715,365 at 31 December 2011). The contingent consideration arrangement requires the Company to pay the former owners of Teck Brasil 50% of the tax effect on utilisation of the tax losses existing in Teck Brasil at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.

The fair value of this potential consideration has been determined using a hypothetical discounted cash flow

analysis. Management has made assumptions regarding the future operating parameters of the Araguaia Project, combined with local and global operating parameters taken from other comparable nickel projects, in order to calculate the ability to utilise the acquired tax losses, together with the timing of their utilisation. The Company has used discounted cash flow analysis to determine when it is anticipated that the tax losses will be utilised and any potential contingent consideration paid. Cash flow projections exceeding a period of five years have been estimated in order to incorporate the anticipated time period to establishing a NI 43-101 compliant resource, completing a feasibility study and then exploiting the estimated resource. These cash flows could be affected by upward or downward movements in several factors to include commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates.

Current and deferred taxation

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

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

Forward Looking Statements

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

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

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of minerals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to

operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Risks and Uncertainties

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

Primary Risk Factors:

Exploration risks

Ability to Raise External Finance

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

Mineral Resource Estimates

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

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

Country risk

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

Brazil, the current focus of the Company's activity, offer stable political frameworks and actively support foreign investment. Brazil has a well-developed exploration and mining code with proactive support for foreign companies and in terms of economic growth is currently running at circa 3% which compares well to its global peer group.

Volatility of commodity prices

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

A significant reduction in the global demand for nickel, leading to a fall in nickel prices could lead to a significant fall in the cash flow of the Group in future periods and/or delay in exploration and production,

which may have a material adverse impact on the operating results and financial condition of the Group.

Secondary Risk Factors

- Risks that the results of scoping studies, 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, interest rates and market sentiment.
- Risks related to environmental regulation and liability
- Risks related to community relations
- Risks related to the loss of the services of key executives, including the Directors of the Company and a small number of highly skilled and experienced executives and personnel.

Disclosure Controls

Disclosure controls and processes have been designed to ensure that information required to be disclosed by the Company is compiled and reported to Company management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of 31 December 2012, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the Company is made known to them by employees and third party consultants working for the Company. There have been no significant changes in the Company's disclosure controls and processes since the year ended 31 December 2012. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that its disclosure controls and processes will provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and processes will prevent all errors and frauds. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that its objectives are met.

ICFR

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

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

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

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of

the Company's ICFR as of 31 December 2012, pursuant to the requirements of National Instrument 52-109F1. The Company has designed appropriate ICFR for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS except as noted herein.

Management has determined that the internal controls of the Company are designed and operating effectively for the twelve month period ended 31 December 2012. There have been no changes in ICFR during the twelve month period ended 31 December 2012, that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Additional Information

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

About Horizonte Minerals:

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

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

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 defined a resource with size and grades comparable to other world-class projects in northern Brazil and the Company has completed a Preliminary Economic Assessment on the project which illustrates robust economics based on low strip ratio, good infrastructure, and large mineral resource with two viable alternatives for processing.

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

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

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

legal and regulatory framework within which the Company operates.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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