HORIZONTE MINERALS PLC

8 April 2020

FINAL RESULTS FOR YEAR ENDED 31 DECEMBER 2019

Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company') the nickel development company focused in Brazil, announces its final results for the year ended 31 December 2019.

Full Year Highlights

- Company well-funded to see through current global Covid-19 crisis. Implemented strict health and safety policies in Brazil and the UK, specifically tailored to Covid-19.
- Current working structure allows Value Engineering and Project Finance work streams to continue tracking project schedule.
- In October signed a US$25 million upfront cash royalty agreement with Orion Mine Finance to begin development of the Araguaia project.
- Awarded the construction licence by SEMAS, the Brazilian Pará State Environmental Agency, for Araguaia permitting construction to begin on the rotary kiln electric furnace and processing plant.
- Appointed Pedro Rodrigues dos Reis as Project Director to lead the construction of Araguaia.
- Strong cash balance of £17.8 million at year end, following injection of Orion funds.
- Company is well advanced on the financing process for the Araguaia Project.
- Vermelho Nickel Cobalt Project 43-101 Prefeasibility Study released (PFS) demonstrating that the project can be a significant low-cost supplier of nickel and cobalt sulphate for the EV battery market:
  - 38-year mine life
  - Cash flows after taxation of US$7.3 billion
  - IRR of over 26%
  - Sits on the lower half of the global cost curve
- Favourable long-term nickel market fundamentals remain robust despite short term weakness due to Covid-19 pandemic.

Chairman's Statement David J Hall

Dear Shareholders

Late 2019 and early 2020 has thrown up a number of global challenges: Firstly, the continuation of the US China trade war; and secondly, the more serious challenge of the Covid-19 virus. The effects of the virus on global trade and commodities have been unprecedented, oil prices have seen their largest decline recorded in history and the S&P500 posting its worst daily performance since December 2008. This will all have a knock-on effect in the short term for nickel markets and in the mining project finance arena. Despite the current market volatility, the Company has a strong cash position of £17.8 Million, one of the lowest cost nickel development projects globally, and a strong shareholder base. Our team remains focused on the execution of our plans to begin construction at Araguaia and complete the next stage of the feasibility study at Vermelho. The Company will continue monitor the situation closely and adapt its business strategy to the market conditions.

The year 2019 saw some major steps taken for us as a company as we continued to progress two of the most exciting nickel projects in the global pipeline. Araguaia, a project that we have developed from a grassroots exploration discovery through to being construction ready, is now at the funding stage. It will be a key source of high grade ferronickel for the stainless steel markets in the future. Vermelho, meanwhile, has now got a Pre-Feasibility Study behind it, and looks set to benefit from the significant growth in the electric vehicle market given the battery grade nickel and cobalt product it will produce and the timing at which it will come in to production. In parallel to the development of the projects, the fundamentals around the nickel market are robust. Nickel was the best performing metal on the LME during 2019, with the price rising by more than 34%, closing the year at the US$14,000/t mark.

Despite the current challenging global environment, we continue to work on the various workstreams required to achieve our stated goals, including advancing Araguaia to the "construction-ready" phase and progressing the financing process. There is a possibility that the effects of Covid-19 might result in a delay to the project finance process however the nickel market fundamentals remain robust for the medium-term and aligned with the planned start of production at Araguaia.

On the ground in Brazil, our team is well prepared to continue their work while at the same time ensuring the safety of those in our employ as a top priority. We have implemented strict health and safety policies specifically tailored to Covid-19.

We announced important news on both projects during the course of 2019, securing significant funding for Araguaia via a royalty agreement with Orion Mine Finance (OMF), while producing a prefeasibility study at Vermelho that showed robust economics for our second 100% owned project.

The timeline to development of our projects is well timed to match an expected increase in demand for nickel, due to continued stainless steel growth and the emerging, but fast-growing, demand from the electric vehicle market. During 2019 market sentiment around a pending Indonesian nickel ban, caused a sharp price increase and major reduction in nickel inventories during the year. This has since reversed due in part to the effects of the Covid-19. The nickel market that has seen a lack of investment over recent years, combined with a pending uptick in demand, align well for the development of Araguaia.

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 has previously forecast a long-term incentive price of $19,800/t Ni, which represents the price environment which would incentivise enough production to come online to satisfy expected future demand. Due to their quality, Horizonte's two projects provide strong returns at prices well below this incentive and are therefore well positioned to help contribute to the envisioned supply gap.

Additionally, the long-term consensus pricing for nickel remains around $16,400/t Ni which shows some further upside to the current price environment. These positive forecasts continue to roll in with Bank of America Merrill Lynch recently tipping nickel prices of US$17,375/t next year and US$20,000/t the year after.

Conclusion

We continue to believe that Horizonte is uniquely placed to benefit from the improving nickel market fundamentals, driven by the robust market for stainless steel combined with the fast growing EV market.

Achieving this benefit requires a management team capable of jointly progressing these projects towards production from a technical and regulatory point of view, while, at the same time, creating the relationships in the investor community to access the funding to develop them.

This year the team has once again proved themselves on both accounts, advancing Araguaia and Vermelho at a rapid rate, while bringing OMF on board as a financing partner, with its US$25 million investment in the Araguaia royalty.

On behalf of the Board, I would like to thank management for its contribution to another successful year. I would like to say thank you to the shareholders for your continued support as we look forward to updating the market on further positive developments as during 2020.

David J Hall

Chairman
7 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZONTE MINERALS PLC

Opinion

We have audited the financial statements of Horizonte Minerals plc (the 'Parent Company') and it's subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2.1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation assets and mine development property

Key Audit Matter	As detailed in notes 4.1, 10 and 11 to the financial statements, the group holds the Araguaia mine development property carried at a value of £32.3m and the Vermelho exploration and evaluation asset carried at a value of £6.8m. Each year management are required to assess whether there are any indicators that the exploration and evaluation asset may be impaired. Management have carried out a review for indicators of impairment and have not identified any indicators. In 2019 the Araguaia asset was reclassified from an exploration and evaluation asset to a mine development property. IFRS 6 requires that upon reclassification the asset is assessed for impairment. Management's impairment assessment indicated that no impairment was required. Reviewing indicators of impairment and assessment of carrying values require significant estimates and judgements and therefore we identified this as a key audit matter.
Audit Response	We have reviewed management's impairment assessments for both projects and our procedures included the following: ○ We considered whether management's assessments of impairment had been carried out in accordance with the requirements of IFRS. ○ We considered the appropriateness of management's decision to reclassify the Araguaia project to a mine development project, assessing the evidence of technical and commercial viability. ○ We reviewed the feasibility studies prepared by independent consultants for consistency with management's representations and assessed the competence and independence of the experts used by management. • For the Araguaia project, which is carried on the balance sheet at £32m this assessment is supported by the externally prepared feasibility study published in October 2018, which indicates a post-tax net present value of $401m at a discount rate of 8%. • For the Vermelho project, which is carried on the balance sheet at £6.8m this assessment is supported by the externally prepared pre-feasibility study published in October 2019, which indicates a post-tax net present value of $1.7bn at a discount rate of 8%. ○ For the Araguaia project we considered if key assumptions had changed unfavourable since the date of publication of the study. The study's results used a long term nickel price of $14,000 per tonne. In December 2019 the long term consensus price was higher, at $16,200 per tonne. ○ We agreed the validity of licences held by the Group to the Brazilian Government's DNPM website. We also reviewed the correspondence, contracts and other documents regarding the licenses to confirm that the Group has the relevant rights for its activities in the stated areas for Araguaia and Vermelho. ○ We evaluated the adequacy of the disclosures in respect of the assessment of impairment indicators for the exploration and evaluation asset and impairment

	assessment of the mine development project against the requirements of the accounting standards.
Key Observation	Based on our work we concur with management's assessment of the carrying value of the Group's exploration and evaluation asset and mine development property.

Recognition and valuation of contingent consideration

Key Audit Matter	In prior years the Group acquired assets and licences relating to the Glencore Araguaia and Vermelho projects and these acquisitions gave rise to contingent consideration. Details of this contingent consideration and the related critical judgements and estimates are disclosed in notes 17 and 4.2. In late 2019, following the publication of the positive pre-feasibility study for Vermelho, the Company recognized US$6m of contingent consideration payable to Vale S.A. The assessment of the contingent consideration payable requires management to make judgements regarding when they consider it probable that they will pay the consideration and estimates which determine the anticipated timing of when the consideration will become payable. Management are also required to reassess and adjust the contingent consideration payable for any changes in the accounting estimates as new information and events arises. For these reasons we identified this as a key audit matter.
Audit Response	Our work included: o We have reviewed the terms and conditions of the acquisition agreements relating to the contingent consideration amounts payable and checked that the calculation of contingent considerations is in accordance with them. o We assessed management's basis for recognising the Vermelho contingent consideration in the year following the publication of the positive pre-feasibility study, including: • We considered whether management's policy to recognise the cash settled contingent consideration when they assessed it to be probable that it would be paid was in accordance with IFRS. • We considered whether management's judgement that the publication of the project's first financial feasibility study showing a high net present value to be an appropriate point to recognise the contingent consideration. o We have reviewed the contingent consideration calculations and estimates made by management. We have challenged the estimates, referring to supporting documentation and considered the sensitivity of the calculations to changes in the judgements and estimates. We have also checked the calculation of the accounting adjustments for changes in estimates, foreign exchange retranslation and the unwinding of the discount factor. o We evaluated the adequacy of the disclosures against the requirements of the accounting standards and to check that they have adequately explain the key judgements and estimates made by management.
Key Observation	Based on our work we concur with management's assessment of the recognition and valuation of contingent consideration.

Accounting for and valuation of the royalty funding agreement

Key Audit Matter	During the year, Horizonte has entered into a US$25m royalty funding agreement with Orion Mine Finance in exchange for future royalty payments linked to the future revenues of the Araguaia project. The royalty agreement includes a buyback option enabling Horizonte to reduce the royalty rate and other cash payment options (the call, make whole and put options) for part reduction in the royalty rate, which require the occurrence of certain events. Details of the agreement and the related critical judgements and estimates are disclosed in notes 18 and 4.4. The accounting for this agreement is complex and therefore management obtained advice from an independent expert. The accounting analysis concluded that the agreement is a hybrid contract that contains a non-derivative host loan and prepayment options in the form of embedded derivatives which should be separated for accounting purposes. The embedded derivatives are initially recognised at fair value and subsequently revalued at each period end. Management engaged an independent expert to calculate the fair value of the buyback option. The fair value calculation utilised Monte-Carlo simulation methodology. The call, make whole and put options can only be exercised if two specific events occur, being: • A change of control and; • Commencement of major construction work after 31 March 2021. Management assessed the probability of both of these events arising to be remote and have determined the valuation of these options at the inception of the loan and at the year end to be not material. Judgement was required in determining the accounting treatment of the royalty funding agreement and the approach to valuing the options. The valuation of these financial instruments also required management to make a number of key estimates. Accordingly, the accounting for the royalty funding agreement is considered to be a key audit matter.
Audit Response	Our procedures in relation to the accounting for and valuation of the royalty funding loan and embedded derivatives are set our below. In respect of the host loan: o We reviewed the accounting analysis prepared by the expert, assessing its factual accuracy and basis for the technical analysis and we discussed the findings with management to understand their assessment of the analysis. We also consulted with our own technical experts as to the appropriateness of the proposed accounting treatment. o We assessed the competence and independence of the accounting experts used by management. o We tested the valuation model prepared by management, ensuring the model's methodology was in agreement with the royalty agreement and IFRS requirements and that the assumptions were in agreement with management's justifications and explanations. We also checked the arithmetical accuracy of the amortised loan model. o We critically assessed management's key assumptions, including long term nickel price, nickel price inflation and the adopted royalty rate by reference to independent sources of data and supporting documentation held by the Group. In respect of the fair value of the buyback option: o We reviewed the option valuation methodology adopted to check that the features of the option had been appropriately modelled and we also confirmed with management that the modelling is in line with their understanding of the option features. o We checked that the key assumptions used were in agreement with those used for the valuation of the host loan. The nickel price volatility is an additional key assumption for the option valuation. We recalculated the nickel price volatility using independently sourced data and it was in close proximity to that used by management. o The option valuation is sensitive to the nickel price volatility. Based on the features of the option management considered volatility based on five years historic nickel prices

