



*A new low-cost nickel producer*

# CORPORATE PRESENTATION

APRIL 2023 | AIM/TSX: HZM



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Unless otherwise indicated, the scientific and technical information contained in this investor presentation has been prepared by or under the supervision of Frank Blanchfield FAuSMM, Andrew Ross FAuSMM of Snowden Mining Industry Consultants, David Haughton MIMM, C Eng of Ausenco, Nic Barcza HLFSAuSMM. All are Qualified Persons within the meaning of Canadian National Instrument 43-101 and have acted as consultants to the Company.



# A SCALABLE, LOW-COST, NEAR-TERM NICKEL PRODUCER

## Developing two 100% owned, Tier 1 nickel assets in Brazil

1

Major scalable portfolio: 3Mt+ of contained nickel resources<sup>1</sup> and potential for 60,000tpa+ of Ni production plus organic growth upside

2

Construction of Araguaia over 50% complete with first metal on track for Q1 2024

3

Advancing development of Vermelho towards construction, supplying MHP to battery market

4

Portfolio of lower quartile cost nickel assets that demonstrate robust economics

5

Sustainably focused: Aiming to be one of the lowest CO<sub>2</sub>-producing nickel projects in the world

6

Experienced management team supported by high quality shareholder base

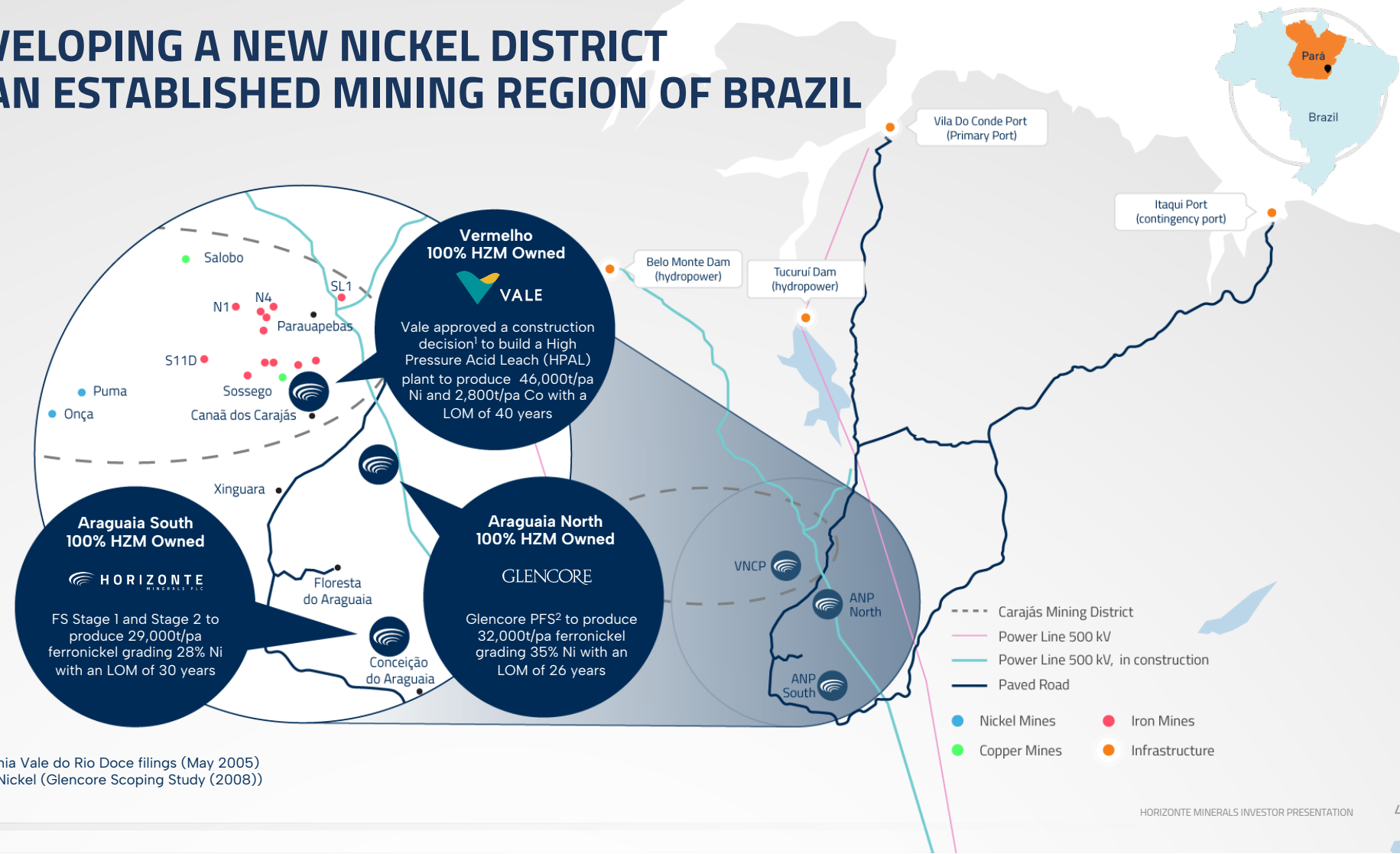


Vermelho Araguaia

### Notes:

1. Measured and Indicated resources prepared by Independent Qualified Persons as defined in NI 43-101

