

# Horizonte Minerals Plc: Interim Results ended 30 June 2018

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LONDON, July 31, 2018 - [Horizonte Minerals Plc](#), (AIM: HZM, TSX: HZM) (&lsquo;Horizonte&rsquo; or &lsquo;the Company&rsquo;) the nickel development company focused in Brazil, announces its unaudited financial results for the six months ended 30 June 2018 and the Management Discussion and Analysis for the same period.

Both of the above have been posted on the Company's website at [www.horizonteminerals.com](http://www.horizonteminerals.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Chairman&rsquo;s Statement

The first half of 2018 has been an exciting period for the Company, with the feasibility study on our flagship Araguaia ferronickel project now nearing completion. In parallel, we have made strong progress on several infrastructure related workstreams at the project, including energy and water.

At the start of the year, we announced completion of the trial excavation programme at Araguaia, marking another key development milestone for the project. The programme involved the removal of approximately 20,000 tonnes of ore, generating real in-situ data allowing us to confirm the mining technique, slope stability, grade profiles, dewatering requirement with additional work on ore handling which has allowed the primary crushing design to be finalised.

Based on the positive results from the trial excavation programme, the 43-101 Mineral Reserve Estimate is being updated with the objective of converting a portion of the current reserve from the Probable Category to Proven.

In April we were granted the definitive water permit for industrial water consumption by the Brazilian Pará State Environmental Agency ('SEMAS'). The water permit, granted to Horizonte's wholly owned subsidiary, Araguaia Níquel Metais Ltda., is yet another key permit and brings the Company closer to its objective of being 'construction-ready', by the end of 2018.

More recently we completed the detailed aero survey covering the route of the power line into the project, providing high resolution digital topography and mapping of the power line route and detailed positioning for the transmission line pylons.

This information will be used by SM&A Servicos Eletricos to undertake design engineering for the 230kV transmission line, as well as for supporting structures including transformer capacity and any engineered structures associated with the supply.

We have also awarded contracts to cover the engineering design and environmental permitting for the powerline and substation infrastructure for the Araguaia project.

I am pleased to report that as we continue to achieve these significant milestones, nickel has continued its strong performance this year rising to US\$14,823 per tonne by the end of June, up 18% since the start of the year<sup>1</sup>. Global demand for nickel has been reported to be increasing by 7.3% this year, while supply rises 6.8 % to 2.210 million tonnes<sup>2</sup>. Analysts in the sector have also stated this year that they expect the global nickel market deficit to widen to 88,000 tonnes, from 72,000 tonnes in 2017.

What is also key for the Company is that long term analyst forecasts are pricing nickel above the current levels. These forecasts are being driven by both traditional uses for nickel in stainless steel, as well as the

new drivers; super-alloys and the battery sectors. This bodes well for Horizonte as we look to benefit from the growth in both end markets, through the development of the advanced stage Araguaia ferronickel project and the Vermelho nickel-cobalt project, which we acquired in December.

Since acquiring Vermelho we have been able to announce an initial NI 43-101 Mineral Resource Estimate for the project, located approximately 80 kilometres north west of Araguaia North.

The Vermelho Nickel-Cobalt Mineral Resources, in the Measured and Indicated category, are 167.8 million tonnes grading 1.01% nickel and 0.06% cobalt (at 0.9% nickel equivalent cut off for 1.678Mt contained nickel and 1.0Mt contained cobalt).

Having cobalt exposure also adds an additional commodity stream in light of the growing interest in both cobalt and nickel for use in the Electric Vehicle (EV) battery market.

The next phase of work at Vermelho will focus on advancing the work that Vale completed as part of their Feasibility Study, taking the mixed hydroxide product (MHP) and upgrading to nickel and cobalt sulphate suitable for use in the evolving EV battery market.

To conclude, this positive progress on our projects has set a strong base for an important second half year for Horizonte, where we will outline our plans to bring into production one of the next major nickel mines at a time when there are a number of factors driving global demand for nickel and cobalt.

David Hall  
Chairman  
31 July 2018

<sup>1</sup> Source: Bloomberg

<sup>2</sup> Source: Japan's Sumitomo Metal,  
<https://www.reuters.com/article/sumitomo-mtl-min-nickel/japans-sumitomo-metal-says-global-nickel-deficit-to-widen-this>

## Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2018

### Condensed consolidated statement of comprehensive income

	6 months ended 30 June 2018	2017
	Unaudited	Unaudited
Notes	£	£
Continuing operations		
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(785,348)	(6,348)
Charge for share options granted	(294,706)	(7,348)
Change in value of contingent consideration	(194,474)	(15,348)
Gain/(Loss) on foreign exchange	92,798	(2,348)
Loss from operations	(1,181,730)	(8,348)
Finance income	21,875	7,348
Finance costs	(140,322)	(1,348)
Loss before taxation	(1,300,177)	(9,348)

