NEWS RELEASE
27 March 2018

FINAL RESULTS

Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company') the nickel development company focused in Brazil, announces its final results for the year ended 31 December 2017.

Highlights

- Agreement with Vale SA to acquire 100% of the advanced Vermelho nickel-cobalt project in Brazil
- Fundraise of £9.2 million completed in January 2018 (£7.0 million of which was raised in the United Kingdom and closed before year end) – cash of £9.4 million as at year end
- Contracts awarded for Araguaia Feasibility Study
- Announcement of the limonite mineral resource at Araguaia of 20.7 million tonnes grading 1.13% Nickel and 0.12% Cobalt (0.9% nickel cut off)
- Completed and filed the Mine Construction Licence for Araguaia to SEMAS, the Pará State authority responsible for environmental licensing, for the construction of the Project, including mine, associated infrastructure and pyro-metallurgical processing plant
- Improved nickel market fundamentals
- Feasibility study well advanced completion planned for mid-year 2018

Chairman's Statement

Dear Shareholders

I am pleased to report on a transformational year for Horizonte, as we continued to make excellent progress at our tier 1 Araguaia Nickel Project in Brazil whilst in addition acquiring a second major new asset with the acquisition of the nearby Vermelho nickel-cobalt project.

The agreement to purchase Vermelho from Vale SA, will allow the Company to fully take advantage of the electric vehicle (EV) market by potentially supplying key battery ingredients into the industry at a time when they are expected to be most in demand.

Nickel prices have continued to show recovery from the 13-year low of US$7,750/t in early 2016, , touching US$14,000/t in a recent rally before settling back to approximately US$13,000/t at the date of this statement.

Sentiment towards nickel demand continues to be positive, according to consultants Wood Mackenzie. This not only reflects expected demand from the batteries/EV sector but also from the current robust demand areas such as stainless steel, nickel alloys and chemicals, especially from China.

Horizonte, with the advanced Araguaia ferro-nickel project moving towards the development phase and Vermelho's potential to produce nickel sulphate and cobalt, is uniquely positioned to take advantage of the current demand forecast, in a space with little competition.

Araguaia

Throughout 2017, a number of key milestones were achieved at Araguaia, positioning the Company well for the upcoming completion of a Feasibility Study ("FS") for the project.

The aim has always been to consolidate within the Araguaia nickel belt and we have announced that we added to our land position with the awarding of three new concessions totalling 1,748 ha, located in prospective locations containing ultramafic intrusion of a similar type to those hosting the high grade nickel resource at Araguaia's Vale dos Sonhos deposit.

We also submitted the Mine Plan to Brazil's National Mining Agency as part of the process towards receipt of the principal permits necessary to commence mine construction. Alongside the Mine Plan was our submission of the Mine Construction Licence.

In September 2017, we announced a nickel-cobalt limonite resource at Araguaia with the potential to supply the Electric Vehicle ("EV") battery market. Limonite resources are treated to produce products, such as nickel and cobalt hydroxides; suitable for supplying the EV battery market. We are therefore mindful of the future potential value of this resource in relation to the current mine plan so that it will be mined and stockpiled separately, with a view to extracting maximum value from the resource in the future.

Community and social relationships remain a vital part of Horizonte's social licence as the communities close to the project are some of the Company's most important stakeholder groups. A number of social investment activities were initiated, including providing new libraries, education equipment and furniture for selected schools within the project area. Araguaia has the potential to create a number of jobs in a rural area where the average family income ranges between US$2 - US$4 per day. As a result, the Pará Government considers Araguaia to be a key economic driver for the southern part of the State and we look forward to working closely with the local and regional governments on developing the project. We are focussed on building and maintaining these strong partnerships as we progress Araguaia into Brazil's next major nickel producing mine.

Post the year end, we announced the completion of the trial excavation programme with all our technical objectives being met. This programme will allow us to confirm a number of key variables within the FS, to be published in 2018.

Vermelho

In December 2017, we announced a major deal for Horizonte with the acquisition of the nearby Vermelho nickel-cobalt project from Vale, which completed post year end. This acquisition has transformed Horizonte into a multi-asset company bringing together two large, advanced nickel assets located in the established mining region in the Para State in northern Brazil.

In becoming a multi-asset company, we have started to de-risk our business fundamentals. The acquisition of a project that benefits from extensive and costly previous development will allow us to fast track to resource definition and economic assessment.

The Vermelho nickel project is located in the Carajas mining district, within trucking distance from the northern part of Horizonte's Araguaia project. The Carajas district is an established mining region with well-developed infrastructure in place, including rail, roads and hydro-electric power. An exciting aspect of this acquisition is that the project also contains a large cobalt resource which Vale planned to process alongside the nickel. This gives us exposure to an additional commodity stream, for which there is growing interest for use in the EV battery market.

Alongside the acquisition, we successfully raised £9.2m, which means the Company is fully funded for the next two years, for the completion of the FS at Araguaia and a Preliminary Economic Assessment for Vermelho.

Conclusion

We believe that with our continued progress at Araguaia and becoming a multi-asset nickel and cobalt company we are currently well placed to benefit from the improving nickel market fundamentals, driven by the robust market for stainless steel combined with the fast growing EV market.

On behalf of the Board, we would like to again thank all our stakeholders for their continued hard work and support as we build an exciting future for our Company.

David J Hall

Chairman
26 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZONTE MINERALS PLC

Opinion
We have audited the financial statements of Horizonte Minerals plc (the 'parent company') for the year ended 31 December 2017 which comprise the consolidated statements of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 2.1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).
In our opinion the group financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Intangible Assets and Investments held by Parent Company

Key Audit Matter	As detailed in notes 10 and 25, the Group holds intangible assets of £34.4m and £51.2m of investments held by the parent company in subsidiaries. As detailed in note 2.5b, the Group's intangible assets represent the legal rights to explore for minerals together with the expenditure incurred in its exploration and evaluation of the mineral assets. The investments represent the funding provided by the Parent Company to its Brazilian subsidiaries to use over the course of the exploration stage and is the main source of funding for the costs capitalised under intangible assets. Each year management are required to assess whether there has been any indication that the intangible assets may be impaired. This is in accordance with the requirements of IFRS 6 - Exploration for and evaluation of mineral resources. Management have carried out a review for indicators of impairment and have not identified any such indicators. Management have also concluded that no impairment provision is required against the carrying value of investments in subsidiaries. Reviewing indicators of impairment and assessment of carrying values often require significant estimates and judgements and therefore we identified this as a key audit matter.
Audit Response	Our audit work included, but was not restricted to the following: We reviewed Management's assessment of the impairment indicators against IFRS 6. The indicators in IFRS 6 include but are not limited to: • The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed. • Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned. • Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

	• Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. We considered Management's assessment of the indicators of impairment (as stated above) and we confirmed that there is an ongoing plan to develop the licence areas. This assessment is supported by a pre-feasibility study published in October 2016 and a feasibility study which is currently in progress. We reviewed the correspondence, contracts and other documents regarding the licenses to confirm that the Group has the relevant contractual rights for exploration in the stated areas such as Araguaia. We agreed the validity of licences held by Horizonte Minerals Plc to the Brazilian Government's DNPM website. We considered whether there were any additional matters requiring consideration when assessing the carrying value of the parent company's investment in subsidiaries.

