

**NEWS RELEASE**

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4 December 2020

**ARAGUAIA PROJECT****OPERATIONAL UPDATE**

**Horizonte Minerals Plc, (AIM: HZM, TSX: HZM)** (“Horizonte” or “the Company”) the nickel company focused on Brazil, is pleased to provide an operational update for the Araguaia Nickel Project (“Araguaia” or “the Project”) as the Project moves towards construction.

**Highlights:**

- Completion of the value engineering phase with improvements made to plant design and flow sheet to optimise operational performance;
- Capex and opex remain in line with Feasibility Study following comprehensive review;
- Operational Readiness Plan well advanced with all key permits in place for commencement of construction;
- Key environmental and social programmes underway in preparation for construction phase;
- Project finance process continues to progress, with a number of key milestones delivered;
- Build out of the operational and corporate teams to support transition to construction; and
- Nickel price trading at US\$16,300 versus Araguaia base case modelled at US\$14,000 resulting in enhanced project economics.

**Horizonte’s CEO, Jeremy Martin, commented:**

*“Horizonte has made significant progress with the key workstreams required to commence construction at Araguaia, despite the challenges posed by the Covid-19 pandemic over the last 10 months.*

*The project funding package for Araguaia involves multiple components that are being negotiated simultaneously. We continue to engage with a number of prospective investors, have recently negotiated a non-binding, term sheet with a major cornerstone equity investor, have reached an advanced stage with offtake agreements, received initial approval for a financing facility of up to R\$200 million (c.\$32 million) from Banco da Amazônia and are advancing workstreams with a syndicate of five international banks for the principal project finance package, as previously announced.*

*In parallel, we have spent the past eight months undertaking a phase of value engineering to upgrade the Feasibility Study completed in 2018 and optimise certain aspects of the Project to a level where it is implementation ready. This work has included development of a detailed Project Execution and Operational Readiness Plan.*

*These workstreams have further de-risked the Project and give us clear visibility on how we will deliver a successful, tier-one nickel project. Critical to the Project’s delivery is the growth of our teams. The high calibre of the individuals we have been able to attract is testament to the quality of our projects, the growth trajectory of the Company, and the culture of best practice that we have worked hard to develop over many years of operating in Brazil. Our people have always played a vital role in delivering the Company’s success, and I am delighted to welcome the new members to the team as we start to the journey to becoming a nickel producer”.*

### **Value Engineering Completion**

For the past eight months, the Araguaia project team, working alongside a number of leading global engineering groups, have been focused on advancing the level of engineering from feasibility stage to becoming implementation ready. The value engineering work is now complete, resulting in a number of positive outcomes.

The objectives of the value engineering process have been to:

- Improve the level of engineering definition;
- Develop and execute the procurement strategy (linked with Export Credit Agency (“ECA”) finance and associated vendors);
- Establish a detailed Project Execution Plan;
- Initiate Engineering, Procurement and Construction Management (“EPCM”) vendor selection; and
- Develop an Operational Readiness Plan.

Key outcomes of the work include:

- Feasibility Study design philosophy and process flow sheet remain mostly unchanged, but with the addition of a number of improvements to enhance operational performance;
- Key equipment packages optimized and final negotiations underway for long-lead items;
- Level of engineering definition has been significantly advanced to allow fast track to start of implementation;
- Improved furnace and refinery technologies selected along with furnace control systems to improve reliability, productivity and ensure the right on site support during construction and ramp up;
- Updated market proposals for key opex inputs including power, logistics, labour and plant consumables; and
- Capex and opex remain in line with Feasibility Study values following comprehensive review.

### **Environmental and Social**

Horizonte’s environmental and social workstreams are critical to the operational readiness of the Project. In preparation for the development phase of the Project, the environmental and social team has begun to implement multiple programmes in line with Brazilian permits, Equator Principles and IFC Performance Standards.

Social programmes commenced or advanced in 2020 include:

- Local Supplier Development Programme with respect to equipment and services;
- Mining and Environmental Education Programme for communities and key stakeholders;
- Impact on Local Services Plan; and
- Worker’s Accommodation Plan.

All environmental programmes relating to Brazilian permits have continued, and in addition, Environmental Resources Management (“ERM”) consultancy group were commissioned to conduct new IFC-related studies, including:

- Integrated Environmental Impact Assessment across all project infrastructure pieces;
- Biodiversity Action Plan;
- Integrated Ecological Services Study; and
- Integrated environmental-social Management System (IMS).

Despite the pandemic, the social team has ensured that communities remain fully briefed on the Project's progress, albeit in a new "Covid-safe" format. Horizonte continue to keep local communities informed with the most up to date health and hygiene advice regarding the pandemic, and is supporting vulnerable families with food parcels.

### **Project Finance**

The project finance process, led by Endeavour Financial, continues to make strong progress. As announced on 12 August 2020, the Company executed a mandate to arrange a senior secured project finance facility of up to US\$325 million, with a syndicate of five financial institutions. The Company is also in discussions with a number of ECAs to participate in the facility by providing equipment linked financing. This process has progressed well throughout the year and the Company looks forward to moving towards credit approvals and execution of definitive facility documentation in 2021. In addition, the Company is progressing interest and participation from Brazilian financial institutions, including the Brazilian Development Bank ("BNDES"). The Company has also received initial approval for a financing facility of up to R\$200 million (approximately US\$32 million) from Banco da Amazônia ("BASA").

Simultaneously, the Company is in advanced negotiations to secure long-term offtake agreements for the Project and continues to engage with a number of prospective investors. The Company has also negotiated a non-binding, conditional term sheet with one major cornerstone equity investor, subject to amongst other things, completion of the full financing package

Due to the impact of ongoing Covid-19 related lockdowns on financial markets, the Company now anticipates completing the full project financing package in H1 2021, with construction commencing shortly thereafter. This timeframe will continue to be subject to the ongoing impacts of the Covid-19 pandemic. Each part of the project finance package remains conditional until all components are in place with a simultaneous closing targeted.

### **Team**

In line with Horizonte's transition to becoming a producer the Company has undertaken a comprehensive recruitment programme in both London and Brazil. The corporate team has expanded to provide additional support in the areas of finance, communications and investor relations, and key hires in the Araguaia owner's team have been made. The owner's team now includes leading ferro-nickel, construction and operational technical management in Brazil, including experienced professionals who have previously worked on Anglo American's Barro Alto and Vale's Onca Puma projects, as well as internationally recognised experts in pyrometallurgy, engineering and construction.

For further information, visit [www.horizonteminerals.com](http://www.horizonteminerals.com) or contact:

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### **About Horizonte Minerals:**

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

### **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.