

# Horizonte Minerals PLC Announces Updated Capex and Schedule Estimate

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## HORIZONTE PROVIDES UPDATED CAPEX AND SCHEDULE ESTIMATE

### HIGHLIGHTS:

- Horizonte announces preliminary Cost-to-Complete estimate and achievable schedule for Araguaia Line 1
- Estimate prepared by specialized mining construction and engineering firm G Mining Services
- Graham Crew appointed as interim Chief Operating Officer (iCOO)
- Actively engaging existing and new potential investors on a full financing solution

LONDON, February 19, 2024 - [Horizonte Minerals Plc](#) (AIM:HZM)(TSX:HZM) ("Horizonte" or the "Company") announces the preliminary results of a review of the Cost-to-Complete ("CTC") estimate and schedule for its 100%-owned Araguaia Nickel Project ("Araguaia" or "the Project"). The preliminary results of the review indicate that the estimated capital required to complete the construction of Araguaia, commission the project and deliver first metal is approximately US\$454 million. As a result, the Estimate at Completion ("EAC") currently stands at US\$1,004 million, approximately 87% higher than the previously disclosed capex budget of US\$537 million (prior to October 2023). The Company anticipates achieving mechanical completion in Q1 2026.

G Mining Services ("GMS"), a specialized mining construction and engineering firm, were engaged by the Company to undertake the review process, delivering the re-estimated CTC and achievable schedule estimates. GMS is currently constructing the Tocantinzinho gold project located in Pará state and have notable accomplishments in the successful construction of other mining projects including Lundin Gold's Fruta del Norte Project in Ecuador, Newmont Mining's Merian Mine in Suriname and IAMGOLD's Greenstone project in Ontario.

The Company will continue to work closely with its major shareholders and senior lenders on a full funding solution, targeted for Q2 2024. As part of these conversations and given the increase in the CTC estimate, discussions to restructure the Company's debt facilities are being held in conjunction with actively engaging existing and new potential investors. The Company notes that additional interim funding will be required to implement such full funding solution.

Interim CEO Karim Nasr commented,

"Since our last update, a significant volume of work has been completed to develop a new Project Execution Plan, develop a realistic mine plan and business plan, all while continuing to proactively engage with the Company's cornerstone shareholders, senior lenders, vendors and contractors as well as the community and local authorities.

"While the new Cost-to-Complete is higher than previously announced by the company, it is now built on solid methodologies, which is a testament to the hard work undertaken to date by the whole Horizonte team. The Company is pleased to partner with G Mining Services, who have a track record of success in the region and are currently building the Tocantinzinho project with G Mining Ventures in Para state. The Company is now in a position to properly assess its ability to finance and complete the Araguaia Nickel Project (Line 1) and bring it into production.

"It is important to note that while completing the Cost-to-Complete estimate is a significant milestone, resuming and completing construction activities at Araguaia are still subject to the successful completion of a

full financing solution, which the company will seek to develop in the coming weeks, but with no guarantee of success. Further, the CTC estimate is the capital required to complete the construction of Araguaia, commission the project and deliver first metal. The final financing amount will be higher and will depend on a variety of factors including discussions with Senior Lenders, suppliers, cornerstone investors and other third parties."

## BASIS OF COST TO COMPLETE ("CTC") ESTIMATE

Based on the work to date, a total of around 4.7 million work-hours are required to finish construction of Araguaia Line 1. The current optimized plan assumes a smaller workforce which drives a revised construction schedule of approximately 18 months.

The EAC currently stands at US\$1,004 million, of which a total of US\$479 million has been spent up to the end of 2023, US\$52 million is outstanding to trade creditors, US\$15 million for critical activities during the slowdown period and US\$4 million pre-first metal mining costs, resulting in a CTC of US\$454 million. The capex estimate includes all the direct and indirect costs, local taxes and duties and US\$54 million contingency deemed to be required to complete the construction of Line 1, commission the project and deliver first metal. This estimate is based on the Association for the Advancement of Cost Engineering (AACE) Class 3 standard, with an accuracy range between -10% and +30%, of the final project cost. The Company intends to work with GMS over the refinancing period to refine this to a control estimate, AACE Class 1 with an accuracy range of -3% to +15%.

The costs for these items have been derived from vendor quotes for the equipment and materials. The capex estimate is after tax, including growth and contingency and excluding escalation. The CTC excludes the owner's costs incurred during the slow-down phase between 10 November 2023 and June 2024, which are being funded with current cash and the aforementioned additional interim funding requirement. The CTC also excludes working capital, capitalized ramp-up costs and financing costs which will be included in the full funding solution.

## SCHEDULE ESTIMATE

The project schedule has been re-estimated by GMS following a complete review of the quantities remaining, the procurement packages and logistics, and re-estimation of the work-hours required to complete construction and commissioning. GMS have been working with key equipment suppliers including Hatch Ltd and FLSmidth to fully assess the remaining work. The current project schedule estimate anticipates approximately 18 months of construction from re-mobilisation to the projected first metal date. Remobilisation is currently planned for Q3-2024 with a first metal date of Q1-2026, subject to successful refinancing and restart decision.