Valuation of Contingent Consideration

Key Audit Matter	In prior years, the Group acquired assets and licences relating to the Araguaia nickel project gave rise to contingent consideration. As at 31 December 2017, the contingent consideration was £3.9m and details of this consideration and the related critical judgements and estimates are disclosed in notes 17 and 4.3. The assessment of the contingent consideration payable requires management to make judgements and estimates in respect of a significant number of factors which influence the anticipated timing and value of cash flows arising from the Araguaia nickel project, which in turn impact on the assessment of the estimated consideration payable. Management are also required to reassess and adjust the contingent consideration payable for any changes in the accounting estimates as new information and events arises.
Audit Response	Our audit work included, but was not restricted to the following: We have reviewed the terms and conditions of the acquisition agreements relating to the contingent consideration amounts payable and ensured that the calculation of contingent considerations is in accordance with them. We have reviewed the contingent consideration calculations and key judgements and estimates made by management supporting these calculations. We have challenged the judgements and estimates, referring to supporting documentation and considered the sensitivity of the calculations to changes in the judgements and estimates. We have checked the accounting adjustments for any change in estimates, foreign exchange retranslation and the unwinding of the discount factor. We have considered the adequacy of the disclosures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our basis for the determination of materiality has remained unchanged from prior year. We consider total assets to be the most significant determinant of the group's financial performance used by shareholders. The benchmark percentage for calculating materiality has remained unchanged from the prior year at 1.5%. We consider this to be one of the principal considerations for members of the parent company in assessing the financial performance of this asset based group.

Whilst materiality for the financial statements as a whole was £570,000 (based on 30 September 2017 total asset figure of £38.1m) (2016:£470,000), each significant component of the group was audited to a lower level of materiality. These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

Performance materiality was set at 75% (2016: 75%) of the above materiality levels.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £28,500 (2016: £10,000). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Materiality levels are not significantly different from those applied in the previous year.

No revisions were made to materiality levels during the course of the audit.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

Whilst Horizonte Minerals plc is a Company registered in England & Wales and its head office is located in the UK the Group's principal operations are located in Brazil. In approaching the audit, we considered how the Group is organised and managed. We assessed the activities of the group as being principally a single project (the Araguaia Nickel project) and primarily comprising a number of Brazilian subsidiary entities each holding capitalised exploration and evaluation costs and exploration licences and permits.

The Group audit team performed audit work in respect of the assessed risks. One subsidiary was assessed as significant due to size and risk and three subsidiaries were classified as significant due to specific risks. The group audit engagement team also engaged BDO's network firm in Brazil to carry out certain specific audit procedures.

The remaining non-significant subsidiaries of the group were principally subject to analytical review procedures.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Stuart Barnsdall (Senior Statutory Auditor)
For and on behalf of BDO LLP,
London, UK

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	Notes	**Year ended 31 December 2017 £**	Year ended 31 December 2016 £
Administrative expenses		**(1,093,132)**	(1,009,623)
Charge for share options granted		**(678,652)**	(324,890)
Changes in fair value of contingent consideration	17	**621,545**	(260,632)
(Loss)/Gain on foreign exchange		**(299,834)**	65,241
Operating loss	6	**(1,450,073)**	(1,529,904)

Finance income	8	**15,854**	4,387
Finance costs	8	**(232,937)**	(220,817)
Loss before taxation		**(1,667,156)**	(1,746,334)
Income tax	9	—	—
Loss for the year from continuing operations attributable to owners of the parent		**(1,667,156)**	(1,746,334)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on translating foreign operations	16	**(3,479,050)**	9,315,180
Other comprehensive income for the year, net of tax		**(3,479,050)**	9,315,180
Total comprehensive income for the year attributable to owners of the parent		**(5,146,206)**	7,568,846
Profit/(Loss) per share from continuing operations attributable to owners of the parent			
Basic and diluted (pence per share)	19	**(0.142)**	(0.240)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

Company number: 05676866
As at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Assets			
Non-current assets			
Intangible assets	10	**34,308,278**	32,017,796
Property, plant & equipment		**2,051**	862
		34,310,329	32,018,658
Current assets			
Trade and other receivables		**153,105**	35,493
Cash and cash equivalents	12	**9,403,825**	9,317,781
		9,556,930	9,353,274
Total assets		**43,867,259**	41,371,932
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	**13,719,343**	11,719,343
Share premium	14	**40,422,258**	35,767,344
Other reserves	16	**988,015**	4,467,064
Retained losses		**(15,887,801)**	(14,899,297)
Total equity		**39,241,815**	37,054,454
Liabilities			
Non-current liabilities			
Contingent consideration	17	**3,635,955**	3,643,042
Deferred tax liabilities	9	**253,205**	282,450
		3,889,160	3,925,492
Current liabilities			
Trade and other payables	17	**736,284**	391,986
		736,284	391,986
Total liabilities		**4,625,444**	4,317,478
Total equity and liabilities		**43,867,259**	41,371,932

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The Financial Statements were authorised for issue by the Board of Directors on 26 March 2018 and were signed on its behalf.

David J Hall
Chairman

Jeremy J Martin
Chief Executive Officer

Company Statement of Financial Position

Company number: 05676866

As at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Assets			
Non-current assets			
Property, plant & equipment	11	—	283
Investment in subsidiaries	25	**51,238,055**	43,670,347
		51,238,055	43,670,630
Current assets			
Trade and other receivables		**41,773**	35,423
Cash and cash equivalents	12	**9,238,827**	9,143,993
		9,280,600	9,179,416
Total assets		**60,518,655**	52,850,046
Equity and liabilities			
Equity attributable to equity shareholders			
Share capital	13	**13,719,343**	11,719,343
Share premium	14	**40,422,258**	35,767,344
Merger reserve	16	**10,888,760**	10,888,760
Retained losses		**(8,960,902)**	(9,915,498)
Total equity		**56,069,459**	48,459,949
Liabilities			
Non-current liabilities			
Contingent consideration	17	**3,635,955**	3,643,042
		3,635,955	3,643,042
Current liabilities			
Trade and other payables	17	**813,241**	747,055
		813,241	747,055
Total liabilities		**4,449,196**	4,390,097
Total equity and liabilities		**60,518,655**	52,850,046

The above Company Statement of Financial Position should be read in conjunction with the accompanying notes, profit for the period was £275,945 (2016:£602,827 loss). As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these Financial Statements. The Financial Statements were authorised for issue by the Board of Directors on 26 March 2018 and were signed on its behalf.

David J Hall	**Jeremy J Martin**
Chairman	**Chief Executive Officer**

HORIZONTE MINERALS

Statements of Changes in Equity

For the year ended 31 December 2017

Consolidated	Share capital £	Share premium £	Retained losses £	Other reserves £	Total £
	Attributable to owners of the parent				
As at 1 January 2016	**6,712,044**	**31,252,708**	**(13,477,853)**	**(4,848,116)**	**19,638,783**
Loss for the year	—	—	(1,746,334)	—	(1,746,334)
Other comprehensive income:					
Currency translation differences on translating foreign operations	—	—	—	9,315,180	9,315,180
Total comprehensive income for the year	—	—	(1,746,334)	9,315,180	7,568,846
Issue of ordinary shares	5,007,299	5,005,321	—	—	10,012,620
Issue costs	—	(490,685)	—	—	(490,685)
Share-based payments	—	—	324,890	—	324,890
Total transactions with owners, recognised directly in equity	5,007,299	4,514,636	324,890	—	9,846,825
As at 31 December 2016	**11,719,343**	**35,767,344**	**(14,899,297)**	**4,467,064**	**37,054,454**
Loss for the year	—	—	**(1,667,156)**	—	**(1,667,156)**
Other comprehensive income:					
Currency translation differences on translating foreign operations	—	—	—	**(3,479,050)**	**(3,479,050)**
Total comprehensive income for the year	—	—	**(1,667,156)**	**(3,479,050)**	**(5,146,206)**
Issue of ordinary shares	**2,000,000**	**5,000,000**	—	—	**7,000,000**
Issue costs	—	**(345,086)**	—	—	**(345,086)**
Share-based payments	—	—	**678,652**	—	**678,652**
Total transactions with owners, recognised directly in equity	**2,000,000**	**4,654,914**	**678,652**	—	**7,333,566**
As at 31 December 2017	**13,719,343**	**40,422,258**	**(15,887,801)**	**988,015**	**39,241,815**