Key observations	to be appropriate. We calculated an alternative reasonable volatility based on ten years and it was in close proximity, being 1% lower than the five year volatility. o We assessed the competence and independence of the valuation expert used by management. o We discussed the valuation with the expert and management to ensure that we understood the methodology that they had adopted and the rationale behind it. o We consulted with our own valuation experts on the methodology adopted and the reasonableness of the macroeconomic assumptions. In respect of the call, make whole and put options: We discussed with management their basis for concluding that the probability of the events allowing exercise of these options was remote. We corroborated this by reference to press announcements, internal board minutes and other operational documentation and concluded that their assessment was appropriate and supported by the evidence. Based on our work we concur with management's approach to the accounting for the royalty agreement, that the valuation methodology adopted for the host loan and the options is appropriate, and that the key assumptions adopted are reasonable and supported by available evidence.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Our basis for the determination of materiality has remained unchanged from prior year. We consider total assets to be the most significant determinant of the group's financial performance as the group is engaged in mineral exploration and evaluation activities and the principal focus of the users is likely to be the total assets of the group. The benchmark percentage for calculating materiality was 1.5%, however, this was applied to a reduced total asset figure, reflecting that a significant amount of cash was held by the Group as a result of the £18.2m net proceeds from the royalty fund raising. Group financial statement materiality was set at £619,000 (2018: £630,000),

Each significant component of the group was audited to a lower level of materiality. The Parent Company's materiality was set at £557,000 (2018: £567,000), based on 90% of group materiality and the materiality of the subsidiary components ranged from £489,000 to £27,000 (2018: £567,000 to £61,000). These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at 75% (2018: 75%) of the above materiality levels. We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £10,800 (2018: £30,500). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

Whilst Horizonte Minerals Plc is a company registered in England & Wales and its head office is located in the UK the group's principal operations are located in Brazil. In approaching the audit, we considered how the group is organised and managed. We assessed the activities of the group as being two nickel projects, Araguaia and Vermelho and primarily comprising a number of Brazilian subsidiary entities holding a mine development property and exploration and evaluation assets.

Our group audit scope focused on the group's principal operating subsidiaries, being Araguaia Niquel Mineracao Ltda and Typhon Brasil Mineracao Ltda, which were subject to a full scope audit together with the parent company. In addition, Trias Brasil Mineracao Ltda and Lontra Empr. e Participacoes Ltda, also Brazilian operating subsidiaries were subject to specific audit procedures on the significant risk areas. BDO LLP performed the audit of the parent company and the BDO network member firm in Portugal performed the audits and specific audit procedures for the Brazilian components.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures, together with additional substantive testing over the risk areas detailed above where applicable to that component.

The Group audit team was actively involved in the direction of the audits and specific audit procedures performed by the component auditor along with the consideration of findings and determination of conclusions drawn. As part of our audit strategy, we issued group audit engagement instructions and discussed the instructions with the component auditor. A senior member of the group audit team met with the component auditor and local management performed a review of the component audit files and we discussed the audit findings with the component auditor. For the four principal operating subsidiaries in Brazil the group audit team also performed audit procedures in respect of the significant risk areas.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Barnsdall (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

7 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HORIZONTE MINERALS PLC

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	**Year ended 31 December 2019 £**	Year ended 31 December 2018 £
Administrative expenses		**(2,563,880)**	(1,336,093)
Charge for share options granted		**(326,413)**	(837,172)
Changes in estimate for contingent and deferred consideration	17	**598,660**	139,392
Gain/(Loss) on foreign exchange		**(56,261)**	186,206
Operating loss	6	**(2,347,899)**	(1,847,667)
Finance income	8	**110,036**	89,446
Finance costs	8	**(933,351)**	(181,442)
Loss before taxation		**(3,171,214)**	(1,939,663)
Income tax	9	**-**	—
Loss for the year from continuing operations attributable to owners of the parent		**(3,171,214)**	(1,939,663)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on translating foreign operations	16	**(2,626,939)**	(3,028,006)
Other comprehensive income for the year, net of tax		**(2,626,939)**	(3,028,006)
Total comprehensive income for the year attributable to owners of the parent		**(5,798,153)**	(4,967,669)
Profit/(Loss) per share from continuing operations attributable to owners of the parent			
Basic and diluted (pence per share)	21	**(0.219)**	(0.136)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

HORIZONTE MINERALS PLC

Consolidated Statement of Financial Position

Company number: 05676866

As at 31 December 2019

	Notes	**31 December 2019 £**	31 December 2018 £
Assets			
Non-current assets			
Intangible assets	10	**7,057,445**	35,737,902
Property, plant & equipment	11	**32,260,544**	1,186
		39,317,989	35,739,088
Current assets			
Trade and other receivables		**134,726**	24,243
Derivative financial asset	18	**2,246,809**	-
Cash and cash equivalents	12	**17,760,330**	6,527,115
		20,141,865	6,551,358
Total assets		**59,459,854**	42,290,446
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	13	**14,463,773**	14,325,218
Share premium	14	**41,785,306**	41,664,018
Other reserves	16	**(4,666,930)**	(2,039,991)
Retained losses		**(19,835,092)**	(16,990,290)
Total equity		**31,747,057**	36,958,955
Liabilities			
Non-current liabilities			
Contingent consideration	17	**6,246,071**	3,461,833
Royalty Finance	18	**20,570,411**	-
Deferred tax liabilities	9	**212,382**	228,691
		27,028,864	3,690,524
Current liabilities			
Trade and other payables	17	**683,933**	280,175
Deferred Consideration	17	**-**	1,360,792
		683,933	1,640,967

Total liabilities	**27,712,864**	5,331,491
Total equity and liabilities	**59,459,854**	42,290,446

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The Financial Statements were authorised for issue by the Board of Directors on 7 April 2020 and were signed on its behalf.

David J Hall
Chairman

Jeremy J Martin
Chief Executive Officer

HORIZONTE MINERALS PLC

Company Statement of Financial Position

Company number: 05676866

As at 31 December 2019

	Notes	**31 December 2019 £**	31 December 2018 £
Non-Current Assets			
Property, plant & equipment	11	**-**	-
Investment in subsidiaries	26	**2,348,042**	2,348,042
Loans to Subsidiaries	27	**55,413,147**	49,478,251
		57,761,189	51,826,293
Current assets			
Trade and other receivables		**135,376**	19,388
Cash and cash equivalents	12	**17,393,773**	5,487,339
		17,529,149	5,506,727
Total assets		**75,290,338**	57,333,020
Equity and liabilities			
Equity attributable to equity shareholders			
Share capital	13	**14,463,773**	14,325,218
Share premium	14	**41,785,306**	41,664,018
Merger reserve	16	**10,888,760**	10,888,760
Retained losses		**(16,564,099)**	(14,852,732)
Total equity		**50,573,740**	52,025,264
Liabilities			
Non-current liabilities			
Contingent consideration	17	**6,246,071**	3,461,833
		6,246,071	3,461,833
Current liabilities			
Trade and other payables	17	**735,518**	485,131
Loans from subsidiary		**17,735,009**	-
Deferred Consideration	17	**-**	1,360,792
		18,470,527	1,845,923
Total liabilities		**24,716,598**	5,307,756

Total equity and liabilities	**75,290,338**	57,333,020

The above Company Statement of Financial Position should be read in conjunction with the accompanying notes, loss for the period was £2,037,780 (2018:£1,782,260). As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on 7 April 2020 and were signed on its behalf.

David J Hall
Chairman

Jeremy J Martin
Chief Executive Officer

Statements of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the parent				
	Share capital	Share premium	Retained losses	Other reserves	Total
Consolidated	£	£	£	£	£
As at 1 January 2018	**13,719,343**	**40,422,258**	**(15,887,801)**	**988,015**	**39,241,815**
Loss for the year	—	—	(1,939,663)	—	(1,939,663)
Other comprehensive income:					
Currency translation differences on translating foreign operations	—	—	—	(3,028,006)	(3,028,006)
Total comprehensive income for the year	—	—	**(1,939,663)**	**(3,028,006)**	**(4,967,669)**
Issue of ordinary shares	605,875	1,451,724	-	-	2,057,599
Issue costs	-	(209,964)	-	—	(209,964)
Share-based payments	-	-	837,172	—	837,172
Total transactions with owners, recognised directly in equity	**605,875**	**1,241,760**	**837,172**	—	**2,684,807**
As at 31 December 2018	**14,325,218**	**41,664,018**	**(16,990,290)**	**(2,039,991)**	**36,958,955**
Loss for the year	—	—	(3,171,214)	—	(3,171,214)
Other comprehensive income:					
Currency translation differences on translating foreign operations	—	—	—	(2,626,939)	(2,626,939)
Total comprehensive income for the year	—	—	**(3,171,214)**	**(2,626,939)**	**(5,798,153)**
Issue of ordinary shares	138,555	121,288	—	—	259,843
Issue costs	—	—	—	—	—
Share-based payments	—	—	326,413	—	326,413
Total transactions with owners, recognised directly in equity	**138,555**	**121,288**	**326,413**	—	**586,256**
As at 31 December 2019	**14,463,773**	**41,785,306**	**(19,835,092)**	**(4,666,930)**	**31,747,057**

A breakdown of other reserves is provided in note 16.

Statements of Changes in Equity (continued)

Company	Share capital £	Share premium £	Retained losses £	Merger reserves £	Total £
	Attributable to equity shareholders				
As at 1 January 2018	**13,719,343**	**40,422,258**	**(13,907,644)**	**10,888,760**	**(51,122,717)**
Profit and total comprehensive income for the year	—	—	(1,782,260)	—	(1,782,260)
Issue of ordinary shares	605,875	1,451,724	—	—	2,057,599
Issue costs	—	(209,964)	—	—	(209,964)
Share-based payments	—	—	837,172	—	837,172
Total transactions with owners, recognised directly in equity	605,875	1,214,760	837,172		2,684,807
As at 31 December 2018	**14,325,218**	**41,664,018**	**(14,852,732)**	**10,888,760**	**52,025,264**
Profit and total comprehensive income for the year	—	—	(2,037,780)	—	(2,037,780)
Issue of ordinary shares	138,555	121,288	—	—	259,843
Issue costs	—	—	—	—	—
Share-based payments	—	—	326,413	—	326,413
Total transactions with owners, recognised directly in equity	**138,555**	**121,288**	**(1,711,367)**	—	**(1,451,524)**
As at 31 December 2019	**14,463,773**	**41,785,306**	**(16,564,099)**	**10,888,760**	**50,573,740**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

