

28 September 2017

Cadence Minerals plc
("Cadence Minerals", "Cadence" or "the Company")

Interim Results for the six months ended 30 June 2017

Further Growth in the Portfolio

Cadence Minerals plc, (AIM/NEX: KDNC; OTC: REMMY), which invests in highly prospective lithium and rare earth mineral projects, announces its interim results for the six months ended 30 June 2017.

Highlights

- **Each of our exploration investments made good progress**
- **Bacanora Minerals signed an offtake and strategic partnership with Hanwa, a Japanese global trading company**
- **European Metals Holdings, the owner of the Cinovec project in the Czech Republic, issued its Pre-Feasibility Study which estimated a net present value of US\$540m**
- **Offtake agreements signed for Yangibana's Mixed Rare Earth Carbonate**
- **Name of the Company changed to Cadence Minerals**
- **Post period end: partial sale of Bacanora Minerals stake made for £6.23m and a realised return of 75%.**

Commenting on the half year, Kiran Morzaria, Chief Executive Officer, said:

"The first six months was another very busy and productive period for Cadence Minerals. We continued to focus on progressing our portfolio and identifying new early stage projects with the potential for achieving superior investment returns. We achieved further growth in our asset base and the recent partial sale of our stake in Bacanora demonstrated the quality of the returns we are able to make. We expect to continue to make good progress on our investments."

For further information please contact

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Chairman's Statement

The era of the electric vehicle is now demonstrably fast approaching. More and more governments are committing to phasing out oil-fuelled motor transport and investment in new battery technology continues apace. Recent significant announcements from the world's major automakers to boost production of hybrid and fully electric vehicles is complementing this global drive to legislate for more rapid and intensive take up of carbon-free transport.

Cobalt, lithium and rare earth elements, have been identified as key strategic minerals in this rapidly expanding market, the supply of which will have to increase substantially over the coming years. This is precisely where Cadence is focussed and particularly on mining projects that are low-cost and scalable.

Our principal investments now include stakes in Bacanora Minerals, European Metals Holdings, Macarthur Minerals, Yangibana North Project and Auroch Minerals.

The recent sale of part of our stake in Bacanora was a strategic decision so that we are able redeploy some of the profits for reinvestment in other early stage mineral exploration companies where we can both hold larger stakes and add our considerable mining and financial management expertise to achieve returns of a similarly high level to those made on our Bacanora investment to date.

Cadence continues to have great confidence in Bacanora Minerals and its management team, and we look forward to being a supportive shareholder and joint venture partner in the development of the Sonora Lithium Project. We continue to believe that the Sonora Lithium Project has the potential to be a significant producer of battery grade lithium carbonate and will form an important part of the global lithium compound supply chain in the coming years.

The board and its strategy have evolved significantly since the Company took a stake in Bacanora four years ago and it will be an increasingly stronger theme with our new investments that we take a more active role in the management of the companies we invest in.

The future remains very exciting for the Company. We will continue to support our investee companies and identify new investments – mainly new lithium exploration opportunities - with the potential to be brought into commercial production.

Andrew Suckling
Executive Chairman

28 September 2017

INVESTMENT REVIEW

Our focus during the period was to continue to develop our investment strategy, that is, to identify, invest and play an active role in the development and progress in assets and companies that have unique access to projects that have the right chemistry, are low cost and represent a value investment.

Cadence typically invests at the early stage of the resource development cycle. This can be as early as target delineation and up to scoping study level. The risk associated with investing in any resource projects at an early stage is particularly high within the lithium sector, which is not commoditised and the success or failure of a project is highly dependent on the metallurgical risks.

Our approach to mitigate this risk is to obtain a deep fundamental understanding of the resource, its chemistry and management team. By doing so we can eliminate the many potential investments that we review during the year and fund projects that we believe will come to production and deliver value to our shareholders. Importantly we also take an active approach to our investments by either being part of the management team or, if not, assisting incumbent management in their endeavours.