Statements of Changes in Equity (continued)

Company	Share capital £	Share premium £	Retained losses £	Merger reserves £	Total £
	Attributable to equity shareholders				
As at 1 January 2016	**6,712,044**	**31,252,708**	**(9,637,561)**	**10,888,760**	**39,215,951**
Loss and total comprehensive income for the year	—	—	(602,827)	—	(602,827)
Issue of ordinary shares	5,007,299	5,005,321	—	—	10,012,620
Issue costs	—	(490,685)	—	—	(490,685)
Share-based payments	—	—	324,890	—	324,890
Total transactions with owners, recognised directly in equity	5,007,299	4,514,636	324,890	—	9,846,825
As at 31 December 2016	**11,719,343**	**35,767,344**	**(9,915,498)**	**10,888,760**	**48,459,949**
Loss and total comprehensive income for the year	—	—	**275,945**	—	**275,945**
Issue of ordinary shares	**2,000,000**	**5,000,000**	—	—	**7,000,000**
Issue costs	—	**(345,086)**	—	—	**(345,086)**
Share-based payments	—	—	**678,652**	—	**678,652**
Total transactions with owners, recognised directly in equity	**2,000,000**	**4,654,914**	**678,652**	—	**7,333,566**

As at 31 December 2017	**13,719,343**	**40,422,258**	**(8,960,902)**	**10,888,760**	**56,069,459**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	**31 December 2017 £**	31 December 2016 £
Cash flows from operating activities			
Loss before taxation		**(1,667,156)**	(1,746,334)
Finance income		**(15,854)**	(4,387)
Finance costs		**232,937**	220,817
Charge for share options granted		**678,652**	324,890
Exchange differences		**(117,606)**	(177,940)
Change in fair value of contingent consideration		**(621,545)**	260,632
Depreciation		**283**	1,084
Operating loss before changes in working capital		**(1,510,298)**	(1,121,238)
Decrease/(increase) in trade and other receivables		**(117,612)**	22,588
Increase/(decrease) in trade and other payables		**344,298**	242,965
Net cash used in operating activities		**(1,283,612)**	(855,685)
Cash flows from investing activities			
Purchase of intangible assets		**(5,102,852)**	(1,253,212)
Purchase of property, plant and equipment		**(2,236)**	—
Interest received		**15,854**	4,387
Net cash used in investing activities		**(5,089,234)**	(1,248,825)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**7,000,000**	9,000,000
Issue costs		**(241,276)**	(380,685)
Net cash generated from financing activities		**6,758,724**	8,619,315
Net increase/(decrease) in cash and cash equivalents		**385,878**	6,514,805
Cash and cash equivalents at beginning of year		**9,317,781**	2,738,905
Exchange gain/(loss) on cash and cash equivalents		**(299,834)**	64,071
Cash and cash equivalents at end of the year	12	**9,403,825**	9,317,781

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Company Statement of Cash Flows

For year ended 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Cash flows from operating activities			
(Loss)/profit before taxation		**275,945**	(602,827)
Finance costs		**232,937**	220,817
Finance income		**(13,882)**	(1,668)
Charge for share options granted		**678,652**	324,890
Exchange differences		**(255,717)**	283,555
Change in fair value of contingent consideration		**(621,545)**	260,632
Depreciation		**283**	971
Operating profit before changes in working capital		**296,673**	486,370
Increase in trade and other receivables		**(6,351)**	(16,683)
Increase in trade and other payables		**66,186**	244,182
Net cash flows generated from operating activities		**356,508**	713,869
Cash flows from investing activities			
Loans to subsidiary undertakings		**(6,821,063)**	(2,793,905)
Interest received		**13,881**	1,668
Net cash used in investing activities		**(6,807,182)**	(2,792,237)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**7,000,000**	9,000,000
Issue costs		**(241,276)**	(380,685)
Net cash generated from financing activities		**6,758,724**	8,619,315
Net increase/(decrease) in cash and cash equivalents		**308,050**	6,540,947
Exchange gain/(loss) on cash and cash equivalents		**(213,215)**	34,779
Cash and cash equivalents at beginning of year		**9,143,993**	2,568,266
Cash and cash equivalents at end of the year	12	**9,238,827**	9,143,993

The above Company Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 General information

The principal activity of Horizonte Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of base metals. The Company's shares are listed on the AIM market of the London Stock Exchange and on the Toronto Stock Exchange. The Company is incorporated and domiciled in England and Wales. The address of its registered office is Rex House, 4-12 Regents Street, London, SW1Y 4RG.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and IFRS interpretations Committee ('IFRS IC') interpretations as adopted by the European Union ('EU') and with IFRS and their Interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of contingent consideration and share based payment charges which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2017 that have had a material impact on the Group or Company.

b) New and amended standards, and interpretations issued but not yet effective for the financial year beginning 1 January 2017 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Standard	Effective Date
IFRS 9 Financial Instruments	01-Jan-18
IFRS 16 Leases	01-Jan-19
IFRS 15 Revenue from contracts with Customers	01-Jan-18

All endorsed by the EU

The only standard which is anticipated to be significant or relevant to the Group is IFRS 9 "Financial Instruments", the Group is in the process of assessing the quantitative implications of the standards on the Financial Statements. It is expected that the contingent consideration payable to both Glencore and following completion of the transfer of legal title, Vermelho will be effected as well as the intercompany loan receivable balance for the Company only.

Both IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' are not expected to have a material impact on the Group at this stage of the Group's operations. The Group presently has no revenue and the only leases that it holds relates to a short term lease held for office space in both the United Kingdom and its office in Brazil. These total approximately £80,000 per year and are renewed for a maximum of 12 months at a time.

2.3 Basis of consolidation

Horizonte Minerals Plc was incorporated on 16 January 2006. On 23 March 2006 Horizonte Minerals Plc acquired the entire issued share capital of Horizonte Exploration Limited (HEL) by way of a share for share exchange. The transaction was treated as a group reconstruction and was accounted for using the merger accounting method as the entities were under common control before and after the acquisition.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Other than for the acquisition of HEL as noted above, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

If an acquisition is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment.

