

NEWS RELEASE
19th Dec 2017

ACQUISITION OF VERMELHO NICKEL-COBALT PROJECT FROM VALE AND CONDITIONAL PLACING TO RAISE UP TO £8.5m

19th Dec 2017 – Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) (“Horizonte” or the “Company”) the nickel development company focused in Brazil, is pleased to announce that it has reached an agreement with Vale S.A (“Vale”) to acquire (the “Acquisition”) 100% of the advanced Vermelho nickel-cobalt project in Brazil (“Vermelho”). In addition the Company is pleased to announce a conditional placing (the “Placing”) of ordinary shares in the Company (the “Placing Shares”) in the U.K. and Canada to raise up to £8.5 million (before expenses) at 3.5p per Placing Share.

Highlights

- Vermelho was approved by Vale in 2005 with nameplate annual production capacity of 46,000 tonnes of nickel and 2,500 tonnes of cobalt;
- The combination of Horizonte’s 100% owned Araguaia and Vermelho nickel projects creates one of the leading nickel development companies globally;
- The Vermelho project has a high grade scalable mineral resource with over 1 million tonnes of contained nickel and 43,000 tonnes of contained cobalt*;
- Feasibility study completed by Vale (the “Vermelho Feasibility Study”): all data was acquired as part of the transaction and can be used in future studies;
- Total acquisition cost of US\$8.0 million. Initial cash payment of \$150,000 upon signing, and US\$1,850,000 due on the second anniversary with the balance payable on sale of first commercial product; and,
- Conditional placing to raise £7 million in the U.K. and up to £1.5m in Canada to fund the Vermelho acquisition, Preliminary Economic Assessment (PEA) for Vermelho, commence early works engineering and advance permitting at Araguaia with the objective of being construction ready late H2 2018.

Horizonte CEO Jeremy Martin said, “I am delighted to announce the acquisition of Vermelho which transforms Horizonte into a multi-asset company bringing together two large, advanced

nickel assets located in an established mining region in the Para State northern, Brazil. The Vermelho project also contains a large cobalt resource which Vale planned to process alongside the nickel, which gives Horizonte exposure to an additional commodity stream, in light of the growing interest in both cobalt and nickel for use in the Electric Vehicle battery market.”

“This transaction is one of those rare opportunities that benefits from having had a full Feasibility Study completed by one of the world’s leading mining groups. The acquisition is the latest, and largest, transaction following Horizonte’s successful strategy of discovering, consolidating and acquiring nickel resources at low points in the commodities cycle and adding value to position ourselves as the leading nickel development company. We have been able to negotiate the acquisition of the project for US\$8m, with US\$2m up front in cash and the balance paid on first commercial sale of product, and we consider this transaction offers compelling value for shareholders.”

This acquisition comes at an exciting time for Horizonte. The Araguaia nickel project moves towards completion of the Feasibility Study due in Q1 2018, with the construction permits due mid-2018. These corporate developments sit against a backdrop of improving nickel market fundamentals, driven by the robust market for stainless steel combined with the fast growing Electric Vehicle market focused on nickel and cobalt.”

The Vermelho nickel project

The Vermelho nickel project is located approximately 85km from the northern part of Horizonte’s Araguaia project located south of the Carajás mining district the state of Pará, Brazil. The Carajas district is an established mining region with well-developed infrastructure in place, including rail, roads and hydro-electric power.

The Vermelho project was developed by Vale with the objective of becoming its principal nickel-cobalt operation. Extensive work was undertaken on the project, which included drilling programmes totalling 152,000 metres, full scale pilot test work and detailed engineering studies. The project was subsequently taken through a feasibility programme with Vale announcing a positive development decision in 2005. The project was designed around the construction of a high pressure acid leaching plant (HPAL) to process the nickel/cobalt laterite ore. The Feasibility Study included a five-year metallurgical test work and pilot plant programme which delivered 96% average leaching extraction rates of nickel and cobalt, in addition LME grade nickel – cathode was produced. The Feasibility Study showed production capacity of 46,000 tons/annum (“tpa”) of metallic nickel, and 2,500 tpa of metallic cobalt, with an expected commercial life of 40 years. Vermelho was subsequently placed on hold after delivery of the FS upon an internal review.

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A historical Mineral Resource estimate for Vermelho prepared by the Snowden Group at a 0.90% nickel cut-off in May 2005 is presented in Table 1 below.

Table 1 Historical Mineral Resource Estimate for Vermelho*

Resource Category	Tonnage (kt)	Contained Ni metal (Kt)	Contained Co metal (kt)	Ni (%)	Co (%)	Fe (%)	MgO (%)	SiO2 (%)
Measured	83,355	1,033	41.7	1.24	0.05	20.02	13.41	40.01
Indicated	2,721	31	1.6	1.15	0.06	18.49	8.96	47.63
Measured + Indicated	86,076	1,065	43.3	1.24	0.05	19.97	13.27	40.25
Inferred	1,959	23	0.8	1.17	0.04	16.29	16.78	40.04

**Vermelho mineral resource data is historic in nature and based on the report titled Niquel do Vermelho Project – Supplemental Mining and Resource Work report prepared for Vale with respect to Vermelho in May 2005 by the Snowden Group. A “qualified person” (as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects) has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves and the Company is not treating the historical estimates as a current mineral resource or mineral reserve. A review by the Company has indicated that the data preparation has been undertaken according to industry best practices and that the historical estimate has provided an approximate basis for analysis conducted to date.*

Transaction Details

The terms of the Acquisition require Horizonte to pay an initial cash payment of US\$150,000 with a further US\$1,850,000 in cash payable on the second anniversary of the signing of the asset purchase agreement. A final payment of US\$6,000,000 in cash is payable by Horizonte within 30 days of first commercial sale of product from Vermelho.

