

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in Ontario and British Columbia, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities in those jurisdictions. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any applicable state securities laws. Accordingly, the securities offered hereby may not be offered or sold in the United States unless an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See “Plan of Distribution”.*

*This document contains no offer of transferable securities to the public in the United Kingdom (“**U.K.**”) within the meaning of sections 85(1) and 102B of the Financial Services and Markets Act 2000, as amended, (the “**FSMA**”), the Companies Act 2006 (as amended) or otherwise. This document is not a prospectus for the purposes of Section 85(1) and 102B of the FSMA. Accordingly, this document has not been examined or approved as a prospectus by the United Kingdom Financial Conduct Authority (the “**FCA**”) under Section 85 or Section 87A of the FSMA or by the London Stock Exchange and has not been drawn up in accordance with the prospectus rules made by the FCA pursuant to section 73A of the FSMA from time to time (the “**U.K. Prospectus Rules**”) or approved by, or filed with, the FCA or any other competent authority nor has it been approved by a person authorized under the FSMA, for the purposes of Section 21 of the FSMA. Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in this document.*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Horizonte Minerals Plc at Rex House, 4-12 Regent Street, London, SW1Y 4RG, United Kingdom (telephone: 44 (0)203 356 2901) and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

NEW ISSUE

March 15, 2021



88,060,100 Ordinary Shares Issuable upon Exercise of 88,060,100 Special Warrants

This short form prospectus (the “**Prospectus**”) qualifies the distribution of 88,060,100 Ordinary Shares (the “**Underlying Shares**”) in the capital of Horizonte Minerals Plc (the “**Company**” or “**Horizonte**”) issuable for no additional consideration upon the exercise or deemed exercise of 88,060,100 special warrants (the “**Special Warrants**”) issued on March 9, 2021 (the “**Closing Date**”), at a price of \$0.133 per Special Warrant (the “**Offering Price**”), to purchasers resident in the Provinces of Ontario and British Columbia (the “**Qualifying Jurisdictions**”), for aggregate gross proceeds to the Company of \$11,711,993.30 (the “**Offering**”). The Special Warrants were issued pursuant to the terms of a special warrant indenture (the “**Special Warrant Indenture**”) dated March 9, 2021 between the Company and Computershare Trust Company of Canada. Pursuant to the Special Warrant Indenture, each Special Warrant entitles the holder thereof to receive one Underlying Share, subject to adjustment in certain circumstances in accordance with the Special Warrant Indenture, for no additional consideration upon the exercise or deemed exercise of the Special Warrant. This Prospectus qualifies the distribution of the Underlying Shares. See “Plan of Distribution”.

The Special Warrants were issued in accordance with the terms and conditions of an underwriting agreement dated March 9, 2021 (the “**Underwriting Agreement**”) between the Company, Paradigm Capital Inc. (“**Paradigm**”), as lead underwriter and sole bookrunner, and Cormark Securities Inc. (collectively, the “**Underwriters**”). Pursuant to the Underwriting Agreement, the Underwriters agreed to purchase 76,574,000 Special Warrants, subject to compliance with the terms and conditions contained in the Underwriting Agreement, and an additional 11,486,100 Special Warrants were issued upon exercise in full by the Underwriters of the option (the “**Underwriters’ Option**”) granted by the Company to the Underwriters to purchase an additional 11,486,100 Special Warrants at the Offering Price. The Offering Price and the other terms of the Offering were determined by arm’s length negotiation between the Company and the Underwriters. **The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Underlying Shares upon exercise or deemed exercise of the Special Warrants.** See “Plan of Distribution”.

The Ordinary Shares of the Company (the “**Ordinary Shares**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) and the AIM Market, a market operated by the London Stock Exchange (the “**AIM**”) under the symbol “HZM”. The TSX has approved the listing of the Underlying Shares issuable upon exercise of the Special Warrants. Listing of the Underlying Shares will be subject to the Company fulfilling all of the requirements of the TSX. In addition, an application will be made to the London Stock Exchange plc for admission to trading of the Underlying Shares on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

On February 17, 2021, the last trading day prior to the announcement of the Offering, the closing price of the Ordinary Shares on TSX was \$0.165 and on the AIM was £0.0925. On March 12, 2021, the last trading day prior to the date of this Prospectus, the closing price of the Ordinary Shares on the TSX was \$0.13 and on AIM £0.0695 respectively. See “Plan of Distribution”.

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽¹⁾⁽²⁾</u>
Per Special Warrant	\$0.133	\$0.00798	\$0.12502
Total Offering ⁽³⁾	\$11,711,993.30	\$702,719.60	\$11,009,273.70

Notes:

- (1) Pursuant to the Underwriting Agreement, the Company paid to the Underwriters a cash fee equal to 6.0% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”). See “Plan of Distribution”.
- (2) Before deducting the estimated expenses of the Offering, including the anticipated expenses in connection with the preparation and filing of the Prospectus, in the amount of \$400,000, which, together with the Underwriters’ Fee, will be paid from the proceeds of the Offering.
- (3) The distribution of the Underlying Shares upon the exercise or deemed exercise of the Special Warrants will not result in any proceeds being received by the Company.

