

28 August 2020

**Cadence Minerals plc**  
**("Cadence Minerals", "Cadence" or "the Company")**  
**Interim Results for the six months ended 30 June 2020**

Cadence Minerals plc (AIM/NEX: KDNC), is pleased to announce its interim results for the six months ended 30 June 2020.

The effects of the COVID-19 pandemic have been deep and fundamental. The pandemic has driven huge changes in the way we work and live the long-term effects of which are hard to predict with any great degree of accuracy. The reaction by governments around the world has for the large part involved economic stimuli with central banks cutting interests and the launch of huge quantitative easing schemes.

It is the latter, and in particular, the stimulus packages in China that have been beneficial to our investment portfolio. . China's impact in relation to the rapid increase in iron ore prices has been clear. It is still the world's biggest buyer of industrial commodities, and the vast majority seaborne trade in iron ore goes there. Indeed, in the first week of June, China's steel blast furnaces were operating at 92% of capacity, which is above the 80-85% rates considered normal. Currently, indicators of construction activity look strong and a pipeline of orders had already been building before the pandemic struck. In its aftermath, construction has been given an extra push by the Chinese Government's stimulus package.<sup>1</sup>

With this macroeconomic background, the directors believe that the Company's investments have performed well. A detailed review of which was recently published in the annual report released in June 2020 and in further announcements subsequent to this date. We have provided some of the highlights from our investments over the period below.

The Company also raised £1.25 million of new funds (before expenses) from new and existing investors as announced on 21<sup>st</sup> August. These funds were raised for general working capital and to provide flexibility to the Company to repay loan notes from cash reserves rather than from its holdings in quoted investments.

## **HIGHLIGHTS**

### **Amapa, Iron Ore Mine ("Amapa")**

- Amapa was owned by Anglo American plc and Cliffs Natural Resources and consists of a large-scale iron ore mine, beneficiation plant, railway, and private port. In 2012 the operation produced 6.1 Mt of iron ore concentrate and reported operating profits from their 70% ownership in the Amapa Project of US\$120 million (100% - US\$171 million). Before its sale in 2012, Anglo American valued its 70% stake at US\$462m in its 2012 Annual Report (100% - US\$600m).
- The remaining major precondition for Cadence to make its initial investment into Amapa requires DEV Mineração S.A's ("DEV") to reach a settlement agreement with the secured bank creditors ("Bank Creditors"). On completion of the conditions and the release of the Cadence escrow monies, Cadence will become a 20% shareholder in Amapa via our joint venture company which will own 99.9% of DEV.
- DEV, Cadence and Indo Sino Pty Ltd ("the Investors") have continued a constructive dialogue with the secured the Bank Creditors, and the parties are currently negotiating the settlement terms as proposed by the Bank Creditors.

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<sup>1</sup> <https://www.economist.com/finance-and-economics/2020/06/11/the-reasons-behind-the-spectacular-rally-in-metal-prices>

- Iron Ore Stockpile Shipment - as announced on the 21 August - Companhia Docas de Santana ("CDSA"), a public (municipal) company and the port operator requested some additional non-statutory contractual requirements and undertakings. DEV has provided the requested documentation and continues to liaise with the State of Amapa and SEMA (Secretaria de Estado de Meio Ambiente). Cadence understands that SEMA will provide the required documentation imminently. Cadence will provide an update once the first shipment is underway.

#### **European Metals Holdings Limited ("EMH")**

- In late April 2020, EMH advised that shareholders had approved the investment of EUR 29.1 million by CEZ a.s. ("CEZ") for a 51% equity interest in Geomet, EMH's Czech subsidiary and holder of the Cinovec licenses at the Extraordinary General Meeting held on 23 April 2020. The investment of EUR 29.1 million will see the Cinovec project fully funded to the decision to construct.
- In June 2020, EMH European Metals advised that the Czech Ministry of the Environment had granted Geomet an updated Preliminary Mining Permit related to the Eastern part of the Cinovec deposit. The permit was issued for a period of 8 years. A Preliminary Mining Permit is a necessary legal pre-qualification before obtaining a Final Mining Permit and guarantees EMH the priority right to apply for and obtain a Final Mining Area and a Final Mining Permit.