HORIZONTE MINERALS PLC

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	**31 December 2019 £**	31 December 2018 £
Cash flows from operating activities			
Loss before taxation		**(3,171,214)**	(1,939,663)
Finance income		**(110,036)**	(89,446)
Finance costs		**933,351**	181,442
Charge for share options granted		**326,413**	837,172
Exchange differences		**(77,072)**	(313,049)
Change in fair value of contingent consideration		**(598,660)**	(139,392)
Depreciation		—	—
Operating loss before changes in working capital		**(2,697,218)**	(1,462,136)
Decrease/(increase) in trade and other receivables		**(110,483)**	128,862
Increase/(decrease) in trade and other payables		**403,758**	(456,109)
Net cash used in operating activities		**(2,403,943)**	(1,790,183)
Cash flows from investing activities			
Purchase of exploration and evaluation assets		**(3,992,757)**	(3,221,062)
Purchase of property, plant and equipment		**(238,701)**	—
Interest received		**110,036**	89,446
Net cash used in investing activities		**(4,121,422)**	(3,131,616)
Cash flows from financing activities			
Proceeds from issue of royalty funding		**18,241,205**	—
Proceeds from issue of ordinary shares		—	2,057,599
Issue costs		—	(209,965)
Net cash generated from financing activities		**18,241,205**	1,847,634
Net increase/(decrease) in cash and cash equivalents		**11,715,840**	(3,074,164)
Cash and cash equivalents at beginning of year		**6,527,825**	9,403,825
Exchange gain/(loss) on cash and cash equivalents		**(482,625)**	197,454
Cash and cash equivalents at end of the year	12	**17,760,330**	6,527,115

On the 24 January 2019 the Company issued 13,855,487 as a non cash settlement for $330,000 of deferred contingent consideration

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Company Statement of Cash Flows

For year ended 31 December 2019

	Notes	31 December 2019 £	31 December 2018 £
Cash flows from operating activities			
Profit before taxation		**(2,037,780)**	(1,782,260)
IFRS9 Expected credit loss		**440,579**	1,939,745
Finance income		**(78,420)**	(74,909)
Finance costs		**344,952**	181,442
Charge for share options granted		**326,413**	837,172
Exchange differences		**(64,047)**	(40,661)
Change in fair value of contingent consideration		**(598,660)**	(139,392)
Depreciation		**-**	-
Operating profit before changes in working capital		**(1,666,961)**	921,137
Increase in trade and other receivables		**(116,049)**	22,446
Increase in trade and other payables		**250,387**	(328,111)
Net cash flows generated from operating activities		**(1,532,625)**	(615,472)
Cash flows from investing activities			
Loans to subsidiary undertakings		**(4,353,284)**	(6,475,397)
Interest received		**78,420**	74,909
Net cash used in investing activities		**(4,274,864)**	(6,400,488)
Cash flows from financing activities			
Proceeds from grant of Royalty		**18,241,205**	-
Proceeds from issue of ordinary shares		**-**	2,057,599
Issue costs		**-**	(209,965)
Net cash generated from financing activities		**18,241,205**	1,847,634
Net increase/(decrease) in cash and cash equivalents		**12,433,716**	(3,937,382)
Exchange gain/(loss) on cash and cash equivalents		**(527,342)**	185,954
Cash and cash equivalents at beginning of year		**5,487,399**	9,238,827
Cash and cash equivalents at end of the year	12	**17,393,773**	5,487,399

On the 24 January 2019 the Company issued 13,855,487 as a non cash settlement for $330,000 of deferred contingent consideration

The above Company Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 General information

The principal activity of Horizonte Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of base metals. The Company's shares are listed on the AIM market of the London Stock Exchange and on the Toronto Stock Exchange. The Company is incorporated and domiciled in England and Wales. The address of its registered office is Rex House, 4-12 Regents Street, London, SW1Y 4RG.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and IFRS interpretations Committee ('IFRS IC') interpretations as adopted by the European Union ('EU') and with IFRS and their Interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of share based payment charges which are assessed annually.

The preparation of 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 Financial Statements, are disclosed in Note 4.

2.2 Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 4 and 5; in addition note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 12 months including any additional expenditure required in relation to its current exploration projects. The Group has cash reserves which are considered sufficient by the Directors to fund the Group's committed expenditure both operationally and on its exploration project for the foreseeable future. However, as additional projects are identified and the Araguaia project moves towards production, additional funding will be required.

The uncertainty as to the future impact of the Covid-19 pandemic has been considered as part of the Group's adoption of the going concern basis. In response to government instructions the Group's offices in London and Brazil have been closed with staff working from home, international travel has stopped and all site work for the two projects has been restricted to a minimum level. However, a number of the key project milestones are still advancing and are currently on track being run by the teams in a virtual capacity.

Whilst the board considers that the effect of Covid-19 on the Group's financial results at this time is constrained to inefficiencies due to remote working, restrictions on travel and some minor potential delays to consultants work streams, the Board considers the pandemic could delay the Araguaia project financing timeline by a number of months (this will be dependent on the duration of the effects of the Covid-19 virus across global markers). In response to any potential delay management has prepared a revised cashflow forecast for the next 24 months reflecting potential cost cutting in the parent company relating to reduced travel and lower levels of investor relations and marketing activities together with delaying certain costs for the Araguaia project. This

forecast indicates that the Group has sufficient cash to survive beyond the next 24 months and it will be adopted should the Araguaia project financing not be able to be progressed as quickly as anticipated.

As a result of considerations noted above, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

2.3 Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

New standards impacting the Group that are adopted in the annual financial statements for the year ended 31 December 2019, are:

Standard	Detail	Effective date
IFRS 16	Leases	1 January 2019
IFRS 11	Amendment – annual improvements 2015-2017 cycle	1 January 2019
IAS 19	Amendment – regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendment – annual improvements 2015-2017 cycle	1 January 2019
IAS 28	Amendment – regarding long-term interests in associates and joint ventures	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

IFRS 16, Leases
IFRS 16, which supersedes IAS 17, sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Lessee accounting has changed substantially under this new standard while there is little change for the lessor. IFRS 16 has removed the classification of leases as either operating leases or financing leases and, instead, introduced a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and is required to present depreciation of leased assets separately from interest on lease liabilities in the Consolidated Statement of Comprehensive Income. A lessor continues to classify its leases as operating leases or financing leases, and to account for those two types of leases separately.

On 1 January 2019, the Group adopted IFRS 16. The Group has reviewed its contracts and agreements and concluded the only leases held by the Group relate to short term office leases which are not considered material to these financial statements. The impact of IFRS 16 is therefore nil on both current and prior periods.

b) New and amended standards, and interpretations issued but not yet effective for the financial year beginning 1 January 2019 and not early adopted

Standards effective in future periods

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the group's activities and are mandatory for the group is accounting periods beginning after 1 January 2019 or later periods and which the group has decided not to adopt early. These include:

Standard	Detail	Effective date
IFRS 17	Insurance contracts	1 January 2021
IAS 1	Amendment – regarding the definition of material	1 January 2020
IAS 1	Amendment – regarding the classification of liabilities	1 January 2022
	Amendment – References to the Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3	Amendment – Business Combination: Definition of a Business	1 January 2020
IFRS 9, 7 & IAS 37	Amendments – Interest Rate Benchmark Reform	1 January 2020

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2.4 Basis of consolidation and business acquisitions

Horizonte Minerals Plc was incorporated on 16 January 2006. On 23 March 2006 Horizonte Minerals Plc acquired the entire issued share capital of Horizonte Exploration Limited (HEL) by way of a share for share exchange. The transaction was treated as a group reconstruction and was accounted for using the merger accounting method as the entities were under common control before and after the acquisition.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Other than for the acquisition of HEL as noted above, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

If an acquisition is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IFRS9 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment.

The following 100% owned subsidiaries have been included within the consolidated Financial Statements:

Subsidiary undertaking	Held	Registered Address	Country of incorporation	Nature of business
Horizonte Exploration Ltd	Directly	Rex House, 4-12 Regents Street, London SW1Y 4RG	England	Mineral Exploration
Horizonte Minerals (IOM) Ltd	Indirectly	1st Floor, Viking House, St Pauls Square, Ramsey, IM8 1GB, Ilse of Man	Isle of Man	Holding company
HM Brazil (IOM) Ltd	Indirectly	1st Floor, Viking House, St Pauls Square, Ramsey, IM8 1GB, Ilse of Man	Isle of Man	Holding company
Cluny (IOM) Ltd	Indirectly	1st Floor, Viking House, St Pauls Square, Ramsey, IM8 1GB, Ilse of Man	Isle of Man	Holding company
Champol (IOM) ltd	Indirectly	1st Floor, Viking House, St Pauls Square, Ramsey, IM8 1GB, Ilse of Man	Isle of Man	Holding company
Horizonte Nickel (IOM) Ltd	Indirectly	1st Floor, Viking House, St Pauls Square, Ramsey, IM8 1GB, Ilse of Man	Isle of Man	Holding company
Nickel Production Services B.V	Directly	Atrium Building, 8th floor, Strawinskylaan 3127, 1077 ZX, Amsterdam	The Netherlands	Provision of financial services
HM do Brasil Ltda	Indirectly	CNPJ 07.819.038/0001-30 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Araguaia Niquel Metias Ltda	Indirectly	CNPJ 97.515.035/0001-03 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Lontra Empreendimentos e Participações Ltda	Indirectly	CNPJ 11.928.960/0001-32 com sede na Avenida Amazonas, 2904, loja 511, Bairro Prado, Belo Horizonte – MG. CEP: 30.411-186	Brazil	Mineral Exploration
Typhon Brasil Mineração Ltda	Indirectly	CNPJ 23.282.640/0001-37 com sede Alameda Ezequiel Dias, n. 427, 2º andar, bairro Funcionários, Município de Belo Horizonte, Estado de Minas Gerais, CEP 30.130-110.	Brazil	Mineral Exploration
Trias Brasil Mineração Ltda	Indirectly	CNPJ 23.282.280/0001-73 com sede na Alameda Ezequiel Dias, n. 427, 2º andar, bairro Funcionários, Município de Belo Horizonte, Estado de Minas Gerais, CEP 30.130-110	Brazil	Mineral Exploration

2.4 (b) Subsidiaries and Acquisitions

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where an investor is expected, or has rights, to variable returns from its investment with the investee, and has the ability to affect these returns through its power over the investee. Based on the circumstances of the acquisition an assessment will be made as to whether the acquisition represents an acquisition of an asset or the acquisition of asset. In the event of a business acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as a “fair value” adjustment.

If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. In the event of an asset acquisition assets and liabilities are assigned a carrying amount based on relative fair value.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Contingent consideration as a result of business acquisitions is included in cost at its acquisition date assessed value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through the profit and loss.

2.5 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Exploration and evaluation assets

The Group capitalises expenditure in relation to exploration and evaluation of mineral assets when the legal rights are obtained and are initially valued and subsequently carried at cost less any subsequent impairment. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation assets arising on business combinations are included at their acquisition-date fair value in accordance with IFRS 3 (revised) 'Business combinations'. Other exploration and evaluation assets and all subsequent expenditure on assets acquired as part of a business combination are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. In accordance with the requirements of IFRS 6, an impairment review is undertaken when indicators of impairment arise such as:

(i) unexpected geological occurrences that render the resource uneconomic;
(ii) title to the asset is compromised;
(iii) variations in mineral prices that render the project uneconomic;
(iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and
(v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

See note 2.7 for impairment review process if impairment indicators are identified.

Whenever the exploration for and evaluation of mineral resources does not lead to the discovery of commercially viable quantities of mineral resources or the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss. Whenever a commercial discovery is the direct result of the exploration and evaluation assets, upon the decision to proceed with development of the asset and initial funding arrangements are in place the costs shall be transferred to a Mine Development asset within property, plant and equipment.

(c) Acquisitions of Mineral Exploration Licences

Acquisitions of Mineral Exploration Licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset and recognised at the fair value of the consideration. Related future consideration if contingent is recognised if it is considered that it is probable that it will be paid.

2.6 Property, plant and equipment
Mine development property

Following determination of the technical feasibility and commercial viability of a mineral resource, the relevant expenditure is transferred from exploration and evaluation assets to mine development property.

