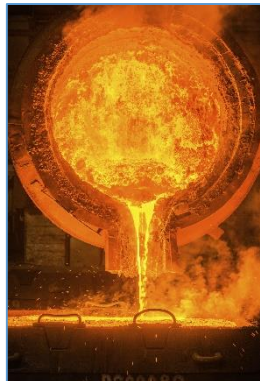


Market Data

Ticker	AIM: HZM.L / TSX: HZM.TO	Broker views	Click here
Sector	Mining	Market Cap - 16 Nov 18 (£m)	32.23
Technical analysis	Click here	12 Month High/Low (AIM)	5.20p – 2.00p

Overview

Horizonte Minerals plc is listed both on AIM in the UK and on the TSX Venture Exchange in Canada. Through exploration and acquisition of assets from some of the world's largest miners, the Company has been able to consolidate a major district in Brazil's Pará state, growing its nickel resources by over 600% (Measured & Indicated) in just six years. These resources are divided over two projects, namely: (1) the Araguaia ferronickel project, and (2) the recently acquired Vermelho nickel-cobalt project, poised to take advantage of the sharp increase in nickel-cobalt demand as a consequence of the growth in the electric vehicle (EV) market.



Araguaia FS Economics 2018: Base Case (US \$14,000/t)

Nickel price assumption (US\$/tonne)	14,000
Net cash flow (US\$m)	1,572
LOM Ni recovered (kt)	426
LOM Fe recovered (kt)	995
Average annual Ni production at 0.9 Mt/a ore (kt)	14.5
Average Fe production at 0.9 mt/a ore (kt/a)	32
NPV post tax at 8% discount (US\$m)	401
IRR post tax %	20.1
Breakeven nickel price at NPV ₈ post tax (US\$/tonne)	10,766
C1 cash costs (US\$/tonne)	8,193
Production year payback (Years)	4.2
Free cash after cap. payback (US\$bn)	1.3
Total revenue (US\$m)	5,970
Total costs (US\$m)	3,811
Operating cash flow (US\$m)	2,159

Investment Case

Resource quality: Horizonte owns 100% of two high grade and large nickel deposits. The Araguaia ferronickel project is a Tier 1 resource in terms of size and grade, one of the largest undeveloped saprolite resources globally – with the Feasibility Study (FS) completed. The Vermelho project acquired late 2017 contains 1.68 m tonnes of nickel and 94k tonnes of cobalt (0.90% NiEq Cut-Off).

Market: With an outlook for nickel of structural shortage, deepening deficits and falling stocks, nickel prices are expected to continue to increase above their recently established range of US\$12,500/t to US\$15,000/t (US\$5.90 to US\$6.80/lb). Demand for nickel from the battery market will reshape the nickel industry over the next decade, however stainless growth is forecast to be 12% over the next 4 years. Supply growth is limited due to few new projects and mine closures after the downswing of the previous cycle.

Valuation: At the short-term nickel price of US\$14,000/t, over its LOM Araguaia alone predicts an NPV of US\$401m (8% discount rate) and IRR of 20.1% (FS economics). Vale had originally approved US\$1.2bn for the build of Vermelho project in 2005 prior to the Global Financial Crisis. Horizonte purchased late 2017 for a total US\$8m, including deferred payments.

Cash flow: Over the LOM, Araguaia is estimated to generate US\$1.6bn of free cash (FS economics).

Payback: The Araguaia ferronickel project predicts a 4.2 year payback period at US\$14,000/t nickel and 3.3 year payback at the consensus price of US\$16,800/t nickel (FS economics).

Projects overview - Araguaia

Mining: Shallow open pit mining will be used to extract the nickel laterite ore. Production will come from eight open pits, 3 - 5 being open at any given time, with a targeted 0.9mt per annum of ore to a processing and smelter facility. A 28 year initial mining schedule is planned with a 31 month construction period and six month ramp up. Nickel grade in the first 10 years is approximately 1.9%.