Table 1: Absolute Return Figures

	31/12/2016	30/06/2017
Mark to Market Equity Value (GB£ '000)	24,152	31,626
Absolute Return on Equity (%)	36%	88%

Bacanora Minerals Ltd (“Bacanora”)

At the period end Cadence owned 16.1% of Bacanora’s equity. On the 7 September Cadence sold approximately 8.90 million of the Company’s shares in Bacanora for gross proceeds of £6.23.

Cadence purchased these shares between September 2013 and September 2014 for £3.56 million. The realised gross profit from this sale was £2.67 million, or a 75% realised return on our equity investment. After this sale Cadence owned 9.3% of Bacanora’s equity and a 30% stake in the Mexalit S.A. de CV (“Mexalit”) joint venture which forms part of the Sonora Lithium Project in Northern Mexico.

Bacanora’s principal asset is the Sonora Lithium Project in northern Mexico, which completed its preliminary feasibility study (“PFS”) in March 2016. The PFS has an initial targeted production of 17,500 tonnes (t) of lithium carbonate (Li₂CO₃) per annum, expanding to 35,000 t of Li₂CO₃ per annum two years later. The PFS has a pre-tax NPV of US\$776 million and an IRR of 29%. The PFS mine plan currently has some 16% of the plant feed being mined from the 30% joint venture areas owned by Mexalit.

In April, Bacanora entered in into offtake and strategic partnership with Hanwa Co., LTD, a leading Japan-based global trading company and one of the larger traders of battery chemicals in the Asia region.

Bacanora has commenced the Feasibility Study (“FS”), which is scheduled for completion in Q4 2017. Bacanora has also reported that discussions are already underway with long term debt providers with regards to funding for the construction of the lithium operation in Sonora which will allow them to commence the estimated 18 month build programme.

Both the equity stake in Bacanora and our ownership in the Mexalit joint venture could represent a substantial return for Cadence in the form of cash flow from the Sonora Lithium Project. To understand the possible outcomes, we have varied the operational costs and revenue per tonne of lithium carbonate to derive a matrix of potential total NPV’s (US\$millions) attributable to Cadence from the joint venture and the 9.31% equity stake in Bacanora* as at 07/09/2017.

Table 2: Matrix of potential total NPV (US\$ millions) returns from Cadence’s joint venture and indirect equity stakes in the Sonora Lithium Project

		Revenue / tonne of 99.5 % Lithium Carbonate Price US\$			
		7,000	8,000	9,000	10,000
US\$/tonne Lithium Carbonate (cost)	3,500	109	149	189	228
	4,000	88	128	168	207
	4,500	68	107	147	187
	5,000	48	87	127	167

* Company estimates are based on discounted cash flows from both equity and joint venture or direct project interests. The Company has used pre- feasibility or scoping studies in the public domain and has estimated the future cash flows that it could receive assuming all free cash flow is distributed to equity and that the project is entirely equity funded with Cadence retaining its interest and contributing on a pro rata basis.

European Metals Holdings Limited ("EMH")

As a result of some small share issues in EMH Cadence now holds a equity stake of 20.4% in EMH, slightly lower than the 20.8% reported in the year end accounts. Through this equity holding we have an economic interest in the Cinovec lithium and tin deposit.

The development of this asset has progressed well, with both a 50% upgrade in indicated lithium resources, and a summary of the pre-feasibility study published during the period. The PFS estimated the net present value of the project at US\$540m. One of the significant positive aspects of Cinovec is the potential tin credits from any mining operation would assist greatly in keeping the unit costs of lithium in the lowest quartile of global producers.

The study and confirmed our analysis of the project in 2015, in that it could represent a low-cost and potentially significant producer of battery grade lithium carbonate for the expanding battery market in Europe.

EMH has now commissioned its FS which is scheduled for completion in the second half of 2018.

Yangibana

Cadence owns a 30% free carried interest in the Yangibana North, Gossan, Hook , Kanes Gossan, Lions Ear and Bald Hill North rare earth projects ("Yangibana North Project") in Western Australia. These projects form part of the larger Yangibana Rare Earth Project ("the Project"). The free carry is up to the commencement of the FS.

Hastings Technology Metals Ltd ("Hastings"), which is the operator of the Project and the owner of the remaining 70% in the Yangibana North Project, made considerable progress during the year to date. This included upgrading and expanding the mineral resource, lodging mining permit applications and successfully completing the hydromet testing on the ore.