Further development costs are capitalised to mine development properties, if and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Cost is defined as the purchase price and directly attributable costs. Once the asset is considered to be capable of operating in a manner intended by management, commercial production is declared, and the relevant costs are depreciated. Evaluated mineral property is carried at cost less accumulated depreciation and accumulated impairment losses.

Short lived Property, plant and equipment

All other property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation and amortisation

Mine development property is not depreciated prior to commercial production but is reviewed for impairment annually (see "Impairment of assets" section below). Upon commencement of commercial production, mine development property is transferred to a mining property and is depreciated on a units-of-production basis. Only proven and probable reserves are used in the tonnes mined units of production depreciation calculation.

Depreciation is charged on a straight-line basis for all other property, plant and equipment, so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25%
Vehicles and other field equipment	25% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill are not subject to amortisation and are tested annually for impairment. Exploration assets and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK and Isle of Man entities is Pounds Sterling and the functional currency of the Brazilian entities is Brazilian Real. The functional currency of the project financing subsidiary incorporated in the Netherlands is USD. The Consolidated Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) each component of profit or loss is translated at average exchange rates during the accounting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and retranslated at the end of each reporting period.

2.9 Financial instruments

Financial instruments are measured as set out below. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and loans to group companies.

Financial instruments are initially recognised at fair value when the group becomes a party to their contractual arrangements. Transaction costs directly attributable to the instrument's acquisition or issue are included in the initial measurement of financial assets and financial liabilities, except financial instruments classified as at fair value through profit or loss (FVTPL). The subsequent measurement of financial instruments is dealt with below.

Financial assets

On initial recognition, a financial asset is classified as:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI) - equity instruments; or
- FVTPL.

The group does not currently have any financial assets classified as FVTOCI.

Fair value through profit or loss

This category comprises in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the profit loss statement.

Amortised cost

Financial assets that arise principally from assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses, together with foreign exchange gains or losses. Impairment losses are presented as separate line item in the statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.

Financial assets at amortised cost consist of trade receivables and other receivables (excluding taxes), cash and cash equivalents, and related party intercompany loans

Impairment provisions for receivables and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with a maturity of three months or less at the date of purchase and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

The group does not currently have any financial liabilities carried at Fair value through Profit and loss.

Other financial liabilities
Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for financial liabilities designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognised in the profit and loss statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The Group's financial liabilities initially measured at fair value and subsequently recognised at amortised cost include accounts payables and accrued liabilities as well as the Group's Royalty liability.

2.10 Taxation

The tax credit or expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The charge for current tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Leases

All leases are accounted for by recognising a right-of-use assets due to a lease liability except for:

> Lease of low value assets; and

> Leases with duration of 12 months or less

The Group only has such short duration leases and lease payments are charged to the income statement.

2.14 Share-based payments and incentives

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

> including any market performance conditions;

> excluding the impact of any service and non-market performance vesting conditions; and

> including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest.

It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Company's chief operating decision-maker ("CODM").

2.16 Finance income

Interest income is recognised using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

2.17 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the Group. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

The company has contingent consideration arising in respect of mineral asset acquisitions. Details are disclosed in note 4.2.

Restoration, Rehabilitation and Environmental Provisions

Management uses its judgement and experience to provide for and amortise the estimated mine closure and site rehabilitation over the life of the mine. Provisions are discounted at a risk-free rate and cost base inflated at an appropriate rate. The ultimate closure and site rehabilitation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements or the emergence of new restoration techniques. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results. Currently there is no provision as all restoration and rehabilitation for activities undertaken to date in line with the agreements for access to land. Once construction and mining operations commence however this is anticipated to become more significant.

Trade and other payables

Accounts payable and other short term monetary liabilities, are initially recognised at fair value, which equates to the transaction price, and subsequently carried at amortised cost using the effective interest method.

3 Financial risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Price risk, and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents

- Trade and other payables
- Royalty finance
- Derivative financial assets

3.1 Financial risk factors

The main financial risks to which the Group's activities are exposed are liquidity and fluctuations on foreign currency. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved at the quarterly Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

(a) Liquidity risks

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Group monitors its cash and future funding requirements through the use of cash flow forecasts.

All cash, with the exception of that required for immediate working capital requirements, is held on short-term deposit.

(b) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real, US Dollar and the Pound Sterling.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a foreign currency. The Group holds a proportion of its cash in US Dollars and Brazilian Reals to hedge its exposure to foreign currency fluctuations and recognises the profits and losses resulting from currency fluctuations as and when they arise. The volume of transactions is not deemed sufficient to enter into forward contracts.

At 31 December 2019, if the Brazilian Real had weakened/strengthened by 20% against Pound Sterling with all other variables held constant, post tax loss for the year would have been approximately £102,936 lower/higher mainly as a result of foreign exchange losses/gains on translation of Brazilian Real expenditure and denominated bank balances. If the USD:GBP rate had increased by 5% the effect would be £799,698.

As of 31 December 2019 the Group's net exposure to foreign exchange risk was as follows:

	Functional Currency							
	USD 2019	**USD 2018**	**GBP 2019**	**GBP 2018**	**BRL 2019**	**BRL 2018**	**Total 2019**	**Total 2018**
Currency of net Financial assets/liabilities	£	£	£	£	£	£	£	£
GBP	**-**	**-**	**-**	-	-	-	**-**	-
USD	**-**	**-**	**(10,822,512)**	(4,928,732)	-	-	**(10,822,512)**	(4,928,732)
BRL	**-**	**-**	**-**	-	-	-	-	-
CAD	**-**	**-**	**28,686**	88,326	**-**	-	**28,686**	88,326
Total net exposure	**-**	**-**	**(9,207,410)**	505,478	**-**	-	**(9,097,947)**	1,274,435

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit for which the Directors use a mixture of fixed

and variable rate deposits. As a result, fluctuations in interest rates are not expected to have a significant impact on profit or loss or equity.

(d) Commodity price risk

The group is exposed to the price fluctuation of its primary product from the Araguaia project, being FerroNickel. The Group has a royalty over its Araguaia project which is denominated as a fixed percentage of the product over a certain number of tonnes produced. Given the Group is current in the development phase and is not yet producing any revenue, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors monitor this risk on an ongoing basis and will review this as the group moves towards production. The Groups exposure to nickel price amounted to the carrying value of the Royalty liability of £20,570,411 (2018: £nil). If the long term nickel price assumption used in the estimation were to increase or decrease by 10% then the effect on the carrying value of the liability would be an increase/decrease of £2,107,418 (2018: £nil).

(e) Credit risk

Credit risk arises from cash and cash equivalents and outstanding receivables. The Group maintains cash and short-term deposits with a variety of credit worthy financial institutions and considers the credit ratings of these institutions before investing in order to mitigate against the associated credit risk.

The Company's exposure to credit risk amounted to £73,189,301 (2018: £54,106,065). Of this amount £55,795,528 (2018: £48,618,726) is due from subsidiary companies, £17,393,773 represents cash holdings (2018: £5,487,339). See note 27 for adjustments for provisions for expected credit losses.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no repayable debt at 31 December 2019 and defines capital based on the total equity of the Group. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

As indicated above, the Group holds cash reserves on deposit at several banks and in different currencies until they are required and in order to match where possible with the corresponding liabilities in that currency.

3.3 Fair value estimation

The carrying values of trade receivables and payables are assumed to be approximate to their fair values, due to their short-term nature. The value of contingent consideration is estimated by discounting the future expected contractual cash flows at the Group's current cost of capital of 7% based on the interest rate available to the Group for a similar financial instrument.

During the year the Group entered into a royalty funding arrangement with Orion Mine Finance securing a gross upfront payment of $25,000,000 before fees in exchange for a royalty over the first 426k tonnes of nickel produced from the Araguaia Ferronickel project. The agreement includes several prepayment options embedded within the agreement enabling the Group to reduce the royalty rate, these options are carried at fair value. Details of this agreement are included in note 18.

The future expected nickel price and, volatility of the nickel prices are key estimates that are critical in the fair value of the Buy Back Option associated with the Royalty financing.

The fair value of cash, other receivables, accounts payable and accrued liabilities and the joint venture obligation approximate their carrying values due to the short-term nature of the instruments.

Fair value measurements recognised in the statement of financial position subsequent to initial fair value recognition can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

Level 1 – Fair value measurements are those derived from quoted prices in active markets for identical assets and liabilities.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly, or indirectly.

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Information relating to the basis of determination of the level 3 fair value for the buyback option and consideration of sensitivity to changes in estimates is disclosed in note 18b).

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

4 Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IFRSs 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 and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such judgements and estimates include, but are not limited to:

Estimates

Company – Application of the expected credit loss model prescribed by IFRS 9

IFRS 9 requires the Parent company to make assumptions when implementing the forward-looking expected credit loss model. This model is required to be used to assess the intercompany loan receivables from the company's Brazilian subsidiaries for impairment.

Arriving at the expected credit loss allowance involved considering different scenarios for the recovery of the intercompany loan receivables, the possible credit losses that could arise and the probabilities for these scenarios. The following was considered; the exploration project risk for Vermelho as well as the potential economics as derived from the PFS, positive NPV of the Araguaia projects as demonstrated by the Feasibility Study, ability to raise the finance to develop the projects, ability to sell the projects, market and technical risks relating to the project, participation of the subsidiaries in the Araguaia projects. See note 27 for a discussion on the adjustment passed concerning the impairment loss.

Valuation of derivative financial assets

Valuing derivatives inherently relies on a series of estimates and assumptions to derive what is deemed to be a fair value estimate for a financial instrument. The royalty financing arrangement entered into by the Group includes a Buyback option, an embedded derivatives which was valued using a Monte Carlo simulation method. This methodology of determining fair value is reliant upon estimations including the probability of certain scenarios occurring, the estimated production rate and timeline of production from the Araguaia project, future nickel prices as well as discount factors. The most important estimates in determining the valuation of the Buyback option are the future nickel price and its price volatility. The sensitivity of the valuation to these estimates are considered in note 18b).

Judgements

4.1 Impairment of exploration and evaluation costs

Exploration and evaluation costs which in 2019 relate solely to Vermelho have a carrying value at 31 December 2019 of £6,846,859 (2018: £35,511,145). Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated resource volumes and grades, permitting and infrastructure. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The judgement exercised by management relates to whether there is perceived to be an indicator of impairment and that management have concluded that there is not, due to the recovery in the Nickel prices, favourable economics of the Pre-Feasibility Study as well as the fundamentals of the nickel market and expected supply gap in the mid-term.

4.2 Contingent consideration

Contingent consideration has a carrying value of £6,246,071, at 31 December 2019 (2018: £3,461,833). Deferred consideration has a carrying value of £nil at 31 December 2019 (2018: £1,360,792). There are two contingent consideration arrangements in place as at 31 December 2019:

Xstrata – Araguaia

- A contingent consideration arrangement that requires the Group to pay Xstrata Brasil Mineração Ltda consideration after the date of issuance of a Feasibility Study ('FS') comprising the Araguaia project and the Vale dos Sonhos ('VdS') (US$330,000) and Serra do Tapa ('SdT') (US$670,000) project areas ('GAP') (together the 'Enlarged Project'), to be satisfied in shares in the Company (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company. The VdS project area was included in the FS published in October 2018 and this contingent consideration was satisfied by the issue of shares in the Company in January 2019, the SdT deposit is not currently included in the Araguaia project development plan as so no contingent consideration has been recognised in respect of the US$670,000 that might become payable; and
- Remaining contingent consideration of US$5,000,000 to be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area. Given the recent publication of the Feasibility Study which includes an area purchased from Glencore and the securing of the royalty funding for the development of the project, this continues to be recognised as contingent consideration as it will become payable when the project enters commercial production. It is carried at £2,975,935, reflecting that it is discounted to reflect its current value. The carrying value has been adjusted to reflect that the date of commercial production has been reassessed in the year.