# DEVELOPING A NEW NICKEL DISTRICT IN AN ESTABLISHED MINING REGION OF BRAZIL

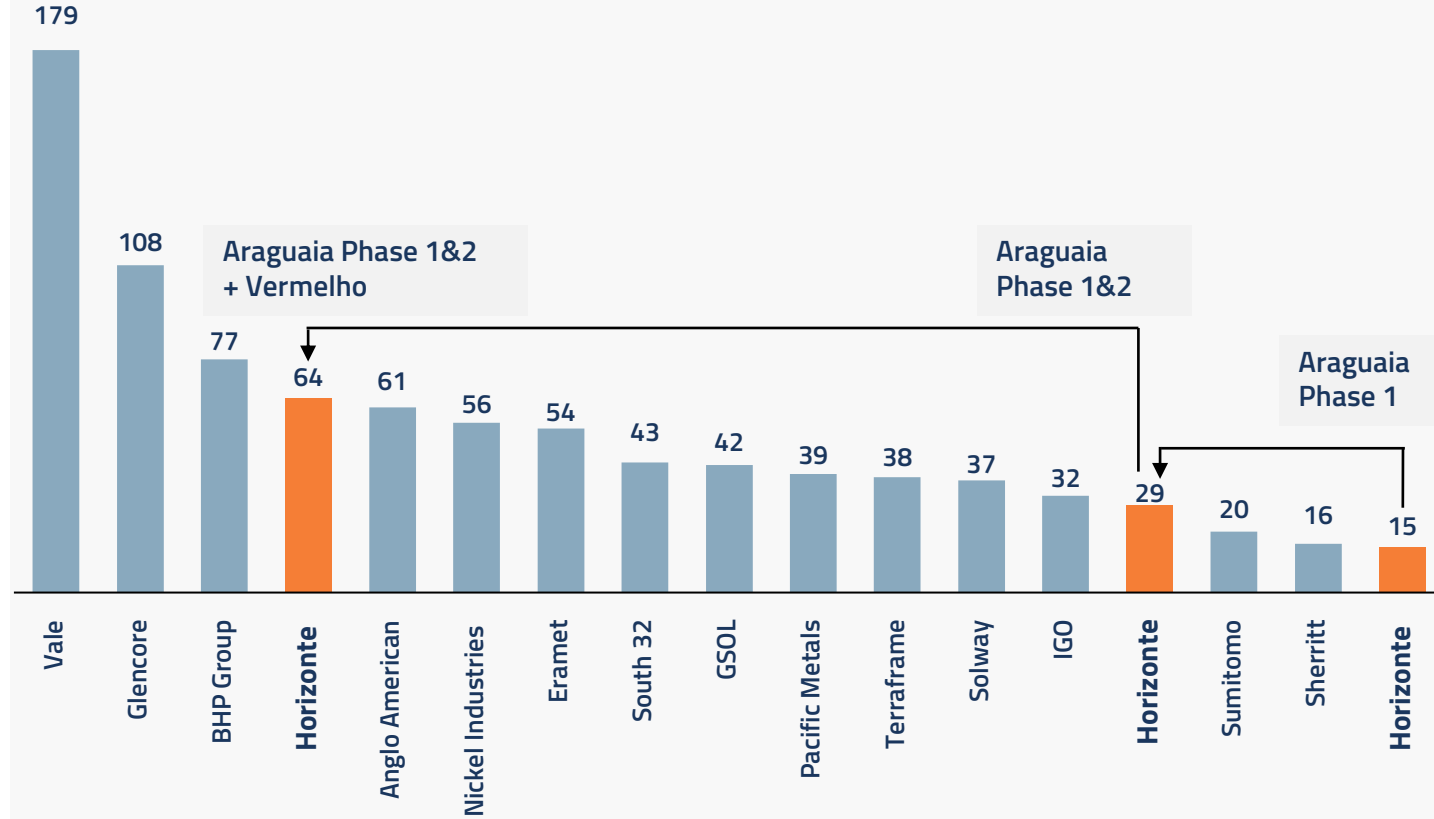


Sources:

1. Companhia Vale do Rio Doce filings (May 2005)
2. Xstrata Nickel (Glencore Scoping Study (2008))



# ~64,000 TPA SCALABLE PRODUCTION PROFILE



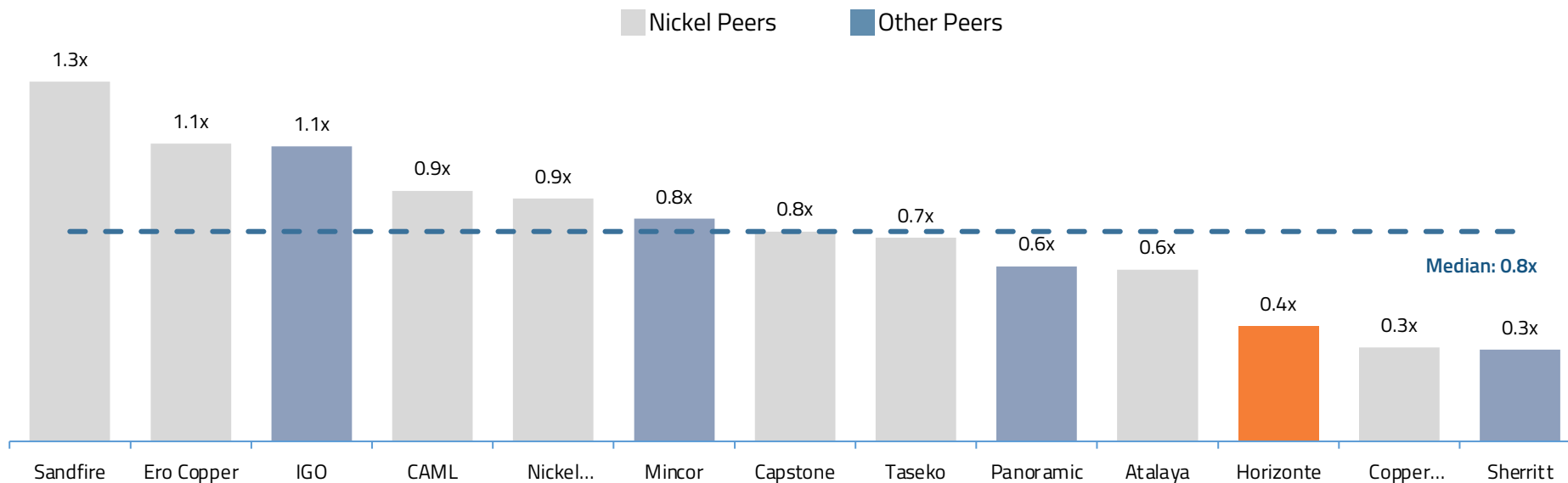
Source: Wood Mackenzie, Broker Research & Company reports

1. Vermelho production profile represents average production over first 10 years once fully ramped up and includes ~3,500/t of Ni. Eq. from cobalt (assuming base case commodity pricing as per Vermelho Technical Report)
2. Reflects 'western' nickel production universe; excludes Chinese, Russian, Indonesian and other state-owned producers