One of the key inputs for the new schedule was the productivity assumptions that drive the estimated progress for the principal project workstreams. GMS provided updated productivity figures based on their experience at the Tocantinzinho gold project located in Pará state, Brazil and therefore has recent, first-hand experience of achievable productivity rates for the main trades.

Further, as part of the review exercise, the Company reviewed the production ramp-up schedule and associated working capital and capitalized operating costs requirements. The original schedule assumed a 12-month ramp up to nameplate capacity; while achievable, this was considered to be a best-case scenario and has since been replaced by a more conservative 18-month ramp-up.

## PROJECT EXECUTION PLAN

GMS have also re-developed the Project Execution Plan (PEP) as a self-perform model as employed at Tocantinzinho and other projects GMS have been involved in. Under this model the Company will directly employ the owner's team and construction employees with expertise and support from GMS. GMS employees brought into the project will be seconded directly to Araguaia Nickel Project with objectives, salaries and any incentives set and paid by the Company.

The benefits of this model include a simplified management structure, a reduction in the number of

contractors and consultants, and full alignment of the owner's team and construction team. Specialist contractors and OEMs will continue to be critically important partners in the project execution.

## SENIOR MANAGEMENT CHANGES

Maryse Bélanger, interim Chief Operating Officer ("COO") of the Company will step down as COO effective 21 February 2024, following a period of handover to Graham Crew, who is appointed as new interim COO. The Company wishes to thank Mrs. Belanger for her invaluable assistance in this challenging period.

Mr Crew was Chief Technical Officer of La Mancha Resource Capital LLP ("La Mancha"), which advises La Mancha Resource Fund SCSp, one of the Company's major shareholders. Mr Crew has been on a period of secondment to the Company in recent months having stepped down from his day-to-day executive role within La Mancha. He was previously a Non-executive Director at [Golden Star Resources Ltd.](#) before becoming Chief Operating Officer. He has extensive operational experience in Australia, Africa and Asia and was previously Operations Manager for La Mancha Resources Australia, including the development and construction and ramp up of the Mungari processing facility, prior to the divestment of those assets to Evolution Mining. He began his career with Western Mining Corporation at Olympic Dam and Leinster Nickel Operations. He holds a B.Eng (Mining Engineering) from the West Australian School of Mines, is a Member of the Australian Institute of Corporate Directors and a Fellow of the Australasian Institute of Mining & Metallurgy.

Completion of construction activities at Araguaia will be subject to successful completion of a full financing solution in 2024. There can be no certainty at this stage that the full financing solution will be achieved and further updates will be provided in due course.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014, as retained in the UK pursuant to the European Union (Withdrawal) Act 2018.

For further information, visit [www.horizonteminerals.com](http://www.horizonteminerals.com) or contact:

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## ABOUT HORIZONTE MINERALS

[Horizonte Minerals Plc](#) (AIM/TSX: HZM) is developing two 100%-owned, Tier 1 projects in Pará state, Brazil - the Araguaia Nickel Project and the Vermelho Nickel-Cobalt Project. Both projects are high-grade, low-cost, with low carbon emission intensities and are scalable. Araguaia is under construction and when fully ramped up with both Line 1 and Line 2, is forecast to produce 29,000 tonnes of nickel per year. Vermelho is at feasibility study stage. Horizonte's combined production profile of over 60,000 tonnes of nickel per year positions the Company as a globally significant nickel producer. Horizonte's top three shareholders are La Mancha Investments S.à r.l., Glencore Plc and Orion Mine Finance.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this press release constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, the ability of the Company to complete any planned acquisition of equipment, statements with respect to the potential of the Company's current or future property mineral projects; the ability of the Company to complete a positive feasibility study regarding the second RKEF line at Araguaia on time, or at all, the ability of the Company to complete a positive feasibility study regarding the Vermelho Project on time, or at all, the success of exploration and mining activities; cost and timing of future exploration, production and development; the costs and timing for delivery of the equipment to be purchased, the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; the realization of mineral resource and reserve estimates and achieving production in accordance with the Company's potential production profile or at all. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: the inability of the Company to complete any planned acquisition of equipment on time or at all, the ability of the Company to complete a positive feasibility study regarding the implementation of a second RKEF line at Araguaia on the timeline contemplated or at all, the ability of the Company to complete a positive feasibility study regarding the Vermelho Project on the timeline contemplated or at all, exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, and various risks associated with the legal and regulatory framework within which the Company operates, together with the risks identified and disclosed in the Company's disclosure record available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including without limitation, the annual information form of the Company for the year ended December 31, 2022, and the Araguaia and Vermelho Technical Reports available on the Company's website <https://horizonteminerals.com/>. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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