A key judgement in determining the estimated value of the contingent consideration for Glencore is the timing of the assumed date of first commercial production.

Vale - Vermelho

- On 19 December 2017 the Company announced that it had reached agreement with Vale Metais Basicos S.A. ("Vale") to indirectly acquire through a wholly owned subsidiaries in Brazil, 100% of the advanced Vermelho nickel-cobalt project in Brazil ("Vermelho").
- A final payment of US$6,000,000 in cash is payable by Horizonte within 30 days of first commercial sale of product from Vermelho. Management have assessed that given the finalisation and publication of a pre-feasibility study on the Vermelho project during 2019, the project is likely to have progressed to a stage where this final payment can be considered probable and have therefore

recognised this contingent consideration within liabilities for the first time during 2019. It is carried at £3,270,134, reflecting that it is discounted to reflect its current value.

Management have sensitized the fair value calculations for both contingent considerations to reasonable changes in the unobservable inputs and note that if the discount rate were to increase from 7% to 10% then the FV would decrease by £789,008 (2018: £221,263) to £5,457,061 (2018: £3,240,600).

The determination of the probability of the Vermelho project entering into commercial production is a judgement made by the Company based upon the demonstrated economics from the PFS published during 2019. The PFS identifies the ability of the Company to demonstrate economic viability of the project at the long-term consensus nickel pricing for a capital cost estimate that is considered achievable in the current market. It has therefore been concluded that with the project suitably advanced it is now probable that the project will advance towards production and the consideration become payable.

A key judgement in determining the estimated value of the deferred consideration for Vermelho is the timing of the assumed date of first commercial production. Management have undertaken a sensitivity and if the date of commercial production were to be delayed by 1 year then the fair value of deferred consideration for Vermelho would decrease by £213,933 and for Araguaia it would decrease by £195,202.

There has been no change in valuation technique during the period. Please refer to Note 17 for an analysis of the contingent and deferred consideration.

4.3 Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax liabilities have been recognised on the fair value gains in exploration assets arising on the acquisitions of Araguaia Niquel Mineração Ltda (formerly Teck Cominco Brasil S.A) and Lontra Empreendimentos e Participações Ltda in 2010. A deferred tax asset in respect of the losses has been recognised on acquisition of Araguaia Niquel Mineração Ltda to the extent that it can be set against the deferred tax liability arising on the fair value gains. In determining whether a deferred tax asset in excess of this amount should be recognized management must make an assessment of the probability that the tax losses will be utilized and a deferred tax asset is only recognised if it is considered probable that the tax losses will be utilized.

Other estimates include but are not limited to future cash flows associated with assets, useful lives for depreciation and fair value of financial instruments.

4.4 Accounting for the royalty finance arrangements

The Group has a $25m royalty funding arrangement which was secured in order to advance the Araguaia project towards construction. The treatment of this financing arrangements as a financial liability, calculated using the effective interest rate methodology is a key judgement that has been made by the Company and which has been taken following obtaining independent expert advice. The carrying value of the financing liability is also sensitive to assumptions regarding the royalty rate and future nickel prices. Further information relating to the accounting for this liability and the sensitivity of the carrying value to these estimates is provided in note 18a).

The future price of nickel and date of commencement of commercial production are key estimates that are critical in the determination of the carrying value of the royalty liability.

The future expected nickel price and, volatility of the nickel prices are key estimates that are critical in the fair value of the Buy Back Option associated with the Royalty financing.

5 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 newly established subsidiary responsible for the project finance for the Araguaia Project is domiciled in the Netherlands. The operations of this entity are reported separately and so it is recognised as a new segment. The reports used by the chief operating decision-maker are based on these geographical segments.

2019	UK 2019 £	Brazil 2019 £	Netherlands 2019 £	Total 2019 £
Intragroup sales	171,712	(171,712)	-	-
Administrative expenses	(1,840,348)	(723,532)	-	(2,563,880)
Profit/(loss) on foreign exchange	6,796	(78,839)	15,782	(56,261)
Loss from operations per reportable segment	**(1,833,552)**	**(802,371)**	**15,782**	**(2,620,141)**
Depreciation charges	**-**	**-**	**-**	**-**
Additions to non-current assets	**-**	**3,595,775**	**-**	**3,595,775**
Reportable segment assets	**17,785,624**	**39,428,141**	**2,246,089**	**59,459,854**
Reportable segment non-current assets	**-**	**39,317,989**	**-**	**39,317,989**
Reportable segment liabilities	**6,572,952**	**569,434**	**20,925,405**	**28,067,791**

2018	UK 2018 £	Brazil 2018 £	Total 2018 £
Revenue			
Intra-group sales	1,416,698	(1,416,698)	-
Administrative expenses	(1,336,093)	-	(1,336,093)
Loss on foreign exchange	186,209	(3)	186,206
Loss from operations per reportable segment	**266,814**	(1,416,701)	**(1,149,887)**
Depreciation charges	**-**	**-**	**-**
Additions to non-current assets	**-**	**1,353,439**	**1,353,439**
Reportable segment assets	**5,627,373**	**36,663,073**	**42,290,446**
Reportable segment non-current assets	**-**	**35,739,088**	**35,739,088**
Reportable segment liabilities	**4,998,760**	**443,866**	**5,442,626**

Inter segment revenues are calculated and recorded in accordance with the underlying intra group service agreements.

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

	2019 £	2018 £
Loss from operations per reportable segment	**(2,620,141)**	(1,149,885)
Changes in estimate for contingent and deferred consideration (refer note 17)	**598,660**	139,392
Charge for share options granted	**(326,413)**	(837,172)
Finance income	**110,036**	89,446
Finance costs	**(933,351)**	(181,442)

Loss for the year from continuing operations	**(3,171,214)**	(1,939,663)

6 Expenses by nature

Group	**2019 £**	2018 £
Charge for share options granted	**326,413**	837,172
Depreciation (note 11)	**-**	—

7 Auditor remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

Group	**2019 £**	2018 £
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	**58,200**	38,000
Fees payable to the Company's auditor and its associates for other services:		
– Audit related assurance services	**-**	-
–Tax compliance services	**48,563**	4,850

8 Finance income and costs

Group	**2019 £**	2018 £
Finance income:		
– Interest income on cash and short-term bank deposits	**110,036**	89,446
Finance costs:		
– Contingent and deferred consideration: unwinding of discount	**(344,953)**	(181,442)
– Amortisation of Royalty financing	**(572,294)**	-
– Fair Value adjustment on royalty	**(91,476)**	-
– movement in fair value of derivative asset	**75,372**	-
Total finance costs	**(933,351)**	(181,442)
Net finance costs	**(823,315)**	(91,996)

9 Income Tax

Group	**2019 £**	**2018 £**
Tax charge:		
Current tax charge for the year	—	—
Deferred tax charge for the year	—	—
Tax on loss for the year	—	—

Reconciliation of current tax

Group	**2019 £**	2018 £
Loss before income tax	**(3,171,214)**	(1,939,663)
Current tax at 19% (2018: 19.25%)	**(602,530)**	(368,536)

Effects of:		
Expenses not deducted for tax purposes	**281,391**	174,095
Utilisation of tax losses brought forward	—	—
Tax losses carried forward for which no deferred income tax asset was recognised	**473,130**	194,441
Effect of higher overseas tax rates	**(88,990)**	—
Total tax	—	—

No tax charge or credit arises on the loss for the year.

The corporation tax rate in Brazil is 34%, the Netherlands 21% and the United Kingdom 19%. The group incurred expenses in all of these jurisdictions during the year, in 2018 the effective rate was 19.25% as all of the losses arose in the UK.

Deferred income tax

An analysis of deferred tax assets and liabilities is set out below.

Group	**2019** **£**	2018 £
Deferred tax assets	**1,412,509**	1,522,700
Deferred tax liabilities		
– Deferred tax liability to be settled after more than 12 months	**1,624,891**	(1,751,391)
Deferred tax liabilities (net)	**(212,382)**	(228,691)

The movement on the net deferred tax liabilities is as follows:

Group	**2019** **£**	2018 £
At 1 January	**(228,691)**	(253,205)
Exchange differences	**16,309**	24,514
At 31 December	**(212,382)**	(228,691)

Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised in respect of fair value adjustments to the carrying value of intangible assets as a result of the acquisition of such assets.

The Group has tax losses of approximately £16,810,975 (2018: £22,778,401) in Brazil and excess management charges of approximately £nil (2018: £834,644) in the UK available to carry forward against future taxable profits. Deferred tax assets have been recognised up to the amount of the deferred tax liability arising on the fair value adjustments. Potential deferred tax assets of £5,715,731 (2018: £6,221,957) have not been recognised.

Tax losses are available indefinitely.

10 Intangible assets

Intangible assets comprise exploration licenses, exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise acquired and internally generated assets.

Group	Goodwill £	Exploration Licenses £	Exploration and evaluation costs £	Total £
Cost				
At 1 January 2018	**251,063**	**5,165,529**	**28,891,686**	**34,308,278**
Additions	-	1,245,111	3,236,829	4,481,940

Exchange rate movements	(24,306)	(280,344)	(2,747,666)	(3,052,316)
Net book amount at 31 December 2018	**226,757**	**6,130,296**	**29,380,849**	**35,737,903**
Transfer to PPE	-	(3,483,363)	(29,808,123)	(33,291,486)
Additions	-	3,324,005	2,604,911	5,928,916
Exchange rate movements	(16,172)	(813,572)	(488,143)	(1,317,887)
Net book amount at 31 December 2019	210,585	5,157,366	1,689,495	7,057,444

In December 2018, the Group published a technical Feasibility Study for the Araguaia Ferronickel project in accordance with NI 43-101. Under IFRS 6 — Exploration for and Evaluation of Mineral Resources, an impairment test is required when the technical feasibility and commercial viability of extracting a mineral resource become demonstrable, at which point the asset falls outside the scope of IFRS 6 and has been reclassified in the Financial Statements to mine development project upon completion of the royalty financing, which is deemed to be the date at which commercial viability had been determined. The Feasibility Study financial assessment performed by independent mining specialists, Ausenco, gave a post-tax discounted cash flow valuation of US$401M at 8% discount factor based on a longterm Nickel price of US$14,000/t Ni. Thus, there is no impairment for these mining assets as the combined value of the exploration & evaluation assets only totaled £34,244,817, giving significant headroom. As a result, these costs were transferred to evaluated mining property, as part of PPE as at the date of financial close of the royalty agreement.

(a) Exploration and evaluation assets

The exploration and evaluation costs are split between Araguaia and Vermelho as follows:

	Exploration licences £	Exploration and evaluation costs £	Total £
Araguaia	4,863,968	29,380,849	34,244,817
Vermelho	1,266,328	-	1,266,328
Net book amount at 31 December 2018	**6,130,296**	**29,380,849**	**35,737,903**
Vermelho	5,157,366	1,689,495	6,846,860
Net book amount at 31 December 2019	**5,157,366**	**1,689,495**	**6,846,860**

No indicators of impairment were identified during the year for the Vermelho project.

Vermelho

In January 2018, the acquisition of the Vermelho project was completed, which resulted in a deferred consideration of $1,850,000 being recognised and accordingly an amount of £1,245,111 was capitalised to the exploration licences held within intangible assets shown above.
On 17 October the Group published the results of a Pre-Feasibility Study on the Vermelho Nickel Cobalt Project, which confirms Vermelho as a large, high-grade resource, with a long mine life and low-cost source of nickel sulphate for the battery industry.