# POTENTIAL RE-RATING AS ARAGUAIA TRANSITIONS TO A PRODUCER

## Base metal producers – P/NAV<sup>(1)</sup>



## A NEW LOW-COST NICKEL PRODUCER

Source: Company filings, FactSet, broker research

1. Data as of 16<sup>th</sup> February 2023.

Note: Comparable information obtained from public sources and has not been verified



# ARAGUAIA NICKEL PROJECT





# ARAGUAIA – DESIGNED FOR SCALABLE PRODUCTION



☞ **Stage 1**  
14.5kt/Ni pa

☞ **Stage 2**  
Area designated  
29kt/Ni pa

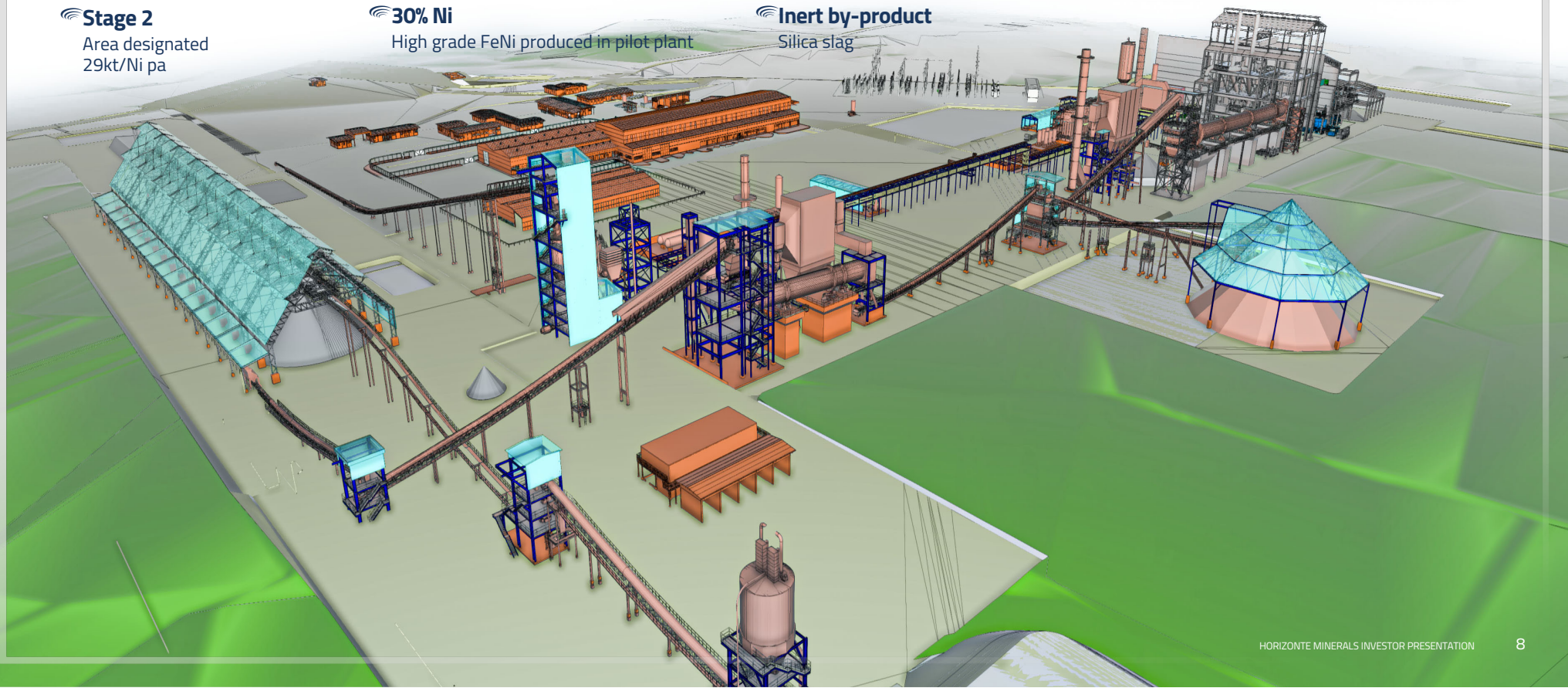
☞ **Infrastructure**  
L1 & L2 included in initial capex