The following 100% owned subsidiaries have been included within the consolidated Financial Statements:

Subsidiary undertaking	Held	Registered Address	Country of incorporation	Nature of business

Horizonte Exploration Ltd	Directly	Rex House, 4-12 Regents Street, London SW1Y 4RG	England	Mineral Exploration
Horizonte Minerals (IOM) Ltd	Indirectly	Devonshire House, 15 St Georges St, Douglas, Ilse of Man,	Isle of Man	Holding company
HM Brazil (IOM) Ltd	Indirectly	Devonshire House, 15 St Georges St, Douglas, Ilse of Man,	Isle of Man	Holding company
Cluny (IOM) Ltd	Indirectly	Devonshire House, 15 St Georges St, Douglas, Ilse of Man,	Isle of Man	Holding company
Champol (IOM) ltd	Indirectly	Devonshire House, 15 St Georges St, Douglas, Ilse of Man,	Isle of Man	Holding company
Horizonte Nickel (IOM) Ltd	Indirectly	Devonshire House, 15 St Georges St, Douglas, Ilse of Man,	Isle of Man	Holding company
HM do Brasil Ltda	Indirectly	CNPJ 07.819.038/0001-30 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Araguaia Niquel Metias Ltda	Indirectly	CNPJ 97.515.035/0001-03 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Lontra Empreendimentos e Participações Ltda	Indirectly	CNPJ 11.928.960/0001-32 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Typhon Brasil Mineração Ltda	Indirectly	CNPJ 23.282.640/0001-37 com sede Alameda Ezequiel Dias, n. 427, 2º andar, bairro Funcionários, Município de Belo Horizonte, Estado de Minas Gerais, CEP 30.130-110.	Brazil	Mineral Exploration
Trias Brasil Mineração Ltda	Indirectly	CNPJ 23.282.280/0001-73 com sede na Alameda Ezequiel Dias, n. 427, 2º andar, bairro Funcionários, Município de Belo Horizonte, Estado de Minas Gerais, CEP 30.130-110	Brazil	Mineral Exploration

2.4 Going concern

The Group’s business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman’s Statement on pages 4 and 5; in addition note 3 to the Financial Statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group’s assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 12 months including any additional expenditure required in relation to its current exploration projects. The Group has cash reserves which are considered sufficient by the Directors to fund the Group’s committed expenditure both operationally and on its exploration projects for the foreseeable future. However, as additional projects are identified and the Araguaia project moves towards production, additional funding will be required.

As a result of considerations noted above, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

2.5 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Exploration and evaluation assets

The Group capitalises expenditure in relation to exploration and evaluation of mineral assets when the legal rights are obtained. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets arising on business combinations are included at their acquisition-date fair value in accordance with IFRS 3 (revised) 'Business combinations'. Other exploration and evaluation assets and all subsequent expenditure on assets acquired as part of a business combination are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources does not lead to the discovery of commercially viable quantities of mineral resources or the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged on a straight-line basis so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25%
Vehicles and other field equipment	25% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible exploration assets not ready to use, are not subject to amortisation and are tested annually for impairment. Intangible assets that are subject to amortisation and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK and Isle of Man entities is Pounds Sterling and the functional currency of the Brazilian entities is Brazilian Real. The Consolidated Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) each component of profit or loss is translated at average exchange rates during the accounting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and retranslated at the end of each reporting period.

2.9 Financial assets

The Group classifies its financial assets as loans and receivables.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Consolidated Statement of Financial Position and loans to group undertakings in the Company Statement of Financial Position.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

2.10 Cash and cash equivalents

In the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a '**loss event**') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

2.12 Taxation

The tax credit or expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The charge for current tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Financial liabilities
The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss
This category comprises the contingent consideration which are carried in the consolidated statement of financial position at
fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

Other financial liabilities
Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the Income Statement on a straight-line basis over the period of the respective leases.

2.17 Share-based payments and incentives

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

> including any market performance conditions;

> excluding the impact of any service and non-market performance vesting conditions; and

> including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest.

It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Company's chief operating decision-maker ("CODM").

2.19 Finance income

Interest income is recognised using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

2.20 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the Group. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

3 Financial risk management

3.1 Financial risk factors

The main financial risks to which the Group's activities are exposed are liquidity and fluctuations on foreign currency. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved at the quarterly Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

(a) Liquidity risks

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Group monitors its cash and future funding requirements through the use of cash flow forecasts.

All cash, with the exception of that required for immediate working capital requirements, is held on short-term deposit.

(b) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real, US Dollar and the Pound Sterling.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a foreign currency. The Group holds a proportion of its cash in US Dollars and Brazilian Reals to hedge its exposure to foreign currency fluctuations and recognises the profits and losses resulting from currency fluctuations as and when they arise. The volume of transactions is not deemed sufficient to enter into forward contracts.

At 31 December 2017, if the Brazilian Real had weakened/strengthened by 20% against Pound Sterling and US Dollar with all other variables held constant, post tax loss for the year would have been approximately £17,287 lower/higher mainly as a result of foreign exchange losses/gains on translation of Brazilian Real expenditure and denominated bank balances.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit for which the Directors use a mixture of fixed and variable rate deposits. As a result, fluctuations in interest rates are not expected to have a significant impact on profit or loss or equity.

(d) Price risk

Given the size and stage of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

(e) Credit risk

Credit risk arises from cash and cash equivalents and outstanding receivables. The Group maintains cash and short-term deposits with a variety of credit worthy financial institutions and considers the credit ratings of these institutions before investing in order to mitigate against the associated credit risk.

The Company's exposure to credit risk amounted to £58,128,840 (2016: £50,476,298). Of this amount £48,890,013 (2016: £41,332,305) is due from subsidiary companies, £9,238,827 represents cash holdings (2016: £9,143,993)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2017 and defines capital based on the total equity of the Group. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

As indicated above, the Group holds cash reserves on deposit at several banks and in different currencies until they are required and in order to match where possible with the corresponding liabilities in that currency.

3.3 Fair value estimation

The carrying values of trade receivables and payables are assumed to be approximate to their fair values, due to their short-term nature. The fair value of contingent consideration is estimated by discounting the future expected contractual cash flows at the Group's current cost of capital of 7% based on the interest rate available to the Group for a similar financial instrument.

4 Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IFRSs 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 and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such judgements include, but are not limited to:

4.1 Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2017 of £34,057,215 (2016: £31,737,737). 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 judgement exercised by management relates to whether there is perceived to be an indicator of impairment and that management have concluded that there is not, due to the recovery in the Nickel prices, favourable economics of the PFS as well as ongoing support from the equity markets to advance the project by way of closing a fund raise at the end of 2017.

4.2 Estimated impairment of goodwill

Goodwill has a carrying value at 31 December 2017 of £251,063 (2016: £280,059) which is included in intangible assets. The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7.

Management has concluded that there is no impairment charge necessary to the carrying value of goodwill. The judgements exercised in arriving at this decision are the same as described in 4.1 above. See also note 10 to the Financial Statements.

Estimates and assumptions include, but are not limited to:

4.3 Contingent consideration

Contingent consideration has a carrying value of £3,635,955, at 31 December 2017 (2016: £3,643,042). there are two contingent consideration arrangements in place as at 31 December 2017:

- A contingent consideration arrangement that requires the Group to pay the former owners of Teck Cominco Brasil S.A (subsequently renamed Araguaia Niquel Mineração Ltda) 50% of the tax saving upon utilisation of the tax losses existing in Teck Cominco Brasil S.A 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.

  This acquisition was accounted for as a business combination and an assessment of the fair value of the contingent consideration was made at the date of acquisition. This fair value is reassessed in each subsequent accounting period. In arriving at an estimate of the fair value management make an assessment of the probability of utilisation of all or part of the tax losses by the end of the 10 year period which is August 2020. The Group 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. These cash flows could be affected by movements in a number of factors including the timing of the development and commissioning of the project, commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates. Because of the condition of the acquisition agreement to utilise tax losses prior to August 2020 a critical assumption in the assessment of value of the contingent consideration is the timing of commencement of profitable production, which for the financial year ending 31 December 2017 has been re-assessed as taking place after August 2020.

