

Cadence Minerals PLC

**Annual Report and Accounts
For the year ended 31 December 2023**

CADENCE MINERALS PLC

COMPANY INFORMATION

For the year ended 31 December 2023

Company registration number:	05234262
Registered office:	c/o Hill Dickinson LLP The Broadgate Tower Primrose Street London EC2A 2EW
Directors:	Andrew Suckling (Non-Executive Chairman) Kiran Morzaria (Chief Executive Officer) Donald Strang (Executive Finance Director) Adrian Fairbourn (Non-executive Director)
Secretary:	Donald Strang
Nominated adviser and Nominated broker:	W. H. Ireland Limited 24 Martin Lane London EC4R 0DR
Registrars:	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Bankers:	Barclays Bank Plc 1 Churchill Place London E14 5HP
Solicitors:	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Auditors:	PKF Littlejohn LLP, Statutory Auditor 15 Westferry Circus London E14 4HD

CADENCE MINERALS PLC

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Forward-looking Statement

This annual report contains 'forward-looking information', which may include but is not limited to, statements concerning the future. This annual report contains 'forward-looking information', which may include but is not limited to statements with respect to the future financial and operating performance of Cadence Minerals, the estimation of mineral resources, the realisation of mineral resource estimates, costs of production, capital and exploration expenditures, costs and timing of the development of new deposits, requirements for additional capital, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, licenses, environmental risks, title disputes or claims.

Often, but not always, forward-looking statements can be identified by the use of words such as 'plans', 'expects', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'believes', or variations (including negative variations) of such words and phrases, or state that specific actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Cadence and/or its subsidiaries, investment assets and/or its affiliated companies to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations and studies; fluctuations in the value of UK Pounds Sterling relative to the United States Dollar, and other foreign currencies; changes in project parameters as plans continue to be refined; future prices of products; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, adverse weather conditions, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

Although Cadence has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, other factors may well cause them to differ from those currently anticipated, estimated, or intended.

Forward-looking statements contained herein are made as of the date of this annual report. Cadence disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this annual report should be construed as a profit forecast.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

OUR BUSINESS AND INVESTMENT STRATEGY

Cadence Minerals is an early-stage investment and development company in the mineral resource sector. It is listed on the London Stock Exchange AIM in London.

Our strategy is to identify undervalued assets with strategic advantages that can deliver capital growth to our shareholders. We invest in these assets and assist in driving capital growth if required.

To meet the long-term demand, we recognise that the metals and mining sectors require focused investment capital from knowledgeable investors who understand the significant risks involved in the mineral resource sector and know how to mitigate these risks to maximise potential returns for our investors.

Our investment strategy encompasses investments in private assets, where we have adopted a private equity approach, and public equity investments in companies listed on stock exchanges. Public equity investments can be actively or passively held.

Active investments, a key part of our strategy, involve substantial investments where Cadence proactively manages investee companies. This is a hands-on approach, providing oversight and guidance at the board level, and is designed to enhance shareholder value and minimise downside risk.

Our private investments include mineral exploration and development projects conducted through joint venture companies or joint venture licenses. Joint venture companies operate these projects in partnership with in-country experts with the necessary knowledge and expertise to advance the projects. In this segment of our investment portfolio, we are actively involved in the management and decision-making of our investee companies but never take control. We use legal agreements to implement negative control mechanisms to protect the company's investments. Ideally, we seek to fund private investments through earn-ins and incentivise our joint venture partners with equity in Cadence based on deliverables that add value.

In our Equity Investment segment, we focus on undervalued assets within our trading portfolio. These are listed mining equities that the board, with its keen eye for potential, considers undervalued by the market. We see significant upside potential in these assets, whether through exploration success or the development of mining projects towards commercial production, aiming to achieve capital gains in the short to medium term.

Furthermore, we aim to mitigate our risk exposure by gaining a deep fundamental understanding of each investment, including its potential economics, operating and legal environment, and management team. By conducting thorough evaluations, we can eliminate many potential investments and focus on funding projects that we believe will deliver value to our shareholders.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2023.

On behalf of the Cadence Minerals board and management, I want to express my deep gratitude to all our consultants, advisors, service providers, and especially our shareholders. Your support throughout this challenging year has been invaluable to us.

Since our company's inception, your board has strived to build a portfolio with enough balance and diversity to weather and thrive in challenging market conditions.

However, the year to December 2023 provided Cadence with a particularly unique set of challenges due to severe price movements in many of the underlying commodities we are focused on as a Company. More specifically, we have seen adverse price movements in lithium, rare earths, and iron ore beyond most analyst expectations and fundamental predictions.

Cadence has always taken a long-term view of prices, and our models always suggested such dramatic swings would reverse. However, this has not stopped severe and sudden pressure on our share price, coupled with an impact on our ability to raise capital in constrained markets. These factors have weighed heavily on our valuation as a Company during the period in question, and both the board and I are incredibly frustrated that the potential of our portfolio is in no way reflected in our share price performance.

Challenging conditions remain across the commodities and resources space. But we are not deterred. We see the potential for significant improvements in the underlying commodities and our key investments and are determined to see this potential translate into a higher share price.

On a more optimistic note, analysts continue to see constraints to supply and continued demand from an ever-growing green EV revolution, ranging from infrastructure expansion to cleaner iron ore production and targets for EV penetration reflected in greater demand for Lithium. Added to this, the challenge to control costs as new production is brought to market, combined with expectations that acquisition is the way forward to grow production, are factors that will continue to underpin prices of commodities exposed to the EV sector and the Cadence Minerals portfolio.

With this blueprint in place for the foreseeable future, as our portfolio matures and develops, your board will continue to seek new investment opportunities and potential new companies to focus efforts on.

The Cadence board sends the best of wishes to all portfolio companies, hoping we can all continue to weather the resource storm and arrive in calmer seas soon. I look forward to a year when commodity prices rebound and our share price start to reflect the fundamental benefits of a diversified portfolio and its potential.

Lastly, I would like to thank my fellow board members, staff, partners of the Cadence Community, and all shareholders for their continued support and confidence in our company.



Andrew Suckling

Non-Executive Chairman, 26 June 2024

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

CHIEF EXECUTIVE OFFICER'S COMMENTARY

I am pleased to present the audited results for the year ended 31 December 2023, along with the Strategic Report, which comprehensively reviews our business activities. These results reflect the historical position of the Company's progress and financial standing, and we have included additional information on key post-year-end events in the Strategic Report.

When reviewing Cadence's activities over the past year, it's important to note that our two portfolios showed significant differences in performance. On the one hand and by in large our private portfolio delivered to their operational and have a positive long-term outlook for the commodities planned to be produced. On the other hand, our publicly traded portfolio experienced a substantial decrease in value, reflecting the strong outflows of capital from the UK stock market in 2023.

The performance of our publicly traded portfolio has continued to reflect the poor performance of the UK markets. This can partly be attributed to inflationary global stock market impacts. However, we believe the primary cause is capital flight from UK markets. In 2023, UK investors withdrew £8 billion from British stock funds, following the withdrawal of £8 billion in 2022 and £1 billion in 2021*. This significant shift of retail investors from the UK markets to non-UK-focused equity funds has negatively impacted our portfolio value and Cadence's share price.

Our private portfolio saw solid operational performance, with most of our goals delivered during the year. The Amapá iron ore project is our only actively managed asset in the private portfolios and remains the primary focus for Cadence's management. In my capacity as a director of the joint venture, Cadence was heavily involved in the operational progress we have seen this year, which included the delivery of a robust Pre-Feasibility Study ("PFS") with post-tax net present value ("NPV") of US\$949 million, the agreement with the state of Amapá on an accelerated timeline for construction and environmental permitting and lastly the execution of a MOU which plots a path to the financing of the project. As of 31 May 2024, our investment has been circa US\$13.6 million for 34% of the Amapá iron ore project.

In early 2023, Cadence converted its passive private investments into publicly traded equity. This was accomplished through two asset sales. Firstly, our 31.5% interests in Lithium Technology Pty Ltd and Lithium Supplies Pty Ltd ("LT and LS") were sold to Evergreen Lithium, listed on the Australian Stock Exchange in March 2023. Secondly, our 30% interest in licenses within the Yangibana Rare Earth Project ("Yangibana Project") were sold to owner/operator Hastings Technology Metals in January 2023. Cadence had initially invested approximately £1.7 million in these assets. After the year's end, Cadence completed the sale of its stake in Hastings for approximately £1.1 million, and the current value of our stake in Evergreen Lithium is around £0.50 million. These investments substantially decreased in value over the period for the reasons I highlighted above.

Given the equity market's overall performance in 2023, we wanted to ensure that we made a profit on our investments rather than hold them at a loss in the future. This objective was achieved during the year in relation to our stake in Hastings and European Metals, which to date have delivered 44.46% and 174.43% realised returns on our original investment, respectively. With Evergreen Lithium, we are subject to a lock-in period, which will expire in March next year.

We are excited about advancing the Amapá Iron Ore project in the coming year. This includes obtaining the necessary environmental permits for construction, enhancing the project's economics through increased production and capital savings, and, most importantly, completing metallurgical test work for our planned "green iron" 67% iron ore concentrate.

* <https://www.reuters.com/world/uk/uk-stock-funds-suffer-third-year-outflows-2023-calastone-2024-01-09/>

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CHIEF EXECUTIVE OFFICER'S COMMENTARY (CONTINUED)

As for our other investments, we eagerly anticipate Evergreen Lithium's progress. The latest announcement about the start of drilling and its proximity to the Finnis project makes it the most promising investment in our portfolio.