Subsequent to the period end Hastings received firm commitments for a A\$15.5 million capital raise which will be used for infrastructure works before processing plant construction, in addition Hastings also three offtake memorandums of understanding for the Projects eventual rare earth products.

To assess and publish the potential economic value that Cadence's stake in the Yangibana North Project, we have asked Hastings to provide both the mine plans and economic models which will form part of the final FS. It is anticipated that once the FS is published we will be able to provide a clear indication of the potential net present value attributable to our interests.

Auroch Minerals

Cadence has a 7.7% interest in Auroch Minerals which exploration properties for Cobalt-Copper-Gold project in the Czech Republic (Tisová), a Copper-Zinc project in Portugal ("Alcoutim") and a lithium project in Namibia. Drilling is underway at both Tisova and Alcoutim

Macarthur Minerals ("Macarthur")

Cadence has a 15.7% equity interest in Macarthur, which is an Australian mining exploration company focused on lithium and iron ore, primarily in the Pilbara region of Western Australia. It also has a lithium project in the USA.

During the period, Macarthur continued to progress and explore its existing projects and made some further investments in new exploration projects.

From its current projects Macarthur reported some anomalous lithium grades in the Nevada brine prospects, discovered further pegmatite swarms and anomalous gold and copper results at its assets in the Pilbara region and also looked to advance its permitted Iron Ore project in the Yilgarn Region of Western Australia.

During the period Cadence exercised its options in Macarthur, which increased our shareholding to 20.3%, subsequent to this Macarthur has raised further capital in which we did not participate, which has reduced our ownership to 15.7%.

Clancy Exploration ("Clancy")

Clancy has a number of exploration licences at the Leogang Cobalt-Nickel Sulphide Project in Austria (the "Leogang Project"). Cadence owns a 10% direct interest in these licenses. In September this year Clancy notified the Company that there were overlapping licenses over 15% of the original license areas.

We have agreed with Clancy that we will continue to explore the potential of the Leogang Project and we will work together to identify and acquire additional strategic mineral properties.

Outlook & Strategy

The management of Cadence continues to liaise closely with and support each of its investee companies. We believe that we have a good spread of investments and joint ventures which diversifies our shareholders' risks.

In addition, we plan to invest some of our profits made from the sale of our equity stake in Bacanora to identify new early stage exploration assets that have the potential to deliver the same level of returns we have seen in our other investments.

FINANCIAL REVIEW

During the period, the Group made a profit before taxation of £0.90 million (6 months ended 30 June 2016 (restated): profit £6.64 million; year ended 31 December 2016: profit £0.62 million). This was primarily due to the large increase in market value of our available for sale investment in the period ending 6 months ended 30 June 2016, which was not replicated in the current six-month period.

There was a weighted basic profit per share of 0.01p (30 June 2016 (restated): profit per share 0.09p, 31 December 2016: profit per share 0.01p). As a result of unrealized foreign exchange differences, comprehensive income for the period was £1.45 million (30 June 2016 (restated): total comprehensive income of £6.50 million, 31 December 2016: total comprehensive expenditure of £0.01 million).

Administrative expenses increased by £0.20 million compared to the same period last year, this increase was primarily attributed to payments to outside consultants and legal counsel involved in due diligence and reviews of potential new investments.

The total assets of the group increased from £35.45 million at 31 December 2016 to £36.15 million. Of this amount £18.5 million represent the market value of our available for sale investments at the period end. It is important to note that this does not include our investment in EMH. Our investment in EMH is classified as an investment in an associate and held at a value of £12.9 million. EMH is classified as such because we hold in excess of 20% and Kiran Morzaria, the Chief Executive Officer of Cadence is also a Non-Executive Director of EMH.

During the period, our net cash outflow from operating activities was £1.46 million compared to £1.23 million during the same period last year. The variance is attributable to the increased administrative expenses as highlighted above. We invested a further £0.51 million in assets which brought our net cash position down to £2.13 million.

