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HORIZONTE MINERALS Q1 2019 SHAREHOLDER UPDATE

Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or the 'Company'), the nickel development company focused in Brazil, is pleased to provide the following update to shareholders from CEO, Jeremy Martin.

Highlights:

- Araguaia ferronickel project ('Araguaia') Feasibility Study ('FS') completed in Q4 2018 delivering robust economics;
- Further upside potential with Stage 2 expansion at Araguaia doubling annual nickel production;
- Construction Licence recently granted by the Brazilian Pará State Environmental Agency ('SEMAS');
- Advancing project financing options for Araguaia;
- Vermelho nickel cobalt project ('Vermelho') Pre-Feasibility Study ('PFS') underway;
- Nickel showing positive fundamentals with midterm consensus pricing of US\$16,792/tonne ('t') Ni for 2022; and
- Brazil economy set for growth in 2019 and 2020 with GDP set to increase 2.4% and 2.3% respectively.

Jeremy Martin, Chief Executive of Horizonte, commented:

"The Company made further significant progress in the December quarter as we work towards developing the Araguaia ferronickel project and move towards becoming a nickel producer. A major milestone was the release of the FS demonstrating robust economics on the single line RKEF process plant which also includes the option to double annual nickel production through the Stage 2 expansion. The Stage 2 expansion case returned an estimated post-tax Net Present Value¹ ('NPV') of US\$741 million² and Internal Rate of Return ('IRR') of 23.8% using the FS base case nickel price forecast of US\$14,000/t³. In January 2019, following completion of the FS, the Company was awarded the Construction Licence for the project, which subject to funding, allows development to commence on the RKEF process plant and associated infrastructure. It is important to note that Araguaia does not produce tailings and does not have a tailings dam so is not affected by the recent ban on new upstream tailings dams in Brazil.

¹ NPV calculated using 8% discount rate

² USD/BRL 1/3.5 exchange rate applied for life-of-mine

³ Wood Mackenzie Short term forecast – refer to market section of Araguaia NI 43-101: https://horizonteminerals.com/news/en_20181212_araguaia_ni_43-101_technical_report.pdf

“Work recently commenced on the PFS for our Vermelho nickel cobalt project. Snowden Mining Industry Consultants have been contracted to produce the mining schedules and act as overall study manager, in addition the Simulus Group based in Perth will provide detailed design information and costings for the Vermelho process flow sheet and together with our local Brazilian engineering partners, will deliver associated infrastructure to the project. In parallel we have our teams working on the environmental and social permitting, and new terms of reference have been submitted to SEMAS, the Brazilian Pará State Environmental Agency to advance Vermelho’s Environmental Impact Assessment.

“Horizonte holds two Tier 1 assets in terms of size and grade; the development-ready Araguaia ferronickel project and the Vermelho nickel-cobalt project. Our portfolio is therefore well placed at a time when demand in stainless steel and electric vehicle markets is increasing and outstripping new nickel supply coming online.

“2019 is set to be an exciting year for the Company with multiple value drivers for shareholders all set against a positive back drop of the broader nickel market and growing Brazilian economy.”

Detailed Information

Nickel Markets

Having fallen from 470,000 tonnes to approximately 200,000 tonnes at present, nickel inventories on the LME have continued to drop and are now at their lowest levels in five years. Significant new supply is required for the stainless-steel market which is growing at around 5% year on year, with further additional new demand driven from the Electric Vehicle (‘EV’) battery sector. Whilst the physical number of EVs on the roads throughout the world remains relatively low at 3 million cars today, forecasts for the acceleration of adoptions of EV’s vary from 20 to 40 million cars on the roads by 2030, representing an estimated approximate 10-fold increase.

At present it is difficult to see where significant new supply to meet this demand is going to materialize from.

A recent market assessment by Bloomberg New Energy Finance (‘NEF’) points to nickel supply tightness creating growing anxiety as battery metal consumers look to draw greater volumes of nickel from inventory to satisfy demand; “Nickel is now the metal creating the most concern in the battery manufacturing community”, added NEF analyst, James Frith.

Cathode market leader Umicore SA also notes that supply constraints could push nickel prices up to as much as US\$20,000-US\$25,000/t.

Glencore have forecast that growth in nickel demand would need to fall to -1% for the nickel market to eliminate the current structural deficit which is leading to the draw down in nickel stocks on an ongoing basis.

As we write this, nickel prices remain around US\$12,500/t. But the continued draw down of global Nickel inventory points to a stronger nickel price environment over the mid-term.

Nickel is a favourite commodity pick amongst multiple banks/analysts for 2019 and 2020 with all of the large banks predicting notable price increases by 2021, including:

- UBS: US\$16,500/t in 2021
- Morgan Stanley: US\$16,500/t in 2021
- Scotiabank: US\$17,600/t in 2021
- Macquarie: US\$17,000/t in 2021

Araguaia Ferronickel Project (Araguaia)

In October of 2018, we released the FS for Araguaia. The base case of the FS uses a flat price of US\$14,000/t nickel. The initial 28-year mine life generates free cash flow after taxation of US\$1.6 billion with sufficient Mineral Resources beyond the initial 28 year mine life. The financial model indicates an estimated post tax- NPV of US\$401 million and IRR of 20.1%. At operational levels, Araguaia is expected to produce an average of 14,500t of nickel contained within approximately 52,000t ferronickel per annum, utilising proven RKEF technology currently used at over 40 mines around the world. Using a consensus price of nickel of US\$16,800/t, the post tax NPV increases from US\$401 million up to US\$740 million and the IRR from 20.1% up to 28.1%. Another attractive key metric of the project is the C1 cash cost, which, at US\$8,193/t Ni, places Araguaia in the lowest quartile for nickel-laterite projects globally, highlighting Araguaia's robust and competitive operating costs.