Cadence's goal is to minimise the reliance on external capital by growing and reinvesting the profits generated from our assets under management. We are progressing towards this objective, as demonstrated by our investments totalling £10.71 million over the past four years. This amount was financed by £9.92 million from profitable sales in our public portfolio and £0.79 million from equity and debt capital



Kiran Morzaria

Chief Executive Officer, 26 June 2024

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

INVESTMENT REVIEW

As outlined in the section “Our Business and Investment Strategy,” Cadence operates an investment strategy in which we invest in private projects via a private and public equity model. In both investment classes, we take either an active or passive role. We have reported in these segments below.

PRIVATE INVESTMENTS, ACTIVE

The Amapá Iron Ore Project, Brazil

Interest – 33.12% at 31/12/2023 and 34.01% at 31/05/2024

The Amapá Project is a large-scale iron ore mine with associated rail, port, and beneficiation facilities. It began operations in December 2007 but ceased in 2014 due to a geotechnical failure at the port facility, which limited iron ore export. Before closing, the Project made an underlying profit of US\$54 million in 2012 and US\$120 million in 2011. In 2008, the Project produced 712 thousand tonnes of iron ore concentrate, and production increased to 4.8 million tonnes in 2011 and 6.1 million tonnes in 2012.

Investment

In 2019, Cadence entered into a binding investment agreement to invest in and acquire up to 27% of the Amapá iron ore mine, beneficiation plant, railway, and private port owned by DEV Mineração S.A. (“DEV”). The agreement also gave Cadence a first right of refusal to increase its stake to 49%.

To acquire its 27% interest, Cadence invested US\$6 million over two stages in a joint venture company, Pedra and Branca Alliance (“PBA”). The first stage was for 20% of PBA, for which the consideration was US\$2.5 million. The second stage was for a further 7% of PBA for a consideration of US\$3.5 million. Both of these investments were completed in the first quarter of 2022. By the end of 2023, Cadence had invested approximately £10.0 million (US\$12.7 million) for a 33.12% stake in the Amapá Project. As of 31 May 2023, Cadence has invested approximately £10.8 million (US\$13.6 million) for a 34.01% stake in the Amapá Project.

Operations Review

During the reporting period, significant strides were made at the Amapá Project. We published a robust PFS early in the year and conducted a port optimisation study that identified potential capital savings. Additionally, we secured an expedited timeline with the Amapá State Environmental Agency for the environmental permits. Our unwavering focus on improving the safety and stability of the Tailings Storage Facility (“TSF”) has yielded positive results. Most notably, we proudly announced that our joint venture company, PBA and DEV, entered into a memorandum of understanding (“MOU”) with Sinoma Tianjin Cement Industry Design & Research Institute Co., Ltd., a wholly owned subsidiary of Sinoma International Engineering Co., Ltd. (“TCIDR”), for the development and financing of the Amapá Project.

After the period ended, we continued to improve the project's economics by lowering the initial capital expenditure. We also embarked on metallurgical test work on our ore to achieve a higher grade (67%) iron ore product.

Pre-Feasibility Study & Optimisation Studies

The results of the PFS were announced in early January 2023. The PFS confirmed the potential for the Amapá Iron Ore Project to produce a high-grade iron ore concentrate and generate strong returns over the life of the mine. It outlined a robust 5.28 Mtpa (dry) operation, which can provide excellent cash flows and a post-tax NPV of US\$949 million.

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INVESTMENT REVIEW (CONTINUED)

The Amapá Iron Ore Project, Brazil (continued)

We upgraded and increased the Amapá Project Mineral Resource Estimate as part of the PFS. This resulted in a substantial increase in total Measured, Indicated and Inferred Mineral Resources to 276.24 million tonnes grading 38.33% Fe and a maiden Measured Resource of 55.33 Mt grading 39.26% Fe.

The Key Highlights of the PFS are below:

- Annual average production of 5.28 million dry metric tonnes per annum ("Mtpa") of Fe concentrate, consisting of 4.36 Mtpa at 65.4% Fe and 0.92 Mtpa at 62% Fe concentrate.
- Post-tax Net Present Value ("NPV") of US\$949 million ("M") at a discount rate of 10%.
- Post-tax Internal Rate of Return of 34%, with an average annual life of mine EBITDA of US\$235 M annually
- Maiden Ore Reserve of 195.8 million tonnes ("Mt") at 39.34% Fe demonstrates an 85% Mineral Resource conversion.
- Free on Board ("FOB") C1 Cash Costs of US\$35.53 per dry metric tonne ("DMT") at the port of Santana. Cost and Freight ("CFR") C1 Cash Costs US\$64.23/DMT in China.
- Pre-production capital cost estimate of US\$399 million, including the improvement and rehabilitation of the processing facility and the restoration of the railway and the wholly owned port export facility.

After achieving positive results in the Preliminary Feasibility Study (PFS), we conducted several studies to enhance the project's economics and engineering. Firstly, we adjusted the layout of the port at Santana by relocating the railway loop further from the shore. A scoping study indicated a potential capital saving of US\$28 million for the port refurbishment costs.

The second improvement involved reviewing the flowsheet to enhance the quality of the final product beyond the current 65% iron ore concentrate and to reduce operating costs. In the first quarter of 2024, a conceptual flowsheet was developed to produce a 67% iron ore concentrate, which is currently being tested with ore from the mine. In March 2024, a study revealed capital savings of US\$63.2 million associated with the beneficiation plant at the Amapá Project.

Expedited Permitting Pathway & Re-Rating of Tailings Storage Facility

In September 2023, the Amapá Project shortened its expected environmental permitting timeline from approximately 36 to 12 to 16 months. This means that subject to state approvals, we expect the grant of mine Installation Licenses ("LI") over the wholly owned port, railway, beneficiation plant, and mine during the course of 2024. The application for the railway, beneficiation plant, and mine has been submitted, and we expect the port application to be submitted by the end of July 2024.

While the Amapá Project was operating, it held all the necessary permissions to mine, process, transport and ship some six million tonnes of iron ore annually. However, many of these licenses lapsed after it ceased operations in 2014. Cadence has been working alongside the team at the Amapá Project to obtain these licenses and permissions. To date, we have reinstated and extended the railway concession to 2046 (completed in December 2019) and been granted a change of control over the wholly owned port in November 2021, which ensured the federal licenses could be maintained.

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INVESTMENT REVIEW (CONTINUED)

The Amapá Iron Ore Project, Brazil (continued)

The Amapá Project owns the required Mining Concessions; however, it must obtain a Mine Extraction and Processing Permit ("Mining Permit") to begin operation. To obtain this permit, the Amapá Project must obtain an LI and, when constructed, an Operational License ("LO") from the Amapá State Environmental Agency.

Before the suspension of mining, the Project had numerous LOs across the mining, rail, and port operations. These LOs expired between 2013 and 2018. In 2022, the Amapá Project began regularising the expired environmental permits and started consultation with the Amapá State Environmental Agency and the relevant state authorities. The Amapá Project requested that the requirement for a full environmental impact study be waived. This request for a waiver was on the basis that the previous LOs were granted on an operation that is substantially the same as is currently planned and remains applicable to future operations.

As a result of the productive discussions between the various state authorities and the Amapá Project, we are delighted to announce that the Amapá Project is on track to shorten the licensing timeline substantially. We have reached an agreement with the Amapá State Environmental Agency that on the mine and railway, we will be able to submit an Environmental Control Plan - 'PCA' (Plano de Controle Ambiental) and an Environmental Control Report - 'RCA' (Relatório de Controle Ambiental). While a full environmental assessment of the port is still required, the Amapá Project has already initiated some background studies, leading us to anticipate a shortened timeline for the grant of the port LI. This reassurance about the project's future instils confidence in our stakeholders. This timeline is substantially shorter than expected on a greenfield site, where the impact study and associated approval can typically take between 24 and 36 months. The Amapá Project could achieve this in 12 to 16 months.

Tailings Storage Facility ("TSF")

One of Cadence's initial investment criteria into the Amapá Project was the safety and stability of the TSF. As such, before entering into the investment agreement with our joint venture partners, we carried out a TSF review by an internationally recognised consultant group and were satisfied with the structure and stability of the TS. Nonetheless, given the lack of reporting and maintenance from 2014 onwards, the TSF at the Amapá Project was considered a high risk. The work carried out since 2019, including maintenance, reporting, drilling and compliance, has meant that the Amapá Project TSF is approaching the lowest risk rating for operating TSF. The intent is for the TSF to continue to improve its risk rating. This will be achieved by completing a dam break study, installing video monitoring on the TSF, and ongoing inspection and remediation of various TSF-associated infrastructure.

Secured Bank Settlement Iron Ore Shipments

As per the settlement agreement announced in December 2021 [here](#), the net proceeds of the one shipment carried out in 2022, along with approximately half of the net proceeds from the shipments in 2021, have been used to pay the secured bank creditors. We have continued productive dialogue with the secured bank creditors regarding the best way to repay the historic lender amounts. We believe that a one-time settlement using DEV's stockpile of iron ore as collateral would be the best solution, and we are advancing discussions with the secured bank creditors in this regard.

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INVESTMENT REVIEW (CONTINUED)

The Amapá Iron Ore Project, Brazil (continued)

Strategic Development and Financing MOU for the Amapá Iron Ore Project

In October 2023, our joint venture company, PBA and DEV, entered into an MOU with TCIDR. Under the MOU, TCIDR will submit a fixed-price Engineering Procurement and Construction ("EPC") contract for the Amapá Project. The EPC contract and any other services provided by TCIDR are subject to being provided on a competitive basis and to PBA's and DEV's commercial evaluation and approval. TCIDR will be appointed as the General EPC contractor for the Amapá Project once these approvals have been granted and the provision of TCIDR-facilitated project financing is secured. This will require the execution of legally binding documents.

