

13 November 2019

HORIZONTE MINERALS QUARTERLY FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company'), the nickel development company focused in Brazil, is pleased to announce its unaudited financial results for the three month period to 30 September 2019. These results, as well as a Management Discussion & Analysis, have been posted on the Company's website www.horizonteminerals.com and are also available on SEDAR at www.sedar.com.

Highlights for Q3 2019

- Entered into a royalty agreement with Orion Mine Finance ('Orion') to provide \$25 million upfront cash payment to advance Araguaia in exchange for a 2.25% royalty
- The Royalty only applies to the first 426,429 tonnes of contained nickel within the final product (ferronickel) produced and sold. This is equivalent to the nickel production estimated over the life of mine for Araguaia in the Stage 1 Feasibility Study
- Publication of an initial NI 43-101 Mineral Resource Estimate for the Serra do Tapa nickel deposit ('Serra do Tapa')
- The Serra do Tapa Mineral Resources, in the Measured and Indicated category, are 70.3 million tonnes grading 1.22% nickel (at 0.9% nickel cut off)
- The Company's 100% owned aggregate Mineral Resource inventory shows a 30% increase in tonnage with the addition of the Serra do Tapa deposit
- A significant portion of high grade saprolite within the deposit is amenable to the Rotary Kiln Electric Furnace ('RKEF') process route to produce ferro-nickel, potentially providing a further high-grade feed source for the Araguaia project

Events after the Reporting Date

- Appointment of project director to lead the construction of the Araguaia ferronickel Project
- Publication of the results of the Pre-Feasibility Study for the Vermelho Nickel-Cobalt Project, confirming it as a low cost, long life nickel sulphate project
- Completion of the US\$25 million royalty transaction with Orion announced on 29th August 2019, and the subsequent drawdown of the funds

For further information visit www.horizonteminerals.com or contact:

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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 nine months ended 30 September 2019

Condensed consolidated statement of comprehensive income

	Notes	9 months ended 30 September		3 months ended 30 September	
		2019	2018	2019	2018
		Unaudited	Unaudited	Unaudited	Unaudited
		£	£	£	£
Continuing operations					
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Administrative expenses		(1,910,913)	(1,138,978)	(941,996)	(353,630)
Charge for share options granted		(290,833)	(633,222)	(53,662)	(338,516)
Change in value of contingent consideration		145,561	(265,378)	(46,640)	(70,904)
Gain/(Loss) on foreign exchange		(21,706)	117,313	(17,657)	24,515
Loss from operations		(2,077,891)	(1,920,265)	(1,059,955)	(738,535)
Finance income		50,085	31,803	16,294	9,928
Finance costs		(222,788)	(215,283)	(75,951)	(74,961)
Loss before taxation		(2,250,594)	(2,103,745)	(1,119,612)	(803,568)
Taxation		-	-	-	-
Loss for the year from continuing operations		(2,250,594)	(2,103,745)	(1,119,612)	(803,568)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Change in value of available for sale financial assets		-	-	-	-

Currency translation differences on translating foreign operations		(1,093,862)	(4,935,406)	(1,559,385)	(880,193)
Other comprehensive income for the period, net of tax		(1,093,862)	(4,935,406)	(1,559,385)	(880,193)
Total comprehensive income for the period attributable to equity holders of the Company		(3,344,456)	(7,039,151)	(2,678,997)	(1,683,761)
Earnings per share from continuing operations attributable to the equity holders of the Company					
Basic and diluted (pence per share)	9	(0.157)	(0.147)	(0.078)	(0.056)

Condensed consolidated statement of financial position

		30 September 2019 Unaudited £	31 December 2018 Audited £
	Notes		
Assets			
Non-current assets			
Intangible assets	6	36,504,752	35,737,901
Property, plant & equipment		664	1,186
		36,505,416	35,739,087
Current assets			
Trade and other receivables		70,014	24,244
Cash and cash equivalents		3,124,040	6,527,115
		3,194,054	6,551,359
Total assets		39,699,470	42,290,446
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	14,463,773	14,325,218
Share premium	7	41,785,306	41,664,018
Other reserves		(3,133,853)	(2,039,991)
Accumulated losses		(18,950,052)	(16,990,291)
Total equity		34,165,174	36,958,954
Liabilities			
Non-current liabilities			
Contingent consideration		3,156,771	3,461,833
Deferred tax liabilities		221,223	228,691
		4,862,070	3,690,524
Current liabilities			
Trade and other payables		672,226	280,175
Deferred consideration		1,484,076	1,360,792
		2,156,302	1,640,967
Total liabilities		5,534,296	5,331,492
Total equity and liabilities		39,699,470	42,290,446