☞ **30% Ni**  
High grade FeNi produced in pilot plant

☞ **RKEF**  
Established technology

☞ **Inert by-product**  
Silica slag

☞ **Shallow open pit**  
Topsoil stocked for rehabilitation





# ARAGUAIA FEASIBILITY DEMONSTRATES ROBUST ECONOMICS

Price US\$23,000/t Ni

## Capital Cost

STAGE 1	STAGE 2
US\$443M	US\$251M

## Post-Tax IRR

STAGE 1	STAGE 2
43.00%	46.00%

## Post-Tax NPV<sub>8</sub>

STAGE 1	STAGE 2
US\$1.5B	US\$2.4B

## Production Payback

STAGE 1	STAGE 2
~2 years	~3 years

## Lowest quartile C1 Cash Yr 1-10

STAGE 1	STAGE 2
US\$6,794/t Ni	US\$6,613/t Ni

## Average Production

STAGE 1	STAGE 2
14.5kt Ni/a	29kt Ni/a

Annual free cash flow and EBITDA in Stage 2 of US\$379M and US\$462M respectively

Araguaia stage 1 after-tax NPV of US\$2,093m using US\$28,000/t Nickel price

### Notes:

1. All assumptions are as per November 2018 NI 43-101 Technical Report ("Araguaia Technical Report") with outputs shown on the basis of an unlevered cash flow model
2. The FS economics based on a nickel price of US\$23,000/t are presented for information purposes only to reflect the latest pricing information and are otherwise based on all the same parameters as those underlying the economic analysis presented in the Feasibility Study outlined in the Araguaia Technical Report, which remains current.
3. Stage 2 annual free cash flow and EBITDA based on first 10 years of steady-state operation of stage 2 and also uses a nickel price of US\$23,000/t

# SUSTAINABILITY VALUE DRIVERS



## Environmental stewardship

Strive to minimise any impact on the natural environment and aim to achieve a biodiversity net positive impact

- ☞ Targeting lower quartile GHG emission intensity FeNi
- ☞ ~90% water at Araguaia will be recycled
- ☞ Transparent GHG reporting
- ☞ Brazil GHG Protocol Program & TCFD



## Health and safety

Health, safety and well-being is at the forefront of all our operational activities. We implement the highest standards of safety to mitigate risks.

- ☞ Zero fatalities or LTIs



## Strong Governance

Committed to good corporate governance and accountability to all stakeholders. Robust governance improves performance and mitigates risk

- ☞ Mandate to establish Board Sustainability Committee
- ☞ Human Rights Policy launched 2021
- ☞ Integrated management systems



## Our people

Committed to employing locally, upskilling our workforce, respecting all cultures and promoting diversity and inclusion

- ☞ 36% Brazil based employees from Pará
- ☞ 30% Brazil and 40% UK workforce female



## Stakeholder engagement

Endeavor to work collaboratively with local stakeholders to deliver shared value

- ☞ Socio-economic value ~ \$700M Araguaia LOM
- ☞ 155 local suppliers, further 252 from Pará



## Sustainable development

Critical to our long-term success. Focussed on implementing best practice sustainability standards across all areas of the business





# JANUARY – AUGUST 2023



2023

FEBRUARY

MARCH

APRIL

MAY - AUGUST

Mining services  
contract awarded to  
Fagundes

2<sup>nd</sup> tranche of  
senior debt facility  
drawn down

Line 2  
feasibility study  
contracts awarded

90% of project capital  
awarded

Zero LTI's after over 2  
million hours worked

Over 50% of  
Araguaia  
construction  
complete

4th annual Sustainability Report to be  
published

Initiation of ore stockpiling

Delivery of all long lead items

230kV power line and substation  
commissioning

All material contracts to be awarded

Araguaia Line 2 Feasibility Study  
results



*“ Aerial view of the 100% owned Araguaia process plant site looking from NE to SW. As of 31<sup>st</sup> March, over 50% of the total project construction programme was complete*