In addition to the purchase price, the Company has granted a 1% Net Smelter Royalty (“NSR”) to Vale on any nickel produced during the first 10 years of commercial production up to a maximum of 15,000 t/a, which then reduces to a 0.5% NSR thereafter.

As part of the acquisition of the Vermelho project, the Company will acquire Vale’s rights under a mining licence application in respect of the project comprising an area covering 2,000 hectares. Further development of the Vermelho project will be subject, amongst other things, to the Company being granted the required mining licence and other customary licences and permits.

Details of the Placing

The Company has today announced that it has conditionally agreed to raise £7 million, before expenses, through a conditional placing by Numis Securities Ltd. (“Numis”) in the U.K. of 200,000,000 Placing Shares at the Placing Price (the “**UK Placing**”). In addition, the Company will seek to place up to 42,857,143 Placing Shares at the Placing Price in Canada by way of a non-brokered private placement to raise gross proceeds of up to £1.5m, subject to Admission (as defined below), TSX Approval (as defined below), and receipt by Horizonte of payment and completed subscription agreements from Canadian subscribers (the “**Canadian Offering**”). The Placing Shares issued under the UK Placing will represent 14.6 per cent. of the Company’s issued ordinary share capital immediately upon completion of the UK Placing. A further announcement will be made in due course in relation to the outcome of the Canadian Offering. NRG Capital and Paradigm Capital are acting as financial adviser in connection with the Placing

The Placing Agreement

Pursuant to the terms of the placing agreement between the Company and Numis (the “Placing Agreement”), Numis, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for 200,000,000 Placing Shares. Numis has conditionally placed such Placing Shares at the Placing Price. The Placing is conditional *inter alia* upon the admission of such Placing Shares to trading on AIM (“Admission”) becoming effective and to the Company having received the conditional approval of the TSX to the admission of such Placing Shares to trading on TSX (“TSX Approval”), by no later than 8.00 a.m. on 22 December 2017 (or such time and date as the Company and Numis may agree, being not later than 8.00 a.m. on 29 December 2017). The Placing is not being underwritten.

The Placing Agreement contains customary warranties from the Company in favour of Numis in relation to, *inter alia*, the accuracy of the information in this announcement and other matters relating to the Horizonte group and its business. In addition, the Company has agreed to indemnify Numis in relation to certain liabilities it may incur in respect of the Placing. Numis has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to Numis in the Placing Agreement, the failure of the Company to comply with any of its obligations under the Placing Agreement and the occurrence of a force majeure event.

The completion of the UK Placing is not conditional upon the completion of the Canadian Offering and completion of the Canadian Offering will not be conditional upon the completion of the UK Placing.

Settlement and dealings

The Placing is being conducted under existing authorities to allot shares and as such there is no requirement for approval at a general meeting.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission of 200,000,000 of the Placing Shares placed under the UK Placing will become effective and dealings in such Placing Shares will commence at 8.00 a.m. on 22 December 2017. The issuance and admission to AIM of up to 42,857,143 Placing Shares that may be placed pursuant to the Canadian Offering would occur in early January 2018 and an appropriate announcement will be made in due course.

The Placing Shares will, when issued, rank *pari passu* in all respects with the ordinary shares of the Company that are issued and outstanding (the "Existing Shares") including the right to receive dividends and other distributions declared following Admission.

Appointment of Broker

Concurrent with the financing, the Company is pleased to announce the appointment of Numis as its broker with immediate effect.

Canadian Securities Law and TSX Matters

Any participation by directors or officers of the Company, any insider or subsidiary of the Company or a person or company that beneficially owns or controls, directly or indirectly, 10% or more of the Existing Shares (an "Insider") in the Placing will be considered a 'related party transaction' pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company intends to rely upon the exemptions in sections 5.5(a) and 5.7(a) of MI 61-101 from the requirements to obtain a formal valuation and minority shareholder approval in connection with any Insider's participation in the Placing, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Placing Shares, insofar as it will involve Insiders, will exceed 25% of the Company's market capitalization (calculated in accordance with MI 61-101).

The Company expects to rely upon section 602.1 of the TSX Company Manual in connection with the Placing, which exempts the Company from, among other things, obtaining shareholder approval under sections 604(a)(ii) and 607(g)(ii) of the TSX Company Manual, on the basis that the Placing is being completed in accordance with the standards of AIM and the volume of trading of the Ordinary Shares on all Canadian marketplaces in the 12 months immediately preceding the date of the application by the Company to the TSX for conditional approval of the Placing was less than 25%.

Total Voting Rights

Following completion of the UK Placing and Admission of the 200,000,000 Placing Shares issued pursuant to the UK Placing, the Company's issued share capital will comprise 1,371,934,300 ordinary shares of the Company, all carrying voting rights. This figure (1,371,934,300) may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to, their interest in the Company under the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

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This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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About Horizonte Minerals:

Horizonte Minerals plc is an AIM and TSX-listed nickel development company focused in Brazil, which wholly owns the advanced Araguaia nickel laterite project located to the south of the Carajás mineral district of northern Brazil. The Company is developing Araguaia as the next major nickel mine in Brazil, with targeted production by 2021.

The Project has good infrastructure in place including rail, road, water and power.

Horizonte has a strong shareholder structure including Teck Resources Limited 17.9%, Richard Griffiths 10.9%, Lombard Odier Asset Management (Europe) Limited 10.4%, Hargreave Hale 8.6%, JP Morgan 8.4%, and Glencore 6.4%.

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 as described herein, 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; the ability of the Company to complete the Placing as described herein, 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: the inability of the Company to complete the Acquisition as described herein, 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, the inability of the Company to complete the Placing on the terms as described herein, 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.