Condensed statement of changes in shareholders' equity

Attributable to the owners of the parent

	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2018	13,719,343	40,422,258	(15,887,801)	988,015	39,241,815
Comprehensive income					
Loss for the period	-	-	(2,103,745)	-	(2,103,745)
Other comprehensive income					
Impairment of available for sale assets	-	-	-	-	-
Currency translation differences	-	-	-	(4,935,406)	(4,935,406)
Total comprehensive income	-	-	(2,103,745)	(4,935,406)	(7,039,151)
Transactions with owners					
Share based payments	-	-	633,222	-	633,222
Issue of shares	605,875	1,451,724	-	-	2,057,599
Share issue costs	-	(209,964)	-	-	(209,964)
Total transactions with owners	605,875	(1,241,760)	633,222	-	2,480,857
As at 30 September 2018 (unaudited)	14,325,218	41,664,018	(17,358,324)	(3,947,391)	34,683,521

Attributable to the owners of the parent

	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2019	14,325,218	41,664,018	(16,990,291)	(2,039,991)	36,958,954
Comprehensive income					
Loss for the period	-	-	(2,250,594)	-	(2,250,594)
Other comprehensive income					
Impairment of available for sale assets	-	-	-	-	-
Currency translation differences	-	-	-	(1,093,862)	(1,093,862)
Total comprehensive income	-	-	(2,250,594)	(1,093,862)	(3,344,456)
Transactions with owners					
Share based payments	-	-	290,833	-	290,833
Issue of shares	138,555	121,288	-	-	259,843
Share issue costs	-	-	-	-	-
Total transactions with owners	138,555	121,288	290,833	-	550,676
As at 30 September 2019 (unaudited)	14,463,773	41,785,306	(18,950,052)	(3,133,853)	34,165,174

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	2019	2018
	Unaudited £	Unaudited £	Unaudited £	Unaudited £
Cash flows from operating activities				
Loss before taxation	(2,250,594)	(2,103,745)	(1,119,612)	(803,568)
Interest income	(50,085)	(31,803)	(16,294)	(9,928)
Finance costs	222,788	215,283	75,951	70,904
Exchange differences	21,706	(117,313)	17,657	(24,515)
Employee share options charge	290,833	633,222	53,662	338,516
Change in fair value of contingent consideration	(145,561)	265,378	46,640	74,961
Depreciation	-	-	-	-
Operating loss before changes in working capital	(1,190,913)	(1,138,978)	(941,996)	(353,630)
Decrease/(increase) in trade and other receivables	(45,771)	7,546	(42,496)	50,345
(Decrease)/increase in trade and other payables	468,782	(298,911)	442,376	(1,841)
Net cash outflow from operating activities	(1,487,902)	(1,430,343)	(542,116)	(305,126)
Cash flows from investing activities				
Purchase of intangible assets	(1,944,388)	(2,049,038)	(655,180)	(763,698)
Proceeds from sale of property, plant and equipment	-	-	-	-
Interest received	50,085	31,803	16,294	9,928
Net cash used in investing activities	(1,894,303)	(2,017,235)	(638,886)	(753,770)
Cash flows from financing activities				
Issue of shares	-	2,057,599	-	-
Share issue costs	-	(209,965)	-	-
Net cash used in financing activities	-	1,847,634	-	-
Net decrease in cash and cash equivalents	(3,382,205)	(1,599,944)	(1,181,002)	(1,058,896)
Cash and cash equivalents at beginning of period	6,527,115	9,403,825	4,322,699	8,969,672
Exchange gain/(loss) on cash and cash equivalents	(20,870)	134,923	(17,657)	28,027
Cash and cash equivalents at end of the period	3,124,040	7,938,804	3,124,040	7,938,804

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 of 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 Regent 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated 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 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 consolidated 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 consolidated interim financial statements for the period ended 30 September 2019.

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 2018 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.horizonteminerals.com and on Sedar: 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 consolidated 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 consolidated interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2018.

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.

2019	UK	Brazil	Total
	9 months ended 30 September 2019 £	9 months ended 30 September 2019 £	9 months ended 30 September 2019 £
Revenue	-	-	-
Administrative expenses	(1,433,182)	(477,731)	(1,910,913)
Profit on foreign exchange	(6,655)	(15,051)	(21,706)
(Loss) from operations per reportable segment	(682,667)	(338,998)	(1,932,619)
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(774,255)	(774,255)
Reportable segment assets	2,767,328	36,932,142	39,699,470
Reportable segment liabilities	5,172,502	361,794	5,534,296

2018	UK	Brazil	Total
	9 months ended 30 September 2018 £	9 months ended 30 September 2018 £	9 months ended 30 September 2018 £
Revenue	-	-	-
Administrative expenses	(855,593)	(283,385)	(1,138,978)
(Loss) on foreign exchange	172,926	(55,613)	117,313
(Loss) from operations per reportable segment	(682,667)	(338,998)	(1,021,665)
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(1,703,069)	(1,703,069)
Reportable segment assets	7,132,617	33,502,609	40,635,227
Reportable segment liabilities	5,346,237	605,469	5,951,706