Under the MOU, TCIDR will use its best commercial efforts to secure the required financing for the construction and re-development of the Amapá Project, including the necessary guarantees, project finance insurance, and debt financing. In this regard, TCIDR continues its discussion with SinoSure China Export & Credit Insurance Corporation and China Development Bank.

Development Plan for the Amapá Project

The goal is to bring this project back into production. Based on the positive results derived from the PFS optimisation study announced in March 2024, which included an increase in output to 5.5 Mtpa annum of iron ore concentrate, we have decided to redesign the mine plan with our joint venture partners to reduce mining costs.

This revision and the revised capex will form the basis of an amended economic assessment of the Project at a PFS level. Additionally, we are fully committed to advancing the development of the 67% Fe product flow sheet, as previously outlined in the announcement on 7 March 2024. We also anticipate it being at a production rate of 5.5 Mtpa. This will also form the basis of an additional amended economic assessment of the Project at a PFS level.

Alongside this, we expect the grant of the Lis by the end of the year, allowing the commencement of construction and the recommissioning of the Project in 2025. Of course, this will be subject to the Project securing appropriate debt and equity financing.

With the various work streams progressing well studies, Cadence and Its joint venture partners have agreed that the lowest risk and currently best commercial approach to developing this project is to bring on a highly experienced mining operator alongside TCIDR as a joint venture partner. We are working towards this goal. However, the above strategy does not preclude the option for our joint venture to develop the project or a trade sale. The funding of debt and equity for the recommissioning and construction of the Project is anticipated to occur at the asset or joint venture level via a third party. In the interim and subject to financing availability, Cadence intends to continue its investment into the Project.

PRIVATE INVESTMENTS, PASSIVE

Ferro Verde Iron Ore, Brazil

Interest - 1% on 31/12/2023 and 31/05/2024

In 2022, Cadence invested a small amount (£0.21 million) in an advanced iron ore deposit in Brazil the previous year. The Ferro Verde Deposit is located in the southern portion of the state of Bahia, in the northeastern region of Brazil, next to the town of Urandi, some 700 km southwest of Salvador, the state of Bahia.

The project is currently progressing with its Definitive Feasibility Study (DFS). It has a historic inferred resource of 284 million tonnes of iron ore at 31% Fe. The intent is to produce 4.5 Mtpa of 67% Fe. Our intended exit strategy is either when the asset is listed or the owners carry out a trade sale.

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PRIVATE INVESTMENTS, PASSIVE

SONORA LITHIUM PROJECT, MEXICO

Interest – 30% on 31/12/2023 and 31/05/2024

Cadence holds an interest in the Sonora Lithium Project through a 30% stake in the joint venture interests in Mexalit S.A. de CV ("Mexalit") and Megalit S.A. de CV ("Megalit").

Mexilit and Megalit form part of the Sonora Lithium Project (the "Project"). The Sonora Lithium Project consists of nine granted concessions. Two of the concessions (La Ventana, La Ventana 1) are owned 100% by subsidiaries of Ganfeng Lithium Group Co., Ltd ("Ganfeng"). El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions are owned by Mexilit S.A. de C.V. ("Mexilit"), which is owned 70% by Ganfeng and 30% by Cadence. The Buenavista and San Gabriel concessions are owned by Megalit, which is owned 70% by Ganfeng and 30% by Cadence. Ganfeng Lithium has been developing the project, which consists of an open-pit mine and a lithium chemical product processing facility. The principal planned lithium product for the project is lithium hydroxide.

In April 2022 and May 2023, the Mexican Government changed its Mining Law, which included prohibiting lithium concessions, declaring lithium as a strategic sector, and giving exclusive rights for lithium mining operations to a state-owned entity. These changes were not meant to affect existing concessions, such as those held by Mexilit and Megalit. Ganfeng and Cadence believe the reforms should not impact their project's concessions because they were granted before the Mining Law Reform. This aligns with the principles of legality and non-retroactivity of laws outlined in the Constitution of Mexico.

While Ganfeng was in discussions with the Secretary of Economy, the General Directorate of Mines ("DGM") started reviewing nine lithium concessions held by Mexican subsidiaries, including those owned by Mexilit and Megalit.

The DGM warned that the concessions could be cancelled if the Mexican subsidiaries did not provide enough evidence within a specified timeframe to prove their compliance with minimum investment obligations for developing lithium concessions from 2017 to 2021.

As of May 2023, Mexilit and Megalit had submitted extensive evidence of their timely compliance with the minimum investment obligations for the lithium concessions. However, in August 2023, the DGM issued a formal decision notice to the Mexican subsidiaries, cancelling nine lithium concessions, including those owned by Mexilit and Megalit.

The cancellations for the lithium concessions issued by the DGM are not final and are subject to ongoing appeals. Ganfeng and Cadence believe that the Mexican Subsidiaries have complied with their minimum investment obligations, as Mexican law requires. The mine development investment by the Mexican Subsidiaries has significantly exceeded the minimum investment obligations, and the Mexican Subsidiaries regularly submitted annual reports detailing their operations within the prescribed period annually. Ganfeng and Cadence have filed administrative review recourses before the Secretary of Economy against the resolutions cancelling the concessions, as they believe these resolutions violate Mexican and international law and infringe upon their fundamental due process rights.

In November 2023, Cadence issued a Request for Consultations and Negotiations ("Request") to the Government of Mexico under the United Kingdom-Mexico Bilateral Investment Treaty ("BIT"). The Request pertains to the alleged revocation of the mining concessions for the Sonora Lithium Project (the "Project") by the Mexican General Directorate of Mines, as announced by Cadence on 31 August 2023, and related acts and omissions by Mexico.

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INVESTMENT REVIEW (CONTINUED)

Sonora Lithium Project, Mexico (continued)

The affected concessions include those granted to Mexilit S.A. de CV ("Mexilit") and Minera Megalit S.A. de CV ("Megalit"), which are joint venture companies in which Cadence holds a 30% stake through REMML.

In their Request, Cadence and REMML have identified various BIT obligations that Mexico has breached, including Mexico's obligation not to unlawfully expropriate the investments of UK investors such as Cadence and REMML and its obligation to treat such investments fairly and equitably.

In accordance with Article 10 of the BIT, Cadence and REMML have requested consultations and negotiations with Mexico to resolve the dispute amicably. The BIT provides for disputes to be resolved by international arbitration if they cannot be resolved through consultation and negotiation.

INVESTMENT REVIEW (CONTINUED)
PUBLIC EQUITY

The public equity investment segment includes active and passive investments in our trading portfolio. The trading portfolio consists of investments in listed mining entities that the board believes possess attractive underlying assets. The focus is to invest in mining companies that are significantly undervalued by the market and where there is substantial upside potential through exploration success and/or the development of mining projects for commercial production. Ultimately, the aim is to make capital gains in the short to medium term. Investments are considered individually based on various criteria and are typically traded on the TSX, ASX, AIM or LSE.

During the period, our public equity investments generated an unrealised loss of £3.10 million (2022: £4.59 million). These unrealised losses tracked our largest holding, European Metals Holdings (“EMH”), down some 49% over the year. Overall, our return to date on our investment in EMH is approximately 147%. We realised an accounting loss from sales of £3.70 million (2022: profit of £0.55 million) of our Hastings investment as it is booked against the sale price of the licenses rather than against our original purchase value, using the later metric our return on the original investment (inclusive of post-year-end sales) was circa 44.46%. Our investment in EMH is the only active investment in the public equity portfolio.

The movement in public portfolio values during the year is summarised below.

	Commentary	£,000
Portfolio value at the beginning of period		5,244
Transfer of privately held assets to publicly held assets at market value	Transfer of Yangibana Licenses and Evergreen investments.	6,962
Disposal of public Investments during the year	The majority of disposal was in EMH, with proceeds reinvested into Amapá.	(2,150)
Realised and Unrealised loss on portfolio value for the year	The majority of the loss was driven by a reduction in EMH's and Hastings share price	(5,894)
Portfolio value at the end of the year		4,162

As of 31 December 2023, our public equity stakes consisted of the following:

Company	31-Dec-23 £,000	31-Dec-22 £,000	31-Dec-21 £,000	31-Dec-20 £,000
European Metals Holding Ltd	2,339	4,882	11,287	13,426
Charger Metals NL	-	301	342	-
Macarthur Minerals Ltd	-	-	181	329
Evergreen	1,481			
Hasting Technology Metals	321			
Eagle Mountain Mining Ltd	-	37	122	-
Miscellaneous	21	24	42	6
Total	4,162	5,244	11,974	13,761

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

INVESTMENT REVIEW (CONTINUED)

PUBLIC EQUITY, ACTIVE

European Metals Holdings Limited ("European Metals")

Interest – 7.0% at 31/12/2023 and 2.96% on 31/05/2024

European Metals owns 49% of Geomet s.r.o. with 51% owned by České Energetické Závody, a.s. ("CEZ"). CEZ is a significant energy group listed on various European Exchanges. Geomet s.r.o. owns 100% of Cinovec which hosts a globally significant hard-rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li₂O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li₂O and 0.04% Sn containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 263kt of tin, as reported to ASX on 28 November 2017 (Further Increase in Indicated Resource at Cinovec South).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported on 4 July 2017 Cinovec Maiden Ore Reserve –has been declared to cover the first 20 years' mining at an output of 22,500tpa of battery-grade lithium carbonate reported on 11 July 2018 (Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate). This makes Cinovec the largest hard-rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit and an active 22 kV transmission line running to the historic mine.

On January 30, 2023, European Metals announced that the Cinovec Project has been classified as a Strategic Project for the Usti Region of the Czech Republic. This classification means that the project has priority for grant funding from the Just Transition Fund ("JTF") co-funding. The total amount allocated by the Just Transition fund for the Czech Republic is CZK 41 billion (€1.64 billion), of which the Usti region has been allocated CZK 15.8 billion (approximately €632 million).