*Construction of the Hatch Ltd electric arc furnace remains on time. The circular furnace in the centre of the facility is covered to allow internal welding to take place, surrounded by the blue structural steel work of the building that supports all of the associated equipment required for furnace operation*



*“ Erecting the four 6m high columns that will support the FLSmidth 110m rotary kiln. Civil and concrete works are complete for two of the pillars and the remaining two are due for completion by the end of April. Slip forms are in place to cast the top cap sections*







*The rotary kiln and the dryer are currently being transported to Araguaia having arrived in Brazil. First pieces already on site and shell sections expected to arrive by early May, due to travel over 1,000 km by river*





**||** Civil works for the homogenisation building are close to being concluded. 30% of the building is now undergoing electromechanical installation with the first steel columns having been installed





**||** *The primary and secondary crushing area. Civil works for the primary and secondary crusher have been concluded with the erection of the steel structure ongoing*







*Signed a five-year mining services agreement with Fagundes in February. Pre-stripping activities have commenced on the main Pequizeiro Pit with ore stockpiling to begin in Q3 2023*



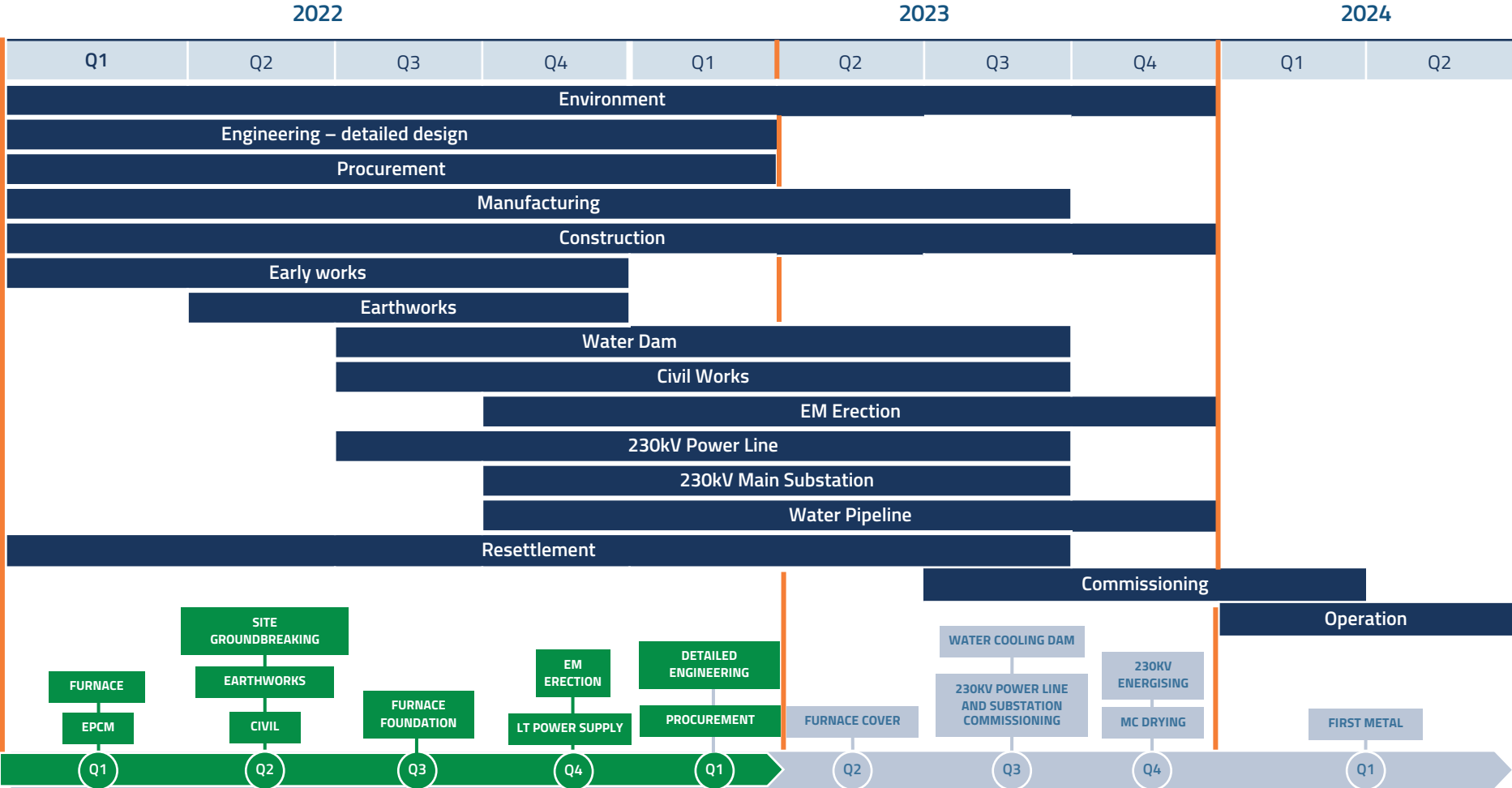
**//** *The 230kV powerline construction continues to advance on schedule. To date, 152 pylons have been erected with 213 foundations concluded out of a total of 260*