Taxation	-	-
Loss for the year from continuing operations	(1,300,177 )	(9
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Change in value of available for sale financial assets		
Currency translation differences on translating foreign operations	(4,055,213 )	(2
	(4,055,213 )	(2
Other comprehensive income for the period, net of tax		
Total comprehensive income for the period attributable to equity holders of the Company	(5,355,390 )	(3
Earnings per share from continuing operations attributable to the equity holders of the Company		
Basic and diluted (pence per share)	9	(0.091 ) (0

#### Condensed consolidated statement of financial position

##### Assets

##### Non-current assets

##### Intangible assets

##### Property, plant & equipment

##### Current assets

##### Trade and other receivables

##### Cash and cash equivalents

##### Total assets

##### Equity and liabilities

##### Equity attributable to owners of the parent

##### Issued capital

##### Share premium

##### Other reserves

##### Accumulated losses

##### Total equity

##### Liabilities

##### Non-current liabilities

##### Contingent consideration

##### Deferred tax liabilities

##### Current liabilities

##### Trade and other payables

##### Total liabilities

##### Total equity and liabilities

#### Condensed statement of changes in shareholders' equity

As at 1 January 2017  
 Comprehensive income  
 Loss for the period  
 Other comprehensive  
 income  
 Currency translation  
 differences  
 Total comprehensive  
 income  
 Transactions with  
 owners  
 Share based payments  
 Share issues costs  
 Total transactions with  
 owners  
 As at 30 June 2017  
 (unaudited)

As at 1 January 2018  
 Comprehensive income  
 Loss for the period  
 Other comprehensive  
 income  
 Currency translation  
 differences  
 Total comprehensive  
 income  
 Transactions with  
 owners  
 Share based payments  
 Issue of Shares  
 Share issue costs  
 Total transactions with  
 owners  
 As at 30 June 2018  
 (unaudited)

#### Condensed Consolidated Statement of Cash Flows

6 months ended 30 June		3 months ended 30 June	
2018	2017	2018	2017
Unaudited	Unaudited	Unaudited	Unaudited
£	£	£	£

Cash flows from operating activities				
Loss before taxation	(1,300,177 )	(935,312 )	(884,217 )	(477,572 )
Interest income	(21,875 )	(7,448 )	(16,249 )	(6,825 )
Finance costs	140,322	116,944	68,703	58,758
Exchange differences	(92,798 )	245,553	(137,972 )	141,613
Employee share options charge	294,706	78,810	181,031	28,424
Change in fair value of contingent consideration	194,474	(153,095 )	294,549	(120,885 )
Depreciation	-	234	-	75
Operating loss before changes in working capital	(785,348 )	(654,314 )	(494,155 )	(376,412 )
Decrease/(increase) in trade and other receivables	(42,799 )	(793 )	8,706	12,800
(Decrease)/increase in trade and other payables	(297,071 )	(252,149 )	(19,078 )	24,812
Net cash outflow from operating activities	(1,125,218 )	(907,256 )	(504,527 )	(338,800 )
Cash flows from investing activities				
Purchase of intangible assets	(1,285,340 )	(2,497,924 )	(661,440 )	(1,664,272 )
Proceeds from sale of property, plant and equipment	-	-	-	-
Interest received	21,875	7,448	16,249	6,825
Net cash used in investing activities	(1,263,465 )	(2,490,476 )	(645,191 )	(1,657,447 )
Cash flows from financing activities				
Issue of shares	2,057,599	-	-	-
Share issue costs	(209,965 )	(19,432 )	-	-
Net cash used in financing activities	1,847,634	(19,432 )	-	-
Net decrease in cash and cash equivalents	(541,049 )	(3,417,164 )	(1,149,719 )	(1,996,247 )
Cash and cash equivalents at beginning of period	9,403,825	9,317,781	9,971,253	7,792,924
Exchange gain/(loss) on cash and cash equivalents	106,896	(245,553 )	148,138	(141,613 )
Cash and cash equivalents at end of the period	8,969,672	5,655,064	8,969,672	5,655,064

## Notes to the Financial Statements

### 1. General information

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

The Company&rsquo;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 Rex House, 4-12 Regent Street, London SW1Y 4RG.

### 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 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated 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

2017 were approved by the Board of Directors on 26 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed consolidated 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 consolidated interim financial statements for the period ended 30 June 2018.

#### *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 2017 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 consolidated 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 consolidated interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2017.

