

Horizonte Minerals Investor Presentation

Royalty Agreement with Orion Mine Finance

Q3 2019



TSX:HZM / AIM:HZM / horizonteminerals.com



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

For further details on the Araguaia mineral resource, please refer to the press release dated 29 October 2018, which is available on the Company's website at www.horizonteminerals.com and on SEDAR at www.sedar.com. Mineral resources that are not reserves do not have demonstrated economic viability.

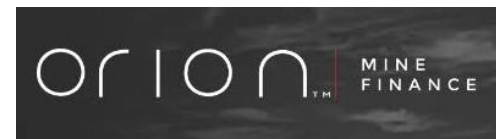
A close-up photograph of industrial machinery, likely a grinding or polishing process, with bright orange sparks flying from a rotating metal surface. The background is dark and out of focus, showing parts of the machine in shades of blue and grey. Two white circular lines are overlaid on the right side of the image, framing the sparks.

Horizonte Minerals

The Leading Nickel Development
Company



Royalty Terms



- Orion Mine Finance (Orion) will provide upfront cash payment of US\$25 million in exchange for a 2.25% royalty on the Araguaia Project;
- The royalty only applies to the first 426,429 tonnes of contained nickel as per the Stage 1 Feasibility Study production scenario;
- Orion has approximately \$5.1B under management and is one of the most active private equity groups in the mining sector today;
- Non-dilutive form of financing, equates to raising equity at ~10p per share (3 x current SP on AIM¹);
- Orion now a strategic partner, potential for next stage funding.

“Orion is delighted to become a major investor in Araguaia, one of the leading nickel development projects globally. We look forward to supporting Horizonte as it enters the next phase of development of its world-class portfolio of nickel assets”

Philip Clegg, Portfolio Manager at Orion Resource Partners.

¹Based upon financial modelling by our advisers Endeavour Financial, using a long term price of \$14,000/t nickel and the NPV of Araguaia of \$400M, a comparable equity issuance price to generate the same P/NAV effect as the royalty would be 10p per share. Valuation of 3 times current share price considers HZM share price of 3.3p as of closing on AIM 27/08/2019.



Horizonte Overview



Robust Economics

Araguaia NPV₈ **US\$885 million** and IRR 31.2%, generates over **US\$3 billion** in free cash flow over LOM¹.

High Grade, Scalable

Initial 10 years of production at Araguaia averaging 1.9% nickel feed grade, designed for Stage 2 expansion.

Fully Permitted

Water permits and Construction Licence approved for Araguaia.

EV Battery Market – Vermelho Project

Acquisition from Vale (estimated US\$200 million of spend), construction approved. Horizonte's new PFS well advanced.

Significant Inventory

Combined metal in the ground (M&I) of over 4Mt contained Ni and 94kt Co². Production potential of 50,000+ t/a nickel.

Strong Nickel Fundamentals

Demand growing, limited new projects. Horizonte's projects target both stainless and EV battery markets.

¹Source: Horizonte Minerals Araguaia Nickel Project Feasibility Study, figures presented above consider recent nickel price of US\$18,000/t Ni

²Araguaia and Serra do Tapa values at 0.90% Ni Cut-Off, Vermelho values at 0.90% NiEq Cut-Off



Scalable Production

Total district production potential ~50,000 tpa nickel
(EV battery market + stainless steel market)

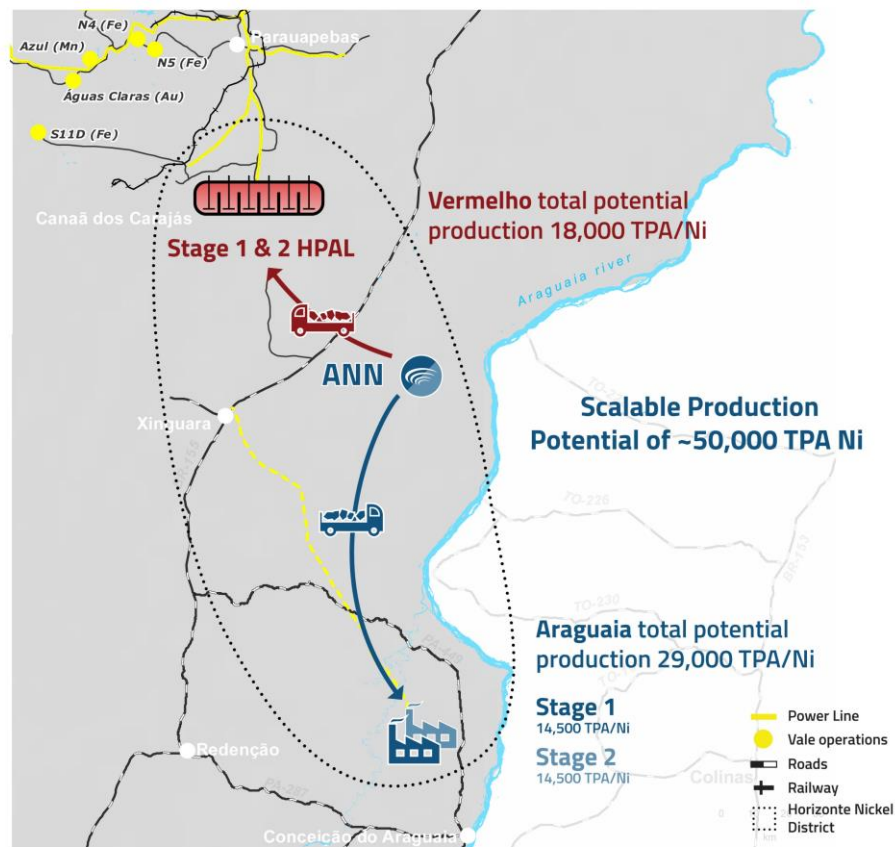
Consolidation of a nickel/cobalt district: two Tier 1, 100% owned, scalable, high-grade nickel deposits in one of Brazil's premier base metals mining districts.

