

12 May 2020

**HORIZONTE MINERALS QUARTERLY FINANCIAL STATEMENTS FOR THREE MONTHS ENDED 31
MARCH 2020**

12 May 2020 – Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or the 'Company'), the nickel development company focused in Brazil, announces it has today published its unaudited financial results for the three month period to 31 March 2020 and the Management Discussion and Analysis for the same period. Both of the above have been posted on the Company's website www.horizonteminerals.com and are also available on SEDAR at www.sedar.com.

Highlights for the quarter

- Horizonte finished the quarter with a strong cash position of £17.0m, being well funded to advance Araguaia towards being construction ready;
- Focused on the safety of all Group, employees and stakeholders by implementing strict health and safety policies specifically tailored to Covid-19;
- Both in Brazil and the UK, the teams have adapted well to the change in circumstances due to Covid-19, including remote working, with all major workstreams continuing as planned;
- Nickel market fundamentals remain strong with analyst consensus prices of \$16,150 at the time Araguaia is forecast to commence production, compared to a consensus forecast price of \$16,188 observed at 31 December 2019 before the effects of Covid-19;
- Project financing process currently running to schedule with no negative effects on the process observed as a result of the Covid-19 pandemic, although a delay to the process may occur if "lock-down" continues for a longer period of time. It remains presently too early to tell if this is the case; and
- Work on Araguaia is focussed around advancing the level of engineering from Feasibility stage level through to being implementation ready.

Events after the Reporting Date

- The Group committed to donating 300 food parcels during April & May 20 to the municipalities of Conceição do Araguaia, Floresta do Araguaia and Xinguara, in light of the socio-economic impact caused by Covid-19.

Horizonte] Minerals plc

Condensed Consolidated Interim Financial Statements for the nine months ended 31 March 2020

Condensed consolidated statement of comprehensive income

	Notes	3 months ended 31 March	
		2020	2019
		Unaudited £	Unaudited £
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(674,457)	(517,987)
Charge for share options granted		-	(129,993)
Change in value of contingent consideration	5	(483,010)	311,048
Gain/(Loss) on foreign exchange		941,446	(56,241)
Loss from operations		(216,021)	(393,173)
Finance income		45,245	12,951
Finance costs	6	(857,992)	(73,248)
Loss before taxation		(1,028,768)	(453,470)
Taxation		-	-
Loss for the year from continuing operations		(1,028,768)	(453,470)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in value of available for sale financial assets			
Currency translation differences on translating foreign operations		(6,609,872)	(1,094,562)
Other comprehensive income for the period, net of tax		(6,609,872)	(1,094,562)
Total comprehensive income for the period attributable to equity holders of the Company		(7,638,640)	(1,548,032)
Earnings per share from continuing operations attributable to the equity holders of the Company			
Basic and diluted (pence per share)	11	(0.071)	(0.032)

Condensed consolidated statement of financial position

		31 March 2020 Unaudited	31 December 2019 Audited
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	7	7,531,221	7,057,445
Property, plant & equipment		27,055,598	32,260,544
		34,586,819	39,317,989
Current assets			
Trade and other receivables		138,319	134,726
Derivative financial asset		2,433,533	2,246,809
Cash and cash equivalents		16,993,664	17,760,330
		19,565,516	20,141,865
Total assets		54,152,335	59,459,854
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	9	14,463,773	14,463,773
Share premium	9	41,785,306	41,785,306
Other reserves		(11,276,803)	(4,666,930)
Accumulated losses		(20,863,860)	(19,835,092)
Total equity		24,108,416	31,747,057
Liabilities			
Non-current liabilities			
Contingent consideration	5	6,835,335	6,246,071
Royalty Finance	8	22,607,829	20,570,411
Deferred tax liabilities		175,380	212,382
		29,618,544	27,028,864
Current liabilities			
Trade and other payables		425,375	683,933
Deferred consideration	5	-	-
		425,375	683,933
Total liabilities		30,043,919	27,712,684
Total equity and liabilities		54,152,335	59,459,854

Condensed statement of changes in shareholders' equity

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2019	14,325,218	41,664,018	(16,990,291)	(2,039,991)	36,958,954
Comprehensive income					
Loss for the period	-	-	(453,470)	-	(453,470)
Other comprehensive income					
Currency translation differences	-	-	-	(1,094,562)	(1,094,562)
Total comprehensive income	-	-	(453,470)	(1,094,562)	(1,548,032)
Transactions with owners					
Issue of ordinary shares	138,555	121,288	-	-	259,843
Issue costs	-	-	-	-	-
Share based payments	-	-	129,993	-	129,993
Total transactions with owners	138,555	121,288	129,993	-	389,836
As at 31 March 2019	14,463,773	41,785,306	(17,313,768)	(3,134,553)	35,800,758