Subject to the terms of the Special Warrant Indenture, the Special Warrants are exercisable by the holders thereof at any time for no additional consideration, and all unexercised Special Warrants will be deemed exercised and surrendered, without any further action or payment of additional consideration by the holders thereof, on the day (the “**Automatic Exercise Date**”) that is the earlier of: (i) four months and one day following the Closing Date at 4:59 p.m. (Toronto time), and (ii) the third business day after a receipt or deemed receipt is issued for a (final) short form prospectus (the “**Final Qualification Prospectus**”) by the securities regulatory authorities in each of the Qualifying Jurisdictions qualifying the Underlying Shares for distribution in the Qualifying Jurisdictions. The Company has agreed to use commercially reasonable efforts to file, and obtain a receipt for, the Final Qualification Prospectus on or before the date that is 50 days following March 9, 2021 (the “**Penalty Date**”). In the event that the Company fails to qualify the distribution of the Underlying Shares in the Qualifying Jurisdictions on or prior to the Penalty Date, each Special Warrant will become exercisable for 1.1 Underlying Shares (such additional Underlying Shares, the “**Penalty Shares**”). This Prospectus also qualifies the distribution of up to 8,806,010 Penalty Shares. Unless the context indicates otherwise, references to “Underlying Shares” in this Prospectus include any Penalty Shares. See “Plan of Distribution”.

Any Underlying Shares issued upon the exercise of Special Warrants prior to the issuance of a final receipt for the Final Qualification Prospectus will be subject to the relevant hold periods under applicable securities legislation.

The Special Warrants issued under and governed by the Special Warrant Indenture were sold in the Qualifying Jurisdictions through the Underwriters pursuant to exemptions from applicable prospectus and registration requirements. See “Plan of Distribution”.

There is no market through which the Special Warrants may be sold and purchasers may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the extent of issuer regulation. An investment in the securities of the Company is speculative and involves a significant degree of risk. See “Risk Factors”.

The Company is organized under the laws of a foreign jurisdiction, and Jeremy Martin, the Chief Executive Officer and a director of the Company, Simon Retter, the Chief Financial Officer of the Company, and David Hall, Owen Bavinton and Allan Walker, directors of the Company, reside outside of Canada. Although each of the Company and the aforementioned individuals have appointed Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2, as agent for service in Canada, purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

The Offering was conducted through the non-certificated inventory system maintained by The Canadian Depository for Securities Limited (“CDS”) and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. The Underlying Shares to be issued upon exercise or deemed exercise of the Special Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate or other evidence representing the Underlying Shares.

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Bennett Jones LLP.

The registered and head office of the Company is located at Rex House, 4-12 Regent Street, London, SW1Y 4RG, United Kingdom.

The Company has not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus. An investment in the securities of the Company is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this Prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Information”, and the information under the heading “Risk Factors” in the AIF (as defined herein).

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	5
EXCHANGE RATE INFORMATION	5
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	5
DOCUMENTS INCORPORATED BY REFERENCE	6
MARKETING MATERIALS.....	7
ELIGIBILITY FOR INVESTMENT	7
THE COMPANY	8
CONSOLIDATED CAPITALIZATION.....	9
DESCRIPTION OF SECURITIES BEING DISTRIBUTED.....	9
PLAN OF DISTRIBUTION.....	11
USE OF PROCEEDS.....	13
PRIOR SALES	14
TRADING PRICE AND VOLUME	14
RISK FACTORS.....	15
LEGAL MATTERS.....	17
AUDITORS AND TRANSFER AGENT AND REGISTRAR	17
INTERESTS OF EXPERTS	18
AGENT FOR SERVICE OF PROCESS.....	18
STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION	18
CERTIFICATE OF THE COMPANY	C1
CERTIFICATE OF THE UNDERWRITERS	C2

ABOUT THIS PROSPECTUS

General Advisory

A holder of Special Warrants should read this entire Prospectus, including the documents incorporated by reference herein, and consult its own professional advisors to assess the income tax, legal and other risks and consequences of its investment in the Special Warrants. A holder of Special Warrants should rely only on the information contained in this Prospectus. The Company and the Underwriters have not authorized anyone to provide holders of Special Warrants with additional or different information. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus. Neither the Company nor the Underwriters have done anything that would permit the Offering or possession or distribution of this Prospectus (other than in the Qualifying Jurisdictions) in any jurisdiction where action for that purpose is required. Holders of Special Warrants are required to inform themselves about and to observe any restrictions relating to the Offering and the distribution of the Underlying Shares under this Prospectus.

The Company is not, and the Underwriters are not, making an offer to sell or seeking offers to buy securities in connection with this Prospectus.

Market and Industry Data

Certain information contained in this Prospectus or in documents incorporated herein by reference concerning the Company's industry and the markets in which it operates or seeks to operate may be based on information from third party sources, industry reports and publications, websites and other publicly available information and information available for purchase, and management studies and estimates using data from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. The Company's internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third party information. While the Company believes such third party information to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus and in the AIF under "Risk Factors".

EXCHANGE RATE INFORMATION

All references to "\$", "C\$" or "Canadian dollars" included or incorporated by reference into this Prospectus refer to values denominated in Canadian dollars. All references to "£" or "British pounds" are used to indicate British pounds values.