Kiran Morzaria
Chief Executive Officer
28 September 2017

CADENCE MINERALS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017

	<i>Notes</i>	Unaudited Period ended 30 June 2017	Unaudited Period ended 30 June 2016 (Restated)	Audited Year ended 31 December 2016
		£'000	£'000	£'000
Income				
Unrealised profit on available for sale assets		2,331	7,744	5,701
Realised profit/(loss) on available for sale assets		2	(123)	(107)
Other income		60	90	189
		<u>2,393</u>	<u>7,711</u>	<u>5,783</u>
Share based payments		-	-	(717)
Other administrative expenses		(1,123)	(889)	(2,223)
Total administrative expenses		<u>(1,123)</u>	<u>(889)</u>	<u>(2,940)</u>
Operating profit		<u>1,270</u>	<u>6,822</u>	<u>2,843</u>
Share of associates losses		(103)	(51)	(200)
Finance cost		(272)	(133)	(2,027)
Profit before taxation		<u>895</u>	<u>6,638</u>	<u>616</u>
Taxation		-	(14)	-
Profit attributable to the equity holders of the Company		<u>895</u>	<u>6,624</u>	<u>616</u>
Other comprehensive income				
Foreign currency translation differences		553	(122)	(484)
Other comprehensive income for the period net of tax		<u>553</u>	<u>(122)</u>	<u>(484)</u>
Total comprehensive income/(expenditure) for the period		<u>1,448</u>	<u>6,502</u>	<u>132</u>
Profit per share				
Basic (pence per share)	4	<u>0.0115</u>	<u>0.0914</u>	<u>0.0083</u>
Diluted (pence per share)	4	<u>0.0095</u>	<u>0.0846</u>	<u>0.0067</u>

CADENCE MINERALS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017

	Share capital	Share premium account (restated)	Share-based payment reserve	Hedging, Loan & Exchange reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016 (restated)	1,098	22,161	2,783	(277)	(8,826)	16,939
Issue of share capital	65	3,486	-	-	-	3,551
Share issue costs	-	(139)	-	-	-	(139)
Transfer on lapse of options	-	-	(80)	-	80	-
Transactions with owners	65	3,347	(80)	-	80	3,412
Foreign exchange	-	-	-	(122)	-	(122)
Profit for the period	-	-	-	-	6,624	6,624
Total comprehensive profit(loss) for the period	-	-	-	(122)	6,624	6,502
Balance at 30 June 2016 (unaudited and restated)	1,163	25,508	2,703	(399)	(2,122)	26,853
Issue of share capital	29	1,637	-	-	-	1,666
Share based payments	-	-	717	-	-	717
Warrants issued	-	-	1,152	-	-	1,152
Transfer on exercise of options	-	-	(162)	-	162	-
Transactions with owners	29	1,637	1,707	-	162	3,535
Foreign exchange	-	-	-	(362)	-	(362)
On issue of loan notes	-	-	-	507	-	507
Loss for the period	-	-	-	-	(6,008)	(6,008)
Total comprehensive profit(loss) for the period	-	-	-	145	(6,008)	(5,863)
Balance at 31 December 2016	1,192	27,145	4,410	(254)	(7,968)	24,525
Issue of share capital	2	157	-	-	-	159
Transfer on lapse of warrants	-	-	(396)	-	396	-
Transactions with owners	2	157	(396)	-	396	159
Foreign exchange	-	-	-	553	-	553
On conversion of loan notes	-	-	-	(33)	-	(33)
Profit for the period	-	-	-	-	895	895
Total comprehensive profit for the period	-	-	-	520	895	1,415
Balance at 30 June 2017 (unaudited)	1,194	27,302	4,014	266	(6,677)	26,099