Vermelho potential production 18,000 tpa nickel contained in sulphate for EV battery market

- Vermelho Stage 1 – 18,000 tpa nickel, contained in sulphate and ~1,500-2000 tpa cobalt .

Araguaia potential production 29,000 tpa nickel for stainless market

- Araguaia Stage 1 - RKEF plant 14,500 tpa nickel - planned production 2022.
- Araguaia Stage 2 – second RKEF line doubling capacity.

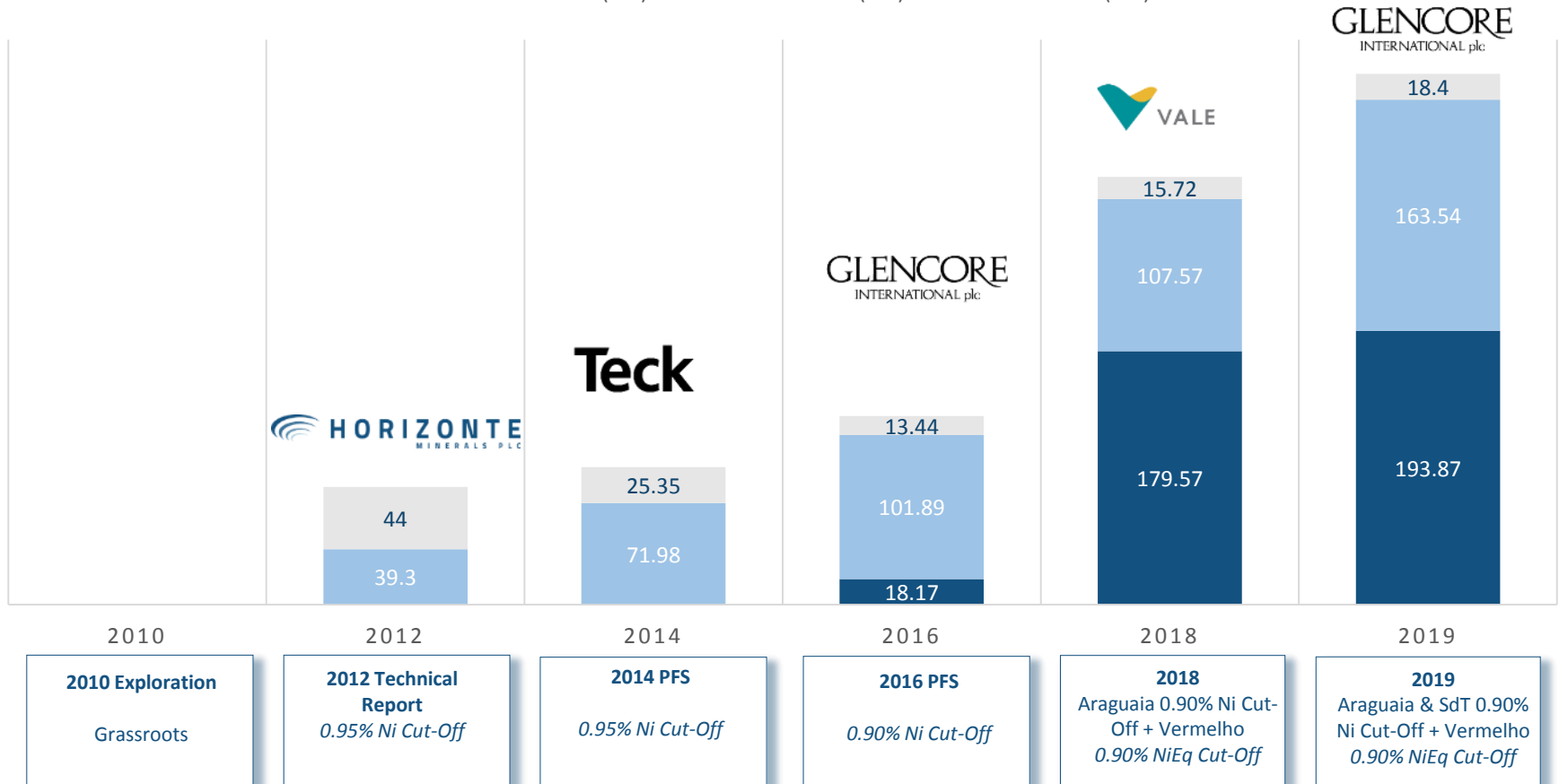


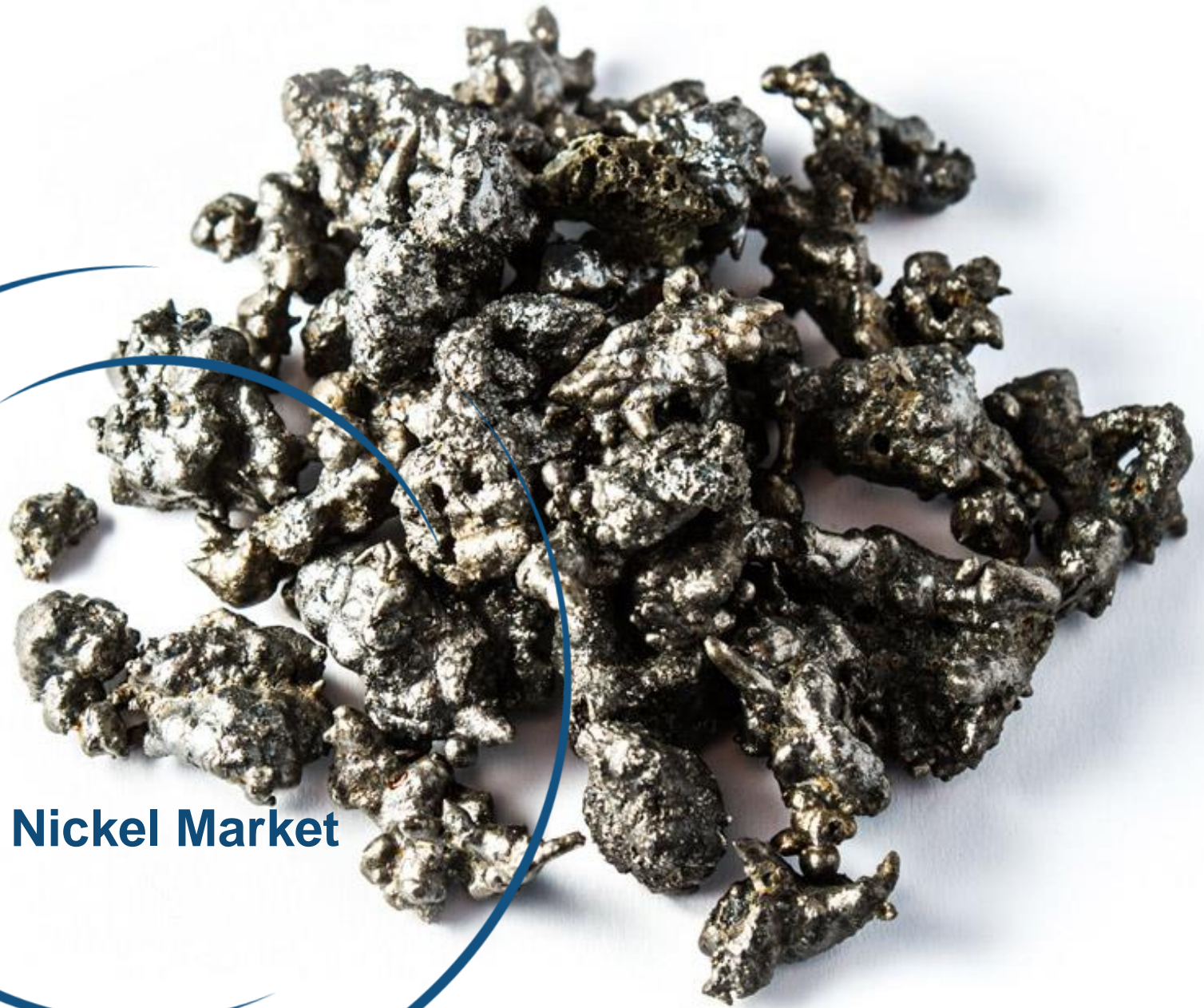