The daily average rate of exchange for British pounds expressed in Canadian dollars on March 12, 2021 as reported by the Bank of Canada was £1.00 = \$0.5756.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this Prospectus and the documents incorporated by reference herein constitute forward-looking information or forward-looking statements (collectively "**Forward-looking Statements**") within the meaning of applicable securities laws. Forward-Looking Statements generally 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 Statements include, but are not limited to, statements concerning the Company's objectives, strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results,

circumstances, performance or expectations that are not historical facts; statements with respect to the use of proceeds of the Offering, the Concurrent Placing and the timing thereof; the milestones necessary to achieve the Company's business objectives and the timing thereof, including adequate project funding for the Araguaia Project, the Company's plans with respect to the advancement and development of its Araguaia and Vermelho Projects, budgets, expansion plans including its plan to acquire, explore and develop such other mineral rights and properties as management or the board of directors may from time to time determine have potential; the results of the feasibility and prefeasibility studies for its two main projects, including NAV, IRR, anticipated capital and operating costs, life of mine, projected production and other financial and operational metrics; metal prices; industry outlooks; mineral resource and mineral reserves estimates; expected financial results, taxes, plans and objectives of or involving the Company; amounts and use of available funds; anticipated developments in operations in future periods, the adequacy of financial resources and the availability of additional financing as required; the costs and timing of development of the Company's business, including the Araguaia Project and the Vermelho Project; the costs, timing and receipt of approvals, consents and permits under applicable legislation, and the ability to satisfy their terms and conditions including under environmental laws and executive compensation approaches and practices.

Although the Forward-Looking Statements contained in this Prospectus and documents incorporated by reference are based upon what management believes and/or its Qualified Persons are reasonable assumptions, there can be no assurance that actual results will be consistent with these Forward-Looking Statements. Forward-Looking Statements are 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 Statements, including but not limited to: discretion of the Company with respect to the use of proceeds; uncertainties inherent to the results of economic studies, including the feasibility and prefeasibility studies for the Company's key projects; exploration and mining risks; competition from competitors with greater capital; fluctuations in metal prices and costs of supplies; 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 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; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; the legal and regulatory framework within which the Company operates; litigation, and those factors discussed in the sections entitled "Risk Factors" in this Prospectus and the risks and uncertainties discussed in the AIF, in the Interim MD&A (as defined herein) and in the MD&A (as defined herein), which are incorporated by reference herein.

This list is not exhaustive of the factors that may impact the Company's Forward-Looking Statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's Forward-Looking Statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these Forward-Looking Statements. The factors underlying current expectations are dynamic and subject to change.

All Forward-Looking Statements in this Prospectus and documents incorporated by reference are qualified by these cautionary statements. Other than specifically required by applicable laws, the Company is under no obligation and expressly disclaims any such obligation to update or alter the Forward-Looking Statements whether as a result of new information, future events or otherwise except as may be required by law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request from our corporate secretary at Rex House, 4-12 Regent Street, London, United Kingdom, SW1Y 4RG.

The following documents, filed with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference in and form an integral part of this Prospectus:

1. the Company's audited consolidated financial statement for the fiscal year ended December 31, 2019 together with the notes thereto and the auditor's report thereon ("**Annual Financial Statement**");
2. the Company's management's discussion and analysis for the year ended December 31, 2019 ("**Annual MD&A**");
3. the Company's annual information form dated April 7, 2020 for the year ended December 31, 2019 ("**AIF**");
4. the Company's amended unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, together with the notes thereto ("**Interim Financial Statements**");
5. the Company's amended management's discussion and analysis for the three and nine months ended September 30, 2020 ("**Interim MD&A**");
6. the Company's management information circular dated April 7, 2020 relating to the annual meeting of shareholders held on May 14, 2020 ("**Circular**"); and
7. the Company's material change report dated February 23, 2021 pertaining to the Concurrent Placing and the Offering ("**Material Change Report**").

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document or statement that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed under the Company's profile on SEDAR at www.sedar.com after the date of this Prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated by reference into this Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Company, and Bennett Jones LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the "**Tax Act**"), as of the date hereof, the Underlying Shares to be acquired pursuant to the exercise or deemed exercise of the Special Warrants would be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), tax-free savings account ("**TFSA**", collectively with the RRSP, RRIF, RESP, RDSP, the "**Registered Plans**") and a deferred profit sharing plan ("**DPSP**"), each as defined in the Tax Act, provided that, at such time, the Ordinary Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX).

Notwithstanding that an Underlying Share may be a "qualified investment" for a Registered Plan, the annuitant or holder of, or subscriber under a Registered Plan, as applicable (the "**Controlling Individual**") will be subject to a penalty tax if such Underlying Share is a "prohibited investment" (as defined in the Tax Act) for the

Registered Plan. An Underlying Share will generally not be a “prohibited investment” for a particular Registered Plan provided that the Controlling Individual of the particular Registered Plan, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, an Underlying Share will not be a prohibited investment if the Underlying Share is “excluded property” (as defined in the Tax Act for purposes of these rules) for the particular Registered Plan.

Persons who intend to hold Underlying Shares in a Registered Plan or DPSP should consult their own tax advisors with respect to the application of these rules in their particular circumstances.

THE COMPANY

Horizonte Minerals PLC was formed on January 16, 2006 under the *Companies Act 1985* of England and Wales ("**2006 Act**"). In March 2006, the Company adopted a new set of Articles of Incorporation ("**Articles**") which, among other things, removed the requirement for authorized but unissued share capital. The Company amended the Articles to come in-line with new legislation relating to electronic communications, the requirement for directors to give reasons for any refusal to register a transfer of shares, and other notice provisions relating to notification by directors of conflict of interests. Further changes were made to the Articles to remove the concept of authorized share capital.