Process: The process is the widely used and proven RKEF (rotary kiln - electric furnace). A successful pilot conducted in 2015 produced FeNi from the Araguaia ore. Araguaia's FS plant design allows for future construction of a RKEF process line, which would double Araguaia's capacity.

Araguaia Mineral Reserve Estimate

Class	Ore dry mass (mt)	Contained Ni (kt)	Ni (%)
Total Proven	7.33	126.1	1.72
Total Probable	19.96	335.3	1.68
Total	27.29	461.4	1.69



STAGE ONE

14,500 tpa nickel

STAGE TWO POTENTIAL

Second line up to 29,000 tpa nickel



HIGH GRADE

Initial 10 years of production averaging **1.9% nickel feed grade** placing ANP on upper quartile of the grade curve.



PROVEN PROCESS

Low cost proven RKEF technology currently in operation in 40 mines globally



LOW CAPITAL INTENSITY

On the low end of the global cost curve and in the lower quartile for laterite operations



HIGH GRADE PRODUCT

Production of high grade FeNi30 product – low impurity for sale to the stainless steel sector



LONG LIFE & SCALABLE

FS shows a 28 year mine life with scalable resource to support over 60 years



INFRASTRUCTURE

Well developed infrastructure around the project utilising third party port facilities



ADVANCED PERMITTING

Permitting in final stages with ANP scheduled to be **construction ready** early 2019



Vermelho

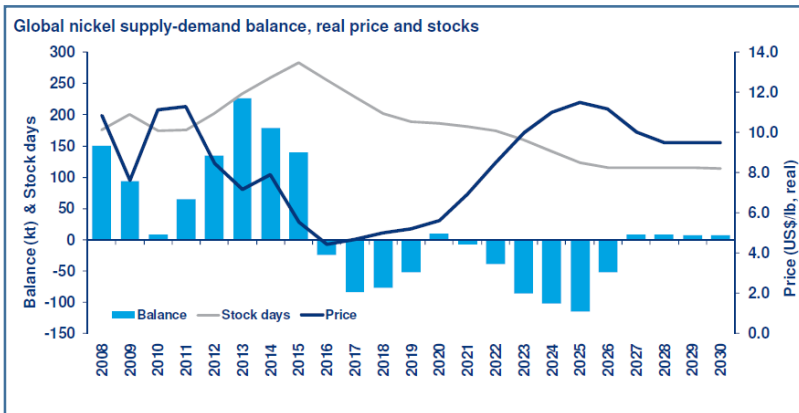
Close to Araguaia, south of the Carajás mining district in Brazil, is Horizonte's recently acquired Vermelho nickel-cobalt project. Originally developed to full feasibility level by mining major Vale SA, with the objective of becoming its principal nickel operation. The well established infrastructure of this mining region, combined with Vermelho's large scale and high grade resource make this a compelling project. Metallurgical test work is currently underway to confirm previous campaigns which achieved average leach extraction of more than 96% nickel and produced LME-grade cathode. This Nickel cathode product would be suitable for the EV market. Work is also underway to test the saprolite ore as a feed into the planned RKEF plant at Araguaia. Prior to Horizonte's acquisition, Vale completed 152,000 metres of drilling and detailed engineering studies. In May, Horizonte announced an initial NI 43-101 Mineral Resource Estimate, confirming that Vermelho has a high-grade scalable mineral resource with over 1.6mt contained nickel and 94kt of contained cobalt.