HZM Resource Growth in Brazil: Over 800% in 7 Years

NI MINERAL RESOURCES (MT)

■ Total Measured (MT) ■ Total Indicated (MT) ■ Total Inferred (MT)

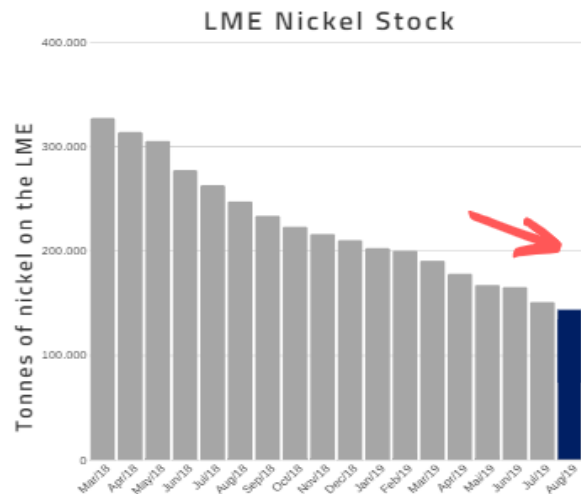




Nickel Market



Why Nickel Now

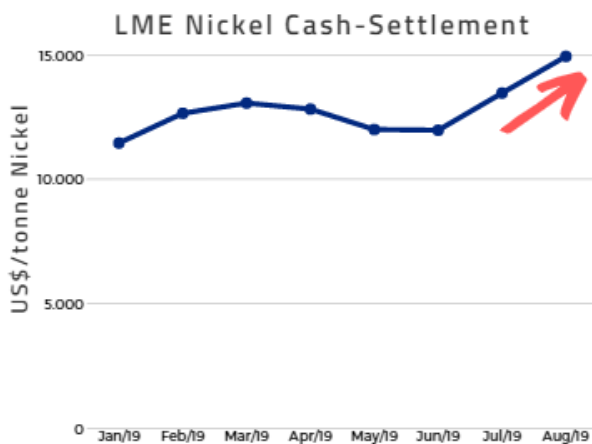


Stocks at lowest levels in 6 years

Nickel stocks have reduced drastically, having fallen from 470,000 tonnes to around 140,000 tonnes and nickel inventories on the LME continue to drop.

