

**Horizonte Minerals plc**  
**Condensed Consolidated Interim Financial Statements**  
**for the three months ended 31 March 2018**

**Condensed consolidated statement of comprehensive income**

|  |   | <b>3 months ended</b> |                  |
|--|---|-----------------------|------------------|
|  |   | <b>March 31</b>       |                  |
|  |   | <b>2018</b>           | <b>2017</b>      |
|  |   | <b>Unaudited</b>      | <b>Unaudited</b> |
| Notes  |   | <b>£</b>              | <b>£</b>         |
| <b>Continuing operations</b>                                     |   |                       |                  |
| <b>Revenue</b>   |   | -                     | -                |
| Cost of sales  |   | -                     | -                |
| <b>Gross profit</b>  |   | -                     | -                |
| Administrative expenses  |   | (291,193)             | (278,061)        |
| Charge for stock options granted                                 |   | (133,675)             | (50,386)         |
| Change in fair value of contingent consideration                 | 5 | 100,075               | 32,210           |
| Gain/(loss) on foreign exchange                                  |   | (45,174)              | (103,940)        |
| Other losses – impairment of available for sale asset            |   | -                     | -                |
| <b>Profit / (Loss) from operations</b>                           |   | <b>(349,967)</b>      | <b>(400,177)</b> |
| Finance income   |   | 5,626                 | 623              |
| Finance costs  |   | (71,619)              | (58,186)         |
| <b>Profit / (Loss) before taxation</b>                           |   | <b>(415,960)</b>      | <b>(457,740)</b> |
| Taxation   |   | -                     | -                |
| <b>Profit / (Loss) for the period from continuing operations</b> |   | <b>(415,960)</b>      | <b>(457,740)</b> |
| <b>Other comprehensive income</b>                                |   |                       |                  |
| <b>Items that may be reclassified to profit or loss</b>          |   |                       |                  |
| Change in value of available for sale financial assets           |   | -                     | -                |
| Exchange differences on translating foreign operations           |   | <u>(1,107,013)</u>    | <u>302,765</u>   |

|  |   |                    |                  |
|--|---|--------------------|------------------|
| <b>Other comprehensive income for the period, net of tax</b>   |   | <b>(1,107,013)</b> | <b>302,765</b>   |
| <b>Total comprehensive income for the period attributable to equity holders of the Company</b>         |   | <b>(1,522,973)</b> | <b>(154,975)</b> |
| <b>Earnings per share from continuing operations attributable to the equity holders of the Company</b> |   |                    |                  |
| Basic and diluted profit/(loss) pence per share  | 9 | <b>(0.029)</b>     | <b>(0.038)</b>   |

#### Condensed consolidated statement of financial position

|  |       | <b>31 March<br/>2018<br/>Unaudited</b> | <b>31 December<br/>2017<br/>Audited</b> |
|--|-------|--|---|
|  | Notes | £                                      | £                                       |
| <b>Assets</b>                                      |       |  |   |
| <b>Non-current assets</b>                          |       |  |   |
| Intangible assets                                  | 6     | 34,701,491                             | 34,308,278                              |
| Property, plant & equipment                        |       | 1,803                                  | 2,051                                   |
|  |       | <b>34,703,294</b>                      | <b>34,310,329</b>                       |
| <b>Current assets</b>                              |       |  |   |
| Trade and other receivables                        |       | 200,677                                | 153,105                                 |
| Cash and cash equivalents                          |       | 9,971,253                              | 9,403,825                               |
|  |       | <b>10,171,930</b>                      | <b>9,556,930</b>                        |
| <b>Total assets</b>                                |       | <b>44,875,224</b>                      | <b>43,867,259</b>                       |
| <b>Equity and liabilities</b>                      |       |  |   |
| <b>Equity attributable to owners of the parent</b> |       |  |   |
| Issued capital                                     | 7     | 14,325,218                             | 13,719,343                              |
| Share premium                                      | 7     | 41,664,018                             | 40,422,258                              |
| Other reserves                                     |       | (118,998)                              | 988,015                                 |
| Accumulated losses                                 |       | (16,190,086)                           | (15,887,801)                            |
| <b>Total equity</b>                                |       | <b>39,680,152</b>                      | <b>39,241,815</b>                       |
| <b>Liabilities</b>                                 |       |  |   |
| <b>Non-current liabilities</b>                     |       |  |   |
| Contingent consideration                           | 5     | 3,573,991                              | 3,635,955                               |
| Deferred Consideration                             |       | 1,178,129                              | -                                       |
| Deferred taxation                                  |       | 244,570                                | 253,205                                 |
|  |       | <b>4,996,690</b>                       | <b>3,889,160</b>                        |
| <b>Current liabilities</b>                         |       |  |   |
| Trade and other payables                           |       | 198,382                                | 736,284                                 |