In July 2023, European Metals completed a capital raising of approximately €6 million from the European Bank for Reconstruction and Development ("EBRD") as a strategic investment in the Company and the development of the Cinovec Project. Furthermore, the results of the Lithium Chemical Plant (LCP) pilot program have confirmed the robustness of the Cinovec LCP process flowsheet and provide a strong foundation for executing the Cinovec Project.

The pilot program, conducted at ALS Laboratories in Perth, Western Australia, aimed to confirm the LCP flowsheet and produce enough marketing samples for potential off takers to test in their own laboratories. The pilot program has achieved these objectives without necessitating any further development of the LCP process flowsheet.

The pilot program has provided extensive data throughout all of the LCP process steps, contributing to the confirmation of design and engineering for the ongoing Definitive Feasibility Study (DFS) and the post-DFS execution of the Cinovec Project.

PUBLIC EQUITY, PASSIVE

Evergreen Lithium Limited, Australia

Interest – 8.74% at 31/12/2023 and 8.74% on 31/05/2024

In July 2022, Cadence Minerals received approximately 15.8 million shares in Evergreen Lithium ("Evergreen") when Cadence sold its 31.5% stake in Lithium Technologies and Lithium Supplies ("LT and LS") to Evergreen as announced on 27 June 2022.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

INVESTMENT REVIEW (CONTINUED)

Evergreen Lithium Limited, Australia (Continued)

During 2023 Evergreen was listed on the Australian Stock Exchange ("ASX"). Before listing, Cadence's equity stake in Evergreen was 13.16%; due to the IPO and associated fundraising, this was reduced to 8.74%. At the time of writing, the value of this stake is approximately £0.71 million; our initial investment into this asset was £0.83 million.

A further AS\$ 6.63 million (£3.80 million) shares in Evergreen are due to Cadence on achieving certain performance milestones by Evergreen. Further details of these milestones can be found in the Evergreen prospectus. Cadence's shares are subject to a 2-year escrow agreement as determined by the listing rules of the ASX (expiring in May 2025).

On acquiring LT and LS, Evergreen became the 100% owner of three exploration tenements. The Bynoe Lithium Project and Fortune Lithium Project (awaiting grant of exploration permit) are located in the Northern Territory, and the Kenny Lithium Project is located in Western Australia.

The Bynoe Lithium Project is Evergreen's flagship prospect. Evergreen Lithium Limited, Australia, it is located contiguous to Core Lithium's Finnis hard rock lithium project situated in the strongly endowed Litchfield pegmatite province. Evergreens' tenure covers 231 km², providing Evergreen and Cadence, as shareholders, with a regional-scale project area and significant scope to achieve a regional-scale discovery in the event of exploration success.

Evergreen, listed on the ASX, has continued to progress the development of these assets, with some initial positive results from the geochemical results on both the Bynoe and Kenny lithium prospects. Most importantly, Evergreen secured all the required permits to commence its drilling programme over the Bynoe project after the period ended and is due to start drilling this year. The exploration strategy for the near term will include auger and AC/RB drilling to test soil sample geochemical anomalies, geophysical targets and high-potential areas identified in recent mapping and desktop interpretation programs. The auger and AC/ RB programs will also allow the geology team to test beneath the shallow cover units, which are common in this area.

PUBLIC EQUITY, PASSIVE

Hastings Technology Metals, Australia

Interest – 1.9% on 31/12/2023 and 0% on 31/05/2024

In June 2022, Cadence entered into a binding agreement to sell its working interest in the leases in the Yangibana Project to Hastings Technology Metals (ASX: HAS) ("Hastings"), the current owner and operator of the Yangibana Rare Project. Cadence sold its privately held investment, being a 30% working interest in the Yangibana Project tenements, to Hastings for A\$9 million (£5.1 million), which was satisfied via the issue of publicly held investment of 2,452,650 new ordinary shares in Hastings to Cadence. The transaction was completed in January 2023. At the time of writing, Cadence had disposed of the entire investment in Hastings. Cadence's initial investment into this asset was £0.91 million. The realised return on our original acquisition is approximately 30%, and the sale proceeds have been reinvested into the Amapá project.

At the end of February 2024, Cadence disposed of its interest in Hastings Technology Metals. The realised return on our original acquisition of 30% of the mineral concessions (£0.9 million) was approximately 30% or (£0.3 million), and the sale proceeds were reinvested into the Amapá project.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

FINANCIAL REVIEW

Total comprehensive income for the year attributable to equity holders was a loss of £3.02m (2022: £5.49m). This decrease in loss from the previous year of approximately £2.47m is mainly due to the reduced amount of realised and unrealised profits and losses on for the year of approximately £1.85m relating to our share investment portfolio (listed financial investments) held during the year, and the disposal of our interest in Mojito which contributed £3.9m profit. In 2023 our unlisted investments provided a realised gain of £1m. Administrative expenses were down £0.14m from £1.44m to £1.30m, and foreign exchange gains were up £0.294m from £0.003 to £0.297m.

Basic negative earnings per share was 1.762p (2022: 3.355p).

The net assets of the Group at the end of the period were £18.45 million (2022: £21.32 million). This decrease of approximately £3m reflects the losses and shares issued in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Cadence continuously monitors its risk exposures and reports its review to the Board. The Board reviews these risks and focuses on ensuring effective systems of internal financial and non-financial controls are in place and maintained.

The main business risk is considered to be investment risk.

The Company faces external risks that can materially impact or influence the investment environment within which the Company operates and can include changes in commodity prices, and the numerous factors which can influence those changes, including economic recession and investor sentiment and including the current and potential effects of the coronavirus pandemic.

Commodity prices have an impact on the investment performance and prospects of all our investments. The extent of the impact varies depending on a wide variety of factors but depend largely by where the investment sits on the mineral development curve. The majority of Cadence's investments sit at the more advanced stage of the development curve. Commodity price risk is pervasive at all stages of the development curve, but other prominent risks such as exploration risk and technical and funding risks at the exploration/development stage, may be considered to be weighted higher earlier in the curve than pure commodity risk which tends to have a greater impact on producers.

The Company's investments are located in jurisdictions other than the UK and therefore carries with it country risk, regulatory/permitting risk, political risk and environmental risk. Our investments can be at different stages of development and each stage within the mining exploration and development cycle can carry its own risks.

Where possible Cadence seeks to mitigate these risks by structuring its investments in a format which the Board can influence, obtain high level oversight (often at board level) and use legal agreements to provide control mechanisms (often negative control) to protect the Company's investments. In addition, we seek to further mitigate our risk exposure by obtaining a deep fundamental understanding of an asset, its potential economics, operating and legal environment and its management team, prior to investment.

It should be noted that because the Company does not operate its project investments on a day-to-day basis, there is a risk that the operator does not meet deadlines or budgets; fails to propose or pursue the appropriate strategy; does not adhere to the legal agreements in place or does not provide accurate or sufficient information to Cadence on a timely basis.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The Equity Investment segment of the Company's investments is exposed to price risk within the market, interest rate changes, liquidity risk and volatility. Although the investment risk within the portfolio is dependent on many factors, the Group's principal investments at the year-end are in companies with significant iron ore and lithium assets and, to some extent, dependent on the market's view of these commodities or chemicals and/or the market's view of the management of the companies in managing those assets. As with our private investment, the Board seeks to mitigate this by obtaining a deep fundamental understanding of an asset and its potential economics; its operating and legal environment and its management team, prior to any investment by Cadence.

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks; risks of strikes and changes to taxation; whereas less developed countries can have, in addition, risks associated with changes to the legal framework; civil unrest and government expropriation of assets. The Company has working knowledge of the countries in which the joint venture holds exploration licences, and its local joint venture partner has experienced local operators to assist the Company in its management of its investment in order to help reduce possible political risk.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2023

DIRECTORS' SECTION 172 STATEMENT

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006. This new reporting requirement is made in accordance with the new corporate governance requirements identified in The Companies (Miscellaneous Reporting) Regulations 2018, which apply to company reporting on financial years starting on or after 1 January 2019.

The matters set out in section 172(1) (a) to (f) are that a Director must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers/customers and others;
- the impact of the Company's operations on the community and environment;
- the Company's reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

As set out above in the Strategic Report the Board remains focused on providing for shareholders through the long term success of the Company. The means by which this is achieved is set out further below.

Likely consequences of any decisions in the long-term;

The Chairman's Statement, the Chief Executive Officer's Commentary and the Strategic Review set out the Company's strategy. In applying this strategy, particularly in seeking new Project Investments and strategic holdings in other public companies, the Board assesses the long term future of those companies with a view to shareholder return. The approach to general strategy and risk management strategy of the group is set out in the Statement of Compliance with the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "QCA Code") (Principles 1 and 4) on pages 22-23.

Interest of Employees;

The Group has a very limited number of employees, and all have direct access to the Executive Directors on a daily basis and to the Chairman, if necessary. The Group has a formal Employees' Policy manual which includes process for confidential report and whistleblowing.

Need to foster the Company's business relationships with suppliers/customers and others;

The nature of the Group's business is such that the majority of its business relationships are with joint venture partners, the boards of directors of the companies in which the Group has strategic stakes to the extent that such relationships are permitted, and with suppliers for services. As the success of the business primarily depends on its relationship with its partners and investees, the Executive Directors manage these relationships on a day-to-day basis. Where possible, the Group will take a board, or similar appointment, in strategic investees to ensure that there is a close and successful ongoing dialog between the parties. Service providers are paid within their payment terms and the Group aims to keep payment periods under 30 days wherever practical.

Impact of the Company's operations on the community and environment;

The Group takes its responsibility within the community and wider environment seriously. Its approach to its social responsibilities is set out in the Statement of Compliance with the QCA Code (Principle 3) on page 23.

