

Horizonte Minerals Quarterly Statement for the Three Months Ended 30 September 2018

LONDON, Nov. 12, 2018 -- **Horizonte Minerals Plc, (AIM: HZM, TSX: HZM)** ('Horizonte' or 'the Company'), the nickel development company focused in Brazil, is pleased to announce its unaudited financial results for the three month period to 30 September 2018. These results, as well as a Management Discussion & Analysis, have been posted on the Company's website www.horizonteminerals.com and are also available on SEDAR at www.sedar.com.

For further information visit 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.

Horizonte Minerals plc

Condensed Consolidated Interim Financial Statements for the nine months ended 30 September 2018

Condensed consolidated statement of comprehensive income

	9 months ended 30 September		3 months ended 30 September	
	2018	2017	2018	2017
	Unaudited		Unaudited	
Notes	£	£	£	£
Continuing operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(1,138,978)	(959,250)	(353,630)	(304,702)
Charge for share options granted	(633,222)	(101,931)	(338,516)	(23,121)
Change in value of contingent consideration	(265,378)	255,342	(70,904)	102,248
Gain/(Loss) on foreign exchange	117,313	(271,947)	24,515	(26,395)
Loss from operations	(1,920,265)	(1,077,786)	(738,535)	(251,970)
Finance income	31,803	9,961	9,928	2,513
Finance costs	(215,283)	(175,304)	(74,961)	(58,360)

Loss before taxation	(2,103,745)	(1,243,129)	(803,568)	(307,817)	
Taxation	-	-	-	-	
Loss for the year from continuing operations	(2,103,745)	(1,243,129)	(803,568)	(307,817)	
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	(4,935,406)	(1,796,142)	(880,193)	400,455	
Other comprehensive income for the period, net of tax	(4,935,406)	(1,796,142)	(880,193)	400,455	
Total comprehensive income for the period attributable to equity holders of the Company	(7,039,151)	(3,039,271)	(1,683,762)	92,638	
Earnings per share from continuing operations attributable to the equity holders of the Company					
Basic and diluted (pence per share)	9	(0.147)	(0.106)	(0.056)	(0.026)

Condensed consolidated statement of financial position

		30 September 2018 Unaudited	31 December 2017 Audited
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	6	32,567,204	34,308,278
Property, plant & equipment		1,271	2,051
		32,568,475	34,310,329
Current assets			
Trade and other receivables		127,948	153,105
Cash and cash equivalents		7,938,804	9,403,825
		8,066,752	9,556,930
Total assets		40,635,227	43,867,259
Equity and liabilities			
Equity attributable to owners of the parent			
Issued capital	7	14,325,218	13,719,343
Share premium	7	41,664,018	40,422,258
Other reserves		(3,947,391)	988,015
Accumulated losses		(17,358,324)	(15,887,801)
Total equity		34,683,521	39,241,815
Liabilities			
Non-current liabilities			
Contingent consideration		5,261,237	3,635,955
Deferred tax liabilities		214,874	253,205
		5,476,111	3,889,160
Current liabilities			
Trade and other payables		475,595	736,284
Total liabilities		5,951,706	4,625,444
Total equity and liabilities		40,635,227	43,867,259

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 2017	11,719,343	35,767,344	(14,899,297)	4,467,064	37,054,454
Comprehensive income					
Loss for the period	-	-	(1,243,129)	-	(1,243,129)
Other comprehensive income					
Impairment of available for sale assets	-	-	-	-	-
Currency translation differences	-	-	-	(1,796,142)	(1,796,142)
Total comprehensive income	-	-	(1,243,129)	(1,796,142)	(3,039,271)
Transactions with owners					
Share based payments	-	(19,432)	101,931	-	82,499
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Total transactions with owners	-	(19,432)	101,931	-	82,499
As at 30 September 2017 (unaudited)	11,719,343	35,747,912	(16,040,495)	2,670,922	34,097,682

	Attributable to the owners of the parent				
	Share capital £	Share premium £	Accumulated losses £	Other reserves £	Total £
As at 1 January 2018	13,719,343	40,422,258	(15,887,801)	988,015	39,241,815
Comprehensive income					
Loss for the period	-	-	(2,103,745)	-	(2,103,745)
Other comprehensive income					
Impairment of available for sale assets	-	-	-	-	-
Currency translation differences	-	-	-	(4,935,406)	-
Total comprehensive income	-	-	(2,103,745)	(4,935,406)	(7,039,151)
Transactions with owners					
Share based payments	-	-	633,222	-	633,222
Issue of shares	605,875	1,451,724	-	-	2,057,599
Share issue costs	-	(209,964)	-	-	(209,964)
Total transactions with owners	605,875	1,241,760	633,222		2,480,857
As at 30 September 2018 (unaudited)	14,325,218	41,664,018	(17,358,324)	(3,947,391)	34,683,521