The FS for Araguaia was designed to allow for a second production line. In December last year we filed the 43-101 report for Araguaia including the FS results and the potential upside which could be realised from doubling production by adding a second line. At 29,000/t per annum production of nickel, the expanded project would become globally significant production unit. Applying the FS base case nickel price of US\$14,000/t, the Stage-2 expansion demonstrates a step-change in the economics of Araguaia: increasing cash flows after taxation from US\$1.6 billion to US\$2.6 billion; and NPV from US\$401 million up to US\$741 million. The expansion would require no additional upfront capital as the second line would be funded through reinvestment of free cash flows generated from the existing operation.

Araguaia is well positioned as one of only a few construction ready nickel projects in the world. With the average time from initial discovery to first production approximately 8 to 10 years for most mining operations, Araguaia represents a unique opportunity to capitalise on the fundamentals of the nickel market as highlighted above.

The next step to move Araguaia into the construction phase is a project finance package. We appointed Endeavour Financial as our financial advisors, focusing on the debt and offtake development package for Araguaia. Endeavour Financial is a well-regarded firm with a strong track record of success in the mining industry, specialising in arranging multisource financing for single asset development companies, an example being the recently closed US\$750 million financing package for Lundin Gold's Fruta del Norte project in Ecuador.

Vermelho Nickel Cobalt Project (Vermelho)

The Vermelho project was acquired by Horizonte from Vale in early 2018, located in the southern part of the Carajás mining district approximately 140km from Araguaia North. Vale completed a full Feasibility Study on the project and it was scheduled for construction in 2006. Following the acquisition Horizonte released a 43-101 compliant Mineral Resource estimate, in the Measured and Indicated category, the project contains 167.8 million tonnes grading 1.01% nickel and 0.06% cobalt (at 0.9% nickel equivalent cut off), estimated to contain 1.68 million tonnes (3,700 million lbs) of nickel

and 94,000 tonnes (207 million lbs) of cobalt. The Mineral Resource Estimate places the Vermelho project as one of the largest, highest grade undeveloped laterite nickel – cobalt resources globally.

One of the key factors behind the acquisition of this quality resource was its location and close proximity to Araguaia. The combined resource base is high-grade, scalable and gives flexibility to have two potential operating centres, one at Araguaia as shown in the recent FS and one at Vermelho. Horizonte now has the potential to develop an annual nickel production of 40,000 to 50,000 tpa nickel per year from Araguaia and Vermelho within this 100% owned, consolidated nickel district.

There are several phases of work currently underway at Vermelho, the first is to demonstrate upgrading the mixed hydroxide product (MHP) to nickel and cobalt sulphate suitable for use in the evolving EV battery market. The second phase will utilise the high grade saprolite material to produce ferronickel via the same RKEF flow sheet as developed at Araguaia. This work will then feed into a PFS to demonstrate the economic viability of Vermelho on a lower throughput capacity and capital cost than the operation that Vale had planned to develop. Additionally, work on the ground has commenced with updated environmental and social base line data collection as part of the permitting process.

Brazil

We have always championed Brazil as a stable, established jurisdiction for operations. In particular the Pará state is pro mining with the Carajás mining district hosting a number of world class mines, combined with prospective geology and well-developed infrastructure, all key factors to allow the low-cost development of new projects. The Company has received positive government and community support for Araguaia, culminating in the recent award of the Construction Licence. Another new positive development is the up lift in the Brazilian economy. Brazil has tightened control over inflation rates, which have decreased from 8.8% in 2016 to 3.6% in 2018. The Country has also taken a series of measures aimed to improve fiscal responsibility, reduced government spending and increased direct foreign investment.

In 2018, Brazil held a presidential election in which the front-runner and now president, Mr. Jair Bolsonaro, had committed to “open the economy” to foreign investors, adopting a pro-business agenda and taking steps to improve investor confidence in Brazil. Within this scenario, consumer confidence is at its highest level since 2014 prompting Forbes to say that “Brazil is the best stock exchange to invest in right now” (8th January 2019) and the Bovespa Stock exchange hit its highest point since inception in February 2019.

Following the tragic accident on Friday 25th January at Vale's Feijão iron ore mine at Brumadinho, Minas Gerais, the Horizonte team in Brazil and UK send our sincere condolences to those affected by the event.

It is important to highlight that Araguaia, located approximately 1,800 kilometres north from Vale's Feijão iron ore mine, does not produce tailings and has no waste dams on the site. Araguaia, in line with many other global ferronickel operations, plans to produce slag in dry granulated pellets which will be stockpiled and potentially used in road fill as a binder in or turned into other building products such as blocks or cladding sheet material.

Detailed Information

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About Horizonte Minerals:

Horizonte Minerals plc is an AIM and TSX-listed nickel development company focused in Brazil. The Company is developing the Araguaia project, as the next major ferronickel mine in Brazil, and the Vermelho nickel-cobalt project, with the aim of being able to supply nickel and cobalt to the EV battery market. Both projects are 100% owned.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this press release constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, the ability of the Company to complete the Acquisition as described herein, statements with respect to the potential of the Company's current or future property mineral projects; the success of exploration and mining activities; cost and timing of future exploration, production and development; the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; the ability of the Company to complete the Placing as described herein, and the realization of mineral resource and reserve estimates. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-

looking information, including but not limited to risks related to: the inability of the Company to complete the Acquisition as described herein, exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, the inability of the Company to complete the Placing on the terms as described herein, and various risks associated with the legal and regulatory framework within which the Company operates. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.