The economic and technical results from the study support further development of the project towards a full Feasibility Study and included the following:

- A 38-year mine life estimated to generate total cash flows after taxation of US$7.3billion;
- An estimated Base Case post-tax Net Present Value1 ('NPV') of US$1.7 billion and Internal Rate of Return ('IRR') of 26%;
- At full production capacity the Project is expected to produce an average of 25,000 tonnes of nickel and 1,250 tonnes of cobalt per annum utilising the High-Pressure Acid Leach process;

- The base case PFS economics assume a flat nickel price of US$16,400 per tonne ('/t') for the 38-year mine life;
- C1 (Brook Hunt) cash cost of US$8,020/t Ni (US$3.64/lb Ni), defines Vermelho as a low-cost producer; and
- Initial Capital Cost estimate is US$652 million (AACE class 4).

It has been therefore concluded there are no indicators if impairment.

(b) Goodwill

Goodwill arose on the acquisition of Lontra Empreendimentos e Participações Ltda in 2010. The Directors have determined the recoverable amount of goodwill based on the same assumptions used for the assessment of the Lontra exploration project detailed above. As a result of this assessment, the Directors have concluded that no impairment charge is necessary against the carrying value of goodwill.

11 Property, plant and equipment

Group	Mine Development Property £	Vehicles and other field equipment £	Office equipment £	Total £
Cost				
At 1 January 2017	—	106,304	14,398	120,702
Foreign exchange movements	—	(10,630)	(796)	(11,426)
Additions	—	2,236	—	2,236
At 31 December 2017	—	**97,910**	**13,602**	**111,512**
Foreign exchange movements	—	8,812	822	9,634
Additions	—	—	—	—
At 31 December 2018	—	**106,722**	**14,424**	**121,146**
Foreign exchange movements	(1,270,125)	—	—	(1,270,125)
Transfer from exploration and evaluation assets[1]	33,291,486			33,291,486
Additions	238,701	—	—	238,701
At 31 December 2019	32,260,061	—	—	32,260,061
Accumulated depreciation				
At 1 January 2018	—	95,859	13,602	109,461
Charge for the year	—	436	—	436
Foreign exchange movements	—	9,241	822	10,063
At 31 December 2018	—	105,536	14,424	119,960
Charge for the year	—	**703**	—	**703**
Foreign exchange movements	—	—	—	—
At 31 December 2019	—	**106,239**	**14,424**	**120,663**
Net book amount as at 31 December 2019	**32,260,061**	**483**	**-**	**32,260,544**
Net book amount as at 31 December 2018	—	**1,186**	—	**1,186**
Net book amount as at 1 January 2018	—	2,051	—	2,051

[1]Following determination of the technical feasibility and commercial viability of the Araguaia Ferronickel Project, the relevant expenditure has been transferred from exploration and evaluation assets to evaluated mineral property

Depreciation charges of £703 (2018: £436) have been capitalised and included within intangible exploration and evaluation asset additions for the year. The remaining depreciation expense for the year ended 31 December 2019 of £nil (2018: £nil) has been charged in 'administrative expenses' under 'Depreciation.'

Company	Field equipment £	Office equipment £	Total £

Cost			
At 1 January 2018	4,208	7,403	11,611
Additions	—	—	—
At 31 December 2018 and 2019	**4,208**	**7,403**	**11,611**
Accumulated depreciation			
At 1 January 2018	**4,208**	**7,403**	**11,611**
Charge for the year	—	—	—
At 31 December 2018	**4,208**	**7,403**	**11,611**
Charge for the year	—	—	—
At 31 December 2019	**4,208**	**7,403**	**11,611**
Net book amount as at 31 December 2019	—	—	—
Net book amount as at 31 December 2018	—	—	—
Net book amount as at 1 January 2018	—	**283**	**283**

In December 2018, a Canadian NI 43-101 compliant Feasibility Study ("FS') was published by the Company regarding the enlarged Araguaia Project which included the Vale dos Sonhos deposit acquired from Glencore. The financial results and conclusions of the FS clearly indicate the economic viability of the Araguaia Project with an NPV of $401M using a nickel price of $14,000/t Ni. Nothing material had changed with the economics of the FS between the publication date and the date of this report and the Directors undertook an assessment of impairment through evaluating the results of the FS along with recent market information relating to capital markets and nickel prices and judged that there are no impairment indicators with regards to the Araguaia Project.

Impairment assessments for exploration and evaluation assets are carried out either on a project by project basis or by geographical area.

The adjacent Araguaia/Lontra/Vila Oito and Floresta exploration sites ('the Araguaia Project'), together with the Vale dos Sonhos deposit acquired from Xstrata Brasil Mineração Ltda comprise a resource of a sufficient size and scale to allow the Company to create a significant single nickel project. For this reason, at the current stage of development, these two projects are viewed and assessed for impairment by management as a single cash generating unit.

The mineral concession for the Vale dos Sonhos deposit was acquired from Xstrata Brasil Mineração Ltda, a subsidiary of Glencore Canada Corporation, in November 2015.

The NPV has been determined by reference to the FS undertaken during the year on the Araguaia Project. The key inputs and assumptions in deriving the value in use were, the discount rate of 8%, which is based upon an estimate of the risk adjusted cost of capital for the jurisdiction, capital costs of $443 million, operating costs of $8,194/t Nickel, a Nickel price of US$14,000/t and a life of mine of 28 years.

Sensitivity to changes in assumptions

For the base case NPV_8 of the Araguaia Project of US$401 million using a nickel price of US$14,000/t and US$740 million using US$16,800/t as per the FS to be reduced to the book value of the Araguaia Project as at 31 December 2019, the discount rate applied to the cash flow model would need to be increased from 8% to 17%.

12 Cash and cash equivalents

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Cash at bank and on hand	**2,219,850**	422,501	**1,854,329**	194,149
Short-term deposits	**15,540,480**	6,104,614	**15,540,480**	5,293,190

	17,760,330	6,527,115	**17,394,809**	5,487,339

The Group's cash at bank and short-term deposits are held with institutions with the following credit ratings (Fitch):

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
A	**17,338,016**	5,551,299	**17,338,016**	5,431,914
BBB-	**422,314**	975,816	**56,793**	55,425
	17,760,330	6,527,115	**17,394,809**	5,487,339

The cash deposited with the institution with a BBB rating is only held short term and the expected credit loss is not assessed as material.

13 Share capital

Group and Company	**2019 Number**	**2019 £**	2018 Number	2018 £
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	1,432,521,800	14,325,218	1,371,934,300	13,719,343
Issue of ordinary shares	**13,855,487**	**138,555**	60,587,500	605,875
At 31 December	**1,446,377,287**	**14,463,773**	1,432,521,800	14,325,218

Share capital comprises amount subscribed for shares at the nominal value.

2019

On 24 January 2019 the Company issued 13,855,487 as settlement for $330,000 of deferred contingent consideration that became payable following the issuance of a Feasibility Study including the Vale dos Sonhos deposit originally acquired from Glencore.

2018

On 11 January 2018, the Company issued 60,587,500 new ordinary shares through a private placement in Canada at a price of C$0.06 per share raising gross cash proceeds of CAD$3,635,250 before expenses.

14 Share premium

Group and Company	**2019 £**	2018 £
At 1 January	41,664,018	40,422,258
Premium arising on issue of ordinary shares	121,288	1,451,723
Issue costs	-	(209,964)
At 31 December	41,785,306	41,664,018

Share premium comprises the amount subscribed for share capital in excess of nominal value.

15 Share-based payments

The Directors have discretion to grant options to the Group employees to subscribe for Ordinary shares up to a maximum of 10% of the Company's issued share capital. One third of options are exercisable at each six months anniversary from the date of grant, such that all options are exercisable 18 months after the date of

grant and all lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the Group. Should holders cease employment then the options remain valid for a period of 3 months after cessation of employment, following which they will lapse. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

Movements on number of share options and their related exercise price are as follows:

	Number of options 2018	**Weighted average exercise price 2018 £**	Number of options 2018	Weighted average exercise price 2018 £
Outstanding at 1 January	134,300,000	0.056	94,650,000	0.059
Forfeited	-	-	-	-
Granted	2,000,000	0.048	39,650,000	0.048
Outstanding at 31 December	136,300,000	0.055	134,300,000	0.056
Exercisable at 31 December	134,966,667	0.055	109,026,667	0.058

The options outstanding at 31 December 2019 had a weighted average remaining contractual life of 6.38 years (2018: 7.37 years).

The fair value of the share options was determined using the Black-Scholes valuation model.

The parameters used are detailed below.

Group and Company	**2019 options**	2018 options
Date of grant	**11/02/2019**	**30/05/2018**
Weighted average share price	**2.29 pence**	**4.30 pence**
Weighted average exercise price	**4.80 pence**	**4.80 pence**
Weighted average fair value at the measurement date	**1.05 pence**	**2.51 pence**
Expiry date	**11/2/2029**	**30/5/2028**
Options granted	**2,000,000**	**39,650,000**
Volatility	**51%**	51%
Dividend yield	Nil	Nil
Option life	10 years	10 years
Annual risk free interest rate	1.22%	1.22%

The expected volatility is based on historical volatility for the six months prior to the date of grant. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

The range of option exercise prices is as follows:

Range of exercise prices (£)	**2019 Weighted average exercise price (£)**	**2019 Number of shares**	**2019 Weighted average remaining life expected (years)**	**2019 Weighted average remaining life contracted (years)**	2018 Weighted average exercise price (£)	2018 Number of shares	2018 Weighted average remaining life expected (years)	2018 Weighted average remaining life contracted (years)
0–0.1	**0.04**	**121,150,000**	**7.02**	**7.02**	0.04	119,150,000	8.02	8.02
0.1–0.2	**0.16**	**15,150,000**	**1.55**	**1.55**	0.16	15,150,000	2.55	2.55

16 Other reserves

Group	Merger reserve £	Translation reserve £	Other reserve £	Total £
At 1 January 2018	10,888,760	(8,852,646)	(1,048,100)	998,014
Other comprehensive income	—	—	—	—
Currency translation differences	—	(3,028,006)	—	(3,208,006)
At 31 December 2018	**10,888,760**	**(11,880,652)**	**(1,048,100)**	**(2,039,991)**
Other comprehensive income	—	—	—	—
Currency translation differences	—	(2,626,938)	—	(2,626,938)
At 31 December 2019	**10,888,760**	(14,507,590)	**(1,048,100)**	(4,666,930)

Company	Merger reserve £	Total £
At 1 January 2018 and 31 December 2018	10,888,760	10,888,760
At 1 January 2019 and 31 December 2019	**10,888,760**	**10,888,760**

The merger and other reserve as at 31 December 2019 arose on consolidation as a result of merger accounting for the acquisition of the entire issued share capital of Horizonte Exploration Limited during 2006 and represents the difference between the value of the share capital and premium issued for the acquisition and that of the acquired share capital and premium of Horizonte Exploration Limited.

Currency translation differences relate to the translation of Group entities that have a functional currency different from the presentation currency (refer note 2.8). Movements in the translation reserve are linked to the changes in the value of the Brazilian Real against the Pound Sterling: the intangible assets of the Group are located in Brazil, and their functional currency is the Brazilian Real, which decreased in value against Sterling during the year.

17 Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Non-current				
Contingent consideration payable to Xstrata Brasil Mineração Ltda (refer note 17)	**2,975,935**	3,461,833	**2,975,935**	3,461,833
Vale Metais Basicoc S.A. (refer note 17)	**3,270,134**	-	**3,270,134**	-
Total contingent consideration	**6,246,069**	3,461,833	**6,246,069**	3,461,833
Current				
Deferred consideration payable to former owners of Vermelho.	**-**	1,360,792	**-**	1,360,792
Trade and other payables	**538,933**	215,175	**176,588**	6,201
Amounts due to related parties (refer note 22)	**-**	-	**413,930**	413,930
Social security and other taxes	**30,000**	20,000	**30,000**	20,000
Accrued expenses	**115,000**	45,000	**115,000**	45,000
	683,933	1,640,967	**735,518**	1,845,923
Total trade and other payables	**6,930,002**	5,102,800	**6,981,587**	5,307,756

Trade and other payables include amounts due of £317,816 (2018: £111,815) in relation to exploration and evaluation activities. Contingent and deferred consideration also relate to exploration and evaluation activities.