Demand outstripping supply

Significant new supply is required for the stainless-steel market, which continues to grow ~5% year on year globally. Nickel core for EV battery chemistry – the market requires ~1.23Mt of new nickel by 2040.



Limited new supply available to come online quickly

UBS Research estimates that 26 out of 41 nickel projects that are at an advanced stage (FS, restarts or expansions) deliver a 15% IRR at a long term nickel price of US\$20,000/t. Nickel price lows have deterred new investments.

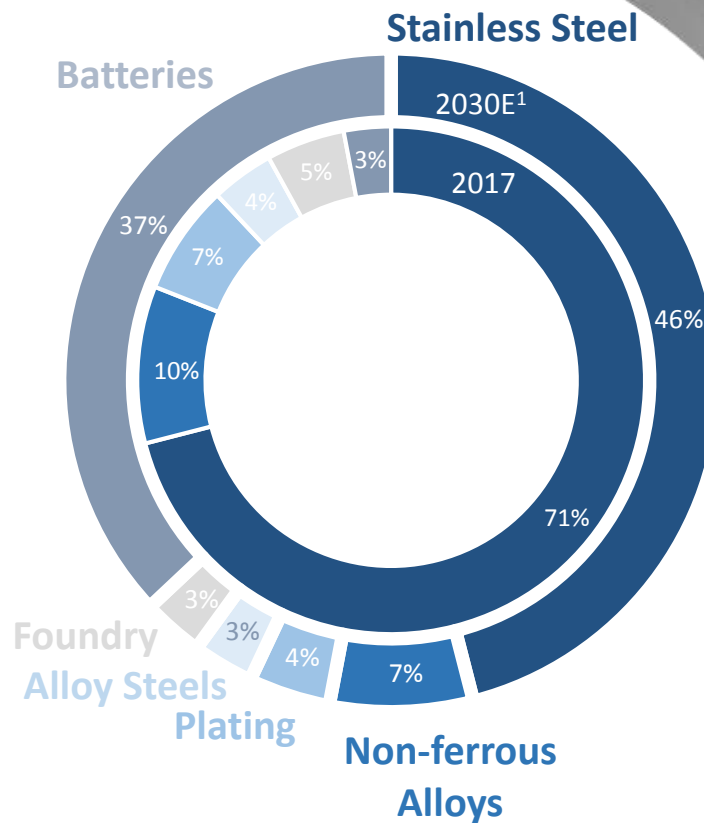
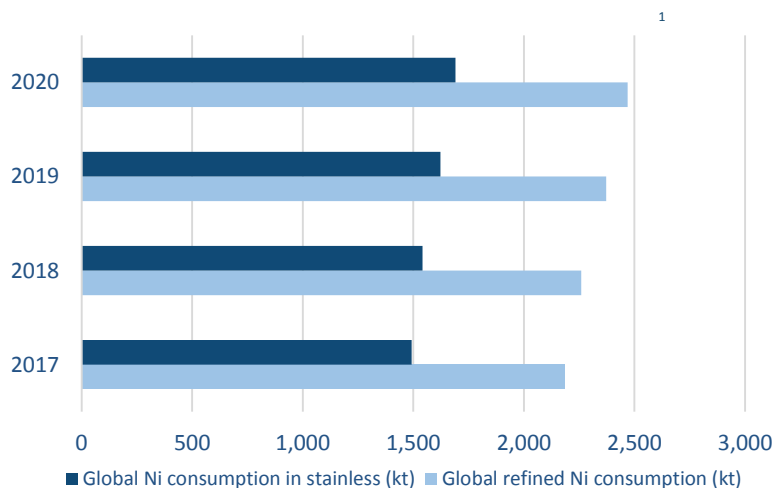
Long lead time to bring greenfield projects to production

On average new nickel mines take 8-10 years to come into production from early-stage exploration.



Current Demand vs 2030E – Stainless to Dominate

- Approximately two thirds of global nickel production is currently used to produce stainless steel.
- Demand for nickel from the battery market will reshape the nickel industry over the next decade, however stainless growth continues.
- Stainless steel industry will continue to be the largest nickel consumer and will remain the main nickel price driver in short-medium term.



¹ Source: Wood Mackenzie

² Source: Vale's expected demand growth from the battery market by 2030.