### 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.

2018

Revenue

Administrative expenses

Profit on foreign exchange  
(Loss) from operations per reportable  
segment  
Inter segment revenues  
Depreciation charges  
Additions and foreign exchange  
movements to non-current assets  
Reportable segment assets  
Reportable segment liabilities

2017

Revenue  
Administrative expenses  
(Loss) on foreign exchange  
(Loss) from operations per reportable  
segment  
Inter segment revenues  
Depreciation charges  
Additions and foreign exchange  
movements to non-current assets  
Reportable segment assets  
Reportable segment liabilities

2018

Revenue  
Administrative expenses  
Profit on foreign exchange  
(Loss) from operations per  
reportable segment  
Inter segment revenues  
Depreciation charges  
Additions and foreign exchange movements  
to non-current assets

2017

Revenue  
 Administrative expenses  
 (Loss) on foreign exchange  
 (Loss) from operations per reportable segment  
 Inter segment revenues  
 Depreciation charges  
 Additions and foreign exchange movements to non-current assets

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

	6 months ended 30 June 2018 £	
Loss from operations per reportable segment	(692,550	)
&ndash; Change in fair value of contingent consideration	(194,474	)
&ndash; Charge for share options granted	(294,706	)
&ndash; Finance income	21,875	
&ndash; Finance costs	(140,322	)
Loss for the period from continuing operations	(1,300,177	)

## 5. Change in Fair Value of Contingent Consideration

*Contingent Consideration payable to Xstrata Brasil Mineração Ltda.*

The contingent consideration payable to Xstrata Brasil Mineração Ltda has a carrying value of £3,844,193 at 30 June 2018 (30 June 2017: £3,246,242). 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 30 June 2018, there was a finance expense of £97,826 (2017: £112,464) 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 £112,928 for the six months ended 30 June 2018 (30 June 2017: £174,259) 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.



## Group

### Cost

At 1 January 2018

Additions

Exchange rate movements

Net book amount at 30 June 2018

## 7. Share Capital and Share Premium

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2018	1,371,934,300	13,719,343	40,422,258	54,141,601
At 30 June 2018	1,432,521,800	14,325,218	41,664,018	55,989,236

## 8. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2018 (2017: nil).

## 9. Earnings per share

The calculation of the basic loss per share of 0.091 pence for the 6 months ended 30 June 2018 (30 June 2017 loss per share: 0.080 pence) is based on the loss attributable to the equity holders of the Company of £ (1,300,177) for the six month period ended 30 June 2018 (30 June 2017: £(935,312)) divided by the weighted average number of shares in issue during the period of 1,429,509,162 (weighted average number of shares for the 6 months ended 30 June 2017: 1,171,934,300).

The calculation of the basic loss per share of 0.062 pence for the 3 months ended 30 June 2018 (30 June 2017 loss per share: 0.041 pence) is based on the loss attributable to the equity holders of the Company of £ (884,217) for the three month period ended 30 June 2018 (3 months ended 30 June 2017: £(477,572)) divided by the weighted average number of shares in issue during the period of 1,432,521,800 (weighted average number of shares for the 3 months ended 30 June 2017: 1,171,934,300).

The basic and diluted loss per share is the same, as the effect of the exercise of share options would be to decrease the loss per share.

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 2017 and in note 10 below.

## 10. Issue of Share Options

On 30 May 2018, the Company awarded 38,150,000 share options to Directors and senior management. All of these share options have an exercise price of 4.80 pence. One third of the options are exercisable from 30 November 2018, one third from 31 May 2019 and one third from 30 November 2019.

On 30 May 2018, the Company awarded 1,500,000 share options to a consultant to the Company under the terms of the prior year's scheme. These options are exercisable immediately.

On 31 March 2017, the Company awarded 41,000,000 share options to Directors and senior management. All of the share options have an exercise price of 3.20 pence. One third of the options are exercisable from 30 September 2017, one third from 31 March 2018 and one third from 30 September 2018.

#### 11. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

#### 12. 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 2017.

#### 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.

#### Approval of interim financial statements

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 27 July 2018.

For further information visit [www.horizonteminerals.com](http://www.horizonteminerals.com) or contact:

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About Horizonte Minerals:

[Horizonte Minerals Plc](#) is an AIM and TSX-listed nickel development focused in Brazil. The Company is developing the Araguaia Project as the next major ferronickel mine in Brazil. With the Vermelho nickel-cobalt project being advanced with the aim of being able to supply nickel and cobalt to the EV battery market. Both projects are 100% owned.

Horizonte shareholders include; [Teck Resources Ltd.](#), Canaccord Genuity Group, JP Morgan, Lombard Odier Asset Management (Europe) Limited, City Financial, Richard Griffiths and Glencore.

#### 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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