

Horizonte Minerals PLC

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Horizonte Minerals Plc says Araguaia will make money even at current nickel prices

The acquisition of Glencore's Araguaia nickel assets by Horizonte Minerals Plc (LON:HZM, TSE:HZM) was hailed at the time as a "game changer" and the latest pre-feasibility study backs that up.

The assets formerly owned by Glencore augment Horizonte's own assets, making Araguaia one of the world's largest nickel saprolite projects.

Chief executive officer Jeremy Martin tells Proactive Investors that the pre-feasibility study results were very positive.

"We now have the first five years of the operational mine grading 2% nickel, and with ten years up to 1.95% nickel, and that puts the project on the upper quartile of the grade curve, globally" Martin said, adding that the expected high grades were a big part of the reason the company did the deal.

Nickel prices have been recovering this year after hitting a 14-year low of around US\$7,500 a tonne back in January. Although it has broken above the US\$10,000 barrier, it is still some way below the long-term US\$12,000 a tonne price used in the more conservative scenario covered in the pre-feasibility study.

"The important thing to note though is that the mine is viable at the current price," Martin said. "The EBITDA on an annual basis is somewhere around 40 to 50 million dollars, at the current nickel price."

"We are using a long-term price of US\$12,000 a tonne. If you look at most consensus forecasts ... they are using US\$14,000, so we've been pretty conservative in our assumptions," Martin maintains.

At US\$12,000 a tonne, the project has a net-present value of US\$328mln - which rises to US\$581mln at US\$14k a tonne - and an internal rate of return of 19.3%.

Price: 8.55

Market Cap: £123.92 m

1 Year Share Price Graph



January 2020 July 2020 January 2022

Share Information

Code: HZM

Listing: AIM

52 week High Low
10.1 1.325

Sector: General mining & base metals

Website: www.horizonteminerals.com

Company Synopsis:

Horizonte Minerals plc (AIM/TSX) is a nickel development company focused in Brazil, which wholly owns the advanced Araguaia ferronickel project and the Vermelho nickel-cobalt project, located to the south of the Carajás mineral district. The Company is developing Araguaia into the next major ferronickel mine in Brazil, with targeted production by 2022.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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