The Nickel market

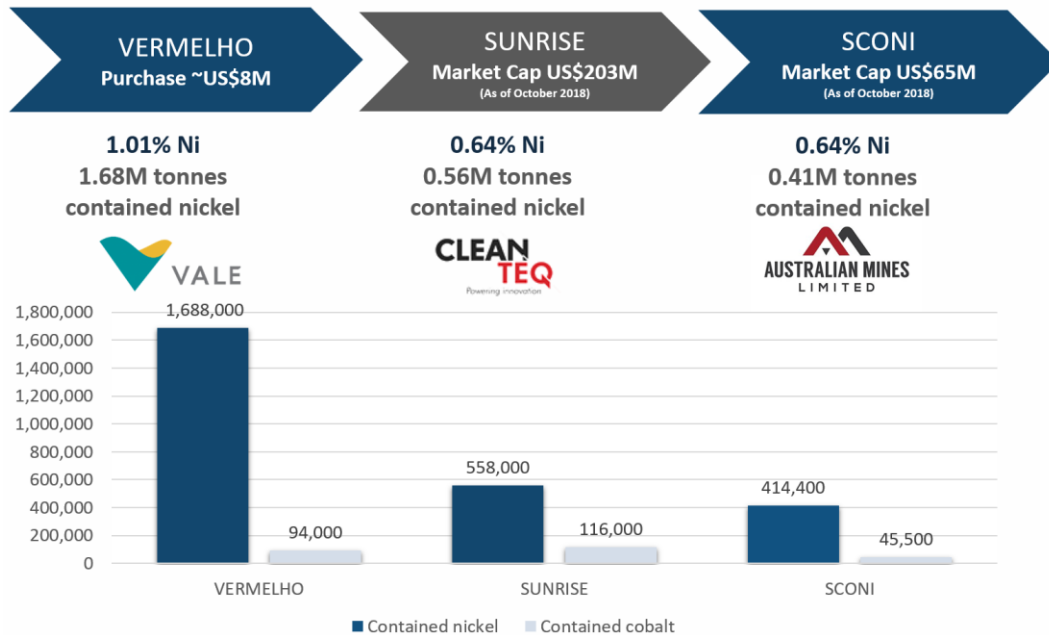
World nickel demand is forecast to increase by 3.6% in 2018, to 2.26 Mt before slowing to a compound annual growth rate of 2.1% a year, reaching 2.61 Mt in 2025. Growth over the long term is slightly stronger, at 2.5% a year, to 3.35 Mt in 2035, due to increasing uptake by the battery segment (for electric vehicles). Over this period, primary nickel uptake in stainless will account for 50–70% of total demand, rising from 1.54 Mt in 2018 to 1.66 Mt in 2025, and 1.77 Mt in 2035. Thus, with an outlook for nickel of structural shortage, deepening deficits and falling stocks, nickel prices are expected to continue to increase above their recently established range of US\$12,500/t to US\$15,000/t (US\$5.90 to US\$6.80/lb). Consensus bank forecasts the Ni price at \$16,800/t. For comparison, Wood Mackenzie's long-term incentive price currently stands at about US\$26,450/t (US\$12.00/lb).

Well placed for an upswing in nickel price

Wood Mackenzie: "We anticipate Ni prices settling at the long-term incentive price of around US\$26,450/t (US\$12/lb, real)"



Comparative



Board of Directors



David J. Hall
Chairman



Jeremy J. Martin
CEO and Director



Owen Bavinton
Non-Exec. Director



Alex Christopher
Non-Exec. Director



William Fisher
Non-Exec. Director



Allan M Walker
Non-Exec. Director

The Board has extensive experience in mineral exploration, development and production. The Chairman, **David Hall**, has over 30 years of experience in the exploration and mining sector and has worked on exploration projects and mines in over 40 countries for major companies. **Jeremy Martin**, the CEO, has worked in South America and elsewhere with responsibility for regional metalliferous exploration programmes through to mine development. He has set up a number of JV partnerships and both AIM and TSX traded companies. **Owen Bavinton** has varied international experience in the minerals exploration and mining sector and has held positions in various companies including Anglo American. **Alex Christopher** is a geologist by training with experience in mineral exploration and the mining industry. He is currently Teck's Senior VP for Exploration, Projects and Technical Services. **William Fisher**, also a geologist, has extensive international industry experience in both exploration and mining positions. **Allan Walker** has over 30 years of experience in investment banking and funds management, primarily focussed on energy sector project finance and private equity, particularly in emerging markets.