The registered and head office of the Company is located at Rex House, 4-12 Regent Street, London, SW1Y 4RG, United Kingdom.

The Company is a reporting issuer in Ontario and will, upon obtaining the Final Receipt, be a reporting issuer in all of the Qualifying Jurisdictions. The Ordinary Shares are listed on the TSX and AIM under the symbol “HZM”.

Horizonte is a mineral exploration and development company currently focused on the development of its 100% owned Araguaia nickel laterite project ("**Araguaia Project**") and Vermelho nickel cobalt project ("**Vermelho Project**"), both located in Brazil.

The Araguaia Project is an advanced nickel project being developed by Horizonte as the next ferronickel operation in Brazil. A feasibility study (the "**FS**") on the Araguaia Project showing the economics of the project with an initial 28 year mine life was published in the fourth quarter of 2018. The Vermelho Project is a low cost, long life (38 years) nickel sulphate project for which the Company released a preliminary feasibility study (the "**PFS**") in October 2019.

Recent Developments

Power Lines License

On February 25, 2021, the Company announced that it was awarded a construction license package for the development of the power lines for the Araguaia Project. The approved package includes the preliminary licence, the construction licence, and the related fauna and flora licences. These were granted by the Pará State Environmental Agency, Secretaria de Meio Ambiente e Sustentabilidade. This licence package permits the implementation of a 120km, 230KV power line, and respective substation. The power line will connect Araguaia to the national power grid and will cover the full power requirement for the project at nameplate capacity.

Concurrent Placing

On February 19, 2021, the Company announced the completion of the placing of a total of 162,718,353 new Ordinary Shares in the capital of the Company ("**Placing Shares**") at a placing price of 7.5 pence per Placing Share (the "**Concurrent Placing**") for gross proceeds of £12.2 million.

Project Financing Progress

The Company continues to progress on a project financing process for the Araguaia Project with a syndicate of lending banks (being BNP Paribas, ING Capital LLC, Mizuho Bank, Ltd., Natixis, New York Branch and Société Générale) to arrange a senior secured project finance facility of up to US\$325 million to part-fund the construction and development of the Araguaia Project.

Further information regarding the Company and its business, including without limitation, information with respect to the Araguaia Project, the Vermelho Project, the results of the FS and the results of the PFS, is set out in the AIF, the MD&A and the Interim MD&A, which are incorporated herein by reference.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the loan and capital structure of the Company since the date of the Interim Financial Statements, which have not been disclosed in this Prospectus or the documents incorporated by reference herein. See "Prior Sales".

As of the date of this Prospectus, the Company has 1,612,095,640 Ordinary Shares issued and outstanding, 133,300,000 options to acquire Ordinary Shares outstanding and 88,060,100 Special Warrants outstanding. Upon exercise or automatic exercise of the Special Warrants (assuming no other options or warrants of the Company are exercised during such time), there will be an aggregate of 1,700,155,740 Ordinary Shares issued and outstanding (or in the event the Penalty Shares are issued, 1,708,961,750 Ordinary Shares issued and outstanding).

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Authorized Share Capital

The following is a summary of the rights, privileges, restrictions and conditions of or attaching to the Ordinary Shares. The Company has the power to issue 400 million Ordinary Shares pursuant to the resolutions passed at the 2020 annual general meeting of the Company and this power is subject to such limit as is approved at the annual general meeting of the Company each year. As at the date hereof, there were 1,612,095,640 Ordinary Shares issued and outstanding.

Ordinary Shares

Each Ordinary Share has one vote attached to it. Ordinary Shares may be transferred as follows: (i) in the case of certificated shares, by instrument, in writing in any usual or common form, or in such other form as the board of directors of the Company (the "**Board**") shall from time to time approve; and (ii) in the case of uncertificated shares, in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant scheme concerned.

Except as described below, the Ordinary Shares are freely transferable provided that in relation to certificated shares the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Board and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The Board may, in its absolute discretion and without giving any reason, refuse to register a transfer of any share: (i) to more than four joint holders; or (ii) where the share is not fully paid up provided that such action does not prevent dealings in the shares from taking place on an open and proper basis; or (iii) on which the Company has a lien. In addition, the Board may refuse to register a transfer if a notice has been duly served on any member or other person appearing to be interested in any shares (representing at least 0.25 per cent of the issued shares of the class in question (excluding any shares of that class held as treasury shares) pursuant to section 793 of the 2006 Act and the notice has not been complied with within the period stipulated in the notice.

Shareholders do not have any pre-emption rights in respect of transfers of issued Ordinary Shares.

Shareholders have the benefit of statutory pre-emption rights under the 2006 Act. The Company may not allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares without first offering such shares or rights to subscribe to existing shareholders in proportion to their holdings, unless shareholders resolve to disapply those rights. The rights may be disapplied by a special resolution of the Company (being a majority of not less than threequarters of shareholders or their proxies at a Company general meeting). The pre-emption rights in respect of the Underlying Shares have been disapplied at the annual general meeting of the Company. Pre-emption rights do not apply if shares or rights to subscribe shares are allotted for non-cash consideration or in respect of certain issuances of shares and options under employee share schemes.

Shareholders have the right to receive dividends.