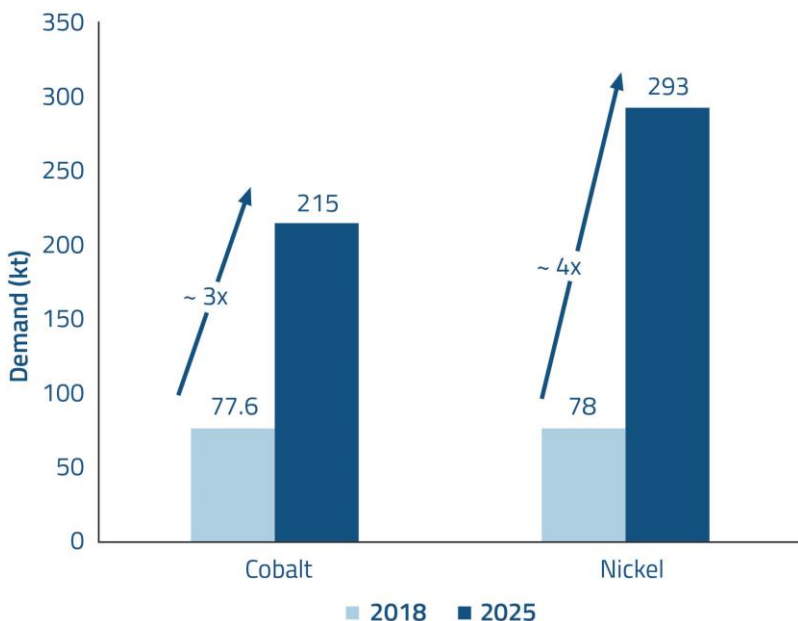


Future EV Demand Nickel Implications

Nickel Demand for EVs

The number of EVs is set to increase from 3 million today to approximately 43 million by 2030 (policy pledge scenario)¹ and the market will require approximately **1.23 million tonnes of new nickel**² by 2040, over 50% increase on current global nickel consumption (~2.2Mt).

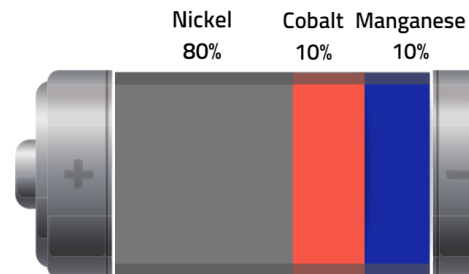
EVs Driving Huge Growth in Nickel & Cobalt³



Estimated Average Metal Use Per Vehicle⁴



NMC Battery New Market Standard – 80% Ni



¹ International Energy Agency Organisation

^{2,3} Wood Mackenzie

⁴ Glencore



Nickel Price: Views



“From 2020 the battery opportunity will open up”
Forecast at US\$17,600/t in 2021

Morgan Stanley

Morgan Stanley Nickel Price
Forecast at US\$16,600/t in 2021

Goldman
Sachs

“Soaring nickel prices and supply woes have now prompted
Goldman Sachs to up its 12-month nickel forecast
from US\$16,000/t to US\$22,000/t”



Nickel is one of Macquarie’s ‘top picks’ for 2019
Forecast at US\$17,000/t in 2021



Wood Mackenzie's long-term incentive price is around
US\$21,000/t

An aerial photograph of a large-scale mining operation. The landscape is dominated by deep red soil, which has been excavated into several large, terraced pits. The pits are arranged in a somewhat circular pattern, with the central pit being the largest and deepest. The terracing is clearly visible, showing multiple levels of excavation. In the foreground, there are several pieces of heavy machinery, including what appears to be a bulldozer and a truck. A few workers in hard hats are visible on the ground. The overall scene depicts a major industrial project in progress.

Araguaia Nickel Project
Ferro-Nickel for the Stainless Steel Market



Feasibility Study Stage 1

Stage 1 = 14,500 Ni tonnes per annum

RECENT NICKEL PRICE ~US\$18,000/tonne Ni	
Capital Cost	US\$443M
Net Cash Flow	US\$3.02Bn
Post-Tax IRR	31.2%
Post-Tax NPV _g	US\$885M
Production Payback (years)	~3
Lowest quartile C1 Cash Yr 1-10 (Ni Laterite)	US\$6,794/t Ni

BASE CASE US\$14,000/tonne Ni	
Capital Cost	US\$443M
Net Cash Flow	US\$1.6Bn
Post-Tax IRR	20.1%
Post-Tax NPV _g	US\$401M
Production Payback (years)	4.2
Lowest quartile C1 Cash Yr 1-10 (Ni Laterite)	US\$6,794/t Ni



Notes:

- Short-Term Wood Mackenzie forecast of \$14,000 applied as base case.
- FS to AACE Class 3 costs combined accuracy of - 10%+15%
- Brazilian Real to US \$ exchange rate applied = 3.5:1



Designed for Stage2:
second RKEF process line
doubling production

The image is an aerial 3D architectural rendering of an industrial plant. The facility is situated on a brown, cleared area with some green grass. A large, irregularly shaped area is outlined in a thick blue line, representing the 'Stage 2' design. This area includes several large industrial buildings, a tall distillation column, a large white cylindrical tank, and various piping and structural steel frameworks. To the left of this main area, there is a parking lot with several cars and a smaller building complex. In the bottom right corner, a smaller area is outlined in a thin blue line, representing the 'Stage 1' design. This area includes a large rectangular black pond and some smaller structures. The overall scene is set against a background of green fields and a clear sky.