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2020	14,463,773	41,785,306	(19,835,092)	(4,666,930)	31,747,057
Comprehensive income					
Loss for the period	-	-	(1,028,768)	-	(1,028,768)
Other comprehensive income					
Currency translation differences	-	-	-	(6,609,872)	(6,609,872)
Total comprehensive income	-	-	(1,028,768)	(6,609,872)	(7,638,640)
Transactions with owners					
Issue of ordinary shares	-	-	-	-	-
Issue costs	-	-	-	-	-
Share based payments	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
As at 31 March 2020 (unaudited)	14,463,773	41,785,306	(20,863,860)	(11,276,803)	31,747,057

Condensed Consolidated Statement of Cash Flows

	3 months ended	
	31 March	
	2020	2019
	Unaudited	Unaudited
	£	£
Cash flows from operating activities		
Loss before taxation	(1,028,768)	(453,470)
Interest income	(45,245)	(12,951)
Finance costs	857,992	73,248
Exchange differences	(941,446)	56,241
Employee share options charge	-	129,993
Change in fair value of contingent consideration	483,010	(311,048)
Depreciation	-	-
Operating loss before changes in working capital	(674,457)	(517,987)
Decrease/(increase) in trade and other receivables	(2,875)	(14,115)
(Decrease)/increase in trade and other payables	(122,207)	2,790
Net cash outflow from operating activities	(799,539)	(529,312)
Cash flows from investing activities		
Purchase of intangible assets	(726,667)	(667,335)
Purchase of property, plant and equipment	(227,151)	-
Interest received	45,245	12,951
Net cash used in investing activities	(908,573)	(654,384)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	-
Issue costs	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(1,708,112)	(1,183,696)
Cash and cash equivalents at beginning of period	17,760,330	6,527,115
Exchange gain/(loss) on cash and cash equivalents	941,446	(55,405)
Cash and cash equivalents at end of the period	16,993,664	5,288,014

Notes to the Financial Statements
1. General information

The principal activity of the Company and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. There is no seasonality or cyclicity of the Group's operations.

The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange (AIM) and on the Toronto Stock Exchange (TSX). The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is Rex House, 4-12 Regent Street, London SW1Y 4RG.

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The condensed consolidated interim financial statements set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 07 April

2020 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

The condensed consolidated interim financial statements of the Company have not been audited or reviewed by the Company's auditor, BDO LLP.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 31 March 2020. Please refer to note 2.2 in the annual report for 2019 for the assessment of the current Covid-19 pandemic on the operations of the Group.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Group's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2019 Annual Report and Financial Statements, a copy of which is available on the Group's website: www.horizonteminerals.com and on Sedar: www.sedar.com The key financial risks are liquidity risk, foreign exchange risk, credit risk, price risk and interest rate risk.

Critical accounting estimates

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2019 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's Financial Statements for the year ended 31 December 2019.

4. Segmental reporting

The Group operates principally in the UK and Brazil, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Brazil relate to exploration and evaluation work. The reports used by the chief operating decision maker are based on these geographical segments.

2020	UK	Brazil	Other	Total
	3 months ended 31 March 2020			
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(438,461)	(164,394)	(71,602)	(674,457)
Gain/(loss) on foreign exchange	1,000,147	(58,701)	-	941,446
Gain/(loss) from operations per reportable segment	561,686	(223,095)	(71,602)	266,989
Inter segment revenues	-	-	-	-
Depreciation charges	-	-	-	-
Additions and foreign exchange movements to non-current assets	-	(4,662,781)	-	(4,662,781)
Reportable segment assets	16,907,810	34,810,992	2,433,533	54,152,335
Reportable segment liabilities	7,003,893	432,197	22,607,829	30,043,919

2019	UK	Brazil	Other	Total
	3 months ended 31 March 2019			
	£	£	£	£
Revenue	-	-	-	-
Administrative expenses	(329,058)	(188,929)	-	(517,987)
Loss on foreign exchange	(20,593)	(35,648)	-	(56,241)
Loss from operations per reportable segment	(349,651)	(224,577)	-	(574,228)
Inter segment revenues	-	-	-	-
Depreciation charges	-	-	-	-
Additions and foreign exchange movements to non-current assets	-	(460,995)	-	(460,995)
Reportable segment assets	4,455,208	36,141,195	-	40,596,403
Reportable segment liabilities	4,377,828	417,816	-	4,795,644

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

	3 months ended 31 Mar 2020	3 months ended 31 Mar 2019
	£	£
Profit/(loss) from operations per reportable segment	266,988	(574,228)
– Change in fair value of contingent consideration	(483,010)	311,048
– Charge for share options granted	-	(129,993)
– Finance income	45,245	12,951
– Finance costs	(857,992)	(73,248)
Loss for the period from continuing operations	(1,028,769)	(453,470)

5. Change in Fair Value of Contingent Consideration

Contingent Consideration payable to Xstrata Brasil Mineração Ltda.