#### **Macarthur Minerals ("Macarthur")**

- Announced Moonshine Magnetite Mineral Resource upgrade
- RCR Mining Technologies appointed to examine rail unloading infrastructure solution at Esperance Port
- Proposal for development of a Commercial Track Access Agreement received from Arc Infrastructure
- lodgement of applications for land access to develop a 93km haul road from its Lake Giles Iron Project to a proposed rail siding adjacent to the Perth to Kalgoorlie rail line
- Finalisation of land tenure agreement for the development of its proposed Magnetite processing plant at Lake Giles

#### **Bacanora Lithium Plc ("Bacanora")**

- Cadence owns a 30% stake in the Mexalit S.A. de CV ("Mexalit") joint venture which forms part of the Sonora Lithium Project in Northern Mexico.
- In late May 2020, Bacanora provided an update which included. The Sonora government continues to maintain measures to prevent the spread of Covid-19 which meant Bacanora's Hermosillo pilot plant was placed in care and maintenance in late March 2020 after shipping samples to its engineering partners in order to maintain the Front End Engineering Design schedule. The pilot plant will remain closed until conditions are considered safe, and the Government lifts its restrictions.
- As a result of the return to work in China in late April 2020, the Ganfeng lithium test plant and project team resumed work on the Sonora flowsheet optimisation and process engineering. After the completion of the flow sheet engineering Ganfeng will provide Bacanora with an Engineering, Procurement and Construction style engineering proposal to produce downstream battery-grade lithium products from the Sonora Lithium Project.

#### **Yangibana Rare Earth Project**

- Cadence owns 30% of 3 Mining Leases, 6 Exploration Licences which form part of the Yangibana Rare Earth Deposit. Hastings Technology Metals owns the remaining 70%.
- Hasting's signed long term binding Master Agreement with German Automotive Tier 1 supplier, Schaeffler technologies AG. Hasting's obligation is to supply a substantial volume of MREC over an initial period of 10 years
- Total Yangibana Project CAPEX revised to A\$449m from A\$517m resulting in 13% or A\$68M reduction in CAPEX based on Hydrometallurgical Plant relocation to the Pilbara

## **FINANCIAL RESULTS:**

During the period the Group made a loss before taxation of £1.26 million (6 months ended 30 June 2019: £0.29 million year ended 31 December 2019: £2.27 million). There was a weighted basic loss per share of 1.336p (30 June 2019: 0.331p, 31 December 2018: 2.544p). As a result of unrealised foreign exchange differences, comprehensive loss for the period was £1.42 million (30 June 2019: £0.24 million, 31 December 2019: £2.04 million).

The total assets of the group decreased from £18.77 million at 31 December 2019 to £17.89 million. Of this amount £0.37 million represent the market value of our investments at the period end. Borrowings were reduced from £2.98m at 31 December 2019 to £2.08m at 30 June 2020.

During the period our net cash outflow from operating activities was £0.67 million, and our net cash position was up £0.12 million at £2.38 million.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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**CADENCE MINERALS PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE PERIOD ENDED 30 JUNE 2020

	<i>Notes</i>	<b>Unaudited Period ended 30 June 2020</b>	Unaudited Period ended 30 June 2019	Audited Year ended 31 December 2019
		<b>£'000</b>	£'000	£'000
Income				-
Unrealised (loss)/profit) on available for sale assets		<b>(444)</b>	1,118	420
Realised profit/(loss) on available for sale assets		<b>88</b>	(264)	(97)
Other income		-	4	10
		<b>(356)</b>	858	333
Share based payments		-	-	(1)
Impairment of intangibles		-	-	(446)
Other administrative expenses		<b>(599)</b>	(635)	(1,399)
Total administrative expenses		<b>(599)</b>	(635)	(1,846)
<b>Operating (loss)/profit</b>		<b>(955)</b>	223	(1,513)
Share of associates losses		<b>(111)</b>	(274)	(262)
Foreign exchange gains/(losses)		<b>3</b>	(37)	(115)
Finance cost		<b>(199)</b>	(197)	(381)
<b>Loss before taxation</b>		<b>(1,262)</b>	(285)	(2,271)
Taxation		-	-	-
<b>Loss attributable to the equity holders of the Company</b>		<b>(1,262)</b>	(285)	(2,271)
<b>Other comprehensive (expenditure)/income</b>				
Foreign currency translation differences		<b>(156)</b>	47	232
<b>Other comprehensive (expenditure)/income for the period net of tax</b>		<b>(156)</b>	47	232
<b>Total comprehensive expenditure for the period</b>		<b>(1,418)</b>	(238)	(2,039)
<b>Loss per share</b>				
Basic (pence per share)	3	<b>(1.37)</b>	(0.34)	(2.54)
Diluted (pence per share)	3	<b>(1.34)</b>	(0.33)	(2.47)