DIRECTORS' SECTION 172 STATEMENT (CONTINUED)

The desirability of the Company maintaining a reputation for high standards of business conduct;

The Directors are committed to high standards of business conduct and governance and have adopted the QCA Code which is set out on pages 22 to 26. Where there is a need to seek advice on particular issues, the Board will consult with its lawyers and nominated advisors to ensure that its reputation for good business conduct is maintained.

The need to act fairly between members of the Company;

The Board's approach to shareholder communication is set out in the Statement of Compliance with the (Principle 2) on page 22. The Company aims to keep shareholders fully informed of significant developments in the Group's progress. Information is disseminated through Stock Exchange announcements, website updates and, where appropriate video/web casts. During the year the Company issued various RNS and videos to update shareholders. All information is made available to all shareholders at the same time and no individual shareholder, or group of shareholders, is given preferential treatment.

The Directors present their annual report together with the audited financial statements of the Company for the Year Ended 31 December 2023.

Principal activity

The Company is an investment entity. The principal activity of the Company is that of holding assets involved in the identification, investment and development of mineral resources.

Domicile and principal place of business

Cadence Minerals plc is domiciled in the United Kingdom, which is also its principal place of business.

Business review and Future Development

The results of the Company are shown on page 38.

Results and Dividends The Directors do not recommend the payment of a dividend. A review of the performance of the Company and its future prospects is included in the Strategic Report on pages 1 to 17.

Key Performance Indicators

Due to the current status of the Company, the Board has not identified any performance indicators as key other than cash management and the carrying value of investments. Having sufficient cash for business operations is vital and must be managed accordingly. The Directors review and manage the Group's cash flow on a monthly basis. The financial strategy is to ensure that, wherever possible, there are sufficient funds to cover corporate overheads and exploration expenditure for as long a period as possible. Management has confidence that financing of the Company can continue as and when required, albeit the board is keen to avoid excessive dilution and will manage the financing process with that objective in mind. Investments are closely managed and monitored; further details are included in the Chairman's statement.

The monitoring and management of the carrying value of investments are specified on pages 1 to 13.

Furthermore, the Company has ensured that where possible it has built operational flexibility in its corporate and exploration expenditure to be paused should the financing environment prove difficult and cash preservation prove essential.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company involve are specified on pages 14 to 15.

Financial risk management objectives and policies

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables, loans and cash at bank. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Further information is available in Note 12.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern' and Note 12 to the financial statements.

CADENCE MINERALS PLC
REPORT OF THE DIRECTORS
For the year ended 31 December 2023

Interest rate risk

The Company only has borrowings at fixed coupon rates and therefore minimal interest rate risk, as this is deemed its only material exposure thereto. The Company seeks the highest rate of interest receivable on its cash deposits whilst minimising risk.

Market risk

The Company is subject to market risk in relation to its investments in listed Companies held as available for sale assets.

Foreign exchange risk

The Company operates foreign currency bank accounts to help mitigate the foreign currency risk, and currently has little exposure except through its investments.

Political Donations and Expenditure

No charitable or political contributions were made during the current or previous year.

Directors

The membership of the Board is set out below. All directors served throughout the period unless otherwise stated.

Andrew Suckling
Kiran Morzaria
Donald Strang
Adrian Fairbourn

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company which had been notified as at 25 June 2024 were as follows:

	Ordinary shares held Number	Percentage of capital %
Hargreaves Lansdown (Nominees) Limited (15942)	24,323,172	12.31%
Interactive Investor Services Nominees Limited (SMKTISAS)	17,008,661	8.61%
Hargreaves Lansdown (Nominees) Limited (VRA)	15,574,748	7.88%
Barclays Direct Investing Nominees Limited	14,774,129	7.48%
Interactive Investor Services Nominees Limited (SMKTNOMS)	10,721,024	5.42%
HSDL Nominees Limited	10,298,276	5.21%
JIM Nominees Limited	9,682,068	4.90%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	9,673,643	4.89%
Vidacos Nominees Limited	6,970,562	3.53%
Link Market Services Trustees (Nominees)Limited	6,380,000	3.23%
Peel Hunt Partnership Limited	6,191,966	3.13%

Payment to suppliers

It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Company does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Events after the Reporting Period

Events after the Reporting Period are outlined in Note 15 to the Financial Statements.

Going concern

The Directors have prepared cash flow forecasts for the period ending 30 June 2025 which take account of the current cost and operational structure of the Company, as described further on page 43.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available 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 financial statements have been prepared on a going concern basis.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with UK adopted International Accounting Standards (IAS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

PKF Littlejohn LLP offer themselves for re-appointment as auditor in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD



Kifan Morzaria

Chief Executive Officer, 26 June 2024

Introduction to Governance

The Directors recognise that good corporate governance is a key foundation for the long-term success of the Company. As the Company is listed on the AIM market of the London Stock Exchange and is subject to the continuing requirements of the AIM Rules. The Board has therefore adopted the principles set out in the Corporate Governance Code for small and mid-sized companies published by the Quoted Companies Alliance (“QCA Code”). The principles are listed below.

While building a strong governance framework, we also try to ensure that we take a proportionate approach and that our processes remain fit for purpose as well as embedded within the culture of our organisation. We continue to evolve our approach and make ongoing improvements as part of building a successful and sustainable company.

1. Establish a strategy and business model which promote long-term value for shareholders

Our strategy is to identify undervalued assets with irreplaceable strategic advantages that will deliver capital growth to our shareholders. We invest in these assets and where required help deliver capital growth. To meet long-term demand, we believe the metals and mining sectors require focused investment capital from knowledgeable investors that understand the substantial risk of the mineral resource sector and how to mitigate these risks to maximise potential returns for our investors.

A more detailed description of its Strategy and Business Model is available on page 1. Details on the principal risks and uncertainties which the Company faces are specified on pages 14 to 15. The Company seeks to share this vision and details of the implementation of its strategy through internal dialogue with employees as well as external communications by way of public announcements and dissemination of information through this website and the annual report and accounts.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining an open dialogue with shareholders. Communication with the Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is coordinated by the CEO. Cadence encourages two-way communication with institutional and private investors. The Company’s major shareholders maintain an active dialogue and ensure that their views are communicated fully to the Board. Where voting decisions are not in line with the Company’s expectations the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters.

The Company seeks out appropriate platforms to communicate to a broad audience its current activities, strategic goals and broad view of the sector and other related issues. This includes but is not limited to media interviews, website videos in -person investor presentations and written content. Communication to all stakeholders is the direct responsibility of the Senior Management team. Managers work directly with professionals to ensure all inquiries (through established channels for this specific purpose such as email or phone) are addressed in a timely matter. Managers also ensure that the Company communicates with clarity on its proprietary internet platforms. The Board routinely reviews the Company communication policy and programmes to ensure the quality communication with all stakeholders.

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year which can be found on the Company’s website, play an important part in presenting all shareholders with an assessment of the Company’s position and prospects. All reports and press releases are published under the “Investors” tab of the Company’s website.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, customers, suppliers and to the community and environment it operates in as a whole.

Communication with and feedback from these various groups is achieved in a variety of ways. The Executive Directors hold investor roadshows and webcasts on a regular basis, at which feedback from shareholders is sought. Regular dialogue is maintained with employees through regular discussion and updates given by the Executive Directors.

The nature of the Cadence's business as an investment company means that although it has no direct effect on the working environments and communities of the companies it invests in, it nonetheless liaises with the management of its investee companies to understand their approach to stakeholder engagement and their policies, which will form part of its investment criteria.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has an established Audit Committee, a summary of its roles and responsibilities is available on the corporate governance webpage. The Committee is specifically charged with ensuring that Cadence as a whole has the appropriate policies and processes in place to identify the risks which the Company is exposed to and to proactively mitigate those risks as appropriate.

The Company maintains a register of risks and publishes an overview of significant risks and uncertainties in its Annual Report. Please refer to the Company's Annual Report and Accounts for further details on the principal risks and uncertainties which the Company faces.

The Company receives regular feedback from its external auditors on the state of its internal controls. The Board maintains a register of risks and publishes an annual summary of the significant risks and uncertainties in the Annual Report.

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Board is comprised of Andrew Suckling the Non-Executive Chairman, a Non-Executive Director and two Executive Directors. The CEO, Kiran Morzaria, is engaged to work a minimum of a 27-hour week and is an employee of the Company. The Finance Director, Donald Strang, is engaged to work a minimum of a 27-hour week.

The Board deemed that given the stage and development of the Company, it would be more cost efficient to employ a full-time accountant which along with the finance director ensure that Company's financial systems are robust, compliant, and support current activities and future growth.

The service agreements of the Non-Executive Directors anticipate that the Non-Executive Chairman should spend 5 working days per month and the Non-Executive Director 3 working days per month. All Directors dedicate such time as required to effectively perform their roles.

The roles of the Chairman and CEO are clearly separated. The Directors ensure the skills required to undertake their roles are kept current through training and consultation with subject matter experts as required.

5. Maintain the board as a well-functioning, balanced team led by the chair (continued)

The CEO is responsible for the operational management of the business of Cadence and for the implementation of strategy and policies as agreed by the Board. The non-executive Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.

The CEO is responsible for the operational management of the business of Cadence and for the implementation of strategy and policies as agreed by the Board. The Non-Executive Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.

The Non-Executive Directors are not considered independent under the FRC Code as they hold options in the Company. However, the Board considers that the Non-Executive Directors are independent of management under all other measures and are able to exercise independence of judgement. Whilst conflicts of interest are fully disclosed and understood, as appropriate Non-Executive Directors exercise independence of judgement. No Director is involved in discussions or decisions where he has a conflict of interest. An Audit Committee and a Remuneration Committee support the Board.

