

24 December 2019

Dear Shareholder,

With 2019 coming to a close, we would like to thank all of you for being a part of the Horizonte story. Overall, it's been a very positive year for the Company with the delivery of a number of significant milestones. Despite the continued US-China trade challenges, nickel has ended the year 27% up from January 2019. Horizonte saw its share price increase by over 85% (as of close of business 19 December 2019). However, we believe this is just the beginning and we expect to see significant growth in 2020 and 2021 as nickel fundamentals continue to strengthen while we advance Araguaia through to production.

Developments During 2019

In January the Company was awarded the construction licence by SEMAS, the Brazilian Pará State Environmental Agency, for the Araguaia Ferronickel project. This licence was a major milestone for Araguaia and allows development and construction to begin once financing is secured.

In June we announced the successful testing of limonite ore from our Vermelho project, demonstrating that Vermelho is suitable for the EV battery markets.

August saw the release of the new NI 43-101 Mineral Resource covering the Serra do Tapa deposit, previously acquired from Glencore, increasing the company's aggregate mineral resource inventory by 30% to a combined figure of 280 million tonnes with 3.5 million tonnes of contained nickel and 155 thousand tonnes of contained cobalt. This means that Horizonte now owns one of the world's largest inventories of undeveloped nickel resources globally.

The release of the NI 43-101 Pre-Feasibility Study (PFS) at Vermelho Ni Co Project confirmed a substantial, high-grade resource with a long mine life and a low-cost source of nickel sulphate for the battery industry, supporting further development of the project towards a full feasibility study. The planned 38-year mine life is estimated to generate total cash flows (after tax) of US\$7.3 billion, or a base case of post-tax Net Present Value of US\$1.7 billion and an Internal Rate of Return of 26%. At full capacity the resource is expected to produce an average of 24,000 tonnes and 1,300 tonnes of cobalt per annum, using the High-Pressure Acid Leach process.

Along with the compelling economics demonstrated for Vermelho, our other biggest highlight this year was the US \$25 million royalty agreement with Orion Mine Finance to begin development of the Araguaia project. This upfront cash payment was in exchange for the 2.25% royalty on the project. The royalty applies to the Stage 1 production scenario only, and was a non-dilutive form of financing, equating to raising equity at around 10p per share, or approximately 3 times the current share price. Orion has a strong track record in financing mining construction projects and had deployed approximately US\$1.5 billion in royalties, streams, debt and equity over the past three years. We are very excited about this partnership and look forward to a promising year ahead.

Horizonte Minerals Plc

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The funding received from Orion has allowed the build out of the owners’ team, and to this end we hired an experienced industry specialist to the role of Project Director, Pedro Rodrigues, a Brazilian Engineer, with over 30 years’ experience in mining projects across Brazil, Chile, Africa and Peru.

Nickel Market

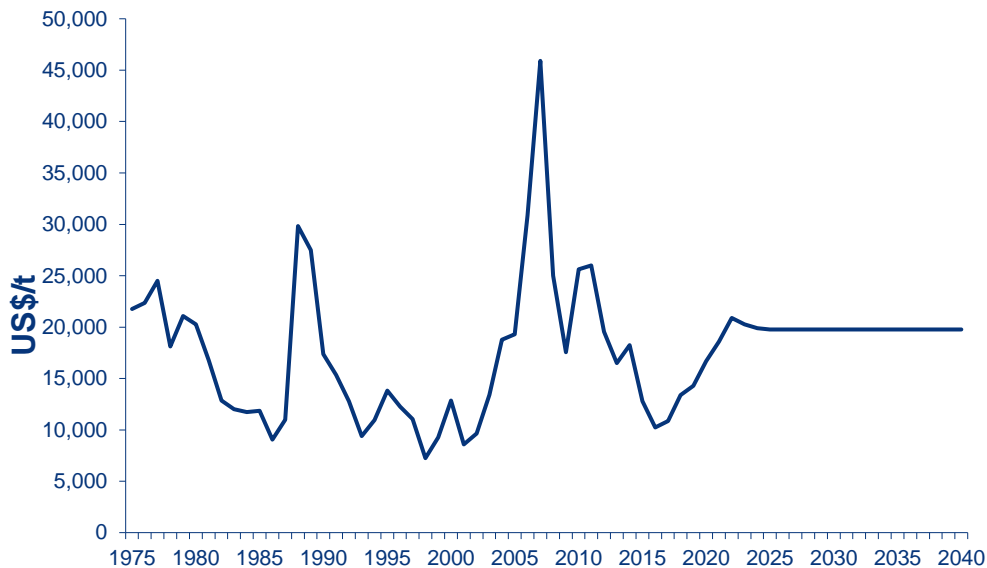
Nickel peaked at a five year high of US\$18,625/t in September, as news of Indonesia bringing its ban on ore exports forward to the beginning of 2020, fed into the market. Having started the year at US\$10,800/t, the nickel price average for 2019 has been US\$13,960/t so far, a number that matches the Base Case price (US\$14,000/t) used in the 2018 feasibility study for Araguaia.

