

# Cadence powering the future of transportation

**T**he age of the electric vehicle has arrived and the public increasingly knows that it is the future of road transportation, with the UK, France and China banning sales of petrol and diesel vehicles by 2040. VW has announced an \$84bn investment to bring 300 EV models to the market by 2030. Other manufacturers are in hot pursuit. The electrical vehicle revolution is approaching much faster than pundits first expected.

AIM-quoted **Cadence Minerals (KDNC:AIM)** has been investing since 2013 in the key elements that will fuel this generational transformation and has, to date, deployed some £20m into early stage, highly prospective lithium, cobalt and copper exploration and development projects around the world.

The company invests across the globe, principally in lithium mining projects and its primary strategy is taking significant economic stakes in upstream exploration and development strategic metal assets. It identifies assets that have significant cost advantages that are not replicable, aiming to achieve industry lower quartile production costs.

Prioritising value

Value  
opportunities  
with low  
development  
costs

opportunities with low development costs allows it to identify projects capable of achieving high rates of return. Cadence has already seen a 75% return on the partial sale of one of its more advanced assets, first invested in four years ago.

The Cadence board and management has a comprehensive blend of mining, commodity investing, fund management and deal structuring knowledge and experience, with access to key marketing, political and industry contacts.

These resources are leveraged not only in making its key investment decisions but also in providing support to investee companies, whether it be increasing market awareness of an asset, or advising on product mix or path to production.

Cadence assists the management of each asset to rapidly develop projects up the value curve, and can thereby deliver excellent returns on investment.

## KEY PROJECTS

**Cinovec** – Cinovec, in the Czech Republic, is an advanced lithium development project and historical tin mine. It represents the largest lithium deposit in Europe. In April 2017, the operator and owner of the assets European Metals Holdings announced the completion of its Preliminary Feasibility Study.

The study showed a net present value of the project of US\$540m and costs in the lower half of the cost curve. Cadence has invested some £3.1m to help fund Cinovec's development since June 2015 and now owns 21% of European Metals Holdings. As at September 2017, its unrealised return on this investment is circa 290%.

The Cadence team views the Cinovec lithium deposit as a key supply hub to support the future growth of European EV manufacturers.

**Sonora** – The Sonora Lithium Project is the most advanced of its investments with its Bankable Feasibility Study due for completion by the end of 2017. Bacanora Minerals,

## LITHIUM, THE NEW WHITE GOLD

Lithium is the hottest commodity on the planet. It is the most important component of electric vehicles (EV), high-energy batteries, power storage, consumer electronics and the latest drugs. Its current spot price has risen from circa \$6,000 per tonne to \$12,000 per tonne over the last five years.



the owner and operator of the asset, already has secured an offtake for its lithium carbonate and like Cinovec has excellent economics, with its Preliminary Feasibility Study (April 2016) estimating a net present value of \$776m.

Cadence owns 9.3% of the equity of Bacanora Minerals and 30% of part of the Sonora Lithium project, from which circa 17% of the ore will be mined.

**Yangibana** – Cadence has a 30% stake in the Yangibana Project in Gascoyne, Western Australia. Owned and operated by Hastings Technology Metals, the project is set to produce a neodymium rich mixed rare earth carbonate. The definitive feasibility study is due to be published in October 2017 with production due to commence in the second half of 2019.

### NEAR TERM OPPORTUNITIES

Cadence's investment strategy has been to identify early stage assets and participate in the funding, de-risking and value creation as the projects develop. The company recently

realised some of this return with the sale of under half of its stake in Bacanora Minerals. This realised a 75% return on a lot matching basis.

Cadence intends to deploy a large part of the profits made from this investment to continue Cadence's investment strategy in the exploration of viable lithium projects that it sees becoming part of the supply chain.

### WHY INVEST IN CADENCE?

The current boom in battery materials, particularly lithium, looks set to continue for some time to come. The stated UK Government policy to ban the sale of new diesel and petrol cars by 2040, to incentivise drivers to buy electric vehicles, is focusing minds closely on this investment opportunity.

Volvo's recent landmark announcement that from 2019 onwards all its vehicles will be partially or completely battery-powered has seen new commercial imperatives materialize, not least of which will be local and regional component and resource supply solutions.

## SHARES SPOTLIGHT

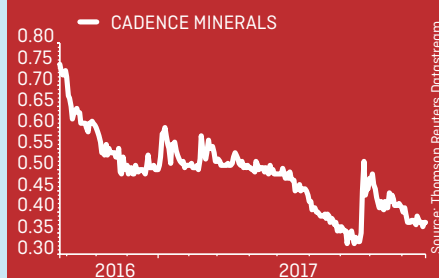


WEBSITE: [WWW.CADENCEMINERALS.COM](http://WWW.CADENCEMINERALS.COM)

SECTOR: MINING

SHARE PRICE: 0.38P

MARKET CAP: £29.6M



But it isn't just the EV growth market. By 2025, the battery market alone will be twice as big as today's entire lithium market. The supply of lithium, therefore, must make a step change upwards over the years ahead.

Therein, of course, lies the massive opportunity. Investors will want to identify companies and investment vehicles involved in a spread of risk – ranging from early stage resources to assets close to or in production.

These factors are central to Cadence Minerals' planning and strategy. With its exposure to key mature and early stage projects around the globe, Cadence offers investors an attractive fund of highly sought-after assets, that both spreads risk and minimizes any potential volatility.