CADENCE MINERALS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Unaudited 30 June 2017	Unaudited 30 June 2016 (Restated)	Audited 31 December 2016
Assets	Notes	£'000	£'000	£'000
Non-current				
Intangible assets		2,228	1,774	1,909
Tangible assets		-	1	-
Investment in associate		12,879	2,753	12,982
		15,107	4,528	14,891
Current assets				
Trade and other receivables		421	731	402
Available for sale asset		18,498	21,479	15,967
Cash and cash equivalents		2,125	1,917	4,192
Total current assets		21,044	24,127	20,561
Total assets		36,151	28,655	35,452
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables		227	306	603
Borrowings		9,825	1,496	10,324
Total current liabilities and total liabilities		10,052	1,802	10,927
Equity				
Share capital	4	1,194	1,163	1,192
Share premium		27,302	25,508	27,145
Share based payment reserve		4,014	2,703	4,410
Hedging & Exchange reserve		266	(399)	(254)
Retained earnings		(6,677)	(2,122)	(7,968)
Total equity and liabilities to owners of the company		26,099	26,853	24,525
Total equity and liabilities		36,151	28,655	35,452

CADENCE MINERALS PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 30 JUNE 2017

	Unaudited Period ended	Unaudited Period ended	Audited Year ended
	30 June 2017	30 June 2016 (restated)	31 December 2016
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit	1,270	6,822	2,843
Unrealised profit on AFSA	(2,333)	(7,621)	(5,594)
Equity settled share-based payments	-	-	717
(Increase) in trade and other receivables	(19)	(502)	(173)
(Decrease)/increase/ in trade and other payables	(376)	76	373
Net cash outflow from operating activities	(1,458)	(1,225)	(1,834)
Taxation	-	(14)	-
Cash flows from investing activities			
Payments for investments in AFS assets	(214)	(883)	(7,847)
Receipts on sale of AFS assets	16	970	1,040
Purchase of tangible fixed assets	-	(1)	-
Investment in exploration costs	(312)	-	(105)
Net cash (outflow)/inflow from investing activities	(510)	86	(6,912)
Cash flows from financing activities			
Proceeds from issue of share capital	-	3,551	3,728
Share issue costs	-	(139)	(139)
Net (loan repayments)/borrowings	-	(1,102)	9,331
Finance cost	(99)	(133)	(875)
Net cash inflow from financing activities	(99)	2,177	12,045
Net (decrease)/increase in cash and cash equivalents	(2,067)	1,024	3,299
Cash and cash equivalents at beginning of period	4,192	893	893
Cash and cash equivalents at end of period	2,125	1,917	4,192

NOTES TO THE INTERIM REPORT
FOR THE PERIOD ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified.

The principal accounting policies of the Group are consistent with those detailed in the 31 December 2016 financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 30 September 2018. The forecasts demonstrate that the Group has sufficient funds to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on a going concern basis.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results

2. SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker reviews financial information for and makes decisions about the Group's performance as a whole. The Group has not actively traded during the period.

Subject to further acquisitions the Group expects to further review its segmental information during the forthcoming financial year.

3. PROFIT PER SHARE

The calculation of the profit per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Unaudited six months ended 30 June 2017	Unaudited six months ended 30 June 2016 (restated)	Audited year ended 31 December 2016
	£'000	£'000	£'000
Profit on ordinary activities after tax (£'000)	<u>895</u>	<u>6,624</u>	<u>616</u>
Weighted average number of shares for calculating basic profit per share	<u>7,773,489,131</u>	<u>7,248,431,515</u>	<u>7,418,126,097</u>
Share options and warrants exercisable	<u>1,689,215,294</u>	<u>578,298,201</u>	<u>1,738,283,823</u>
Weighted average number of shares for calculating diluted profit per share	<u>9,462,704,425</u>	<u>7,826,729,716</u>	<u>9,156,409,920</u>
Basic and profit per share (pence)	<u>0.0115</u>	<u>0.0914</u>	<u>0.0083</u>
Diluted profit per share (pence)	<u>0.0095</u>	<u>0.0846</u>	<u>0.0067</u>

4. SHARE CAPITAL

	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
	£'000	£'000	£'000
Allotted, issued and fully paid			
173,619,050 deferred shares of 0.24p (30 June and 31 December 2016: 173,619,050)	417	417	417
7,777,690,338 ordinary shares of 0.01p (30 June 2016: 7,461,273,165, 31 December 2016: 7,753,160,709)	777	749	775
	<u>1,194</u>	<u>1,166</u>	<u>1,192</u>