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | 198,382           | 736,284           |
| <b>Total liabilities</b>            | 5,195,072         | 4,625,444         |
| <b>Total equity and liabilities</b> | <b>44,875,224</b> | <b>43,867,259</b> |

### Condensed statement of changes in shareholders' equity

|  | Attributable to the owners of the parent |                       |                            |                        | Total<br>£        |
|--|--|-----------------------|----------------------------|------------------------|-------------------|
|  | Share<br>capital<br>£                    | Share<br>premium<br>£ | Accumulated<br>losses<br>£ | Other<br>reserves<br>£ |                   |
| <b>As at 1 January 2017</b>  | <b>11,719,343</b>                        | <b>35,767,344</b>     | <b>(14,899,297)</b>        | <b>4,467,064</b>       | <b>37,054,454</b> |
| Profit/(Loss) for the<br>period  | -  | -                     | (457,740)                  | -                      | (457,740)         |
| <b>Other comprehensive<br/>income</b>  |  |                       |                            |                        |                   |
| Currency translation<br>differences  | -  | -                     | -                          | 302,765                | 302,765           |
| <b>Total comprehensive<br/>income</b>  | -  | -                     | <b>(457,740)</b>           | <b>302,765</b>         | <b>(154,975)</b>  |
| Share based payments   | -  | -                     | 50,386                     | -                      | 50,386            |
| Issue costs  | -  | (19,432)              | -                          | -                      | (19,432)          |
| <b>Total contributions by<br/>and distributions to<br/>owners of the Company</b> | -  | <b>(19,432)</b>       | <b>50,386</b>              | -                      | <b>30,954</b>     |
| <b>As at 31 March 2017<br/>(unaudited)</b>                                       | <b>11,719,343</b>                        | <b>35,747,912</b>     | <b>(15,306,651)</b>        | <b>4,769,829</b>       | <b>36,930,433</b> |

|                                       | Attributable to the owners of the parent |                       |                            |                        | Total<br>£         |
|---------------------------------------|--|-----------------------|----------------------------|------------------------|--------------------|
|                                       | Share<br>capital<br>£                    | Share<br>premium<br>£ | Accumulated<br>losses<br>£ | Other<br>reserves<br>£ |                    |
| <b>As at 1 January 2018</b>           | <b>13,719,343</b>                        | <b>40,422,258</b>     | <b>(15,887,801)</b>        | <b>988,015</b>         | <b>39,241,815</b>  |
| Profit/(Loss) for the<br>period       | -  | -                     | (415,960)                  | -                      | (415,960)          |
| <b>Other comprehensive<br/>income</b> |  |                       |                            |                        |                    |
| Currency translation<br>differences   | -  | -                     | -                          | (1,107,013)            | (1,107,013)        |
| <b>Total comprehensive<br/>income</b> | -  | -                     | <b>(415,960)</b>           | <b>(1,107,013)</b>     | <b>(1,522,973)</b> |
| Share based payments                  | -  | -                     | -                          | 113,675                | 113,675            |
| Issue of Shares                       | 605,875                                  | 1,451,724             | -                          | -                      | 2,057,599          |
| Issue costs                           | -  | (209,964)             | -                          | -                      | (209,964)          |

|  |                   |                   |                     |                  |                   |
|--|-------------------|-------------------|---------------------|------------------|-------------------|
| <b>Total contributions by and distributions to owners of the Company</b> | <b>605,875</b>    | <b>1,241,760</b>  | <b>113,675</b>      | <b>-</b>         | <b>1,961,310</b>  |
| <b>As at 31 March 2018 (unaudited)</b>                                   | <b>14,325,218</b> | <b>41,664,018</b> | <b>(16,190,086)</b> | <b>(118,998)</b> | <b>39,680,152</b> |