Cadence intends that the Board endeavours to hold full board meetings at least 3 times each year. The attendance of Board members for meetings during the current financial year is as follows:

Andrew Suckling	3 of 5
Adrian Fairbourn	3 of 5
Kiran Morzaria	5 of 5
Donald Strang	5 of 5

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. The Board continually strives to ensure that it has the right balance of knowledge, skills, experience and contacts across the sectors in which it operates. This is evaluated in line with Cadence's business model as it changes.

It is of primary importance that the Board's knowledge is kept up to date in a rapidly changing mining and metals marketplace. This is achieved by maintaining a broad network of contacts across the industry and ensuring regular dialogue is held and feedback obtained by both the executive and non-executive directors as appropriate.

As necessary, Directors receive externally provided refresher and update training specific to their individual roles.

The Company Secretary advises the Board members on their legal and corporate responsibilities and matters of corporate governance.

Biographical details of each of the Directors are given on page 27 and the website.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

On 28 September 2018, the Company adopted the QCA Code. Prior to this point, given the nature and the development of the Company, it did not set Key Performance Indicators.

The Company now measures its performance, and therefore inherently the performance of the Board as a unit, against Key Performance Indicators. Due to the current status of the Company, the Board has not identified any performance indicators as key other than cash management and the carrying value of investments.

The performance of the Executive Directors is monitored and regularly reviewed by the Non-Executive Directors. Such review considers both the KPIs outlined above, The Board intends to introduce qualitative performance measurements for the Executive Directors to ensure that the right degree of focus is applied to the strategic direction as well as the current financial performance of the business.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company has a strong ethical culture, which is promoted by the actions of the Board and Executive team. These include the following key policies which govern its ethical culture.

- Equal opportunities policy
- Code of conduct
- Whistleblowing policy
- Health and safety policy
- Email and internet policy
- Social media policy

The Company has an anti-bribery policy and has implemented adequate procedures described by the Bribery Act 2010. The Company reports on its compliance to the Board on an annual basis. The Company has undertaken a review of its requirements under the General Data Protection Regulation, implementing appropriate policies, procedures and training to ensure it is compliant.

9. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company encourages two-way communication with both its institutional and private investors and responds quickly to all significant queries received. The “Investors” tab of our website contains all required regulatory information together with other information which shareholders may find useful.

The AGM is an important forum for shareholder engagement, and the directors are always available immediately after the AGM to listen to the views of any shareholders in attendance and to provide them with an update on the business.

10. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Details of the Company's corporate governance arrangements are provided within this Corporate Governance section of the Annual Report and Accounts. The Board considers the appropriateness of these arrangements against the size and complexity of the Company as it evolves over time.

The Chairman leads the Board and is responsible for ensuring its effectiveness in all aspects of its role. The Chairman promotes a culture of openness and debate, in particular by ensuring the Non-Executive Directors provide constructive challenge to the Executive Directors.

The matters reserved for the board are:

- Definition of the strategic goals for the Company, sets corporate objectives to enable the goals to be met, and measures performance against those objectives;
- Ensuring that the necessary financial and human resources are in place to both meet its obligations to all stakeholders and to provide a platform for profitable growth;
- Recommending any interim and final dividends;
- Approving all mergers and acquisitions and all capital expenditure greater than £200,000;
- Receiving recommendations from the Audit Committee in relation to the reporting requirements and the appropriate accounting policies for the Company, the appointment of auditors and their remuneration, and the identification and management of risk;
- Receives recommendations from the Appointments Committee concerning the appointment of executive directors, and from the Remuneration Committee concerning the remuneration of the executive directors;
- Determination of the fees paid to the Non-Executive Directors.

The CEO has the overall responsibility for creating, planning, implementing, and integrating the strategic direction of the Company. This includes responsibility for all components and departments of a business. The CEO also ensures that the organisation's leadership maintains constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

The Finance Director works alongside the CEO and has overall control and responsibility for all financial aspects of company strategy. The Finance Director takes overall responsibility of the Company's accounting function and ensures that Company's financial systems are robust, compliant and support current activities and future growth. The Finance Director will co-ordinate corporate finance and manage company policies regarding capital requirements, debt, taxation, equity and acquisitions as appropriate.

The Board is supported by two committees being the Audit Committee and Remuneration Committee. The Audit Committee advises the Board on the reporting requirements and the appropriate accounting policies for the Company, the appointment of auditors and their remuneration, and the identification and management of risk. The Remuneration Committee advises the Board on all matters pertaining to the remuneration of the Executive Directors.

BOARD MEMBERS

The Board comprises of a Non-Executive Chairman, one Non-Executive Director and two Executive Directors.

Andrew Suckling, Non-Executive Chairman

Andrew has over 25 years' experience in the commodity industry. He began in 1994 as a trader on the London Metal Exchange and subsequently became a founding partner, research analyst and trader with the multi-billion fund management group Ospraie. Andrew is a graduate of Brasenose College, Oxford University, earning a BA (Hons) in Modern History in 1993 and an MA in Modern History in 2000. Andrew is the chair of the Audit and Remuneration Committee.

Kiran Morzaria, Chief Executive Officer

Kiran holds a B.Eng. from the Camborne School of Mines and an MBA (Finance). He has over 20 years' experience in the mineral resource industry, working in both operational and management roles. The first four years of his career were spent in exploration, mining and civil engineering, after which he was involved in the acquisition, recommissioning and eventual sale of the Vatukoula Gold Mine.

Donald Strang, Finance Director

Donald is a member of the Australian Institute of Chartered Accountants and has over 20 years of experience in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise, and over the past decade, has focused on mining and exploration activities.

Adrian Fairbourn, Non-Executive Director

Adrian began his career as an investment analyst before moving to build and manage the highly successful alternative fund-of-funds operation at the Bank of Bermuda. Adrian has co-managed a multi-family office in London, responsible for hedge fund investments, direct investments and also asset-raising for co-investment opportunities. He has successfully assisted in over \$US1 billion of structuring, capital and fundraising projects for private companies and alternative funds. Adrian is a member of the Audit and Remuneration Committee.

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the Executive Directors, who are charged with consulting the Board on all significant financial and operational matters. The Board retains ultimate accountability for governance and is responsible for monitoring the activities of the executive team.

The roles of Chairman and Chief Executive Officer are split in accordance with best practice. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information. No one individual has unfettered powers of decision.

The two Executive Directors are comprised of a Chief Executive Officer ("CEO") and Finance Director. The CEO has the overall responsibility for creating, planning, implementing, and integrating the strategic direction of the Company. This includes responsibility for all components and departments of a business. The CEO also ensures that the organisation's leadership maintains constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

The non-executive directors are not considered independent under the Financial Reporting Council's Corporate Governance Code (April 2016) ("FRC Code") as they both have options in the Company. However, the Board considers that both non-executives are independent of management under all other measures and able to exercise independence of judgement.

The Committees

Audit Committee

The Audit Committee consists of two non-executive members of the board and meet at least once a year.

The principal duties and responsibilities of the Audit Committee include:

- Overseeing the Company's financial reporting disclosure process; this includes the choice of appropriate accounting policies
- Monitor the Company's internal financial controls and assess their adequacy
- Review key estimates, judgements and assumptions applied by management in preparing published financial statements
- Assess annually the auditor's independence and objectivity
- Make recommendations in relation to the appointment, re-appointment and removal of the company's external auditor

Remuneration Committee

The Remuneration Committee consists of two non-executive members of the board and meet at least once a year.

The principal duties and responsibilities of the Remuneration Committee include:

- Setting the remuneration policy for all Executive Directors
- Recommending and monitoring the level and structure of remuneration for senior management
- Approving the design of, and determining targets for, performance related pay schemes operated by the company and approve the total annual payments made under such schemes
- Reviewing the design of all share incentive plans for approval by the Board and shareholders

- None of the Committee members have any personal financial interest (other than as shareholders and option holders), conflicts of interest arising from cross-directorships or day-to-day involvement in the running of the business. No director plays a part in any financial decision about his or her own remuneration.

Principle and Approach of the Board

Cadence is committed to achieve and maintain high standards of governance. As such, the Board has chosen to adopt the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2018 (“the QCA Code”). Detailed below is how the Board applies the 10 principles of Corporate Governance, which form part of the QCA code.

Internal Controls

The Directors acknowledge their responsibility for the Company’s systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. While they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by Senior Management to forecasts. Project milestones and timelines are reviewed regularly.

Business Risk

The Board regularly evaluates and reviews any business risks when reviewing project timelines. The types of risks reviewed include:

- regulatory and compliance obligations
- environmental requirements
- commodity price, interest rate, liquidity and volatility risks
- political and country risks where appropriate.

Insurance

The Company maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy

The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Directors, Senior Management and any employee who is in possession of ‘inside information’. All such persons are prohibited from trading in the Company’s securities if they are in possession of ‘inside information’. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the individual has received the appropriate prescribed clearance.

On behalf of the Board, I am pleased to present the Directors' Remuneration Report summarising the Company's remuneration policy and providing information on the Company's remuneration approach and arrangements for Executive Directors, Non-Executive Directors and Senior Executive Management for the year ended 31 December 2023.

This report is prepared in accordance with the QCA Remuneration Committee Guide for small and mid-sized quoted companies, revised in 2020. A summary of the Remuneration Committee's role, membership and relevant qualifications can be found in the corporate governance section.

Remuneration Committee meetings are held at least once a year with the primary focus of setting goals for the coming period and then assessing results at the end of that period. During the year, the Remuneration Committee met 2 times and;

- Benchmarked the Boards Remuneration, both fixed and variable and as a whole, and compared it to AIM-listed companies of a similar market capitalisation.
- Reviewed the above comparisons and establish short, medium and long-term incentive schemes, which it then recommended to the Board for approval,
- Reviewed the performance of the Board against targets and awarded incentives covering the reporting period.