The Ordinary Shares may, subject to a resolution of the Company's shareholders, be converted into stock or paid up shares of any denomination. The Ordinary Shares may, subject to a resolution of the Company's shareholders, be consolidated, divided, cancelled or sub-divided. The Ordinary Shares rank equally for capital and on any winding up.

Special Warrants

The Special Warrants were created pursuant to, and are governed by, the terms and conditions set forth in the Special Warrant Indenture. An aggregate of 88,060,100 Special Warrants are outstanding as of the date of this Prospectus. Subject to adjustment in certain instances as set out in the Special Warrant Indenture, each Special Warrant entitles its holder to receive, upon exercise or deemed exercise, one Underlying Share. Each Special Warrant shall be deemed exercised and surrendered, without any further action or payment of additional consideration by the holder thereof on the Automatic Exercise Date, unless previously exercised by the holder.

The Company has agreed to use commercially reasonable efforts to file, and obtain a receipt for, the Final Qualification Prospectus on or before the Penalty Date. If the Company fails to qualify the distribution of the Underlying Shares in the Qualifying Jurisdictions on or prior to the Penalty Date, the holders of Special Warrants will be entitled to receive the Penalty Shares, and each Special Warrant will be exercisable for 1.1 Underlying Shares.

The Special Warrants rank *pari passu*, whatever may be the actual dates of issuance. The Special Warrant Indenture contains provisions for adjustment to the number of Underlying Shares issuable upon the exercise of the Special Warrants, including the amount and kind of securities or other property issuable upon exercise, upon the occurrence of certain stated events, including but not limited to any subdivision or consolidation of the Ordinary Shares, certain distributions of Ordinary Shares or securities exchangeable for or convertible into Ordinary Shares, certain offerings of rights, options or warrants and certain capital reorganizations. The adjustments provided for in the Special Warrant Indenture are cumulative and must be made successively whenever an event that triggers such adjustments occurs, subject to certain conditions.

The Special Warrant Indenture provides that the rights of holders of Special Warrants arising pursuant to the Special Warrant Indenture or otherwise may be modified by "**Extraordinary Resolution**" at a meeting of Special Warrant holders. The Special Warrant Indenture defines an "Extraordinary Resolution" as a resolution proposed to be passed as an extraordinary resolution at a meeting of the Special Warrant holders duly convened for that purpose and held in accordance with the provisions of the Special Warrant Indenture, and carried by not less than 66^{2/3}% of the votes cast on such resolution. A quorum at a meeting of Special Warrant holders must consist of at least two or more persons present virtually or physically and owning or representing by proxy not less than 25% of the aggregate number of the then outstanding Special Warrants. The resolutions and Extraordinary Resolutions duly passed by such holders of Special Warrant are binding on all holders of Special Warrants.

The Special Warrant Indenture provides that, from time to time, the Company and the Special Warrant Agent may, without the consent of the holders of Special Warrants, supplement the Special Warrant Indenture for certain purposes, including but not limited to: (i) giving effect to any Extraordinary Resolution; (ii) modifying the Special Warrant Indenture for any purpose not inconsistent with the provisions of the Special Warrant Indenture, provided that, in the opinion of counsel to the Special Warrant Agent, the rights of the holders of Special

Warrants are in no way prejudiced thereby; and (iii) rectifying any ambiguities, defective provisions, errors, mistakes or omissions therein, provided that, in the opinion of the Special Warrant Agent, relying on the advice of counsel, the rights of the holders of Special Warrant are not prejudiced thereby.

Computershare Trust Company of Canada, at its principal offices in Toronto, Ontario, serves as Special Warrant Agent pursuant to the Special Warrant Indenture.

The Company has granted to each holder of Special Warrants a contractual right of rescission. See “Statutory and Contractual Right of Rescission”.

The foregoing is a summary description of certain material provisions of the Special Warrant Indenture; it does not purport to be a comprehensive summary and is qualified in its entirety by reference to the more detailed provisions of the Special Warrant Indenture. A copy of the Special Warrant Indenture may be obtained on request without charge from the corporate secretary of the Company by sending a written request to Rex House, 4-12 Regent Street, London, SW1Y 4RG, United Kingdom. (telephone: +44 (0) 203 356 2901) or electronically under the Company’s profile on SEDAR at www.sedar.com.

PLAN OF DISTRIBUTION

This Prospectus qualifies the distribution of 88,060,100 Underlying Shares issuable for no additional consideration upon exercise or deemed exercise of 88,060,100 Special Warrants issued on March 9, 2021, at the Offering Price of \$0.133 per Special Warrant, to purchasers in the Qualifying Jurisdictions pursuant to prospectus exemptions under applicable securities legislation. The Special Warrants were issued in accordance with the terms of the Special Warrant Indenture and the terms of the Underwriting Agreement.

The Special Warrants are not available for purchase pursuant to this Prospectus. No additional consideration will be received by the Company and no fee or commission will be payable by the Company in connection with the distribution of the Underlying Shares upon the exercise or deemed exercise of the Special Warrants.

Pursuant to the Special Warrant Indenture, each Special Warrant entitles the holder thereof to receive one Underlying Share, subject to adjustment in certain circumstances in accordance with the Special Warrant Indenture, for no additional consideration upon the exercise or deemed exercise of the Special Warrants. All unexercised Special Warrants will be deemed exercised and surrendered, without any further action or payment of additional consideration by the holder thereof on the Automatic Exercise Date. This Prospectus qualifies the distribution of the Underlying Shares.