- A contingent consideration arrangement that requires the Group to pay Xstrata Brasil Mineração Ltda US$1,000,000 after the date of issuance of a Feasibility Study comprising the Araguaia project and the Vale dos Sonhos (‘VdS’) and Serra do Tapa (‘SdT’) project areas (‘GAP’) (together the ‘Enlarged Project’), to be satisfied in shares in the Company (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company; and remaining consideration of US$5,000,000 to be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area. Although a number of the critical assumptions relating to the assessment of the contingent consideration of US$5,000,000 are similar to those described above for the contingent consideration payable to the former owners of Teck Cominco Brasil S.A there is no linkage to utilisation of tax losses by a fixed date.

The Contingent consideration is considered to be a level 3 hierarchy valuation, the following are unobservable inputs for the valuation model: Discount rate and probability factor. In addition, the model includes the foreign exchange rate.

Management have sensitized the fair value calculation to reasonable changes in the unobservable inputs and note that if the discount rate were to increase from 7% to 10% then the FV would decrease by £269,255 to £3,366,700.

There has been no change in valuation technique during the period.

4.4 Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Group 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 Araguaia Niquel Mineração Ltda (formerly Teck Cominco Brasil S.A) and Lontra Empreendimentos e Participações Ltda. A deferred tax asset in respect of the losses has been recognised on acquisition of Araguaia Niquel Mineração Ltda to the extent that it can be set against the deferred tax liability arising on the fair value gains. In determining whether a deferred tax asset in excess of this amount should be recognized management must make an assessment of the probability that the tax losses will be utilized and a deferred tax asset is only recognised if it is considered probable that the tax losses will be utilized.

Other estimates include but are not limited to future cash flows associated with assets, useful lives for depreciation and fair value of financial instruments.

5 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.

2017	**UK 2017 £**	**Brazil 2017 £**	**Other 2017 £**	**Total 2017 £**
Administrative expenses	**(1,093,132)**	—	—	**(1,093,132)**
Loss on foreign exchange	**(261,218)**	**(38,616)**	—	**(299,834)**
Loss from operations per reportable segment	**(1,354,350)**	(38,616)	—	**(1,392,966)**
Depreciation charges	**(283)**	—	—	**(283)**
Additions to non-current assets	—	**2,319,479**	—	**2,319,479**
Reportable segment assets	**9,359,155**	**34,508,104**	—	**43,867,259**
Reportable segment non-current assets	—	**34,308,278**	—	**34,308,278**
Reportable segment liabilities	**4,029,066**	**596,378**	—	**4,625,444**

2016	UK 2016 £	Brazil 2016 £	Other 2016 £	Total 2016 £
Administrative expenses	(802,409)	(207,214)	—	(1,009,623)
Loss on foreign exchange	46,454	18,787	—	65,241

Loss from operations per reportable segment	(755,955)	(188,427)	—	(944,382)
Depreciation charges	(970)	(114)	—	(1,084)
Additions to non-current assets	—	11,578,410	—	11,578,410
Reportable segment assets	9,309,132	32,062,800	—	41,371,932
Reportable segment non-current assets	—	32,018,658	—	32,018,658
Reportable segment liabilities	3,969,966	347,511	—	4,317,477

Inter segment revenues are calculated and recorded in accordance with the underlying intra group service agreements.

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

	2017 **£**	2016 £
Loss from operations per reportable segment	**(1,392,966)**	(944,382)
Changes in fair value of contingent consideration (refer note 17)	**621,545**	(260,632)
Charge for share options granted	**(678,652)**	(324,890)
Finance income	**15,854**	4,387
Finance costs	**(232,938)**	(220,817)
Loss for the year from continuing operations	**(1,667,156)**	(1,746,334)

6 Expenses by nature

Group	**2017** **£**	2016 £
Charge for share options granted	**678,652**	324,890
Depreciation (note 11)	**283**	1,084
Operating lease charges	**55,421**	36,053
Profit on disposal of property, plant and equipment	—	—

7 Auditor remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

Group	**2017** **£**	2016 £
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	**35,350**	32,000
Fees payable to the Company's auditor and its associates for other services:		
– Audit related assurance services	**11,250**	5,000
–Tax compliance services	**4,850**	2,000

8 Finance income and costs

Group	**2017** **£**	2016 £
Finance income:		
– Interest income on cash and short-term bank deposits	**15,854**	4,387
Finance costs:		
– Contingent consideration: unwinding of discount	**(232,938)**	(220,817)
Net finance costs	**(217,084)**	(216,430)

9 Income Tax

Group	2017 £	2016 £
Tax charge:		
Current tax charge for the year	—	—
Deferred tax charge for the year	—	—
Tax on loss for the year	—	—

Reconciliation of current tax

Group	2017 £	2016 £
Loss before income tax	**(1,667,156)**	(1,746,334)
Current tax at 19.25% (2016: 22.87%)	**(320,928)**	(399,387)
Effects of:		
Expenses not deducted for tax purposes	—	9,080
Utilisation of tax losses brought forward	—	—
Tax losses carried forward for which no deferred income tax asset was recognised	**320,928**	408,466
Total tax	—	—

No tax charge or credit arises on the loss for the year.

The weighted average applicable tax rate of 19.25% used is the effective standard rate of corporation tax in the UK, where all of the current year losses originated. The corporation tax rate in Brazil is 34%. The weighted average applicable tax rate has decreased from 22.87% to 19.25% as all of the losses arose in the UK.

Deferred income tax

An analysis of deferred tax assets and liabilities is set out below.

Group	2017 £	2016 £
Deferred tax assets	**4,255,615**	4,744,885
Deferred tax liabilities		
– Deferred tax liability to be settled after more than 12 months	**(4,508,820)**	(5,027,335)
Deferred tax liabilities (net)	**(253,205)**	(282,450)

The movement on the net deferred tax liabilities is as follows:

Group	2017 £	2016 £
At 1 January	**(282,450)**	(193,665)
Exchange differences	**29,245**	(88,785)
At 31 December	**(253,205)**	(282,450)

Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised in respect of fair value adjustments to the carrying value of intangible assets as a result of the acquisition of such assets.

The Group has tax losses of approximately £19,707,869 (2016: £18,132,502) in Brazil and excess management charges of approximately £3,779,062 (2016: £2,492,408) in the UK available to carry forward against future taxable profits. Deferred tax asset have been recognised up to the amount of the deferred tax liability arising on the fair value adjustments potential deferred tax assets of £6,700,675 have not been recognised.

10 Intangible assets

Intangible assets comprise exploration licenses, exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise acquired and internally generated assets.

Group	Goodwill £	Exploration Licenses £	Exploration and evaluation costs £	Total £
Cost				
At 1 January 2016	192,028	3,174,275	16,985,052	20,351,355
Additions	—	1,012,620	1,253,212	2,265,831
Exchange rate movements	88,032	1,458,290	7,854,288	9,400,610
Net book amount at 31 December 2016	280,060	5,645,185	26,092,551	32,017,796
Additions	—	—	5,740,740	5,740,740
Exchange rate movements	(28,997)	(479,656)	(2,941,605)	(3,450,258)
Net book amount at 31 December 2017	**251,063**	**5,165,529**	**28,891,686**	**34,308,278**

(a) Exploration and evaluation assets

No indicators of impairment were identified during the year.

In October 2016, a Canadian NI 43-101 compliant Pre-Feasibility Study ('PFS') was published by the Company regarding the enlarged Araguaia Project which included the areas recently acquired from Glencore Xstrata. The financial results and conclusions of the PFS clearly indicate the economic viability of the Araguaia Project. Nothing material had changed with the economics of the PFS as at the end of 2017 and the Directors undertook an assessment of impairment through evaluating the results of the PFS along with recent market information relating to capital markets and nickel prices and judged that no impairment was required with regards to the Araguaia Project.