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders. The Company operates within a competitive environment; performance depends on the individual contributions of the Directors and employees, and it believes in rewarding vision and innovation.

Policy on executive Directors' Remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Company's objectives.

Salary and Fees

Benchmarking data indicates that at the time of the review, for Salary and Fees, Cadence is slightly above the median remuneration for an exploration and mining company between a £0 million and £25 million market capitalisation on the AIM market. During this review, the Remuneration Committee recommended no increase in Salary and Fees.

Share Awards (Share Incentive Plan)

The Remuneration Committee recommended no share awards under the share incentive plan.

CADENCE MINERALS PLC
REPORT ON REMUNERATION
For the year ended 31 December 2023

Pensions

The Company only operates a basic pension scheme for its directors and employees as required by UK legislation. The Company made the following pension contributions in the year: K Morzaria £4,403 (2022: £4,403) and D Strang £Nil (2022: £2,201).

Benefits in kind

No benefits in kind were paid during the year to 31 December 2023 or the year ended 31 December 2022.

Notice periods

Andrew Suckling, Kiran Morzaria, Donald Strang and Adrian Fairbourn each have a 12 month rolling notice period.

Share option incentives

At 31 December 2023 each Director held 1,800,000 (31 December 2022: 1,800,000) options which are exercisable at any time before 30 April 2026. The exercise price is 29p. No options were exercised by Directors during the period (2022: None).

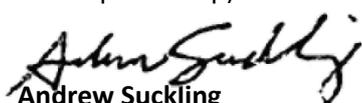
The remuneration of the Directors was as follows:

	A Fairbourn	A Suckling	K Morzaria	D Strang	Total
	£	£	£	£	£
Year to 31 December 2023					
Salary and fees	48,000	120,000	230,000	120,000	518,000
Total	48,000	120,000	230,000	120,000	518,000
Year to 31 December 2022					
Salary and fees	48,000	120,000	230,000	120,000	518,000
Cost of shares awarded (1)	19,680	19,680	44,477	38,304	122,141
Total	67,680	139,680	274,477	158,304	640,141

(1) The cost of shares awarded represents the value of the shares awarded to the Directors for milestones reached.

At 31 December 2023 £58,000 (2022: £Nil) was outstanding to directors.

The high and low share price for the year were 16.625p and 4.85p respectively (year ended 31 December 2022: 31.225p and 8.5p). The share price at 31 December 2023 was 5.75p (31 December 2022: 11.35p).



Andrew Suckling

Non-Executive Chairman, 26 June 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADENCE MINERALS PLC

Opinion

We have audited the financial statements of Cadence Minerals Plc (the 'company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included

- Obtaining and evaluating management's going concern assessment, including their assumptions, key risks and uncertainties, and any available supporting documentation.
- Assessing the historical forecasting accuracy and consistency of the going concern assessment with information obtained from other areas of the audit, such as our audit procedures on management's impairment assessments.
- Testing the clerical accuracy of the assessment
- Evaluating whether the assumptions made by management are reasonable and appropriately conservative, considering the Group's relevant principal risks and uncertainties. We challenged the assumptions and estimates made by management where necessary.
- Evaluating the adequacy of working capital, including assessing the reasonableness of assumptions used in the cash flow forecasts and budgets and any plans to address potential shortfalls.
- Performing sensitivity analysis on management's assumptions, including applying incremental adverse cash flow sensitivities to assess the potential impact of severe but plausible scenarios such as significant movement in prices level 1 investments.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADENCE MINERALS PLC

ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the financial statements was set at £289,000 (2022: £223,000), with performance materiality set at £202,300 (2022: £223,300).

Materiality has been calculated as 2% (2022: 1.5%) of the benchmark of net assets, which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance. The reason for the change was to ensure that materiality would be more or less consistent with prior year as the overall risk has not changed.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £14,450 (2022: £15,950).

We applied the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatement.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. We addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represents a risk of material misstatement due to fraud. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the fair value of unquoted investments and the value of the share options scheme.

In addition, we focused our audit on the significant risk areas including the Key Audit Matter as outlined below.

A full scope audit was performed on the complete financial information of the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Carrying value of Financial Assets (Refer to note 6)	
The Company held investments with a value of £15.8m as at 31 December 2023. These are valued in	Our audit work will include: <ul style="list-style-type: none">▪ Reviewing and challenging the valuation methodology for the investments held and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADENCE MINERALS PLC

<p>accordance with IFRS 13 and the fair value hierarchy; and classified as per IFRS 9.</p> <p>There is the risk that these investments have not been valued in accordance with IFRS 13 and IFRS 9 and require impairment.</p> <p>Investments which fall under Tier 3 of the fair value hierarchy are subject to significant management estimate and judgment, which increases the risk of material misstatement.</p> <p>The group's investments include £4,1m (2022:£6,2m) invested in level 1 listed investments, which are not subject to management judgement or estimation, and are valued at their year-end share price per the relevant exchange.</p> <p>The balance of the group's investments are in unlisted companies and categorised as Level 3 investments. Given the value of the investments is material at the year end and significant judgement needed when valuing level 3 investment we have assessed valuation of investments as a Key audit matter.</p>	<p>ensuring that the carrying values are supported by sufficient and appropriate audit evidence.</p> <ul style="list-style-type: none"> ▪ Ensuring that all asset types are categorised according to IFRS, including the accounting disclosures as required under IFRS 9; ▪ Reviewing the movement in investments to ensure they are accounted for and disclosed correctly in line with IFRS 9; ▪ Reviewing disclosures in relation to said assets; ▪ Ensuring that Cadence Minerals Plc has full title to the investments held; ▪ Ensuring that appropriate disclosures surrounding the estimates made in respect of any valuations are included in the financial statements; and ▪ Considering whether the transactions have been accounted for correctly within the financial statements. <p>Based on the work performed, we are satisfied that the carrying value of the financial assets is materially correct and adequately disclosed</p>
<p>Carrying value and classification of loans receivable from Investee (refer to note 7)</p>	
<p>There is a risk that the loan amounts are not recoverable given that no repayments were made by the debtors for the loans outstanding and in addition to the existing loans another loan was extended.</p> <p>There is also a risk that the loans have not been accounted for in accordance with IFRS 9.</p> <p>Risk has been assessed as a Key Audit Matter due to the uncertainty over the recoverability of £3.9 million in loans from REM Mexico.</p>	<p>Our audit work will include:</p> <ul style="list-style-type: none"> ▪ Ensuring that the loans have been classified and disclosed correctly in accordance with IFRS 9; ▪ Discussing with Management to ascertain their justification for no IFRS 9 ECL charge being recognised in the year. Challenge management's key assumptions and consider whether the loans are fully recoverable or whether an IFRS 9 ECL charge is required; and ▪ Ensuring that the loans are correctly classified as current or non-current in accordance with the payment terms per the loan agreements. <p>Cadence holds an interest in the Sonora Lithium Project through REM Mexico, which has a 30%</p>

	<p>stake in the joint venture interests in Mexalit S.A. de CV ("Mexalit") and Megalit S.A. de CV ("Megalit"). The remaining 70% is held by Ganfeng Lithium Group Co., Ltd ("Ganfeng")</p> <p>Following a change in the Mexican Mining Law and the submission of evidence to support the investment spend to the regulatory authorities, a preliminary cancellation of nine lithium concessions was issued in August 2023. The cancellations are not final and both Ganfeng and Cadence have filed administrative review recourses before the Secretary of Economy against the resolutions cancelling the concessions, as they believe these resolutions violate Mexican and international law and infringe upon their fundamental due process rights. The case is still ongoing and the recovery of these loans from REM Mexico is dependent on the success of the administrative review. If the concessions are not granted back and compensation is not received from the Mexican government for concessions, a full impairment of the loan may be required. Further details are disclosed in the critical accounting estimates of these financial statements.</p>
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Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADENCE MINERALS PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, AIM listing rules, GDPR, QCA compliance, International Financial Reporting Standards (in compliance with the Companies Act 2006) and tax legislation within the United Kingdom.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CADENCE MINERALS PLC

- Review of board minutes
 - Review of legal and professional expenditure
 - Review of letter of good standing
-
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was in the valuation of investments. We addressed the risk by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
 - As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Zahir Khaki (Senior Statutory Auditor)

15 Westferry Circus

For and on behalf of PKF Littlejohn LLP

Canary Wharf

Statutory Auditor

London E14 4HD

26 June 2024

CADENCE MINERALS PLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

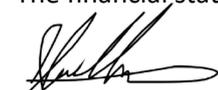
	<i>Note</i>	Year ended 31 December 2023	Year ended 31 December 2022
		£'000	£'000
Income			
Unrealised loss on financial investments	6	(3,101)	(4,593)
Realised (loss)/profit on financial investments	6	(2,793)	552
		(5,894)	(4,041)
Share based payments		(25)	(13)
Impairment of intangibles		(905)	-
Loan from subsidiary written off	8	4,810	-
Other administrative expenses		(1,302)	(1,443)
Total administrative expenses		2,578	(1,456)
Operating loss	1	(3,316)	(5,497)
Finance cost	3		(3)
Foreign exchange gain		297	3
Loss before taxation		(3,019)	(5,497)
Taxation	4	-	-
Loss attributable to the equity holders of the Company		(3,019)	(5,497)
Total comprehensive earnings for the year, attributable to the equity holders of the company		(3,019)	(5,497)
Earnings per ordinary share			
Basic earnings per share (pence)	5	(1.762)	(3.355)
Diluted earnings per share (pence)	5	n/a	n/a

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CADENCE MINERALS PLC
COMPANY NUMBER 05234262
Statement of Financial Position
As at 31 December 2023