*Feed bins for the Hatch furnace have been fabricated and are due to leave South Korea in early May before arriving in Brazil by the end of June. These parts, along with all long lead delivery items, go through QA/QC to ensure they meet our specifications*

# ARAGUAIA PROJECT SCHEDULE





# VERMELHO NICKEL-COBALT PROJECT



Source of **secure supply** from an **established mining jurisdiction**



**Tier 1 asset** – low cost, long-life and scalable production of 24,000 tpa Ni / 1,250 tpa Co



Leveraging **significant existing infrastructure** in Carajás mining district



Investment of **over US\$200m** by previous owners, Vale – **well advanced and well defined project**



**High grade resource** with average HPAL feed grade of **>1.8%** over first 10 years



**Low carbon footprint** as a result of plentiful local hydropower



Well positioned to deliver quality product into high-growth **battery markets**



**Compelling project economics and funds secured** to advance to construction decision



**Feasibility Study underway** Expected to enter production at time of **significant nickel deficits**



# VERMELHO DEMONSTRATES ROBUST ECONOMICS WITH SIGNIFICANT LEVERAGE TO NICKEL AND COBALT PRICES



Price US\$23,000/t Ni

**Capital Cost**

US\$652M

**Post-Tax IRR**

38.6%

**Post-Tax NPV<sub>8</sub>**

US\$3.4B

**Net Cash Flow**

US\$12.9B

**Lowest quartile C1 Cash Yr 1-10  
(Ni Laterite)**

US\$7,286/t Ni

**Average Production**

24kt Ni/a

**Production Payback**

~3 years

**All In Sustaining Costs**

US\$7,933/t Ni

Vermelho after-tax NPV of US\$3,943m using US\$28,000/t Nickel price

**Notes:**

1. All assumptions are as per October 2019 NI 43-101 Technical Report ("Vermelho Technical Report") with outputs shown on the basis of an unlevered cash flow model
2. The PFS economics based on a nickel price of US\$23,000/t are presented for information purposes only to reflect the latest pricing information and are otherwise based on all the same parameters as those underlying the economic analysis presented in the Preliminary Feasibility Study outlined in the Vermelho Technical Report, which remains current.
3. Assumes cobalt price of US\$70,000/t

# FEASIBILITY STUDY WORKSTREAMS ADVANCING



- 🌀 Feasibility Study underway – targeting results in 1H 2024
- 🌀 90% of Geotechnical drilling of plant site complete
- 🌀 Pilot bulk sample collection initiated
- 🌀 Environmental and Social Impact Assessment ("EIA") submitted in December 2022