**CADENCE MINERALS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD ENDED 30 JUNE 2020

	Share capital	Share premium account	Share-based payment reserve	Hedging, Loan & Exchange reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	<b>1,202</b>	<b>27,552</b>	<b>1,392</b>	<b>(225)</b>	<b>(15,517)</b>	<b>14,404</b>
Issue of share capital	232	2,668	-	-	-	2,900
Costs of share issue	-	(105)	-	-	-	(105)
<b>Transactions with owners</b>	<b>232</b>	<b>2,563</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,795</b>
Foreign exchange	-	-	-	47	-	47
Profit for the period	-	-	-	-	(285)	(285)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>(285)</b>	<b>(238)</b>
<b>Balance at 30 June 2019 (unaudited)</b>	<b>1,434</b>	<b>30,115</b>	<b>1,392</b>	<b>(178)</b>	<b>(15,802)</b>	<b>16,961</b>
Share based payments	-	-	1	-	-	1
Transfer on lapse of warrants	-	-	(10)	-	10	-
Issue of share capital	37	363	-	-	-	400
Costs of share issue	-	(121)	-	-	-	(121)
<b>Transactions with owners</b>	<b>37</b>	<b>242</b>	<b>(9)</b>	<b>-</b>	<b>10</b>	<b>280</b>
Foreign exchange	-	-	-	185	-	185
Loss for the period	-	-	-	-	(1,986)	(1,986)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185</b>	<b>(1,986)</b>	<b>(1,801)</b>
<b>Balance at 31 December 2019</b>	<b>1,471</b>	<b>30,357</b>	<b>1,383</b>	<b>7</b>	<b>(17,778)</b>	<b>15,440</b>
Issue of share capital	238	1,471	-	-	-	1,709
Costs of share issue	-	(81)	-	-	-	(81)
Transfer on lapse of options	-	-	(203)	-	203	-
<b>Transactions with owners</b>	<b>238</b>	<b>1,390</b>	<b>(203)</b>	<b>-</b>	<b>203</b>	<b>1,628</b>
Foreign exchange	-	-	-	(156)	-	(156)
Loss for the period	-	-	-	-	(1,262)	(1,262)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(156)</b>	<b>(1,262)</b>	<b>(1,418)</b>
<b>Balance at 30 June 2020 (unaudited)</b>	<b>1,709</b>	<b>31,747</b>	<b>1,180</b>	<b>(149)</b>	<b>(18,837)</b>	<b>15,650</b>

**CADENCE MINERALS PLC**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2020

		Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
Assets	Notes	£'000	£'000	£'000
<b>Non-current</b>				
Intangible assets		2,890	2,438	2,266
Investment in associate		12,111	12,170	12,636
		<u>15,001</u>	<u>14,608</u>	<u>14,902</u>
Current assets				
Trade and other receivables		135	1,919	246
Available for sale asset		373	2,330	1,121
Cash and cash equivalents		2,377	536	2,496
<b>Total current assets</b>		<u>2,885</u>	<u>4,785</u>	<u>3,863</u>
<b>Total assets</b>		<u><u>17,886</u></u>	<u><u>19,393</u></u>	<u><u>18,765</u></u>
<b>EQUITY AND LIABILITIES</b>				
Current liabilities				
Trade and other payables		158	372	343
Borrowings		2,078	2,060	2,982
<b>Total current liabilities and total liabilities</b>		<u>2,236</u>	<u>2,432</u>	<u>3,325</u>
<b>Equity</b>				
Share capital	4	1,709	1,434	1,471
Share premium		31,747	30,115	30,357
Share based payment reserve		1,180	1,392	1,383
Hedging & Exchange reserve		(149)	(178)	7
Retained earnings		(18,837)	(15,802)	(17,778)
<b>Total equity and liabilities to owners of the company</b>		<u>15,650</u>	<u>16,961</u>	<u>15,440</u>
<b>Total equity and liabilities</b>		<u><u>17,886</u></u>	<u><u>19,393</u></u>	<u><u>18,765</u></u>