Despite recent softness, nickel remains the best performing metal on the LME this year, with the price rising by more than 27% in the 11 months to end-November.

There remains a significant concern amongst many market commentators and end users of nickel regarding the future availability of supply, especially with the anticipated widespread adoption of Electric Vehicles and the impact this is likely to have on already constrained nickel supplies.

Wood Mackenzie’s recent long-term incentive forecast prices for nickel stands at around \$19,800/t.

Wood Mackenzie LME Nickel Price forecast



Source: Wood Mackenzie

Updated: 19-Sep-

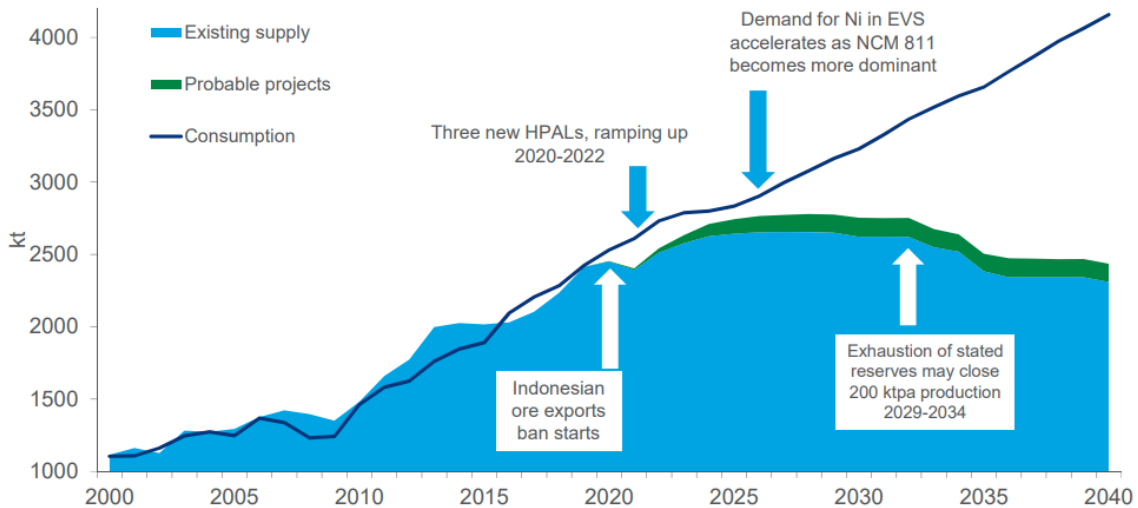
The long-term consensus pricing across the principle banks remains around \$16,400/t Ni which shows further upside to the current price environment and would generate significant value for Araguaia. These positive forecasts continue to be reported, with Bank of America Merrill Lynch recently forecasting nickel prices of US\$17,375/t next year and US\$20,000/t in 2021. This is attributed to further EV growth and the Indonesia nickel ore ban. Horizonte is well positioned to capitalise on the expected upwards momentum in nickel prices with two advanced nickel projects in our portfolio, with the anticipated start production of at Araguaia in 2021.

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Market balance – a substantial long-term supply challenge

HPAL projects starting 2021-2022 help to reduce the long-term nickel supply requirement. But the market needs more of them – or something else.

Future additional supply requirement



Summary

I would like to thank all of our stakeholders, including shareholders, partners, communities, and particularly our team in both the UK and Brazil for their continued hard work in yet another exciting year for Horizonte. We look forward to updating the market on progress on both of our Tier 1 projects in the year ahead as we advance towards production in parallel with the predicted increase in nickel price.

All the best for 2020.

Jeremy Martin
CEO

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