# UNIQUE INVESTMENT OPPORTUNITY

1

**World class portfolio** of **100% owned** projects in **established mining jurisdiction**

2

**Funding Package** for Araguaia Stage 1 with clear path to cash flow and strategic shareholders onboard

3

Exposure to robust **stainless steel** and high-growth **battery markets**

4

**~60,000tpa+** of low cost, long-life and scalable **Ni production** - 'Tier 1' quality and scale

5

**Funds secured** to progress Vermelho to a **construction decision**

6

**Low carbon footprint** with further reduction initiatives embedded in operating model

7

Leveraging **existing infrastructure** to develop a **new nickel district**

8

Potential **re-rating** as Araguaia transitions to a producer

9

**Significant scarcity** of near-term, 'Tier 1' nickel production projects – **increase in M&A** evident





# CORPORATE STRUCTURE



## Share Price (AIM: HZM)



Trading Symbol	AIM: HZM	TSX: HZM
Shares Outstanding	<b>268,778,906</b>	<b>268,778,906</b>
52 Week Range	<b>£1.73 – £0.82</b>	<b>C\$2.87 – C\$1.36</b>
Share Price	<b>£1.41</b>	<b>C\$2.34</b>
Market Cap	<b>£379m</b>	<b>C\$628m</b>

## Largest Shareholders

La Mancha	23.2%
Glencore	17.8%
Orion Resource Partners	10.5%
Helikon Investments	9.07%
Condire Investors	3.31%
azValor Asset Management	3.21%

At close 14 April 2023

## Research Coverage

Bank of America, Jason Fairclough	Buy, £1.90
BMO, Alex Pearce	Outperform, £1.90
Peel Hunt, Peter Mallin-Jones	Buy, £2.00
Paradigm, Jeff Woolley	Buy, C\$7.00
Cantor Fitzgerald, Matt O'Keefe	Buy, C\$4.50
Cormark, Stefan Ioannou	Buy, C\$7.00



# PATHWAY TO BECOME ONE OF THE LOWEST CARBON PROJECTS GLOBALLY

- Commence operating at Araguaia using the lowest-risk and most efficient route to produce ferro-nickel
- Will evolve Araguaia to becoming one of the lowest carbon footprint producers per tonne of nickel within our FeNi peer group
- Estimate possibilities to reduce up to 70kt of CO<sub>2</sub> per annum, ~16% of total footprint once in operation
- Proven operational efficiencies such as heat transfer capture combined with efficient fuel substitutes in the dryer and reductant processes
- HZM has committed to reporting & transparency measures, including monitoring GHG and reporting to the Brazilian GHG Protocol programme

## CO<sub>2</sub> emissions reduction programme

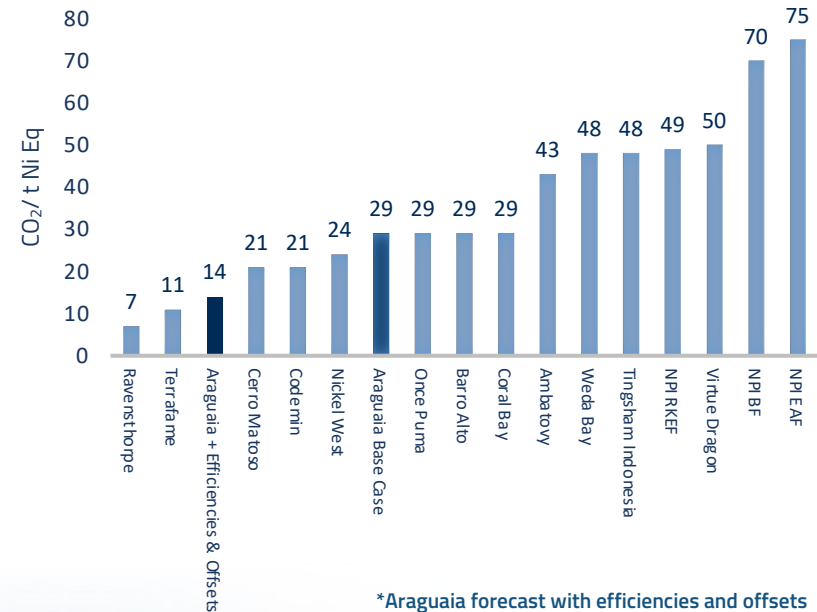
29t CO<sub>2</sub>/t FeNi  
Base case

26t CO<sub>2</sub>/t FeNi  
+ Operational  
Efficiencies

23t CO<sub>2</sub>/t FeNi  
+ Fuel Efficiencies

14t CO<sub>2</sub>/t FeNi  
+ Offsets

## Comparison of global nickel producer GHG emission intensity





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