**CADENCE MINERALS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE PERIOD 30 JUNE 2020

	<b>Unaudited Period ended</b>	Unaudited Period ended	Audited Year ended
	<b>30 June 2020</b>	30 June 2019	31 December 2019
	<b>£'000</b>	£'000	£'000
<b>Cash flows from operating activities</b>			
Operating profit/(loss)	<b>(955)</b>	223	(1,513)
Net realised/unrealised profit/(loss) on AFSA	<b>356</b>	(854)	(323)
Impairment of intangible assets	-	-	446
Equity settled share-based payments	-	-	1
Decrease/(increase) in trade and other receivables	<b>111</b>	(4)	69
Increase/(decrease) in trade and other payables	<b>(185)</b>	149	120
<b>Net cash outflow from operating activities</b>	<b>(673)</b>	(486)	(1,200)
<b>Taxation</b>	-	-	-
<b>Cash flows from investing activities</b>			
Receipts on sale of AFS assets	<b>392</b>	1,419	2,097
Receipts from sale of investments in associates	<b>414</b>	39	85
Investment in exploration costs	<b>(624)</b>	(266)	(664)
<b>Net cash inflow from investing activities</b>	<b>182</b>	1,192	1,518
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	<b>1,295</b>	1,300	2,900
Share issue costs	<b>(81)</b>	(105)	(226)
Net (loan repayments)/borrowings	<b>(643)</b>	(1,636)	(583)
Finance cost	<b>(199)</b>	(197)	(381)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>372</b>	(638)	1,710
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(119)</b>	68	2,028
<b>Cash and cash equivalents at beginning of period</b>	<b>2,496</b>	468	468
<b>Cash and cash equivalents at end of period</b>	<b>2,377</b>	536	2,496

**NOTES TO THE INTERIM REPORT**  
FOR THE PERIOD ENDED 30 JUNE 2019

**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 2019 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 2019 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 2021. 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 loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	<b>Unaudited six months ended</b>	Unaudited six months ended	Audited year ended
	<b>30 June 2020</b>	30 June 2019	31 December 2019
	<b>£'000</b>	£'000	£'000
(Loss)/profit on ordinary activities after tax (£'000)	<u>(1,262)</u>	<u>(285)</u>	<u>(2,271)</u>
Weighted average number of shares for calculating basic loss/profit per share	<u>91,777,913</u>	<u>83,352,173</u>	<u>89,273,886</u>
Share options and warrants exercisable	<u>2,700,000</u>	<u>2,800,000</u>	<u>2,800,000</u>
Weighted average number of shares for calculating diluted loss/profit per share	<u>94,477,913</u>	<u>86,152,173</u>	<u>92,073,886</u>
<b>Basic loss per share (pence)</b>	<u>(1.37)</u>	<u>(0.34)</u>	<u>(2.54)</u>
<b>Diluted loss per share (pence)</b>	<u>(1.34)</u>	<u>(0.33)</u>	<u>(2.46)</u>

The 30 June 2019 numbers have been restated for the share consolidation on 23 September 2019.

### 4 SHARE CAPITAL

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 June 2020</b>	30 June 2019	31 December 2019
	<b>£'000</b>	£'000	<b>£'000</b>
Allotted, issued and fully paid			
173,619,050 deferred shares of 0.24p (30 June and 31 December 2018: 173,619,050)	417	417	417
129,264,891 ordinary shares of 1p (30 June 2019 10,172,652,446 ordinary shares of 0.01p, 31 December 2019: 105,461,968 ordinary shares of 1p)	1,292	1,017	1,054
	<u>1,709</u>	<u>1,434</u>	<u>1,471</u>