Condensed Consolidated Statement of Cash Flows

	9 months ended 30 September		3 months ended 30 September	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
	£	£	£	£
Cash flows from operating activities				
Loss before taxation	(2,103,745)	(1,243,129)	(803,568)	(307,817)
Interest income	(31,803)	(9,961)	(9,928)	(2,513)
Finance costs	215,283	175,304	74,961	58,360
Exchange differences	(117,313)	271,947	(24,515)	26,395
Employee share options charge	633,222	101,931	338,516	23,121
Change in fair value of contingent consideration	265,378	(255,342)	70,904	(102,248)

Depreciation	-	283	-	50
Operating loss before changes in working capital	(1,138,978)	(958,967)	(353,630)	(304,652)
Decrease/(increase) in trade and other receivables	7,546	(38,274)	50,345	(37,481)
(Decrease)/increase in trade and other payables	(298,911)	(233,445)	(1,841)	18,704
Net cash outflow from operating activities	(1,430,343)	(1,230,686)	(305,126)	(323,429)
Cash flows from investing activities				
Purchase of intangible assets	(2,049,038)	(3,780,932)	(763,698)	(1,283,008)
Proceeds from sale of property, plant and equipment	-	-	-	-
Interest received	31,803	9,961	9,928	2,513
Net cash used in investing activities	(2,017,235)	(3,770,971)	(753,770)	(1,280,495)
Cash flows from financing activities				
Issue of shares	2,057,599	-	-	-
Share issue costs	(209,965)	(19,432)	-	-
Net cash used in financing activities	1,847,634	(19,432)	-	-
Net decrease in cash and cash equivalents	(1,599,944)	(5,021,089)	(1,058,896)	(1,603,924)
Cash and cash equivalents at beginning of period	9,403,825	9,317,781	8,969,672	5,655,064
Exchange gain/(loss) on cash and cash equivalents	134,923	(271,947)	28,027	(26,395)
Cash and cash equivalents at end of the period	7,938,804	4,024,745	7,938,804	4,024,745

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 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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). Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 26 March 2018 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 30 September 2018.

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 2017 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 2017 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 2017.

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.

2018	UK	Brazil	Total
	9 months ended	9 months ended	9 months ended
	30 September 2018	30 September 2018	30 September 2018
	£	£	£
Revenue	-	-	-
Administrative expenses	(855,593)	(283,385)	(1,138,978)
Profit on foreign exchange	172,926	(55,613)	117,313
(Loss) from operations per reportable segment	(682,667)	(338,998)	(1,021,665)
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(1,703,069)	(1,703,069)
Reportable segment assets	7,132,617	33,502,609	40,635,227
Reportable segment liabilities	5,346,237	605,469	5,951,706

2017	UK	Brazil	Total
	9 months ended	9 months ended	9 months ended
	30 September 2017	30 September 2017	30 September 2017
	£	£	£
Revenue	-	-	-
Administrative expenses	(601,315)	(357,935)	(959,250)
(Loss) on foreign exchange	(249,816)	(22,131)	(271,947)
(Loss) from operations per reportable segment	(851,132)	(380,066)	(1,231,197)
Inter segment revenues	-	-	-
Depreciation charges	(283)	-	(283)
Additions and foreign exchange movements to non-current assets	-	2,045,281	2,045,281
Reportable segment assets	4,021,401	34,124,786	38,146,187
Reportable segment liabilities	3,643,226	405,279	4,048,505

2018	UK	Brazil	Total
	3 months ended	3 months ended	3 months ended
	30 September 2018	30 September 2018	30 September 2018
	£	£	£
Revenue	-	-	-
Administrative expenses	(260,493)	(93,137)	(353,630)
Profit on foreign exchange	38,856	(14,341)	24,515
(Loss) from operations per	(221,637)	(107,478)	(329,115)

reportable segment			
Inter segment revenues	-	-	-
Depreciation charges	-	-	-
Additions and foreign exchange movements to non-current assets	-	(74,209)	(74,209)