2019	UK	Brazil	Total
	3 months ended 30 September 2019 £	3 months ended 30 September 2019 £	3 months ended 30 September 2019 £
Revenue	-	-	-
Administrative expenses	(794,076)	(147,920)	(941,996)
Profit on foreign exchange	5,689	(23,346)	(17,657)
(Loss) from operations per reportable segment	(788,387)	(171,266)	(959,653)
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(969,007)	(969,007)

	UK	Brazil	Total

2018	3 months ended 30 September 2018 £	3 months ended 30 September 2018 £	3 months ended 30 September 2018 £
Revenue	-	-	-
Administrative expenses	(260,493)	(93,137)	(353,630)
(Loss) on foreign exchange	38,856	(14,341)	24,515
(Loss) from operations per reportable segment	(221,637)	(107,478)	(329,115)
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(74,209)	(74,209)

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

	9 months ended 30 September 2019 £	9 months ended 30 September 2018 £	3 months ended 30 September 2019 £	3 months ended 30 September 2018 £
Loss from operations per reportable segment	(1,932,619)	(1,021,665)	(959,653)	(329,115)
– Change in fair value of contingent consideration	145,561	(265,378)	(46,640)	(70,904)
– Charge for share options granted	(290,833)	(633,222)	(53,662)	(338,516)
– Impairment of available for sale asset	-	-	-	-
– Finance income	50,085	31,803	16,294	9,928
– Finance costs	(222,788)	(215,283)	(75,951)	(74,961)
Loss for the period from continuing operations	(2,250,594)	(2,103,745)	(1,119,612)	(803,568)

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 £3,265,387 at 30 September 2019 (2018: £3,950,609). 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 based on the current rates of tax on profits in Brazil of 34% and a discount factor of 7.0% along with the estimated date of first commercial production.

As at 30 September 2019, there was a finance expense of £152,608 (2018: £150,967) 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 charge to profit or loss of £457,672 for the nine months ended 30 September 2019 (2018: £239,914 credit) 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.

Group	Goodwill	Exploration licences	Exploration and evaluation costs	Total
	£	£	£	£
Cost				
At 1 January 2019	226,757	6,130,295	29,380,849	35,737,901
Additions	-	-	1,868,149	1,868,149
Exchange rate movements	(7,405)	(78,501)	(1,015,392)	(1,101,298)
Net book amount at 30 September 2019	219,352	6,051,794	30,233,606	36,504,752

7 Share Capital and Share Premium

Issued and fully paid	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
Issued during period	13,855,487	138,555	121,288	259,843
At 30 September 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 nine months ended 30 September 2019 (2018: nil).

9 Earnings per share

The calculation of the basic loss per share of 0.157 pence for the 9 months ended 30 September 2019 (30 September 2018 loss per share: 0.147 pence) is based on the loss attributable to the equity holders of the Company of £ (2,250,594) for the nine month period ended 30 September 2019 (30 September 2018: £(2,103,745)) divided by the weighted average number of shares in issue during the period of 1,435,584,489 (weighted average number of shares for the 9 months ended 30 Sept 2018: 1,430,524,410).

The calculation of the basic loss per share of 0.078 pence for the 3 months ended 30 September 2019 (30 September 2018 loss per share: 0.056 pence) is based on the loss attributable to the equity holders of the Company of £ (1,119,612) for the three month period ended 30 September 2019 (3 months ended 30 September 2018: £ 803,568) divided by the weighted average number of shares in issue during the period of 1,435,866,256 (weighted average number of shares for the 3 months ended 30 September 2018: 1,432,521,800).

The basic and diluted loss per share is the same, as the effect of the exercise of share options would be to decrease the loss per share.

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 and in note 10 below.

10 Issue of Share Options

On 12 February 2019, the Company awarded 2,000,000 share options to leading members of the Brazilian operations team. All of these share options have an exercise price of 4.80 pence. One third of the options are exercisable from August 2019, one third from February 2019 and one third from August 2020.

On 30 May 2018, the Company awarded 38,150,000 share options to Directors and senior management. All of these share options have an exercise price of 4.80 pence. One third of the options are exercisable from 30 November 2018, one third from 31 May 2018 and one third from 30 November 2019.

On 30 May 2018, the Company awarded 1,500,000 share options to a consultant to the Company under the terms of the prior year's scheme. These options are exercisable immediately.

11 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

12 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.

13 Events after the reporting period

On the 29th August 2019 the Group entered into an agreement for an inward investment of a \$25 million royalty with Orion Mine Finance in exchange for 2.25% of revenue from the Araguaia project. This was subsequently completed and funds drawn down on the 20th October 2019.

Approval of interim financial statements

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on 7 November 2019.