Contingent Consideration payable to Xstrata Brasil Mineração Ltda

On 28 September 2015 the Company announced that it had reached agreement to indirectly acquire through wholly owned subsidiaries in Brazil the advanced high-grade Glencore Araguaia nickel project (**'GAP'**) in north central Brazil. GAP is located in the vicinity of the Company's Araguaia Project.

Pursuant to a conditional asset purchase agreement ('**Asset Purchase Agreement**') between, amongst others, the Company and Xstrata Brasil Exploraçâo Mineral Ltda ('**Xstrata**'), a wholly-owned subsidiary of Glencore Canada Corporation ('**Glencore**'), the Company has agreed to pay a total consideration of US$8 million to Xstrata, which holds the title to GAP. The consideration is to be paid according the following schedule;

- US$2,000,000 in ordinary shares in the capital of the Company which was settled by way of issuing new shares in the Company as follows: US$660,000 was paid in shares to a subsidiary of Glencore during 2015 and the transfer of the Serra do Tapa and Pau Preto deposit areas (together: 'SdT') during 2016 initiated the final completion of the transaction with a further US$1,340,000 shares in the Company issued.

- US$1,000,000 after the date of issuance of a joint Feasibility Study for the combined Araguaia & GAP project areas, to be satisfied in HZM Shares (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company. Of this $330,000 is due upon the inclusion of Vale dos Sonhos in a Feasibility Study and $670,000 for Serra do Tapa, as at 31 December a Feasibility Study including Vale dos Sonhos has been published and the consideration settled by way of issuing 13,855,487 new Shares in the Company. Serra do Tapa is not included in the current project plans, therefore management have concluded it's not currently probable that the consideration for Serra do Tapa will be paid. This consideration is therefore not included in contingent consideration; and

- The remaining US$5,000,000 consideration will be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area. Following transfer of the concession for the VdS deposit area to a subsidiary of the Company, this has been included in contingent consideration payable.

Deferred consideration payable to Vale S.A

- On 19 December 2017 the Company announced that it had reached agreement with Vale S.A ("Vale") to indirectly acquire through wholly owned subsidiaries in Brazil, 100% of the advanced Vermelho nickel-cobalt project in Brazil ("Vermelho").
- The terms of the Acquisition required Horizonte to pay an initial cash payment of US$150,000 with a further US$1,850,000 in cash payable on the second anniversary of the signing of the asset purchase agreement. This was paid by the Group in December 2019 and is no longer included in deferred consideration.

- A final payment of US$6,000,000 in cash is payable by Horizonte within 30 days of first commercial sale of product from Vermelho. Management have assessed that with the publication of the Pre-Feasibility Study during 2019 for the Vermelho project, there is a reasonable probability that the project will advance through to production and therefore have recognised this contingent consideration within liabilities for the first time during the year.

The critical assumptions underlying the treatment of the contingent consideration are set out in note 4.2.

As at 31 December 2019, there was a finance expense of £344,952 (2018: £181,441) recognised in finance costs within the Statement of Comprehensive Income in respect of the contingent and deferred consideration arrangements, as the discount applied to the consideration at the date of acquisition was unwound.

	Contingent consideration £	Deferred consideration £	Total £
At 1 January 2018	3,635,955	—	3,635,955
Initial recognition - Vale	—	1,144,621	1,144,621

Unwinding of discount	94,625	86,816	181,441
Change in estimate	(268,747)	129,355	139,391
31 December 2018	**3,461,833**	**1,360,792**	**4,822,626**
Initial recognition - Vale	3,324,004	-	3,324,004
Unwinding of discount	253,439	91,513	344,952
Change in estimate	(534,201)	(64,459)	(598,660)
Settlement of consideration	(259,006)	(1,387,846)	(1,646,852)
At 31 December 2019	6,246,069	-	6,246,069

18 a) Royalty financing liability

On 29 August 2019 the Group entered into a royalty funding arrangement with Orion Mine Finance ("OMF") securing a gross upfront payment of $25,000,000 before fees in exchange for a royalty, the rate being in a range from 2.25% to 3.00% and determined by the date of funding and commencement of major construction. At inception of the loan and at the year end the rate has been estimates at 2.45%. The royalty is paid over the first 426k tonnes of nickel produced from the Araguaia Ferronickel project. The Royalty agreement has certain provisions to increase the headline royalty rate should there be delays in securing project financing beyond a pre agreed timeframe. The royalty is linked to production and therefore does not become payable until the project is constructed and commences commercial production. The agreement contains certain embedded derivatives which as per IFRS9 have been separately valued and included in the fair value of the financial instrument in note 18 b).

The Royalty liability has initially been recognised using the amortised cost basis using the effective interest rate of 14.5%. When circumstances arise that lead to payments due under the agreement being revised, the group adjusts the carrying amount of the financial liability to reflect the revised estimated cash flows. This is achieved by recalculating the present value of estimated cash flows using the original effective interest rate of 14.5%. any adjustment to the carrying value is recognised in the income statement.

	2019 £
Initial recognition of Royalty	19,379,845
Fees	(1,138,640)
Fair value of embedded derivative on initial recognition	2,232,558
Unwinding of discount	572,294
Change in fair value	91,476
Effects of foreign exchange	(567,122)
Value as at 31 December 2019	20,570,411

Management have sensitised the carrying value of the royalty liability by a change in the royalty rate of 0.1% and it would be £840,081 higher/lower and for a $1,000/t Ni increase/decrease in future nickel price the carrying value would change by £1,301,840.

b) Derivative financial asset

The aforementioned agreement includes several options embedded within the agreement as follows:

- If there is a change of control of the Group and the start of major construction works (as defined by the expenditure of in excess of $30m above the expenditure envisaged by the royalty funding) is delayed beyond a certain pre agreed timeframe the following options exist:
  - Call Option – which grants Horizonte the option to buy back between 50 – 100% of the royalty at a valuation that meets certain minimum economic returns for OMF;
  - Make Whole Option – which grants Horizonte the option to make payment as if the project had started commercial production and the royalty payment were due; and

- Put Option – should Horizonte not elect for either of the above options, this put option grants OMF the right to sell between 50 – 100% of the Royalty back to Horizonte at a valuation that meets certain minimum economic returns for OMF.

- Buy Back Option - At any time from the date of commercial production, provided that neither the Call Option, Make Whole Option or the Put Option have been actioned, Horizonte has the right to buy back up to 50% of the Royalty at a valuation that meets certain minimum economic returns for OMF.

The directors have undertaken a review of the fair value of all of the embedded derivatives and are of the opinion that the Call Option, Make Whole Option and Put Option currently have immaterial values as the probability of both a change of control and project delay are currently considered to be remote. There is considered to be a higher probability that the Group could in the future exercise the Buy Back Option and therefore has undertaken a fair value exercise on this option.

The initial recognition of the Buy Back Option has been recognised as an asset on the balance sheet with any changes to the fair value of the derivative recognised in the income statement. It been fair valued using a Monte Carlo simulation which runs a high number of scenarios in order to derive an estimated valuation.

The assumptions for the valuation of the Buy Back Option are the future nickel price ($16,188/t Ni), the start date of commercial production (2022), the prevailing royalty rate (2.45%), the inflation rate (1%) and volatility of nickel prices (23.6%).

	2019 £
Initial recognition of derivative	2,232,558
Change in fair value	75,372
Effects of foreign exchange	(61,121)
Value as at 31 December 2019	2,246,809

Sensitivity analysis

The valuation of the Buyback option is most sensitive to estimates for nickel price and nickel price volatility.

An increase in the estimated future nickel price by $1,000 would give rise to a $1,190,000 increase in the value of the option.

The nickel price volatilities based on both 5 and 10 year historic prices are in close proximity and this is the period in which management consider that the option would be exercised. Therefore, management have concluded that currently no reasonably possible alternative assumption for this estimate would give rise to a material impact on the valuation.

19 Note to statement of cash flows

Below is a reconciliation of borrowings from financial transactions:

	Royalty Financing £	Derivative asset £	Total £
As at 1 January 2019	-	-	-
Cashflows			
Gross proceeds	19,379,845	-	19,379,845
Fees	(1,138,640)	-	(1,138,640)
Non cash flows:			

Fair value of embedded derivative on initial recognition	2,232,558	(2,232,558)	-
Unwinding of discount	572,294	-	572,294
Change in fair value	91,476	(75,372)	16,103
Effects of foreign exchange	(567,411)	61,121	(567,411)
Total non-current borrowings	20,570,411	(2,246,809)	18,323,602

20 Dividends

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

21 Earnings per share

(a) Basic

The basic loss per share of 0.219p loss per share (2018 loss per share: 0.136p) is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Group	**2019** **£**	2018 £
Loss attributable to owners of the parent	**(3,171,214)**	(1,939,662)
Weighted average number of ordinary shares in issue	**1,445,504,202**	1,431,027,862

(b) Diluted

The basic and diluted loss per share for the years ended 31 December 2019 and 31 December 2018 are the same as the effect of the exercise of share options would be anti-dilutive.

In January 2019 the Group issued a further 13,855,487 new ordinary shares at a price of 1.875 pence per share in settlement for deferred contingent consideration due to Glencore, had this occurred prior to the end of the year this would have impacted the basic and diluted earnings per share figures.

Details of share options that could potentially dilute earnings per share in future periods are set out in note 15.

22 Related party transactions

The following transactions took place with subsidiaries in the year:

A fee totalling £474,782 (2018: £399,762 was charged to HM do Brazil Ltda, £1.950,790 (2018: £961,042) to Araguaia Niquel Mineração Ltda and £120,197 (2018: £55,894) to Typhon Brasil Mineração Ltda by Horizonte Minerals Plc in respect of consultancy services provided and funding costs.

Amounts totalling £2,545,769 (2018: £1,416,698) were lent to HM Brazil (IOM) Ltd, HM do Brasil Ltda, Araguaia Niquel Mineraçao Ltda and Typhon Brasil Mineração Ltda to finance exploration work during 2019, by Horizonte Minerals Plc. Interest is charged at an annual rate of 6% on balances outstanding during the year. The amounts are repayable on demand.

See note 27 for balances with subsidiaries at the year end.

All Group transactions were eliminated on consolidation.

23 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

24 Directors' remuneration (including Key Management)

Group 2019	Short term benefits Aggregate emoluments £	Other emoluments £	Post employment benefits Pension costs £	Total £	Cost to Company Social Security costs £	Non-Cash Share Based Payment Charge £	Grand Total £
Non-Executive Directors							
Alexander Christopher	—	—	—	—	—	—	—
David Hall	30,234	32,500[1]	—	**62,824**	2,981	34,224	100,029
William Fisher	26,400	32,500[1]	—	**58,900**	—	29,946	88,846
Allan Walker	30,359	32,500[1]	—	**62,859**	7,483	29,946	100,288
Owen Bavinton	31,043	—	39,396	**70,439**	1,696	29,946	102,081
Executive Directors							
Jeremy Martin	231,130	200,000[1]	16,662	**447,792**	51,405	68,448	567,645
Key Management							
Simon Retter	155,640	94,164[2]	12,000	**261,804**	20,295	34,224	316,323
	504,896	391,664	68,058	**964,618**	83,860	226,735	1,275,212

[1] Denotes bonuses paid regarding a long term incentive plan related to the successful publication of a Feasibility Study for Araguaia, Pre-Feasibility Study for Vermelho and closure of $25m royalty funding arrangement with OMF.