2017	UK 3 months ended 30 September 2017	Brazil 3 months ended 30 September 2017	Total 3 months ended 30 September 2017
	£	£	£
Revenue	-	-	-
Administrative expenses	(176,401)	(128,300)	(304,702)
(Loss) on foreign exchange	(25,176)	(1,219)	(26,395)
(Loss) from operations per reportable segment	(201,577)	(129,520)	(331,097)
Inter segment revenues	-	-	-
Depreciation charges	(50)	-	(50)
Additions and foreign exchange movements to non-current assets	-	1,526,005	1,526,005

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

	9 months ended 30 September 2018 £	9 months ended 30 September 2017 £	3 months ended 30 September 2018 £	3 months ended 30 September 2017 £
Loss from operations per reportable segment	(1,021,665)	(1,231,197)	(329,115)	(331,097)
– Change in fair value of contingent consideration	(265,378)	255,342	(70,904)	102,248
– Charge for share options granted	(633,222)	(101,931)	(338,516)	(23,121)
– Impairment of available for sale asset	-	-	-	-
– Finance income	31,803	9,961	9,928	2,513
– Finance costs	(215,283)	(175,304)	(74,961)	(58,360)
Loss for the period from continuing operations	(2,103,745)	(1,243,129)	(803,568)	(307,817)

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 £3,950,609 at 30 September 2018 (2017: £3,423,333). It comprises two elements: US\$1,000,000 due after the date of issuance of a joint feasibility study for the combined Enlarged Project areas and to be satisfied by shares or cash, together with 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 as per those applied to the contingent consideration payable to the former owners of Teck Cominco Brasil S.A.

As at 30 September 2018, there was a finance expense of £150,967 (2017: £167,729) 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 charge to profit or loss of £166,203 for the nine months ended 30 September 2017 (2017: £239,914 credit) due to changes in the functional currency in which the liability is payable.

6 Intangible assets

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

generated and acquired assets.

Group	Goodwill £	Exploration licences £	Exploration and evaluation costs £	Total £
Cost				
At 1 January 2018	251,063	5,165,529	28,891,686	34,308,278
Additions	-	1,144,621	2,087,756	3,232,377
Exchange rate movements	(38,006)	(533,098)	(4,402,347)	(4,973,451)
Net book amount at 30 September 2018	213,057	5,777,052	26,577,095	32,567,204

7 Share Capital and Share Premium

Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2018	1,371,934,300	13,719,343	40,422,258	54,141,601
Issued during period	60,587,500	605,875	1,241,760	1,847,635
At 30 September 2018	1,432,521,800	14,325,218	41,664,018	55,989,236

8 Dividends

No dividend has been declared or paid by the Company during the nine months ended 30 September 2018 (2017: nil).

9 Earnings per share

The calculation of the basic loss per share of 0.147 pence for the 9 months ended 30 September 2018 (30 September 2017 loss per share: 0.106 pence) is based on the loss attributable to the equity holders of the Company of £ (2,103,745) for the nine month period ended 30 September 2018 (30 September 2017: £(1,243,129)) divided by the weighted average number of shares in issue during the period of 1,430,524,410 (weighted average number of shares for the 9 months ended 30 Sept 2017: 1,171,934,300).

The calculation of the basic loss per share of 0.056 pence for the 3 months ended 30 September 2018 (30 September 2017 loss per share: 0.026 pence) is based on the loss attributable to the equity holders of the Company of £ (803,568) for the three month period ended 30 September 2018 (3 months ended 30 September 2017: £ 307,817) divided by the weighted average number of shares in issue during the period of 1,432,521,800 (weighted average number of shares for the 3 months ended 30 September 2017: 1,171,934,300).

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 2017 and in note 10 below.

10 Issue of Share Options

On 30 May 2018, the Company awarded 38,150,000 share options to Directors and senior management. All of these share options have an exercise price of 4.80 pence. One third of the options are exercisable from 30 November 2018, one third from 31 May 2019 and one third from 30 November 2019.

On 30 May 2018, the Company awarded 1,500,000 share options to a consultant to the Company under the terms of the prior year's scheme. These options are exercisable immediately.

On 31 March 2017, the Company awarded 41,000,000 share options to Directors and senior management. All of the share options have an exercise price of 3.20 pence. One third of the options are exercisable from 30 September 2017, one third from 31 March 2018 and one third from 30 September 2018.

11 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

12 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 2017.

13 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 on 7 November 2018.