(b) Goodwill

Goodwill arose on the acquisition of Lontra Empreendimentos e Participações Ltda in 2010. The Directors have determined the recoverable amount of goodwill based on the same assumptions used for the assessment of the Lontra exploration project detailed above. As a result of this assessment, the Directors have concluded that no impairment charge is necessary against the carrying value of goodwill.

Impairment reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area.

The adjacent Araguaia/Lontra/Vila Oito and Floresta exploration sites ('the Araguaia Project'), together with the Vale dos Sonhos deposit acquired from Xstrata Brasil Mineração Ltda comprise a resource of a sufficient size and scale to allow the Company to create a significant single nickel project. For this reason, at the current stage of development, these two projects are viewed and assessed for impairment by management as a single cash generating unit.

The mineral concession for the Vale dos Sonhos deposit was acquired from Xstrata Brasil Mineração Ltda, a subsidiary of Glencore Canada Corporation, in November 2015.

The recoverable amount has been determined by reference to the PFS undertaken during the year on the Araguaia Project. The key inputs and assumptions in deriving the value in use were, the discount rate of 8%, Nickel price of US$12,000/t and a life of mine of 28 years.

Sensitivity to changes in assumptions

For the base case NPV_8 of the Araguaia Project of US$581 million using a nickel price of US$14,000/t and US$328 million using US$12,000/t as per the PFS to be reduced to the book value of the Araguaia Project as at 31 December 2017, the discount rate applied to the cash flow model would need to be increased from 8% to 21%.

11 Property, plant and equipment

Group	Vehicles and other field equipment £	Office equipment £	Total £
Cost			
At 1 January 2016	74,647	12,596	87,243
Foreign exchange movements	31,657	1,802	33,459
At 31 December 2016	**106,304**	**14,398**	**120,702**
Foreign exchange movements	**(10,630)**	**(796)**	**(11,426)**
Additions	**2,236**	**—**	**2,236**
At 31 December 2017	**97,910**	**13,602**	**111,512**
Accumulated depreciation			
At I January 2016	65,639	9,716	75,355
Charge for the year	11,766	2,614	14,380
Foreign exchange movements	28,320	1,785	30,105
At 31 December 2016	**105,725**	**14,115**	**119,840**
Charge for the year	**358**	**283**	**641**
Foreign exchange movements	**(10,224)**	**(796)**	**(11,020)**
At 31 December 2017	**95,859**	**13,602**	**109,461**
Net book amount as at 31 December 2017	**2,051**	**—**	**2,051**
Net book amount as at 31 December 2016	579	283	862
Net book amount as at 1 January 2016	9,008	2,880	11,888

Depreciation charges of £358 (2016: £13,296) have been capitalised and included within intangible exploration and evaluation asset additions for the year. The remaining depreciation expense for the year ended 31 December 2017 of £283 (2016: £1,084) has been charged in 'administrative expenses' under 'Depreciation.'

Company	Field equipment £	Office equipment £	Total £
Cost			
At 1 January 2016	4,208	7,403	11,611
Additions	—	—	—
At 31 December 2016 and 2017	**4,208**	**7,403**	**11,611**
Accumulated depreciation			
At 1 January 2016	4,208	6,149	10,357
Charge for the year	—	971	971
At 31 December 2016	**4,208**	**7,120**	**11,328**
Charge for the year	—	283	283
At 31 December 2017	**4,208**	**7,403**	**11,611**
Net book amount as at 31 December 2017	—	—	—
Net book amount as at 31 December 2016	—	**283**	**283**
Net book amount as at 1 December 2016	—	1,254	1,254

12 Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Cash at bank and on hand	**7,903,861**	9,250,281	**7,738,863**	9,094,308
Short-term deposits	**1,499,964**	67,500	**1,499,964**	49,685
	9,403,825	9,317,781	**9,238,827**	9,143,993

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

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
A	**9,267,418**	9,217,380	**9,188,864**	9,094,308
BBB-	**136,407**	100,401	**49,963**	49,685
	9,403,825	9,317,781	**9,238,827**	9,143,993

13 Share capital

Group and Company	**2017 Number**	**2017 £**	2016 Number	2016 £
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	**1,171,934,300**	**11,719,343**	671,204,378	6,712,044
Issue of ordinary shares	**200,000,000**	**2,000,000**	500,729,922	5,007,299
At 31 December	**1,371,934,300**	**13,719,343**	1,171,934,300	11,719,343

Share capital comprises amount subscribed for shares at the nominal value.

2017

On 22 December 2017, a total of 200,000,000 shares were issued through a private placement at a price of £0.035 per share to raise £7,000,000 before expenses.

2016

On 8 August 2016, a total of 50,729,922 new ordinary shares were issued at the prevailing market price of £0.0199 per share in consideration for the purchase of the Vale dos Sonhos mineral concession from Xstrata Brasil Mineração Ltda.

On 30 November 2016, a total of 374,000,000 shares were issued through a private placement at a price of £0.02 per share to raise £7,480,000 before expenses.

On 2 December 2016, a total of 76,000,000 shares were issued through a private placement at a price of £0.02 per share to raise £1,520,000 before expenses.

14 Share premium

Group and Company	**2017 £**	2016 £
At 1 January	**35,767,344**	31,252,708
Premium arising on issue of ordinary shares	**5,000,000**	5,005,662
Issue costs	**(345,086)**	(490,685)
At 31 December	**40,422,258**	35,767,344

Share premium comprises the amount subscribed for share capital in excess of nominal value.

15 Share-based payments

The Directors have discretion to grant options to the Group employees to subscribe for Ordinary shares up to a maximum of 10% of the Company's issued share capital. One third of options are exercisable at each six month's anniversary from the date of grant, such that all options are exercisable 18 months after the date of grant and all lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the Group. Should holders cease employment then the options remain valid for a period of 3 months after cessation of employment, following which they will lapse. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

Movements on number of share options and their related exercise price are as follows:

	Number of options 2017 £	**Weighted average exercise price 2017 £**	Number of options 2016 £	Weighted average exercise price 2016 £
Outstanding at 1 January	55,310,000	0.079	48,760,000	0.124
Forfeited	**(1,660,000)**	**0.065**	(8,450,000)	0.092
Granted	**41,000,000**	**0.03**	15,000,000	0.030
Outstanding at 31 December	**94,650,000**	**0.059**	55,310,000	0.079
Exercisable at 31 December	**62,483,333**	**0.072**	36,760,000	0.102

The options outstanding at 31 December 2017 had a weighted average remaining contractual life of 7.56 years (2016: 7.28 years).

The fair value of the share options was determined using the Black-Scholes valuation model.

The parameters used are detailed below.