### Condensed Consolidated Statement of Cash Flows

|   | <b>3 months ended</b> |                    |
|---|-----------------------|--------------------|
|   | <b>31 March</b>       |                    |
|   | <b>2018</b>           | <b>2017</b>        |
|   | <b>Unaudited</b>      | <b>Unaudited</b>   |
|   | <b>£</b>              | <b>£</b>           |
| <b>Cash flows from operating activities</b>                 |                       |                    |
| Profit / (Loss) before taxation                             | (415,960)             | (457,740)          |
| Interest income   | (5,626)               | (623)              |
| Finance costs   | 71,619                | 58,186             |
| Exchange differences  | 45,175                | 103,940            |
| Employee share options charge                               | 113,675               | 50,386             |
| Change in fair value of contingent consideration            | (100,075)             | (32,210)           |
| Depreciation  | -                     | 159                |
| <b>Operating loss before changes in working capital</b>     | <b>(291,192)</b>      | <b>(277,902)</b>   |
| Decrease / (Increase) in trade and other receivables        | (51,504)              | (13,593)           |
| (Decrease) / Increase in trade and other payables           | (277,994)             | (276,961)          |
| <b>Net cash outflow from operating activities</b>           | <b>(620,690)</b>      | <b>(568,456)</b>   |
| <b>Cash flows from investing activities</b>                 |                       |                    |
| Net purchase of intangible assets                           | (623,900)             | (833,652)          |
| Purchase of property, plant and equipment                   |                       | -                  |
| Interest received   | 5,626                 | 623                |
| <b>Net cash used in investing activities</b>                | <b>(618,274)</b>      | <b>(833,029)</b>   |
| <b>Cash flows from financing activities</b>                 |                       |                    |
| Proceeds from issue of ordinary shares (net of issue costs) | 2,057,599             | -                  |
| Issue costs   | (209,965)             | (19,432)           |
| <b>Net cash inflow from financing activities</b>            | <b>1,847,634</b>      | <b>(19,432)</b>    |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>608,670</b>        | <b>(1,420,917)</b> |
| Cash and cash equivalents at beginning of period            | 9,403,825             | 9,317,781          |
| Exchange on cash and cash equivalents                       | (41,242)              | (103,940)          |
| <b>Cash and cash equivalents at end of the period</b>       | <b>9,971,253</b>      | <b>7,792,924</b>   |

### Major non-cash transactions

There were no major non-cash transactions during the three months ended 31 March 2018.

## **Notes to the Financial Statements**

### **1. General information**

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

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Toronto Stock Exchange (TSX). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is Rex House, 4-12 Regents Street, London SW1Y 4RG.

### **2. Basis of preparation**

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 26 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed interim financial statements of the Company have not been audited or reviewed by the Company's auditor, BDO LLP.

### ***Going concern***

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 31 March 2018.

### ***Risks and uncertainties***

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2017 Annual Report and Financial Statements, a copy of which is available on the Group's website: [www.horizonteminerals.com](http://www.horizonteminerals.com) and on Sedar: [www.sedar.com](http://www.sedar.com) The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

### ***Critical accounting estimates***

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2017 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

### **3. Significant accounting policies**

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2017, except for the impact of the adoption of the Standards and interpretations described below.

The preparation of condensed interim 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 condensed interim financial statements, are disclosed in Note 4 of the Group's 2017 Annual Report and Financial Statements.

### **4. Segmental reporting**

The Group operates principally in the UK and Brazil, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Brazil relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

**2017**

**UK**

**Brazil**

**Total**

|  | 3 months<br>ended<br>31 March<br>2017 | 3 months<br>ended<br>31 March<br>2017 | 3 months<br>ended<br>31 March<br>2017 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
|  | £                                     | £                                     | £                                     |
| Revenue  | -                                     | -                                     | -                                     |
| Administrative expenses                        | (152,691)                             | (125,370)                             | (278,061)                             |
| Profit / (loss) on foreign<br>exchange         | (103,528)                             | (412)                                 | (103,940)                             |
| Loss from operations per<br>reportable segment | (256,219)                             | (125,782)                             | (382,001)                             |
| Inter segment revenues                         | -                                     | -                                     | -                                     |
| Depreciation charges                           | (159)                                 | -                                     | (159)                                 |
| Additions to non-current<br>assets             | -                                     | 1,167,851                             | 1,167,851                             |
| Reportable segment assets                      | 7,762,047                             | 33,268,658                            | 41,030,705                            |
| Reportable segment<br>liabilities              | 3,693,518                             | 406,754                               | 4,100,272                             |

| <b>2018</b>                                    | UK                                    | Brazil                                | Total                                 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 3 months<br>ended<br>31 March<br>2018 | 3 months<br>ended<br>31 March<br>2018 | 3 months<br>ended<br>31 March<br>2018 |
|  | £                                     | £                                     | £                                     |
| Revenue  | -                                     | -                                     | -                                     |
| Administrative expenses                        | (176,097)                             | (115,096)                             | (291,193)                             |
| Profit / (loss) on foreign<br>exchange         | (36,162)                              | (9,012)                               | (45,174)                              |
| Loss from operations per<br>reportable segment | (212,259)                             | (124,108)                             | (336,367)                             |
| Inter segment revenues                         | -                                     | -                                     | -                                     |
| Depreciation charges                           | -                                     | -                                     | -                                     |
| Additions to non-current<br>assets             | -                                     | 1,167,581                             | 1,167,581                             |
| Reportable segment assets                      | 9,967,412                             | 34,907,811                            | 44,875,223                            |
| Reportable segment<br>liabilities              | 4,844,870                             | 350,194                               | 5,195,064                             |

