

Horizonte Minerals PLC - Araguaia Nickel Project Construction on Schedule

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

LONDON, October 4, 2022 - [Horizonte Minerals Plc](#) (AIM:HZM)(TSX:HZM) a nickel company developing two Tier 1 assets in Brazil, is pleased to provide a progress update for its flagship 100% owned Araguaia Nickel Project ("Araguaia" or the "Project").

Summary of Progress at Araguaia

- Construction is progressing to schedule with overall project progress of approximately 16% as at 30 September 2022 and Engineering approximately 71%
- US\$375m of capital commitments on budget as of the end of August 2022
- No lost time injuries recorded to date, with over 375,000 hours worked.
- Project remains on schedule to deliver first nickel in Q1 2024
- Inflationary pressure combined with engineering improvements to de-risk the operation have resulted in a 12.6% cost increase with total project capex now forecast at US\$537million

Horizonte's CEO, Jeremy Martin said, "We are pleased with the progress that has already been made at Araguaia, with the Project remaining on schedule to produce first nickel in Q1 2024. There has been substantial progress in the four months since we mobilised to site and broke ground in May with the foundations of the furnace and rotary kiln well advanced and earthworks close to complete.

The project team is focussed on ensuring that the site is prepared ahead of the upcoming wet season. Site drainage is well advanced, access roads and bridges are being upgraded to the standard required for year-round operation and the mains power to site is close to being energised. This work is all designed to ensure we are able to maintain a safe working environment, while sustaining the high productivity levels seen to date and going forward.

We have updated our forecast operating costs and are pleased to report that we believe Araguaia is and will remain in the lowest cost quartile versus a peer group who, over the last 24 months, have seen significant operational cost increases. By using the low-cost hydroelectric power available to Araguaia, we will ensure that our high grade FeNi product will be a new leading low carbon emissions product in the market.

I am also pleased to announce that we will be advancing the engineering work of the 2nd Line at Araguaia with the objective of producing an AACE class 3 capital cost estimate and advancing the design to basic engineering. As part of this work, we will look at the option of adding a nickel matte converter into the plant flowsheet providing the optionality to convert a portion of the FeNi output to nickel matte, a product that has the potential to be sold directly into the battery metal supply chain. The overall objective of this engineering work is to potentially fast-track Araguaia towards a ~29,000 tpa nickel producer.

Unfortunately we are not immune to global inflationary pressures and this along with engineering improvements designed to de-risk the operation have led to an increase in our forecast capital expenditures. However, through our rigorous focus on cost discipline we expect to be able to limit the increase to 12.6% which is broadly in line with the peak of the Brazilian inflation cycle earlier this year and we are now taking proactive steps to ensure that we have adequate access to capital through both equity and to enable first utilisation under the senior debt facilities, targeted for Q4 2022.

Nickel, a critical metal in the clean energy transition, is showing significant future demand growth and we

hope to remain well positioned to deliver our product into a robust market. We look forward to announcing further updates on our development milestones as we advance Araguaia towards production and Vermelho through Feasibility, ultimately transitioning Horizonte into a large-scale Tier 1 nickel producer."

Detailed Information

Following the ground breaking at Araguaia in May 2022, good progress has been achieved, with overall project progress of approximately 16% as at 30 September 2022, and site construction activities moving forward in accordance with the planned construction schedule.

Early works including the municipal and state road improvements are nearing completion ahead of the wet season, ensuring safe and secure access to the site from the nearby township of approximately 46,000 people of Conceição do Araguaia. The 13.8 kV local power line to support site construction is being installed and planned to be energised in October. Companhia Paranaense de Construção S.A. ("Copa") were awarded the Earthworks and Civil engineering contract, currently approximately 41% and 4% advanced respectively, with work focused on the furnace and rotary kiln foundations. The bulk earthworks scope covering all key plant platforms is completed to the stage where concrete foundations are being installed, with initial focus on the crusher retaining wall and foundation, and the furnace foundation. Further, 45 piles have been installed for the kiln foundations to date and work has begun on the water storage reservoir. Main power line construction awarded to Remo Engineering, with two work fronts established and tower construction underway. All major and long-lead-time process plant equipment contracts have been awarded. The furnace base plate components supplied by Hatch arrived on site on 3rd October, with onsite assembly and erection expected to commence within the next two weeks, and FLSmidth is also well advanced with manufacturing of the rotary kiln. Further, the Company has secured all key equipment supply and technical support services for the balance of the Araguaia process flow sheet from leading global suppliers. Combined, these contract awards act as a significant de-risking event for the Project.