Group and Company	**2017 options**	2016 options
Date of grant or reissue	**31/03/2017**	01/09/2016
Weighted average share price	**3.07 pence**	2.03 pence
Weighted average exercise price	**3.20 pence**	3.00 pence
Weighted average fair value at the measurement date	**2.02 pence**	1.36 pence
Expiry date	**31/3/2027**	31/08/2026
Options granted	**41,000,000**	15,000,000
Volatility	68%	64%
Dividend yield	Nil	Nil
Option life	10 years	10 years
Annual risk free interest rate	1.19%	2.83%

The expected volatility is based on historical volatility for the six months prior to the date of grant. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

The range of option exercise prices is as follows:

Range of exercise prices (£)	**2017 Weighted average exercise price (£)**	**2017 Number of shares**	**2017 Weighted average remaining life expected (years)**	**2017 Weighted average remaining life contracted (years)**	2016 Weighted average exercise price (£)	2016 Number of shares	2016 Weighted average remaining life expected (years)	2016 Weighted average remaining life contracted (years)
0–0.1	**0.04**	**79,500,000**	**8.32**	**8.32**	0.049	39,850,000	8.34	8.34

0.1–0.2	**0.16**	**15,150,000**	**3.55**	**3.55**	0.154	15,460,000	4.57	4.57

16 Other reserves

Group	Merger reserve £	Translation reserve £	Other reserve £	Total £
At 1 January 2016	10,888,760	(14,688,776)	(1,048,100)	(4,848,116)
Other comprehensive income	—	—	—	—
Currency translation differences	—	9,315,180	—	9,315,180
At 31 December 2016	**10,888,760**	**(5,373,596)**	**(1,048,100)**	**4,467,064**
Other comprehensive income	—	—	—	—
Currency translation differences	—	**(3,479,050)**	—	**(3,479,050)**
At 31 December 2017	**10,888,760**	**(8,852,646)**	**(1,048,100)**	**998,014**

Company	Merger reserve £	Total £
At 1 January 2016 and 31 December 2016	10,888,760	10,888,760
At 1 January 2017 and 31 December 2017	**10,888,760**	**10,888,760**

The merger and other reserve as at 31 December 2017 arose on consolidation as a result of merger accounting for the acquisition of the entire issued share capital of Horizonte Exploration Limited during 2006 and represents the difference between the value of the share capital and premium issued for the acquisition and that of the acquired share capital and premium of Horizonte Exploration Limited.

Currency translation differences relate to the translation of Group entities that have a functional currency different from the presentation currency (refer note 2.8). Movements in the translation reserve are linked to the changes in the value of the Brazilian Real against the Pound Sterling: the intangible assets of the Group are located in Brazil, and their functional currency is the Brazilian Real, which decreased in value against Sterling during the year.

The available for sale reserve represents changes in the fair value of assets that are held available for sale.

17 Trade and other payables

	Group		**Company**	
	2017 **£**	2016 £	**2017** **£**	2016 £
Non-current				
Contingent consideration payable to former owners of Teck Cominco Brasil S.A.	—	115,100	—	115,100
Contingent consideration payable to Xstrata Brasil Mineração Ltda (refer note 26)	**3,635,955**	3,527,942	**3,635,955**	3,527,942
Total contingent consideration	**3,635,955**	3,643,042	**3,635,955**	3,643,042
Current				
Trade and other payables	**271,967**	229,046	**99,486**	148,985
Amounts due to related parties (refer note 20)	—	—	**413,930**	413,930
Social security and other taxes	**15,804**	19,088	**15,804**	19,088
Accrued expenses	**448,513**	143,851	**284,021**	165,052

	736,284	391,985	**813,241**	747,055
Total trade and other payables	**4,372,239**	4,035,027	**4,449,196**	4,390,097

Trade and other payables include amounts due of £222,925 (2016: £65,053) in relation to exploration and evaluation activities.

Contingent Consideration payable to the former owners of Teck Cominco Brasil S.A.

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

The estimate of fair value has been restated and is now assessed to be £nil (2016 £115,100). The critical assumptions underlying the fair value estimate are set out in note 4.3. Estimates were also based on the current rates of tax on profits in Brazil of 34% and a discount factor of 7.0% was applied to the future dates at which the tax losses will be utilised and consideration paid.

Contingent Consideration payable to Xstrata Brasil Mineração Ltda

On 28 September 2015, the Company announced that it had reached agreement to indirectly acquire through wholly owned subsidiaries in Brazil the advanced high-grade Glencore Araguaia nickel project (**'GAP'**) in north central Brazil. GAP is located in the vicinity of the Company's Araguaia Project.

Pursuant to a conditional asset purchase agreement ('**Asset Purchase Agreement**') between, amongst others, the Company and Xstrata Brasil Exploraçâo Mineral Ltda ('**Xstrata**'), a wholly-owned subsidiary of Glencore Canada Corporation ('**Glencore**'), the Company has agreed to pay a total consideration of US$8 million to Xstrata, which holds the title to GAP. The consideration is to be paid according the following schedule;

- US$2,000,000 in ordinary shares in the capital of the Company which as at 31 December 2017 had been settled by way of issuing new shares in the Company.
- US$1,000,000 after the date of issuance of a joint Feasibility Study for the combined Araguaia & GAP project areas, to be satisfied in HZM Shares (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company; and
- The remaining US$5,000,000 consideration will be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area. Following transfer of the concession for the VdS deposit area to a subsidiary of the Company, this has been included in contingent consideration payable.

The critical assumptions underlying the treatment of the contingent consideration are set out in note 4.3.

As at 31 December 2017, there was a finance expense of £222,836 (2016: £193,868) recognised in finance costs within the Statement of Comprehensive Income in respect of the contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

18 Dividends

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

19 Earnings per share

(a) Basic

The basic loss per share of 0.142p loss per share (2016 loss per share: 0.240p) is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Group	2017 £	2016 £
Loss attributable to owners of the parent	**(1,667,156)**	(1,746,334)
Weighted average number of ordinary shares in issue	**1,177,413,752**	727,096,642

(b) Diluted

The basic and diluted loss per share for the years ended 31 December 2017 and 31 December 2016 are the same as the effect of the exercise of share options would be anti-dilutive.

In January 2018 the Group issued a further 60,587,500 new ordinary shares raising gross cash proceeds of £2.2 million, had this occurred prior to the end of the year this would have impacted the basic and diluted earnings per share figures.

Details of share options that could potentially dilute earnings per share in future periods are set out in note 15.

20 Related party transactions

The following transactions took place with subsidiaries in the year:

A fee totaling £350,652 (2016: £312,043) was charged to HM do Brazil Ltda, £980,108 (2016: £872,784) to Araguaia Niquel Mineração Ltda and £55,894 (2016: £58,806) to Typhon Brasil Mineração Ltda by Horizonte Minerals Plc in respect of consultancy services provided and funding costs.

Amounts totaling £2,243,832 (2016: £782,926) were lent to HM Brazil (IOM) Ltd, HM do Brasil Ltda, Araguaia Niquel Mineraçao Ltda and Typhon Brasil Mineração Ltda to finance exploration work during 2017, by Horizonte Minerals Plc. Interest is charged at an annual rate of 6% on balances outstanding during the year. The amounts are repayable on demand.

Balances with subsidiaries at the year end were:

Company	**2017 Assets £**	**2017 Liabilities £**	2016 Assets £	2016 Liabilities £
HM do Brasil Ltda	**1,263,644**	**—**	792,301	—
HM Brazil (IOM) Ltd	**5,405,662**	**—**	4,933,377	—
Horizonte Nickel (IOM) Ltd	**31,021,684**	**—**	26,070,923	—
Araguaia Niquel Mineração Ltda	**6,594,120**	**—**	6,074,517	—
Horizonte Minerals (IOM) Ltd	**253,004**	**—**	253,004	—
Horizonte Exploration Ltd	**—**	**413,930**	—	413,930
Typhon Brasil Mineração Ltda	**3,224,179**	**—**	3,198,183	—
Trias Brasil Mineração Ltda	**1,012,620**	**—**	**—**	**—**
Total	**48,890,013**	**413,930**	41,322,305	413,930

All Group transactions were eliminated on consolidation.