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

|   | 3 months<br>ended<br>31 March<br>2018<br>£ | 3 months<br>ended<br>31 March<br>2017<br>£ |
|---|--|--|
| Loss from operations per reportable segment             | (336,367)                                  | (382,001)                                  |
| Change in fair value of contingent consideration        | 100,075                                    | 32,210                                     |
| Charge for stock options                                | (133,675)                                  | (50,386)                                   |
| Finance income  | 5,626                                      | 623  |
| Finance costs   | (71,619)                                   | (58,186)                                   |
| Profit/(Loss) for the period from continuing operations | (415,960)                                  | (457,740)                                  |

## 5. Change in fair value of contingent consideration

### *Contingent Consideration payable to Xstrata Brasil Mineração Ltda*

The contingent consideration payable to Xstrata Brasil Mineração Ltda has a carrying value of £3,573,991 at 31 March 2018 (31 March 2017: £3,305,576). It comprises two elements: US\$1,000,000 due after the date of issuance of a joint feasibility study for the combined Enlarged Project areas and to be satisfied by shares or cash, together with US\$5,000,000 consideration in cash as at the date of first commercial production from any of the resource areas within the Enlarged Project area. The key assumptions underlying the treatment of the contingent consideration the US\$5,000,000 are 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

As at 31 March 2018, there was a finance expense of £49,122 (2017: £55,660) recognised in finance costs within the Statement of Comprehensive Income in respect of this contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The change in the fair value of contingent consideration payable to Xstrata Brasil Mineração Ltda generated a credit to profit or loss of £108,569 for the three months ended 31 March 2018 (31 March 2017: £58,683) due to changes in the functional currency in which the liability is payable.

## 6. Intangible assets

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



the Vale dos Sonhos exploration licence acquired from a subsidiary of Glencore in November 2015.

| Group                            | Goodwill       | Exploration<br>licences | Exploration<br>and<br>evaluation<br>costs | Total             |
|----------------------------------|----------------|-------------------------|---|-------------------|
|                                  | £              | £                       | £   | £                 |
| Cost                             |                |                         |   |                   |
| At 1 January 2018                | 251,063        | 5,165,529               | 28,891,686                                | 34,308,278        |
| Additions                        | -              | 1,144,621               | 364,169                                   | 1,508,790         |
| Exchange rate movements          | (8,561)        | (132,989)               | (974,027)                                 | (1,115,577)       |
| Net book amount at 31 March 2018 | <b>242,502</b> | <b>6,177,161</b>        | <b>28,281,828</b>                         | <b>34,701,491</b> |

## 7. Share Capital

| Issued and fully paid    | Number of<br>shares | Ordinary<br>shares<br>£ | Share<br>premium<br>£ | Total<br>£ |
|--------------------------|---------------------|-------------------------|-----------------------|------------|
| At 1 January 2018        | 1,371,934,300       | 13,719,343              | 40,422,258            | 54,141,601 |
| Issue of ordinary shares | 60,587,500          | 605,875                 | 1,451,724             | 2,057,599  |
| Issue costs              | -                   | -                       | (209,964)             | (209,964)  |
| At 31 March 2018         | 1,432,521,800       | 14,325,218              | 41,664,018            | 55,989,236 |

## 8. Dividends

No dividend has been declared or paid by the Company during the three months ended 31 March 2018 (2017: nil).

## 9. Profit / (loss) per share

The calculation of the basic and diluted loss per share of (0.029) pence for the 3 months ended 31 March 2018 (31 March 2017 loss per share: (0.038) pence) is based on the loss from continuing operations attributable to the equity holders of the Company of £ (415,960) for the three month period ended 31 March 2018 (31 March 2017: Loss £457,740) divided by the weighted average number of shares in issue during the period of 1,426,463,050 (weighted average number of shares for the 3 months ended 31 March 2017: 1,171,934,300).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2017.

#### **10. Ultimate controlling party**

The Directors believe there to be no ultimate controlling party.

#### **11. Related party transactions**

The nature of related party transactions of the Group has not changed from those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2017.

#### **12. Commitments**

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £140,221 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2017.

#### **13. Events after the reporting period**

There are no events which have occurred after the reporting period which would be material to the financial statements.

#### **14. Approval of interim financial statements**

The Condensed interim financial statements were approved by the Board of Directors on 8 May 2018.

**\*\*ENDS\*\***