Social programmes including SENAI vocational training continue, with 362 community members having already graduated or enrolled to provide a locally sourced workforce for the construction phase and the ongoing operation of Araguaia.

As part of working towards the Company's objective of producing 29,000 tpa nickel at Araguaia an engineering study is planned for Line 2 with the objective of providing an AACE Class 3 cost estimate and to advance the basic engineering.

The Horizonte project team have worked diligently to mitigate inflationary pressures on the Project budget to date which has included extensive efforts to optimise quantities through lean design and engineering, maximising competitive tension with Project suppliers and the successful deployment of a business improvement culture across the organisation, yielding material cost savings. Together, these efforts have allowed US\$375m of capital commitments to be placed on budget as of the end of August 2022.

However, notwithstanding the strong progress made to date and these cost mitigation initiatives, the Project continues to face cost pressures driven by global inflation, a robust construction and mining environment in Brazil and rising interest rates, amongst others.

With a number of key local service contracts nearing award the Company now forecasts that the total project capital expenditure is expected to be US\$537 million, versus the US\$477 million originally budgeted in November 2021. Whilst the majority of this increase is driven by inflationary pressures the Company has also opted to invest in additional EPCM and owners team resources to further de-risk the Project schedule and seek to ensure delivery of first nickel in Q1 2024, in line with the original plan.

Further Information

Using a nickel price of US\$23,000/t, the Araguaia Technical Report (as defined below) estimated a post-tax NPV8 of US\$1.5B and post-tax IRR of 43%. Using the same nickel price, the Vermelho Technical Report (as defined below) estimated a post-tax NPV8 of US\$3.4B and post-tax IRR of 39%. The feasibility study economics for Araguaia and the pre-feasibility study economics for Vermelho are both based on a nickel price of US\$23,000/t and presented for information purposes only to reflect the latest pricing information and

are otherwise based on all the same parameters as those underlying the economic analysis presented in the Araguaia Technical Report and the Vermelho Technical Report, respectively, which remain current. The Araguaia Technical Report parameters do not include the forecast increase in the capital expenditure amount to US\$537 million.

Qualified Person(s)

David Hall acting a consultant to the Company is a qualified person as defined in National Instrument 43-101, and has reviewed, approved and verified the technical and scientific disclosure contained in this press release.

For additional information, including with respect to the economic parameters discussed herein on the Araguaia and the Vermelho projects, and the key assumptions and risks associated thereto, please refer to the Company's technical reports entitled Feasibility Study for the Araguaia Nickel Project Federative Republic of Brazil NI 43-101 Technical Report, dated November 2018 (the "Araguaia Technical Report") and Pre-Feasibility Study for the Vermelho Nickel-Cobalt Project Federative Republic of Brazil NI 43-101 Technical Report, dated October 2019 (the "Vermelho Technical Report") available at www.sedar.com. The Araguaia Technical Report remains current and the economic parameters therein do not include the forecast increase in capital expenditure at the Project.

Latest images from the Araguaia site

Aerial view of the primary crusher pad and entrance ramp

Preparation of the primary crusher retaining wall

Deep pile foundation activity within the main furnace area

Operating concrete plant with concrete slabs for the reinforced crusher wall

Arrival of Hatch furnace components in Brazil and first deliveries to site

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About Horizonte Minerals:

[Horizonte Minerals Plc](#) (AIM & TSX: HZM) is developing two 100%-owned projects in Pará state, Brazil; the Araguaia Nickel Project and the Vermelho Nickel-Cobalt Project. Both projects are large scale, high-grade, low-cost, low-carbon and scalable. Araguaia is in construction. The project is expected to produce 29,000 tonnes of nickel per year to supply the stainless steel market. Vermelho is at feasibility study stage and is expected to produce 25,000 tonnes of nickel and 1,250 tonnes of cobalt to supply the EV battery market. Horizonte's combined near-term production profile of over 50,000 tonnes of nickel per year would position the Company as a globally significant nickel producer. Horizonte is developing a new nickel district in Brazil that will benefit from established infrastructure, including hydroelectric power available in the Carajás Mining District.

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, the ability of the Company to complete the acquisition of equipment and commence onsite erection as described herein; forecasts of total capital expenditure for the Project; 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 ability of the Company to achieve its goals in respect of growing its mineral resources; the realization of mineral resource and reserve estimates and achieving production in accordance with the Company's potential production profile or at all. 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: the inability of the Company to complete the acquisition of equipment contemplated herein, on time or at all; 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, together with the risks identified and disclosed in the Company's disclosure record available on the Company's profile on SEDAR at www.sedar.com, including without limitation, the annual information form of the Company for the year ended December 31, 2020, the Araguaia Report and the Vermelho Report. 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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