Pursuant to the Underwriting Agreement, the Company agreed to sell, and the Underwriters agreed to purchase on the Closing Date, 76,574,000 Special Warrants at the Offering Price, and an additional 11,486,100 Special Warrants were issued upon exercise in full by the Underwriters of the Underwriters’ Option. The Offering Price and the other terms of the Offering were determined by arm’s length negotiation between the Company and Paradigm, on behalf of the Underwriters. Pursuant to the Underwriting Agreement, the Company paid to the Underwriters the Underwriters’ Fee. In addition, the Company reimbursed the Underwriters for certain expenses related to the Offering. The Underwriters will receive no other fees in connection with the distribution of the Underlying Shares under this Prospectus. There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than the payments to be made to the Underwriters in accordance with the terms of the Underwriting Agreement.

The Company has covenanted to use commercially reasonable efforts to (i) prepare and file this preliminary short form prospectus qualifying the distribution of the Underlying Shares with the securities regulatory authorities in the Qualifying Jurisdictions, (ii) settle all comments of the securities regulatory authorities in the Qualifying Jurisdictions after receipt of such comments, and (iii) prepare and file the Final Prospectus and obtain a final receipt in respect thereof, all as soon as reasonably practicable following the Closing Date, and in any event prior to the Automatic Exercise Date.

In the event that the Company fails to qualify the distribution of the Underlying Shares in the Qualifying Jurisdictions on or prior to the Penalty Date, each Special Warrant will become exercisable for 1.1 Underlying Shares. This Prospectus also qualifies the distribution of up to 8,806,010 Penalty Shares, if applicable.

Any Underlying Shares issued upon the exercise of Special Warrants prior to the issuance of a final receipt for the Final Qualification Prospectus will be subject to the relevant hold periods under applicable securities legislation.

The TSX has approved the listing of the Underlying Shares issuable upon exercise of the Special Warrants. Listing of the Underlying Shares will be subject to the Company fulfilling all of the requirements of the TSX. In addition, an application will be made to the London Stock Exchange plc for admission to trading of the Underlying Shares on AIM.

The Special Warrants issued under and governed by the Special Warrant Indenture were sold in the Qualifying Jurisdictions through the Underwriters pursuant to exemptions from applicable prospectus and registration requirements.

The Special Warrants and the Underlying Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and the Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

There is no market through which the Special Warrants may be sold, and purchasers may not be able to resell the Special Warrants acquired pursuant to the Offering. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants and the extent of issuer regulation. See "Risk Factors".

The Company has agreed that for a period commencing on the Closing Date and ending four months and one day following the Closing Date, it will not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, any Ordinary Shares or any securities convertible into or exchangeable for Ordinary Shares, other than issuances: (a) pursuant to the Offering; (b) under existing director or employee stock options, bonus or purchase plans or similar share compensation arrangements as detailed in the Company's public disclosure documents; (c) upon the exercise of convertible securities, warrants or options outstanding prior to the Closing Date; (d) pursuant to certain pre-emptive rights granted to certain shareholders of the Company; or (e) pursuant to previously announced corporate acquisitions, without the prior written consent of Paradigm, such consent not to be unreasonably withheld or delayed.

Pursuant to the Underwriting Agreement, the Company's executive officers and directors have each agreed not to directly or indirectly, sell, or agree to sell (or announce any intention to do so), grant an option or right in respect of, or otherwise dispose of, any Ordinary Shares or securities exchangeable or convertible into Ordinary Shares for a period commencing on the Closing Date and ending four months and one day following the closing Date without the prior written consent of Paradigm, such consent not to be unreasonably withheld or delayed.

The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriters and each of their affiliates, directors, officers, employees and shareholders against certain liabilities, including liabilities under Canadian securities legislation in certain circumstances or to contribute to payments the Underwriters may have to make because of such liabilities.

The Offering was conducted through the non-certificated inventory system maintained by CDS and the Special Warrants issued pursuant to the Offering were registered and deposited with CDS on the Closing Date in electronic form. The Underlying Shares to be issued upon exercise or deemed exercise of the Special Warrants will also be registered and deposited in the non-certificated inventory system of CDS and a purchaser of the Special Warrants will not receive a definitive certificate representing the Underlying Shares.

USE OF PROCEEDS

The aggregate net proceeds to the Company from the Offering and the Concurrent Placing are estimated to be approximately £18.0 million or \$31.7 million, after deducting the payment of the Underwriters' Fee of approximately \$702,720, the Concurrent Placing Underwriters' Fee of £610,000, and the estimated expenses of the Offering of \$400,000.

The Company intends to use the net proceeds of the Offering and the Concurrent Placing to initiate specific early works and advance long lead items linked to start of construction of Araguaia Project and for working capital and general corporate purposes.

	<i>(in millions)</i>
Use of Proceeds	
Initiate specific early works & advance long lead items linked to start of construction of Araguaia Project	\$25.4
Contingency	\$2.5
Working Capital	\$3.8
Subtotal	\$31.7

David Hall, Chairman of the Company, is the "qualified person" (as such term is defined in NI 43-101) who supervised the preparation of the above use of proceeds.

