

NEWS RELEASE

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16 May 2019

**HORIZONTE MINERALS QUARTERLY FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31  
MARCH 2019**

16 May 2019 – Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company'), the nickel development company focused in Brazil, announces it has today published its unaudited financial results for the three month period to 31 March 2019 and the Management Discussion and Analysis for the same period. Both of the above have been posted on the Company's website [www.horizonteminerals.com](http://www.horizonteminerals.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

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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.

**Horizonte Minerals plc****Condensed Consolidated Interim Financial Statements****for the three months ended 31 March 2019**

**Condensed consolidated statement of comprehensive income**

		<b>3 months ended</b>	
		<b>March 31</b>	
		<b>2019</b>	<b>2018</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		(517,987)	(291,193)
Charge for stock options granted		(129,993)	(133,675)
Change in fair value of contingent consideration			
	5	311,048	100,075
Gain/(loss) on foreign exchange		(56,241)	(45,174)
Other losses – impairment of available for sale asset		-	-
<b>Profit / (Loss) from operations</b>		<b>(393,173)</b>	<b>(349,967)</b>
Finance income		12,951	5,626
Finance costs		(73,248)	(71,619)
<b>Profit / (Loss) before taxation</b>		<b>(453,470)</b>	<b>(415,960)</b>
Taxation		-	-

<b>Profit / (Loss) for the period from continuing operations</b>		<b>(453,470)</b>	<b>(415,960)</b>
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**Other comprehensive income**

**Items that may be reclassified to profit or loss**

Change in value of available for sale financial assets		-	-
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Exchange differences on translating foreign operations		<u>(1,094,562)</u>	<u>(1,107,013)</u>
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<b>Other comprehensive income for the period, net of tax</b>		<b>(1,094,562)</b>	<b>(1,107,013)</b>
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<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>(1,548,032)</b>	<b>(1,522,973)</b>
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**Earnings per share from continuing operations attributable to the equity holders of the Company**

Basic and diluted profit/(loss) pence per share	9	<b>(0.031)</b>	<b>(0.029)</b>
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**Condensed consolidated statement of financial position**

		<b>31 March 2019 Unaudited</b>	<b>31 December 2018 Audited</b>
	Notes	£	£
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	35,269,043	35,737,902

Property, plant & equipment		987	1,186
		35,270,030	35,739,088
<b>Current assets</b>			
Trade and other receivables		38,358	24,243
Cash and cash equivalents		5,288,014	6,527,115
		5,326,372	6,551,358
<b>Total assets</b>		<b>40,596,402</b>	<b>42,290,446</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	7	14,463,773	14,325,218
Share premium	7	41,785,306	41,664,018
Other reserves		(3,134,553)	(2,039,991)
Accumulated losses		(17,313,768)	(16,990,290)
<b>Total equity</b>		<b>35,800,758</b>	<b>36,958,955</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contingent consideration	5	2,973,861	3,461,833
Deferred taxation		220,760	228,691
		3,194,621	3,690,524
<b>Current liabilities</b>			
Trade and other payables		249,065	280,175
Deferred Consideration		1,351,958	1,360,792
		1,601,023	1,640,967
<b>Total liabilities</b>		<b>4,795,644</b>	<b>5,331,491</b>
<b>Total equity and liabilities</b>		<b>40,596,402</b>	<b>42,290,446</b>

#### Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				Total £		
	Share capital £	Share premium £	Accumulated losses £	Other reserves £			
	<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 period	-	-	(415,960)		-	(415,960)
<b>Other comprehensive income</b>							
Currency translation differences	-	-	-	(1,107,013)	(1,107,013)		
<b>Total comprehensive 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>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>		

	Attributable to the owners of the parent				Total £		
	Share capital £	Share premium £	Accumulated losses £	Other reserves £			
	<b>As at 1 January 2019</b>	<b>14,325,218</b>	<b>41,664,018</b>	<b>(16,990,290)</b>		<b>(2,039,991)</b>	<b>36,958,955</b>

Profit/(Loss) for the period	-	-	(453,470)	-	(453,470)
<b>Other comprehensive income</b>					
Currency translation differences	-	-	-	(1,094,562)	(1,094,562)
<b>Total comprehensive income</b>	-	-	<b>(453,470)</b>	<b>(1,094,562)</b>	<b>(1,548,032)</b>
Share based payments	-	-	129,993	-	129,993
Issue of Shares	138,555	121,288	-	-	259,843
Issue costs	-	-	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>138,555</b>	<b>121,288</b>	<b>129,993</b>	<b>-</b>	<b>389,836</b>
<b>As at 31 March 2019 (unaudited)</b>	<b>14,463,773</b>	<b>41,785,306</b>	<b>(17,313,768)</b>	<b>(3,134,553)</b>	<b>35,800,758</b>

### Condensed Consolidated Statement of Cash Flows

	3 months ended	
	31 March	
	2019	2018
	Unaudited	Unaudited
	£	£
<b>Cash flows from operating activities</b>		
Profit / (Loss) before taxation	(453,470)	(415,960)
Interest income	(12,951)	(5,626)
Finance costs	73,248	71,619
Exchange differences	56,241	45,175
Employee share options charge	129,993	113,675