Stage 1, FS design



Stage 2 Expansion

Stage 2 = 29,000 Ni tonnes per annum

RECENT NICKEL PRICE ~US\$18,000/tonne Ni

Capital Cost
US\$443M

Net Cash Flow
US\$4.7Bn

Post-Tax IRR
34.8%

Post-Tax NPV_g
US\$1.49B

Production Payback (years)
~4

Lowest quartile C1 Cash Yr 1-10
(Ni Laterite)
US\$6,613/t Ni

BASE CASE US\$14,000/tonne Ni

Capital Cost
US\$443M

Net Cash Flow
US\$2.6Bn

Post-Tax IRR
23.8%

Post-Tax NPV_g
US\$741M

Production Payback (years)
4.5

Lowest quartile C1 Cash Yr 1-10
(Ni Laterite)
US\$6,613/t Ni

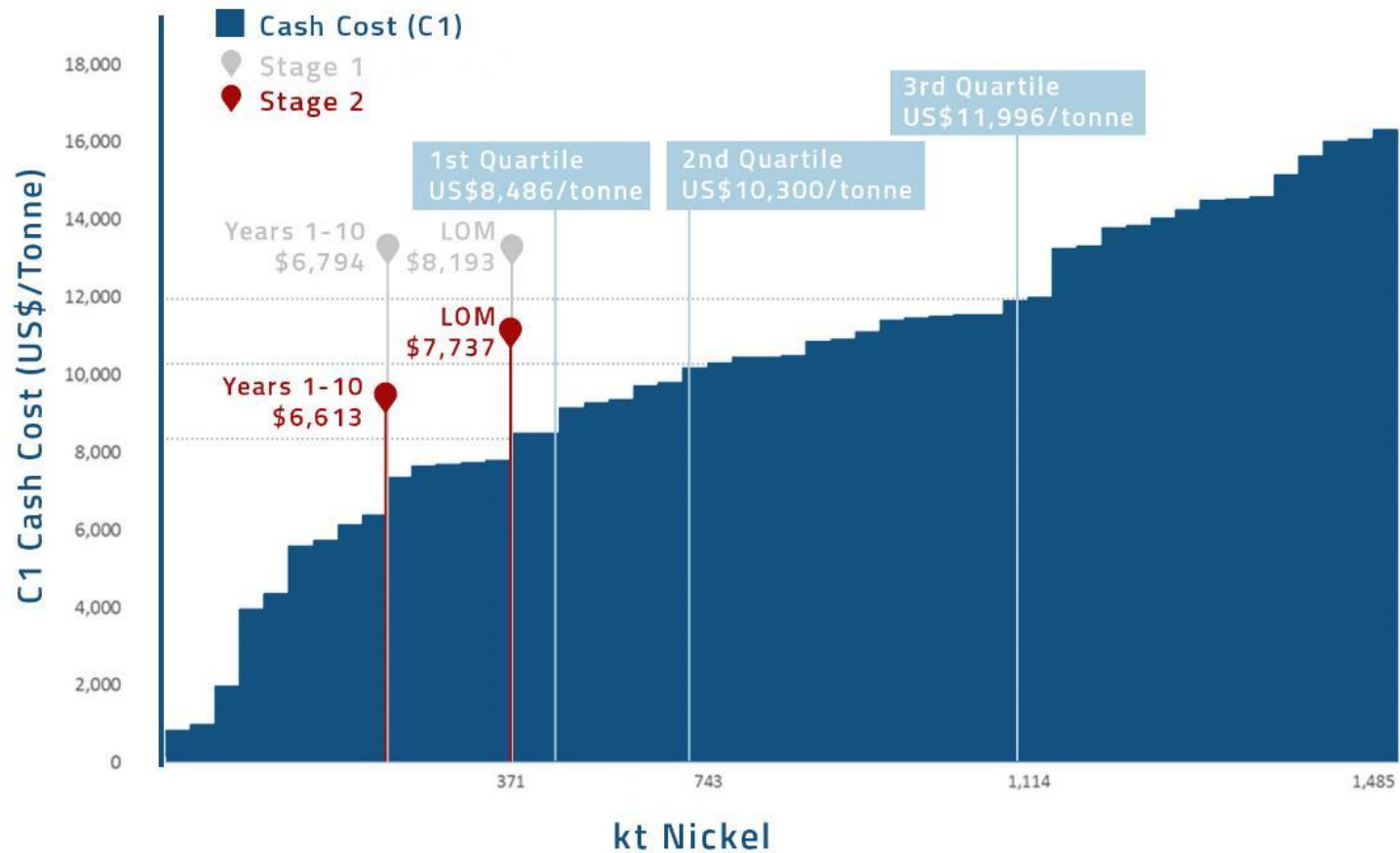
Notes:

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Lower Quartile of Cost Curve

Araguaia positioned in the lower quartile for nickel laterite production C1 (Brook Hunt) Cash Cost.