Latest Results – FY 2017

INCOME STATEMENT		
Half year end 30 June (Fig's in £'000)	FY 2017	FY 2016
Administrative expenses	(1,093)	(1,010)
Charge for share options granted	(679)	(325)
Changes in fair value consideration	622	(261)
Gain/(loss) on foreign exchange	(300)	65
Operating loss	(1,450)	(1,530)
Net finance income/(expense)	(217)	(216)
Loss before tax	(1,667)	(1,746)
Income tax	-	-
Loss for the year attrib. to parent owners	(1,667)	(1,746)
Items that may be reclassified to the P&L		
Currency translation differences	(3,479)	9,315
Total comprehensive income for the year	(3,479)	7,569
CASH FLOW STATEMENT		
Loss before tax	(1,667)	(1,746)
Finance income less finance costs	217	216
Change in fair value/share options/other	(60)	408
Working capital	227	266
Net cash used in operations	(1,284)	(856)
Investing activities	(5,089)	(1,249)
Net proceeds from shares issued	6,759	8,619
Net incr/(decr) in cash and cash equiv's	(3,417)	6,515
Cash and cash equiv's start of year	9,318	2,739
Exchange gain/(loss) on cash/cash equiv's	(300)	64
Cash and cash equiv's at year end	9,402	9,318

BALANCE SHEET (£'000)		
As at 31 December (fig's in £'000)	FY 2017	FY 2016
Intangible assets	34,308	32,018
Property, plant and equipment	2	1
Non-current assets	34,310	32,019
Trade and other receivables	153	35
Cash and cash equivalents	9,402	9,318
Current assets	9,557	9,353
TOTAL ASSETS	43,867	41,372
Contingent consideration	3,635	3,643
Deferred tax liabilities	253	282
Non-current liabilities	3,889	3,925
Trade and other payables	736	392
Current liabilities	736	392
TOTAL LIABILITIES	4,625	4,317
NET ASSETS	39,242	37,054
Share capital	13,719	11,719
Share premium	40,422	35,767
Other reserves	988	4,467
Retained losses	(15,888)	(14,899)
TOTAL EQUITY = NET ASSETS	39,242	37,054

Financials

Acquisition: The acquisition of Vermelho from Vale totaled US\$8m of which US\$150,000 was payable upon signing. A further US\$1.85m is due on the 2nd anniversary of the acquisition date, with the balance payable on the sale of the first commercial product. In addition to the purchase price, Horizonte has granted a 1% Net Smelter Royalty to Vale on any nickel produced during the first 10 years of commercial production up to a maximum of 15,000 tpa, which then reduces to a 0.5% NSR thereafter.

Fund-raising: In December 2017, 200m shares were conditionally placed by Numis Securities in the UK at a price of 3.5p. This was followed by a placing in Canada which involved the sale of 60,587,500 shares for a total of CAD\$3,635,250. The two placings raised a combined total of £9.2m.

Use of funds: The total funds raised in the recent placing, coupled with existing cash, are sufficient for approximately 24-months of corporate activity, which has allowed Horizonte to complete the feasibility study at Araguaia in the short term, while also progressing to a preliminary economic assessment at Vermelho, as well as further exploration & de-risking of assets.

Shareholder Data

LEADING SHAREHOLDERS	
Teck Resources	14.7%
Canaccord Genuity Group	10.0%
JP Morgan	8.2%
City Financial	7.6%
Richard Griffiths	6.7%
Glencore	5.2%
Lombard Odier	4.9%

FINANCIAL CALENDAR	
May	AGM
June	30 June half year
Nov	Quarterly report
December	31 December financial year end

NEWSFLOW	
10/10/2018	Feasibility Study Results
25/10/2018	FS Release Date
10/10/2018	Vermelho Operational update
16/08/2018	Q3 Araguaia Operational Update
31/07/2018	Interim Results
31/07/2018	H2M Q2 Financial statements AIM