Change in fair value of contingent consideration	(311,048)	(100,075)
Depreciation	-	-
<b>Operating loss before changes in working capital</b>	<b>(517,987)</b>	<b>(291,192)</b>
Decrease / (Increase) in trade and other receivables	(14,115)	(51,504)
(Decrease) / Increase in trade and other payables	2,790	(277,994)
<b>Net cash outflow from operating activities</b>	<b>(529,312)</b>	<b>(620,690)</b>
<b>Cash flows from investing activities</b>		
Net purchase of intangible assets	(667,335)	(623,900)
Purchase of property, plant and equipment		
Interest received	12,951	5,626
<b>Net cash used in investing activities</b>	<b>(654,384)</b>	<b>(618,274)</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)
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>1,847,634</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,183,696)</b>	<b>608,670</b>
Cash and cash equivalents at beginning of period	6,527,115	9,403,825
Exchange on cash and cash equivalents	(55,405)	(41,242)
<b>Cash and cash equivalents at end of the period</b>	<b>5,288,014</b>	<b>9,971,253</b>

### Major non-cash transactions

There were no major non-cash transactions during the three months ended 31 March 2019.

### 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).

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). Statutory financial statements for the year ended 31 December 2018 were approved by the Board of Directors on 28 March 2019 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 audited financial statements prepared as at 31 December 2018 include certain disclosures in note 2.4 regarding a material uncertainty of the Groups ability to continue as a going concern. These disclosures medium remain pertinent and due to the current operations on the Group not generating any revenues access to additional funding sources maybe required within the next 12 months in order to continue operations.

The Directors have a reasonable expectation that the Group has the ability to raise additional funds required in order to continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing these Financial Statements. However, given the uncertainty surrounding the ability and likely timing of securing such investment finance the Directors are of the opinion that there exists a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

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

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's term performance and the factors that mitigate those risks have not substantially



changed from those set out in the Group's 2018 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 2018 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 2018, 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 2018 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.

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

<b>2019</b>	UK	Brazil	Total
	3 months ended	3 months ended	3 months ended
	31 March 2019	31 March 2019	31 March 2019
	£	£	£
Revenue	-	-	-
Administrative expenses	<b>(329,058)</b>	<b>(188,929)</b>	<b>(517,987)</b>
Profit / (loss) on foreign exchange	<b>(20,593)</b>	<b>(35,648)</b>	<b>(56,241)</b>

Loss from operations per reportable segment	<b>(349,651)</b>	<b>(224,577)</b>	<b>(574,228)</b>
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions to non-current assets	-	<b>(460,995)</b>	<b>(460,995)</b>
Reportable segment assets	<b>4,455,208</b>	<b>36,141,195</b>	<b>40,596,403</b>
Reportable segment liabilities	<b>4,377,828</b>	<b>417,816</b>	<b>4,795,644</b>

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

	3 months ended 31 March 2019	3 months ended 31 March 2018
	£	£
Loss from operations per reportable segment	(574,2280)	(336,367)
Change in fair value of contingent consideration	311,048	100,075
Charge for stock options	(129,993)	(133,675)
Finance income	12,951	5,626
Finance costs	(73,248)	(71,619)
Profit/(Loss) for the period from continuing operations	(453,470)	(415,960)

## 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 £2,973,871 at 31 March 2019 (31 March 2018: £3,573,991). It comprises 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 2019, there was a finance expense of £50,356 (2018: £49,122) 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 £279,320 for the three months ended 31 March 2019 (31 March 2018: £108,569) 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	Exploration and evaluation costs			Total
	Goodwill	Exploration licences	evaluation costs	
	£	£	£	£
Cost				
At 1 January 2019	226,757	6,130,296	29,380,849	35,737,902
Additions	-	-	633,596	633,596
Exchange rate movements	(7,864)	(148,294)	(946,296)	(1,102,454)

Net book amount at 31 March 2019	<b>218,893</b>	<b>5,982,001</b>	<b>29,068,148</b>	<b>35,269,043</b>
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## 7. Share Capital

<b>Issued and fully paid</b>	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2019	1,432,521,800	14,325,218	41,664,018	55,989,236
Issue of ordinary shares	13,855,487	138,555	121,288	259,843
Issue costs		-	-	-
At 31 March 2019	1,446,377,287	14,463,773	41,785,306	56,249,079

## 8. Dividends

No dividend has been declared or paid by the Company during the three months ended 31 March 2019 (2018: nil).

## 9. Profit / (loss) per share

The calculation of the basic and diluted loss per share of (0.031) pence for the 3 months ended 31 March 2019 (31 March 2018 loss per share: (0.029) pence) is based on the loss from continuing operations attributable to the equity holders of the Company of £ (453,470) for the three month period ended 31 March 2018 (31 March 2018: Loss £415,960) divided by the weighted average number of shares in issue during the period of 1,442,836,440 (weighted average number of shares for the 3 months ended 31 March 2018: 1,426,463,050).

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 2018.

## 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 2018.

## 12. Commitments

The Group had capital expenditure contracted for at the end of the reporting period but not yet incurred of £120,765 relating to intangible exploration assets. All other commitments remain as stated in the Group's Annual Financial Statements for the year ended 31 December 2018.

**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 15 May 2019.

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