21 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

22 Directors' remuneration (including Key Management)

	Short term benefits		Post employment benefits		Cost to Company	Non-Cash	
	Aggregate emolumen	Other emoluments	Pension costs	Total	Social Security	Share Based Payment	Grand Total

Group 2017	ts £	£	£	£	costs £	Charge £	£
Non-Executive Directors							
Alexander Christopher	—	—	—	**—**	—	—	**—**
David Hall	31,200	—	—	**31,200**	3,203	90,395	**124,798**
William Fisher	26,400	—	—	**26,400**	—	75,919	**102,319**
Allan Walker	26,400	—	—	**26,400**	3,163	75,919	**105,482**
Owen Bavinton	—	—	29,332	**29,332**	—	75,919	**105,251**
Executive Directors							
Jeremy Martin	190,400	68,876	—	**259,276**	34,055	119,293	**412,624**
Key Management							
Simon Retter	39,997	54,250	23,999	**118,246**	5,290	43,428	**166,964**
	314,397	**123,126**	**53,331**	**490,854**	45,711	480,873	**1,017,438**

There are no other long term or termination benefits granted to key management.

Group 2016	Aggregate emoluments £	Other emoluments £	Pension costs £	Total £	Social Security costs £	Share Based Payment Charge £	Grand Total £
Non-Executive Directors							
Alexander Christopher	—	—	—	—	**—**	**—**	—
David Hall	29,000	—	—	**29,000**	3,312	24,520	**56,832**
William Fisher	29,000	—	—	**29,000**	—	24,520	**53.520**
Allan Walker	29,000	—	—	**29,000**	4,002	24,520	**57,522**
Owen Bavinton	—	—	32,167	**32,167**		24,520	**56,687**
Executive Directors							
Jeremy Martin	170,000	59,236	17,000	**246,236**	31,326	67,430	**344,992**
Key Management							
Jeffrey Karoly	128,000	9,600	15,553	**153,153**	13,524	61,300	**227,977**
Simon Retter	15,541	8,000	—	**23,541**	2,154	—	**25,695**
	400,541	**76,836**	**64,720**	**542,097**	54,309	226,810	**823,216**

The Company does not operate a pension scheme. Pension costs comprise contributions to Defined Contribution pension plans held by the relevant Director or Key Management.

23 Employee benefit expense (including Directors and Key Management)

Group	**Group 2017 £**	2016 £	Company **2017 £**	2016 £
Wages and salaries	**1,144,253**	809,954	**588,498**	627,155
Social security costs	**216,242**	134,096	**63,979**	49,463
Indemnity for loss of office	**49,817**	50,519	**-**	30,000
Share options granted to Directors and employees (note 15)	**678,652**	324,890	**678,652**	324,890
	2,088,964	1,319,459	**1,331,129**	**1,031,508**

Management	**10**	6	**6**	6
Field staff	**15**	12	**—**	—
Average number of employees including	**25**	18	**6**	

Employee benefit expenses includes £1,062,396 (2016: £393,712) of costs capitalised and included within intangible non-current assets.

Share options granted include costs of £437,445 (2016: £165,510) relating to Directors.

24 Investment in subsidiaries

Company	**2017** **£**	2016 £
Shares in Group undertakings	**2,348,042**	2,348,042
Loans to Group undertakings	**48,890,013**	41,332,305
	51,238,055	43,670,347

Investments in Group undertakings are stated at cost. The loans to Group undertakings are repayable on demand and currently carry interest at 6%, however there is currently no expectation of repayment within the next twelve months and therefore loans are treated as non-current.

On 23 March 2006 the Company acquired the entire issued share capital of Horizonte Exploration Limited by means of a share for share exchange; the consideration for the acquisition was 21,841,000 ordinary shares of 1 penny each, issued at a premium of 9 pence per share. The difference between the total consideration and the assets acquired has been credited to other reserves.

25 Commitments

Operating lease commitments

The Group leases office premises under cancellable and non-cancellable operating lease agreements. The cancellable lease terms are up to one year and are renewable at the end of the lease period at market rate. The leases can be cancelled by payment of up to one month's rental as a cancellation fee. The lease payments charged to profit or loss during the year are disclosed in note 6.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	**2017** **£**	2016 £
Not later than one year	**54,444**	11,996
Between 1 – 5 years	**-**	-
Greater than 5 years	**-**	-
Total	**54,444**	11,996

Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	**2017** **£**	2016 £
Intangible assets	**—**	—

Capital commitments relate to contractual commitments for metallurgical, economic and environmental evaluations by third parties. Once incurred these costs will be capitalised as intangible exploration asset additions.

26 Contingent Liabilities

(a) Glencore Araguaia Project

The SdT deposit area concessions are subject to on-going litigation with a Brazilian third party. Glencore has disputed these claims. The parties have agreed certain protections including the receipt by HZM from Glencore of certain indemnities in respect of such litigation.

The Asset Purchase Agreement contains customary warranties regarding the GAP project and the parties' ability to enter into the Proposed Transaction and is subject to customary termination rights and confidentiality obligations.

(b) Other Contingencies

The Group has received a claim from various trade union organisations in Brazil regarding outstanding membership fees due in relation to various subsidiaries within the Group. Some of these claims relate to periods prior to the acquisition of the relevant subsidiary and would be covered by warranties granted by the previous owners at the date of sale. The Directors are confident that no amounts are due in relation to these proposed membership fees and that the claims will be unsuccessful. No subsequent actions, claims or communications from the various trade union organisations have been received subsequent to the requests for payment. As a result, no provision has been made in the Financial Statements for the year ended 31 December 2017 for amounts claimed. Should the claim be successful, the maximum amount payable in relation to fees not subject to the warranty agreement would be approximately £64,000.

In 2013 the Group received an infraction notice from the Brazilian Environmental Agency's ('IBAMA') district office in Conceição do Araguaia in connection with carrying out drilling activities in 2011 without the relevant permits. Drilling equipment was furthermore impounded. The Group strongly believes that it operated with all necessary permits and has initiated legal proceedings to overturn the infraction notice. The Group has secured cancellation of the injunction and has appealed the associated fine and infraction notices of approximately £68,000 which has not been recognised in these financial statements.

In December 2014, the Group received a writ from the State Attorney in Conceiçao do Araguaia regarding alleged environmental damages caused by drilling activities in 2011. To ensure proper environmental stewardship, the Group conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved in accordance with local environmental legislation. After drilling has occurred, drill sites and access routes are rehabilitated to equal or better conditions and evidence is retained to demonstrate that such rehabilitation work has been completed. In January 2015 the Group filed a robust defence against the writ. A court hearing was held in May 2015 at which documents were requested to confirm that valid environmental authorisations were in place. These were subsequently submitted as requested. No substantive financial claim continues to be made against the Group under the terms of the writ. The Group continues to believe that the writ is flawed and is working towards having it withdrawn in due course. As a result no provision has been made in the Financial Statements for the year ended 31 December 2017.

27 Events after the reporting date

On 11 January 2018, the Company issued 60,587,500 new ordinary shares at a price of CAD$0.06 raising gross cash proceeds of $3,635,250 (£2,163,839).

Agreement to acquire the Vermelho project

On 19 December 2017 the Company announced that it had reached agreement with Vale S.A ("Vale") to indirectly acquire through wholly owned subsidiaries in Brazil, 100% of the advanced Vermelho nickel-cobalt project in Brazil ("Vermelho").

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.

As at the date of this report the transfer of legal title had been completed and the agreement is therefore unconditional.

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. The Company is developing Araguaia as the next major ferronickel mine in Brazil.

Horizonte has a strong shareholder structure including; Teck Resources Limited 14.7%, Canaccord Genuity Group 10.5%, JP Morgan 8.3%, Lombard Odier Asset Management (Europe) Limited 8.1%, City Financial 7.6%, Richard Griffiths 6.7% and Glencore 5.2%.

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.