[2] Includes £65,000 bonus paid regarding a long term incentive plan related to the successful publication of a Feasibility Study for Araguaia, Pre-Feasibility Study for Vermelho and closure of $25m royalty funding arrangement with OMF.

Group 2018	Short term benefits Aggregate emoluments £	Other emoluments £	Post employment benefits Pension costs £	Total £	Cost to Company Social Security costs £	Non-Cash Share Based Payment Charge £	Grand Total £
Non-Executive Directors							
Alexander Christopher	—	—	—	—	—	—	—
David Hall	26,400	32,500[1]	—	**58,900**	2,415	93,323	154,138
William Fisher	26,400	32,500[1]	—	**58,900**	—	80,261	154,138
Allan Walker	26,400	34,500[1]	—	**60,900**	7,242	80,261	148,403
Owen Bavinton	—	—	79,848	**79,848**	—	80,261	160,109
Executive Directors							
Jeremy Martin	216,157	150,000[1]	21,186	**387,343**	49,367	167,415	604,125
Key Management							
Simon Retter	92,362	73,320[2]	23,380	**189,062**	15,713	80,749	285,524
	387,719	**322,820**	**124,414**	**831,953**	74,737	582,270	1,507,437

[1] Denotes bonuses paid to senior staff regarding a long term incentive plan upon publication of a bankable feasibility study on the Araguaia FeNi project.

[2] Includes £30,000 bonus paid to Mr Retter regarding the successful completion of the feasibility study on the Araguaia FeNi project.

[3] The Group has in place a long term incentive plan with certain key members of management, including the CEO, CFO and certain Non-Executive Directors. Awards are due to be made following the successful completion of milestones deemed to be significant for the long

term value creation of the Group including completion of project financing, commencement of commercial production and in the event there is an offer for the asset or for the entire issued share capital of the Group.

There are no other long term or termination benefits granted to key management.

The Company does not operate a pension scheme. Pension costs comprise contributions to Defined Contribution pension plans held by the relevant Director or Key Management.

25 Employee benefit expense (including Directors and Key Management)

	Group		Company	
	2019	2018	**2019**	2018
Group	**£**	£	**£**	£
Wages and salaries	**1,856,864**	1,450,771	**1,220,693**	856,288
Social security costs	**254,503**	244,590	**125,626**	105,337
Indemnity for loss of office	**16,865**	10,472	**-**	-
Share options granted to Directors and employees (note 15)	**326,413**	873,757	326,413	873,757
	2,454,644	2,579,590	**1,672,732**	1,835,382
Management	**10**	11	**8**	6
Field staff	**18**	16	**-**	-
Average number of employees including Directors and Key Management	**28**	27	**8**	6

Employee benefit expenses includes £892,500 (2018: £685,477) of costs capitalised and included within intangible non-current assets.

Share options granted include costs of £192,511 (2018: £501,523) relating to Directors.

26 Investments in subsidiaries

	2019	2018
Company	**£**	£
Shares in Group undertakings	**2,348,042**	2,348,042
	2,348,042	2,348,042

Investments in Group undertakings are stated at cost.

On 23 March 2006 the Company acquired the entire issued share capital of Horizonte Exploration Limited by means of a share for share exchange; the consideration for the acquisition was 21,841,000 ordinary shares of 1 penny each, issued at a premium of 9 pence per share. The difference between the total consideration and the assets acquired has been credited to other reserves.

27 Loans to subsidiaries

Balances with subsidiaries at the year end were:

	2019	2018
	Assets	Assets
Company	**£**	£
HM do Brasil Ltda	944,928	883,909

HM Brazil (IOM) Ltd	3,149,326	3,021,172
Horizonte Nickel (IOM) Ltd	35,641,959	33,145,934
Araguaia Niquel Mineração Ltda	10,244,039	9,747,741
Horizonte Minerals (IOM) Ltd	253,004	253,004
Typhon Brasil Mineração Ltda	4,378,487	1,625,087
Trias Brasil Mineração Ltda	801,403	801,403
Total	55,413,147	49,478,251

The loans to Group undertakings are repayable on demand and currently carry no interest, however there is currently no expectation of repayment within the next twelve months and therefore loans are treated as non-current.

Company	1 January 2018	Amounts advanced during year	Expected credit loss for balances at 1 January 2018	Expected credit loss for balances advanced in 2018	2018	Amounts advanced during year	Expected credit loss	2019
	£	£	£	£	£	£	£	£
HM do Brasil Ltda	1,263,644	504,174	(631,822)	(252,087)	883,909	122,038	(61,019)	944,928
HM Brazil (IOM) Ltd	5,405,662	636,683	(2,702,831)	(318,342)	3,021,172	256,307	(128,154)	3,149,326
Horizonte Nickel (IOM) Ltd	31,136,784	2,009,153	-	-	33,145,934	2,496,025	-	35,641,959
Araguaia Niquel Mineração Ltda	6,594,120	3,153,621	-	-	9,747,741	496,298	-	10,244,039
Horizonte Minerals (IOM) Ltd	253,004	-	-	-	253,004	-	-	253,004
Typhon Brasil Mineração Ltda	3,224,179	25,994	(1,612,090)	(12,998)	1,625,087	3,004,807	(251,407)	4,378,487
Trias Brasil Mineração Ltda	1,012,620	-	-	(1,012,620)	—	-	-	-
Champol (IOM) Ltd	-	240	-	(240)	—	-	-	-
Cluny (IOM) Ltd	-	1,144,861	-	(343,458)	801,403	-	-	801,403
Total	48,890,013	7,474,726	(4,946,743)	(1,939,745)	49,478,251	6,375,388	(440,579)	55,413,147

The Group uses a forward-looking expected credit loss model approach in accordance with IFRS 9 which requires the parent to make an allowance for lifetime expected credit losses.

The loan to the subsidiary companies, are classified as repayable on demand. IFRS 9 requires consideration of the expected credit risk associated with the loans. As the subsidiary companies do not have any liquid assets to sell to repay the loan, should it be recalled, the conclusion reached was that the loan should be categorised as credit impaired.

As part of the assessment of expected credit losses of the intercompany loan receivable, the Directors have assessed the cash flows associated with a number of different recovery scenarios. This included consideration of the:

- exploration project risk
- positive NPV of the Araguaia project as demonstrated by the Feasibility Study
- positive NPV of the Vermelho Nickel Cobalt Project demonstrated by the Pre-Feasibility Study
- ability to raise the finance to develop the projects
- ability to sell the projects
- market and technical risks relating to the projects
- participation of the subsidiaries in the Araguaia project

The directors have concluded that certain amounts may not be fully recovered giving rise to the expected credit loss adjustment.

The credit loss allowance was assessed at the date of 31 December 2019. There was no change in the expected credit loss allowance at the year end.

28 Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	**2019** **£**	2018 £
Intangible assets	—	—

Capital commitments relate to contractual commitments for metallurgical, economic and environmental evaluations by third parties. Once incurred these costs will be capitalised as intangible exploration asset additions.

29 Contingent Liabilities

Other Contingencies

The Group has received a claim from various trade union organisations in Brazil regarding outstanding membership fees due in relation to various subsidiaries within the Group. Some of these claims relate to periods prior to the acquisition of the relevant subsidiary and would be covered by warranties granted by the previous owners at the date of sale. The Directors are confident that no amounts are due in relation to these proposed membership fees and that the claims will be unsuccessful. No subsequent actions, claims or communications from the various trade union organisations have been received subsequent to the requests for payment. As a result, no provision has been made in the Financial Statements for the year ended 31 December 2019 for amounts claimed. Should the claim be successful, the maximum amount payable in relation to fees not subject to the warranty agreement would be approximately £64,000.

In December 2014, the Group received a writ from the State Attorney in Conceiçao do Araguaia regarding alleged environmental damages caused by drilling activities in 2011. To ensure proper environmental stewardship, the Group conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved in accordance with local environmental legislation. After drilling has occurred, drill sites and access routes are rehabilitated to equal or better conditions and evidence is retained to demonstrate that such rehabilitation work has been completed. In January 2015 the Group filed a robust defence against the writ. A court hearing was held in May 2015 at which documents were requested to confirm that valid environmental authorisations were in place. These were subsequently submitted as requested. No substantive financial claim continues to be made against the Group under the terms of the writ. The Group continues to believe that the writ is flawed and is working towards having it withdrawn in due course. As a result, no provision has been made in the Financial Statements for the year ended 31 December 2019.

30 Financial Instruments

Financial Assets

	Fair Value	Amortised cost	Total	Amortised cost)
	2019	**2019**	**2019**	2018
Group	**£**	**£**	**£**	£
Cash and cash equivalents	-	17,760,330	17,760,330	6,527,115
Derivative financial asset	2,246,809	-	2,246,809	-
Trade and other receivables	-	134,726	134,726	24,243
Total	2,246,809	17,890,056	20,141,865	6,551,358

	Amortised cost)	
	2019	2018
Company	**£**	£

Cash and cash equivalents	17,393,773	5,487,339
Loans to subsidiaries	55,413,060	49,478,251
Trade and other receivables	135,376	19,327
Total	72,942,209	54,984,977

Financial Liabilities

	Amortised cost	
	2019	2018
Group	**£**	£
Trade and other payables	683,933	280,175
Contingent consideration	6,246,071	3,461,833
Royalty Finance	20,570,411	-
Deferred Consideration	-	1,360,792
Total	27,500,415	5,102,800

	Amortised cost	
	2019	2018
Company	**£**	£
Trade and other payables	321,588	485,131
Contingent consideration	6,246,071	3,461,833
Loans from subsidiary	17,735,009	-
Deferred Consideration	-	1,360,792
Total	24,302,668	5,307,756

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and, contingent and deferred consideration which are discounted.

31 Parent Company Guarantee

Horizonte Minerals plc has, together with other group companies, provided a parent guarantee to Orion Mine Finance related to the $25 Million Royalty Financing arrangement granted by Nickel Production Services B.V. in respect of the project owned by Araguia Niquel Metais Ltda during the financial year. The royalty payments are conditional upon entering into commercial production and therefore cannot become due until this is achieved. Horizonte Mineral plc's obligation to pay under the guarantee only arises if Nickel Production Services B.V. as grantor of the royalty or any of the other provider of a parent guarantee fails to make any payment under the royalty agreement. The Company considers the probability of such scenarios to be minimal at the current stage of the business' development and therefore any fair value assessment of such potential financial liability has been deemed to be immaterial

32 Events after the reporting date

Following the end of the financial year the Covid-19 Pandemic expanded from being centred in China, to be a global issue and resulted in widescale disruption to business and social activity. There is now significant and growing uncertainty around economic growth and underlying business conditions. This has impacted both the nickel market and financial markets as well a logistical issue due to the impact on the ability to travel. On the ground in Brazil, our team is well prepared to continue their work while at the same time ensuring the safety of those in our employ as a top priority. We have implemented strict health and safety policies specifically tailored to Covid-19. The Board considers the pandemic could delay the Araguaia project financing timeline by a number of months, (this will be dependent on the duration of the effects of the Covid-19 virus across global markets).

HORIZONTE
MINERALS PLC

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

Horizonte Minerals plc
Jeremy Martin (CEO) +44 (0) 203 356 2901

Numis Securities Ltd (NOMAD & Joint Broker)
John Prior +44 (0) 207 260 1000
Paul Gillam

Shard Capital (Joint Broker)
Damon Heath +44 (0) 20 186 9952
Erik Woolgar

Tavistock (Financial PR)
Gareth Tredway +44 (0) 207 920 3150
Annabel de Morgan

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.