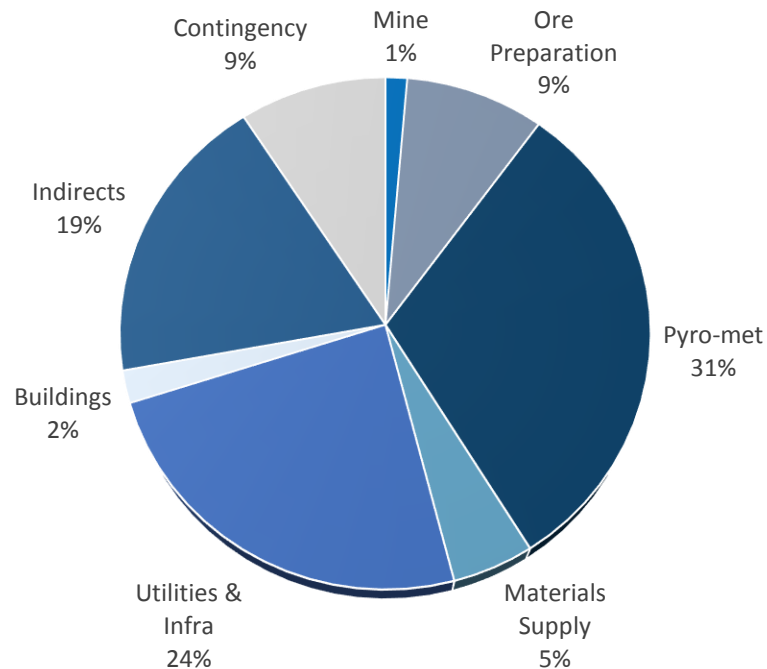
Capital Funding Requirement

Capital Cost Estimates

Initial capital cost of US\$443M is estimated for Araguaia.

Area Name	Costs (US\$'000)
Mine	6,003
Ore Preparation	38,731
Pyrometallurgy	137,518
Materials Supply	21,413
Utilities & Infrastructure	106,918
Buildings	9,095
Indirects	82,409
Contingency	40,989
Total	443,076

Capital Cost Breakdown



Sustaining capital of US\$143 million is spread over LOM for the Stage 1 FS. This number increases to \$394 million in sustaining capital over LOM for the Stage 2 expansion.

*Undertaken to AACE class 3 standard with combined accuracy of - 10%+15%. The capital and operating costs are as of Q3 2018.



Next Steps for Funding Process for Araguaia

(✓) Royalty – Complete US\$25 million with Orion

(✓) Project Development

- Pre-Production Capital of US\$443million to commence Stage 1 Construction
- Endeavour Financial engaged to advise on PF package – excellent experience in sector
- Target Project Finance package of 60-65% debt with the balance in equity

Status Project Finance

- Discussions underway with 7 international banks regarding PF syndicate
- Brazilian banks amongst the group
- Simultaneous discussions underway with export credit agencies to originate government backed credit line leading to lower interest rate and longer tenor – Germany and China
- Positive progress to date
- Process estimated to take 9 - 12 months in total

Offtake Agreement

- Part of wider finance package, interest from traders and stainless steel producers

A photograph of two electric vehicles (EVs) parked at a charging station. On the left is a white car, and on the right is a dark-colored car. Both are connected to a central black charging station by blue charging cables. The background shows a building with a window and a stone pillar. The text is overlaid on the image.

Vermelho Nickel Cobalt Project
*Product for the Electric Vehicle (EV)
Battery Markets*



Vermelho Project Overview

Full Feasibility Study completed by Vale

- All engineering data acquired - showing a nameplate capacity of 46,000t/a nickel and 2,500t/a cobalt.

Significant Investment

- Over 152,000m of drilling completed.
- Estimated US\$200M spend by previous owners, Vale.

Excellent Location

- Located in the Carajás mining district.
- Favourable infrastructure, skilled workforce.

Scalable, High Grade Resource

- NI 43-101 Resource: M&I 168Mt grading 1.01%Ni & 0.06% Co.
- Test-work produced high purity Ni and Co sulphate of suitable quality and grade for use in EV battery production.