The short to medium term the objectives of the Company are to (i) progress the Araguaia Project through to development by securing project financing; (ii) advance the Vermelho Project towards a feasibility study; and (iii) advance the permitting for the Vermelho Project. The proceeds of the Offering and Concurrent Placing will, in addition to the Company's cash balance of £10.9 million as at 31 December 2020, enable the Company to commence initial plans for construction of the Araguaia Project, improve the Company's balance sheet ensuring that it enters the next, critical phase of securing project financing for the Araguaia Project from a strong position.

Significant additional financing will be required for the Company for the development stage of Araguaia Project. There is no assurance that the Company will be able to secure the required project financing and proceed to the development of the project. Mine development and mining operations are subject to significant risks and uncertainties. See "*Risk Factors*" in this Prospectus and the documents incorporated by reference herein.

The above noted allocation represents the Company's intentions with respect to its use of proceeds of the Offering and the Concurrent Placing based on current knowledge, planning and expectations of management of the Company. The Company's actual use of the net proceeds of the Offering and the Concurrent Placing may vary depending on the Company's operating and capital needs from time to time. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "*Risk Factors – Risks Related to the Offering – Use of Proceeds*".

During the nine months ended September 30, 2020, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities in future periods until profitable commercial production is achieved at the Araguaia Project. As a result, certain of the net proceeds from the Offering and the Concurrent Placing may be used to fund such negative cash flow from operating activities in future periods. See "*Risk Factors – Risks Related to the Offering – Negative Operating Cash Flows*".

PRIOR SALES

The Company has not completed any sales of Ordinary Shares, or securities convertible or exchangeable into Ordinary Shares, during the 12-month period preceding the date of this Prospectus, except as described below:

Date of Issuance	Number of Securities Issued	Type of Security	Exercise Price/ Price Per Security
February 19, 2021	162,718,353	Ordinary Shares ⁽¹⁾	\$0.133
March 9, 2021	88,060,100	Special Warrant ⁽²⁾	\$0.133

Notes:

- (1) Issued pursuant to the Concurrent Placing.
- (2) Issued pursuant to the Offering.

TRADING PRICE AND VOLUME

The Ordinary Shares are listed and posted for trading on the TSX and AIM under the symbol "HZM". The following table sets forth the price range and trading volumes of the Ordinary Shares on the TSX on a monthly basis for the 12-month period prior to the date of this Prospectus, as reported by the TSX:

Date	High (\$)	Low (\$)	Volume
March 2020	0.050	0.030	922,600
April 2020	0.060	0.030	1,520,109
May 2020	0.065	0.045	635,847
June 2020	0.065	0.055	808,666
July 2020	0.120	0.055	1,498,044
August 2020	0.200	0.060	3,174,507
September 2020	0.155	0.100	3,098,917
October 2020	0.135	0.095	1,782,246
November 2020	0.125	0.095	714,323
December 2020	0.135	0.110	1,417,233
January 2021	0.175	0.130	2,207,150
February 2021	0.170	0.135	4,052,336
March 1-12, 2021	0.140	0.100	2,356,445

RISK FACTORS

An investment in the Underlying Shares is subject to a number of risks, including those set forth herein and in the AIF and MD&As incorporated by reference herein. Holders of Special Warrants should carefully consider these risks, in addition to information contained in this Prospectus and the information incorporated by reference herein. If any of these or other risks occur, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely impacted. In that case, the trading price of the Ordinary Shares could decline and investors could lose all or part of their investment in the Special Warrants and the Underlying Shares. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the below described risks or other unforeseen risks. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business prospects, financial condition, results of operations or cash flows.

Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, and in particular should give special consideration to the risk factors under the section titled "*Risk Factors*" in the AIF, which is incorporated by reference in this Prospectus and which may be accessed on the Company's SEDAR profile at www.sedar.com, and the information contained in the section entitled "*Cautionary Statement Regarding Forward-Looking Information*". Additionally, purchasers should consider the risk factors set forth below.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Ordinary shares could decline and investors could lose all or part of their investment.

Risks Related to the Offering

Use of Proceeds

The Company intends to use the net proceeds from the Offering and the Concurrent Placing as described under "Use of Proceeds". However, management will have discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described under "Use of Proceeds" if it believes that it would be in the best interests of the Company to do so or if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

Potential Volatility of Share Price

The market price for Ordinary Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) addition or departure of the Company's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Ordinary Shares; (vi) sales or perceived sales of additional Ordinary Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Ordinary Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well,

certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Ordinary Shares by those institutions, which could materially adversely affect the trading price of the Ordinary Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's operations and the trading price of the Ordinary Shares may be materially adversely affected.

Return on Investment is Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Company. The Underlying Shares are equity securities of the Company and are not fixed income securities. Unlike fixed income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or any amount at all, or to return the initial purchase price of an Ordinary Share on any date in the future. The market value of the Ordinary Shares may deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant.

Dilution

The number of Ordinary Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional Ordinary Shares from time to time subject to the rules of any applicable stock exchange on which the Ordinary Shares are then listed and applicable securities law. The issuance of any additional Ordinary Shares may have a dilutive effect on the interests of holders of Underlying Shares. To the extent that any of the net proceeds of the Offering remain un-invested pending their use, or are used to pay down existing indebtedness with a low interest rate, the Offering may result in substantial dilution on a per Ordinary Share basis to the Company's net income and certain other financial measures used by the Company.

Holders of Special Warrants Have no Rights as a Shareholder

Until a holder of Special Warrants acquires Underlying Shares upon the exercise of such Special Warrants, such holder will have no rights with respect to the Underlying Shares underlying such Special Warrants. Upon the exercise of such Special Warrants, such holder will be entitled to exercise the rights of a holder of Ordinary Shares only as to matters for which the record date occurs after the exercise date.