The contingent consideration payable to Xstrata Brasil Mineração Ltda has a carrying value of £3,256,690 at 31 March 2020 (2019: £3,085,005). It comprises US\$5,000,000 consideration in cash as at the date of first commercial production from any of the resource areas within the Enlarged Project area. The key assumptions underlying the treatment of the contingent

consideration the US\$5,000,000 are based on the current rates of tax on profits in Brazil of 34% and a discount factor of 7.0% along with the estimated date of first commercial production.

As at 31 March 2020, there was a finance expense of £50,624 (2019: £50,356) recognised in finance costs within the Statement of Comprehensive Income in respect of this contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The change in the fair value of contingent consideration payable to Xstrata Brasil Mineração Ltda generated a loss of £230,130 for the three months ended 31 March 2020 (2019: £279,321 credit) due to changes in the value of the functional currency in which the liability is payable (USD).

Contingent Consideration payable to Vale Metais Basicos S.A.

The contingent consideration payable to *Vale Metais Basicos S.A.* has a carrying value of £3,578,643 at 31 March 2020 (2019: £nil). It comprises US\$6,000,000 consideration in cash as at the date of first commercial production from the Vermelho project and was recognised for the first time in December 2019, following the publication of a PFS on the project. The key assumptions underlying the treatment of the contingent consideration the US\$6,000,000 are the same as those for the Xstrata contingent consideration and are based on the current rates of tax on profits in Brazil of 34% and a discount factor of 7.0% along with the estimated date of first commercial production.

As at 31 March 2020, there was a finance expense of £55,630 (2019: £nil) recognised in finance costs within the Statement of Comprehensive Income in respect of this contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The change in the fair value of contingent consideration payable to *Vale Metais Basicos S.A.* generated a loss of £252,880 for the three months ended 31 March 2020 (2019: £nil) due to changes in the value of the functional currency in which the liability is payable (USD).

6. Finance income and costs

	3 months ended 31 Mar 2020	3 months ended 31 Mar 2019
	£	£
Finance income		
– Interest income on cash and short-term deposits	45,245	12,951
Finance costs		
– Contingent and deferred consideration: unwinding of discount	(106,254)	(73,248)
– Amortisation of Royalty Finance	(792,622)	-
– Fair Value adjustment on royalty	-	-
– Movement in fair value of derivative asset	40,885	-
Total finance costs	(857,992)	(73,248)
Net finance costs	(812,747)	(60,297)

7. Intangible assets

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

	Goodwill	Exploration licences	Exploration and evaluation costs	Total
	£	£	£	£
Cost				
At 1 January 2020	210,585	4,534,392	2,312,467	7,057,444
Additions	-	-	660,447	660,447
Exchange rate movements	(36,688)	273,525	(423,507)	(186,670)
Net book amount at 31 March 2020	173,897	4,807,917	2,549,407	7,531,221

8. Royalty financing liability

	3 months ended 31 Mar 2020	3 months ended 31 Mar 2019
	£	£
Brought forward carrying value	20,570,411	-
Unwinding of discount	792,622	-
Change in fair value	-	-
Effects of foreign exchange	1,244,796	-
Value as at end of period	22,607,829	-

9. Share Capital and Share Premium

Issued and fully paid	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
At 1 January 2020	1,446,377,287	14,463,773	41,785,306	56,249,079
At 31 March 2020	1,446,377,287	14,463,773	41,785,306	56,249,079

10. Dividends

No dividend has been declared or paid by the Company during the months ended 31 March 2020 (2019: nil).

11. Earnings per share

The calculation of the basic loss per share of 0.071 pence for the 3 months ended 31 March 2020 (31 March 2019 loss per share: 0.031 pence) is based on the loss attributable to the equity holders of the Company of £1,028,769 for the three month period ended 31 March 2020 (3 months ended 31 March 2019: £453,470) divided by the weighted average number of shares in issue during the period of 1,446,377,287 (weighted average number of shares for the 3 months ended 31 March 2019: 1,442,836,440).

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

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2019 and in note 11 below.

12. Issue of Share Options

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

13. Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

14. Related party transactions

The nature of related party transactions of the Group has not changed from those described in the Group's Annual Report and Financial Statements for the year ended 31 December 2019.

15. Events after the reporting period

There are no events which have occurred after the reporting period which would be material to the financial statements.

Approval of interim financial statements

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors 11 May 2020.

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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, 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 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: 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, 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.

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