Horizonte Pre Feasibility Study in Final Stages

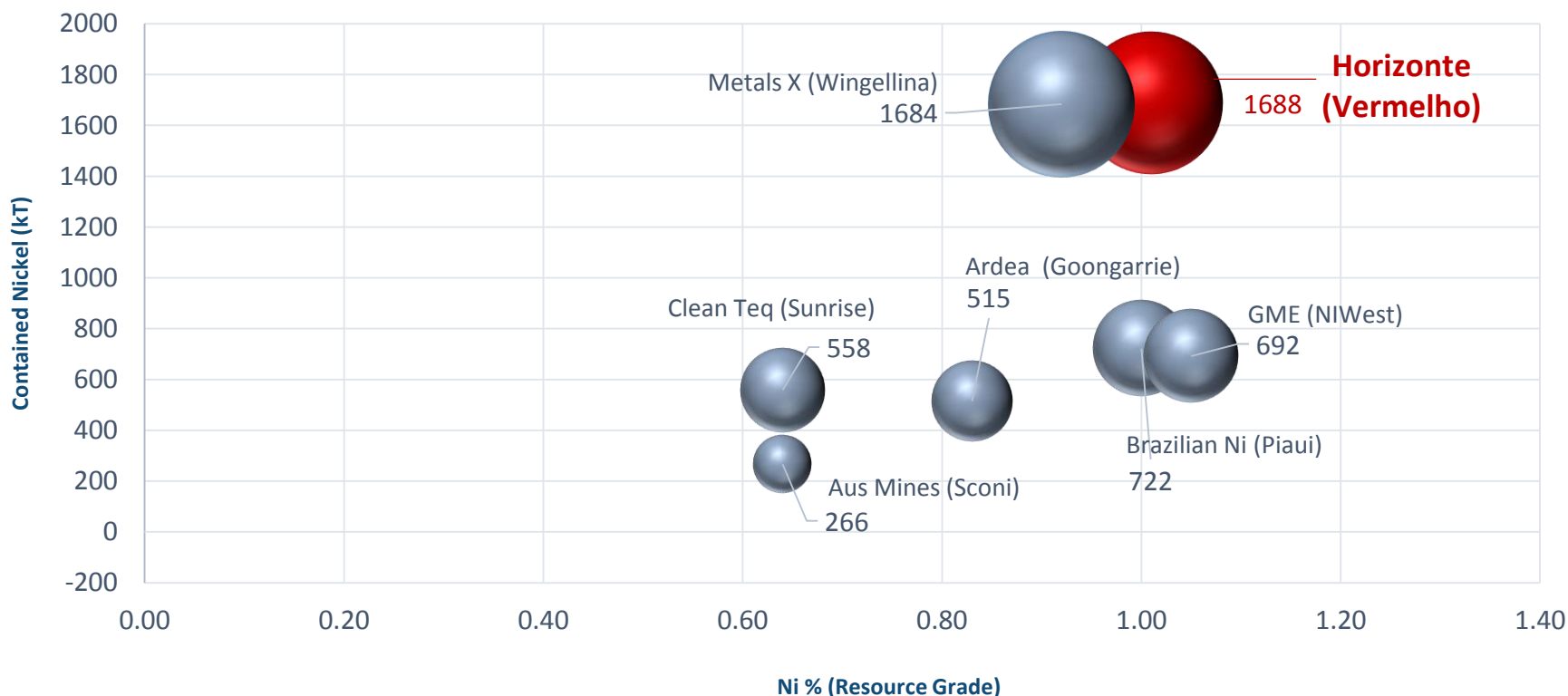
- Includes ore beneficiation for high grade plant feed.
- Study for 18,000t/a nickel in sulphate and ~1,500-2000t/a cobalt.





Vermelho – Tier 1 Project

Contained Nickel



Note: Resources based on published reports in 2018, for Measured and Indicated resources. The category(s) of the MRE for Metals X Limited - Wingellina Project has not been presented in Measured, Indicated and Inferred categories so is unknown if includes Inferred resources. Sources include: Snowden NI 43-101 - June 2018 (Vermelho); Clean TeQ SRK NI 43-101 - June 2018 (Sunrise Project); Ardea Resources MRE report to ASX March 2018 (Goongarrie Project); Australian Mines Ltd Press Release for Sconi BFS (Sconi Project); Brazilian Nickel - Piaui fact sheet 2018 (Piaui Project); Metals X Limited Annual Report June 2018 (Wingellina Project); GME Resources Press Release on NiWest PFS August 2018 (NiWest Project).



Vermelho Development Pathway





Horizonte Investment Summary

Direct Exposure to Nickel

- Nickel the best performing base metal of 2019 and fundamentals continue improving.
 - At recent nickel price of \$18,000/t, estimated Araguaia Stage 1 IRR is 31.2% with an NPV of \$885M, Stage 2 IRR is ~34.8% with an NPV of \$1.49B
-

Well Funded

- Royalty with Orion, well placed to advanced full finance package for Araguaia.
 - Cash position ~US\$30M.
-

Portfolio

- Two Tier 1 nickel projects, both 100% owned. Significant inventory with over 4Mt contained nickel.
 - Araguaia aimed at the stainless steel market and Vermelho targeting the EV battery market.
-

Location

- Proactive government support, construction licence granted for Araguaia, development ready.
 - Both projects located in a mining district, well developed infrastructure.
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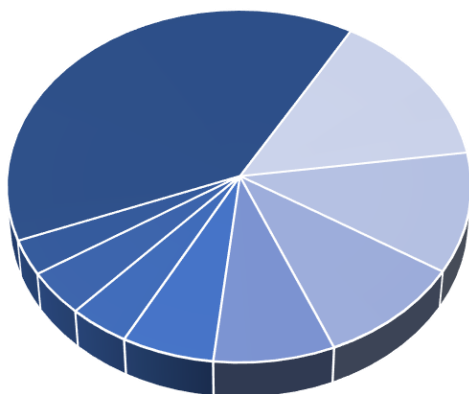
Scalability

- Araguaia designed for Stage 2 expansion potential to increase production to 29,000t/a nickel.
- Vermelho – total potential 18,000t/a nickel and ~1,500-2,000t/a cobalt.



Corporate Snapshot

Key Shareholders



- Teck Resources 14.5%
- Hargreaves Lansdown 11.0%
- Canaccord Genuity Group 9.9%
- JP Morgan 8.0%
- Glencore 6.1%
- Richard Griffiths 4.0%
- Lombard Odier 4.1%
- HSDL 3.2%
- Other 39.2%

HZM AIM share price/volume



Ticker	AIM: HZM	TSX: HZM
Share price	4.7p	C\$0.08
Shares in issue (M)	1,446	1,446
Market Cap	£68.9M	C\$108.4M
Cash + Equivalents	£4.3M	C\$6.9M
52 week trading	AIM: 1.73p – 5.00p	(C\$0.03 – C\$0.085)
Nomad & Broker	Numis	n/a
Analyst coverage	Numis/Shard	Paradigm Capital

(Share price data as of 10 September 2019)