Market Discount

The price of the Ordinary Shares will fluctuate with market conditions and other factors. If a holder of Ordinary Shares sells its Ordinary Shares, the price received may be more or less than the original investment. The Ordinary Shares may trade at a discount from their book value. The Ordinary Shares may trade at a price that is less than the Offering Price. This risk may be greater for investors who sell their Ordinary Shares relatively shortly after closing of the Offering.

Negative Operating Cash Flow and Additional Funding

The Company has no history of revenue from its operating activities. During the nine months ended September 30, 2020, the Company had negative cash flow from operating activities. The Company anticipates it will continue to have negative cash flow from operating activities and net losses in future periods unless and until commercial sales are achieved for the Company's products. A portion of the proceeds from the Offering will be used to fund negative cash flow from operating activities in future periods. Furthermore, significant additional financing, whether through the issuance of additional securities and/or debt, will be required to continue the development of its key mineral projects. There can be no assurance that the Company will be able to obtain adequate additional financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of the Company's key projects.

No Market for Special Warrants

The Company has not applied to list the Special Warrants on the TSX. There is currently no market through which the Special Warrants may be sold. Accordingly, purchasers may not be able to resell the Special Warrants qualified under this Prospectus. This may affect the pricing of the Special Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Special Warrants, and the extent of issuer regulation. Moreover, following the issuance of the Special Warrants upon the exercise or deemed exercise of the Special Warrants, the market value of the Special Warrants, if any, is uncertain and there can be no assurance that the market value of the Special Warrants will equal or exceed their imputed offering price. There can be no assurance that the market price of the Ordinary shares will ever equal or exceed the exercise price of the Special Warrants, and consequently, whether it will ever be profitable for holders of the Special Warrants to exercise the Special Warrants.

Risks Related to the Company

COVID-19 Outbreak

The current and ongoing global uncertainty with respect to the spread of COVID-19, the rapidly evolving nature of the pandemic and local and international developments related thereto and its effect on the broader global economy and capital markets may have a negative effect on the Company and the advancement of the Vermelho Project and Araguaia Project. While the precise impact of the COVID-19 outbreak on the Company remains unknown, rapid spread of COVID-19 and declaration of the outbreak as a global pandemic has resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses around the world and could result in travel bans, closure of assay labs, work delays, difficulties for contractors and employees getting to site, and diversion of management attention all of which in turn could have a negative impact on the advancement of the Vermelho Project and Araguaia Project and the Company generally. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets, which could negatively affect the business, financial condition, results of operations, prospects and other factors relevant to the Company. There can be no assurance that COVID-19 or any other public health crises will not have a material adverse effect on the Company and its business and operations.

Effecting service of process

The Company and certain of the Company's directors and officers reside outside of Canada. Substantially all of the assets of these persons are located outside of Canada. It may also not be possible to enforce against the Company, certain of its directors and officers, and certain experts named in this Prospectus or documents incorporated by reference herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Underlying Shares qualified by this Prospectus will be passed upon at the date of closing of the Offering on behalf of the Company by Cassels Brock & Blackwell LLP and on behalf of the Underwriters by Bennett Jones LLP. As of the date hereof, Cassels Brock & Blackwell LLP, as a group, and Bennett Jones LLP, as a group, respectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

AUDITORS AND TRANSFER AGENT AND REGISTRAR

BDO LLP is the auditor of the Company and has confirmed that it is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The transfer agent and registrar for the Ordinary Shares is Computershare Investor Services (Ireland) Limited at its principal offices in Dublin, Ireland.

INTERESTS OF EXPERTS

The scientific and technical information under the heading “Use of Proceeds” has been reviewed and approved by David Hall, who is a “qualified person” as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators*. Mr. Hall is the Chairman of the Company, and owns 1,039,955 Ordinary Shares and 16,000,000 options to purchase Ordinary Shares.

AGENT FOR SERVICE OF PROCESS

The Company is organized under the laws of a foreign jurisdiction, and Jeremy Martin, the Chief Executive Officer and a director of the Company, Simon Retter, the Chief Financial Officer of the Company, and David Hall, Owen Bavinton and Allan Walker, directors of the Company reside outside of Canada. Although each of the Company and the aforementioned individuals have appointed Cassels Brock & Blackwell LLP, 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3C2, as agent for service in Canada, purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the issuer on exercise of the Special Warrant as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder’s exercise of its Special Warrant and the Offering under which the Special Warrant was initially acquired, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Underwriters or the Company, as the case may be, on the acquisition of the Special Warrant, and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser of Special Warrants may have at law.

CERTIFICATE OF THE COMPANY

Dated: March 15, 2021

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of Ontario and British Columbia.

(signed) "*Jeremy Martin*"
By: Jeremy Martin
Chief Executive Officer

(signed) "*Simon Retter*"
By: Simon Retter
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*David John Hall*"
By: David John Hall
Director

(signed) "*William Fisher*"
By: William Fisher
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 15, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of Ontario and British Columbia.

PARADIGM CAPITAL INC.

"Andrew Partington"

By: ANDREW PARTINGTON
Partner, Investment Banking

CORMARK SECURITIES INC.

"Darren Wallace"

By: Darren Wallace
Managing Director