

# Horizonte Minerals PLC Announces Q3 2023 Construction Update

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## HIGHLIGHTS

- Construction progress continues to be made at Araguaia
  - Strong safety performance, no lost time injuries with close to 5.1 million hours worked
  - Rotary Kiln sections have been installed on the support piers
  - The furnace shell is complete with roof installation underway
  - All critical equipment packages have been contracted and are either on site or en route to site
  - As of 30 September, 138,000 tonnes of ore averaging 1.92% Ni has been stockpiled
  - Commissioning of the 126 km (230kV) power transmission line underway
- US\$429 million has been spent at Araguaia as of 30 September 2023
- As stated on 2 October 2023, Reta Engenharia has been retained to complete a detailed capital cost and schedule analysis which is expected to be completed by mid Q4-2023
- The Company is continuing to progress construction activities while advancing financing discussions with its cornerstone shareholders and lenders
- Araguaia Nickel Project Line 2 Feasibility Study ("FS"), which aims to double nickel production from 14,500 tonnes per annum to 29,000 tonnes per annum, to be published in mid Q4-2023

LONDON, October 23, 2023 - [Horizonte Minerals Plc](#) (AIM:HZM)(TSX:HZM) ("Horizonte" or the "Company"), the nickel company developing two Tier 1 assets in Brazil, reports that construction activities continue to progress well at its Araguaia Nickel Project ("Araguaia" or "the Project"). As of 30 September 2023, US\$429 million has been spent on Araguaia with progress made across key work fronts and no interruptions to date on construction activities.

As stated in the press release dated 2 October 2023, a number of factors arising from the completion of the detailed engineering work has led to an increase in material and quantities, scope changes, increased costs around the main electromechanical erection contract and increased duration on delivery schedule. These changes require additional financing resulting in an expected increase in the overall Project capital requirement by at least 35% (from the current capex budget of US\$537m) and delay of first production to Q3-2024. Reta Engenharia is expected to complete its capital cost and schedule analysis report, following which an independent technical advisor, nominated by Senior Lenders will review the updated costs with targeted completion by mid Q4-2023.

Jeremy Martin, CEO of Horizonte, commented: "Despite the current challenges, I am pleased to report that construction activities at the Araguaia Project continue to progress well, with a strong safety performance to date.

"Notwithstanding the expected increase in capital, the Araguaia project remains a Tier 1 nickel project with lower quartile C1 cash costs, and a long mine life of 28 years producing a high grade, low impurity FeNi product. Discussions with the Company's major shareholders and lenders to fund the project to completion are progressing."

## CAPITAL COST REVIEW PROCESS

Reta Engenharia's detailed capital cost and schedule analysis is on-going, with the updated estimate being assessed to meet the requirements of AACEI Class 1, improved from the estimate utilised in September 2022.

Principal capital changes are linked to the following:

- Civil works: the development of engineering maturity and identification of new scopes to the project resulted in increases in civil quantities (concrete, rebar and formwork) and the corresponding rise in the installation costs. These changes relate to the water storage reservoir, the water abstraction pipeline, selected major equipment packages and equipment interfaces.
- Electromechanical (EM) assembly: increased equipment and materials quantities have resulted from the completion of the critical detailed engineering, and the shift of more EM activities into the wet season given the expected delay to 3Q-2024. This represents a significant percentage of the cost increase given the lower productivity in the wet season and increased quantities.
- Refractory: the cost to install 4.3 kt of refractory was significantly underestimated.
- Vendor delays: one of the vendors have not been able to deliver key packages in line with the project timeline leading to termination of the contract and the sourcing of alternatives at higher prices.
- Schedule extension: given the above and the expected schedule delay of around six months, there is an associated increase in costs and working capital linked to the increased schedule duration.

More detailed information will be given once the final engineering study is complete by mid Q4-2023.

Click on, or paste the following link into your web browser, to view the full announcement.

[http://www.rns-pdf.londonstockexchange.com/rns/9365Q\\_1-2023-10-23.pdf](http://www.rns-pdf.londonstockexchange.com/rns/9365Q_1-2023-10-23.pdf)

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