		31 December 2023	31 December 2022
ASSETS	<i>Note</i>	£'000	£'000
Non-current			
Financial Assets	6	<u>11,660</u>	<u>11,365</u>
		11,660	11,365
Current			
Trade and other receivables	7	3,937	3,957
Financial Assets	6	4,162	6,206
Cash and cash equivalents		<u>215</u>	<u>110</u>
Total current assets		8,314	10,273
Total assets		19,974	21,638
LIABILITIES			
Current			
Trade and other payables	8	288	317
Borrowings	9	<u>933</u>	<u>-</u>
Total current liabilities		1,221	317
Non-current			
Borrowings	9	302	-
Total liabilities		1,523	317
EQUITY			
Issued share capital	10	2,226	2,144
Share premium	10	37,654	37,612
Share based payment reserve		258	252
Investment in own shares		(64)	(64)
Retained earnings		<u>(21,623)</u>	<u>(18,623)</u>
Equity attributable to equity holders of the Company		18,451	21,321
Total equity and liabilities		19,974	21,638

The financial statements were approved by the Board on 26 June 2024, and signed on their behalf by;


Kiran Morzaria
Director


Donald Strang
Director

Company number 05234262

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CADENCE MINERALS PLC
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2023

	Share capital	Share premium	Share based payment reserve	Investment in own shares	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2021	1,903	33,207	249	(70)	(13,136)	22,153
Share based payments	-	-	13	-	-	13
Transfer on exercise of warrants	-	-	(10)	-	10	-
Issue of shares held in Trust	-	6	-	6	-	12
Share issue	241	4,775	-	-	-	5,016
Share issue costs	-	(376)	-	-	-	(376)
Transactions with owners	241	4,405	3	6	10	4,665
Loss for the period	-	-	-	-	(5,497)	(5,497)
Total comprehensive earnings for the period	-	-	-	-	(5,497)	(5,497)
Balance at 31 December 2022	2,144	37,612	252	(64)	(18,623)	21,321
Share based payments	-	-	25	-	-	25
Transfer on lapse of warrants	-	-	(19)	-	19	-
Share issue	82	42	-	-	-	124
Transactions with owners	82	42	6	-	19	149
Loss for the period	-	-	-	-	(3,019)	(3,019)
Total comprehensive earnings for the period	-	-	-	-	(3,019)	(3,019)
Balance at 31 December 2023	2,226	37,654	258	(64)	(21,623)	18,451

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CADENCE MINERALS PLC
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Cash flow from operating activities		
Continuing operations		
Operating loss	(3,316)	(5,497)
Loss on financial investments	5,894	4,041
Impairment of investments	905	-
Write off of loan from subsidiary	8 (4,810)	-
Equity settled share based payments	25	13
Decrease in trade and other receivables	20	24
Decrease in trade and other payables	(29)	(536)
Net cash outflow from operating activities from continuing operations	(1,311)	(1,955)
Cash flows from investing activities		
Payments for non-current financial investments	(2,088)	(4,600)
Payments for investments in current financial investments	-	(235)
Receipts on sale of current investments	2,150	1,926
Net cash inflow/(outflow) from investing activities	62	(2,909)
Cash flows from financing activities		
Proceeds from issue of share capital	-	5,016
Share issue costs	-	(376)
Net borrowings	1,400	-
Net finance cost	-	(3)
Net cash inflow from financing activities	1,400	4,637
Net change in cash and cash equivalents	151	(227)
Foreign exchange movements on cash and cash equivalents	(46)	13
Cash and cash equivalents at beginning of period	110	324
Cash and cash equivalents at end of period	215	110

Material non-cash transactions

During the year ended 31 December 2023 the company received shares in Hastings Technology Metals valued at £5,152,000, and wrote off the loan from Mojito of £4,810,000 which arose on the disposal of its interest in the Yangibana Project, by Mojito. During the year ended 31 December 2022 the Company disposed of its 31.5% stake in Lithium Technologies and Lithium Supplies, (non-current financial investments) for initial proceeds of £1,810,000 which were settled in shares of Evergreen PTY Ltd (non-current investment). The reconciliation of net debt movements is shown in Note 13.

The accompanying principal accounting policies and notes form an integral part of these financial statements.

CADENCE MINERALS PLC
PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 December 2023

GENERAL INFORMATION

Cadence Minerals plc is a company incorporated and domiciled in the United Kingdom. The Company's shares are listed on the AIM market of the London Stock Exchange, and on the AQUIS Growth Market as operated by AQUIS Stock Exchange ("AQUIS").

The Financial Statements are for the year ended 31 December 2023 and have been prepared under the historical cost convention, except for the measurement to fair value of financial assets, and in accordance with UK adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006. These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 26 June 2024 and signed on their behalf by Donald Strang and Kiran Morzaria.

The accounting policies have been applied consistently throughout the preparation of these Financial Statements, and the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

INVESTING POLICY

The Company is an investment entity. The Company's investing policy, which was approved at a General Meeting on 29 November 2010, is to acquire a diverse portfolio of direct and indirect interests in exploration and producing rare earth minerals and/or other metals projects and assets ('Investing Policy'). In light of the nature of the assets and projects that will be the focus of the Investing Policy, the Company will consider investment opportunities anywhere in the world.

The Directors have considerable investment experience, both in structuring and executing deals and in raising funds. Further details of the Directors' expertise are set out on the Company website. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary, the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment. For the acquisitions that they expect the Company to make, the Directors may adopt earn-out structures with specific performance targets being set for the sellers of the businesses acquired and with suitable metrics applied.

The Company may invest by way of outright acquisition or by the acquisition of assets – including the intellectual property – of a relevant business, partnership or joint venture arrangement. Such investments may result in the Company acquiring the whole or part of a company or project (which, in the case of an investment in a company, may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company's investments may take the form of equity, joint venture, debt, convertible documents, licence rights, or other financial instruments such as the Directors deem appropriate.

The Company may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

INVESTING POLICY (CONTINUED)

There is no limit on the number of projects into which the Company may invest, or on the proportion of the Company's gross assets that any investment may represent at any time, and the Company will consider possible opportunities anywhere in the world.

The Directors may offer new ordinary shares in the capital of the Company by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, by way of example and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Articles of Association of the Company. The Directors do not intend to acquire any cross holdings in other corporate entities that have an interest in the ordinary shares.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 30 June 2025 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

In 2023, the Company secured a Mezzanine Loan Facility, obtaining net borrowings of £1,427,000 and £2,150,000 in net receipts, from sales less purchases, of listed investments. These funds have been used to further finance its investment in the Amapá Project

These forecasts demonstrate that the Company has sufficient cash funds available 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 financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2023 the Company had cash and cash equivalents of £215,000, current financial assets of £4,162,000 and £1,235,000 in borrowings. The Company has minimal contractual expenditure commitments, and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. With overheads of £1,302,000 in 2023, and creditors of £288,000 at 31 December 2023 the Company would still be able to meet its obligations, without the requirement to cut costs, should the value of the current listed financial assets be reduced by 65%. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

STATEMENT OF COMPLIANCE WITH IAS

The Company's financial statements have been prepared under the historical cost convention except for the measurement to fair value of financial assets as described in the accounting policy below, and the financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) in conformity with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, which are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

FINANCIAL ASSETS

The Company's financial assets include cash, other receivables and financial assets. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 9, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

FINANCIAL ASSETS (CONTINUED)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

The Company considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

FAIR VALUE MEASUREMENT

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

FINANCIAL INVESTMENTS

Non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Due to the nature of these assets being unlisted investments or held for the longer term, the investment period is likely to be greater than 12 months and therefore these financial assets are shown as non-current assets in the Statement of financial position, unless their disposal is likely to occur within the forthcoming year. Listed investments are valued at closing bid price on 31 December 2023. For measurement purposes, financial investments are designated at fair value through income statement. Gains and losses on the realisation of financial investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand, bank deposits repayable on demand, and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable within three months from the date of advance if the advance forms part of the Company's cash management.

EQUITY

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Employee Benefit Trusts ("EBTs") are accounted for under IFRS 10 and are consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from equity.

OPERATING LEASES

The Company does not have any leases within the scope of IFRS 16 in the current or prior year.

Payments, including prepayments, made under low value or short-term operating leases of less than 12 months (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

FOREIGN CURRENCIES

The financial statements are presented in Sterling, which is also the functional currency of the Company.

In the financial statements of the Company, foreign currency transactions are translated into the functional currency of the Company entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

SHARE BASED PAYMENTS

The Company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model, as the options have no market related conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options are, ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium.

Warrants

The Group has also issued equity settled share-based payments in respect of services provided by debt holders in the form of warrants. The share-based payment is measured at fair value of the services provided at the grant date, or if the fair value of the services cannot be reliably measured using the Black-Scholes model. The expense is allocated over the vesting period.

FINANCIAL LIABILITIES

The Company's financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs. After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest rate ('EIR method'). Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Comprehensive Income.

FINANCIAL LIABILITIES (CONTINUED)

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Sources of Estimation and Key Judgements

The preparation of the Financial Statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historic experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Significant judgments and estimates

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. The estimates and associated judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

- The estimates and underlying judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- In the preparation of these financial statements, estimates and judgments have been made by management concerning calculating the fair values of the assets acquired on business combinations, and the assumptions used in the calculation of the fair value of the share options. Actual amounts could differ from those estimates.
- Management has made the following estimates that have the most significant effect on the amounts recognised in the financial statements.

Unlisted investments

The Company is required to make judgements over the carrying value of investments in unquoted companies where fair values cannot be readily established and evaluate the size of any impairment required. It is important to recognise that the carrying value of such investments cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. Management's significant judgement in this regard is that the value of their investment represents their cost less previous impairment. The fair value of unquoted investments of the Company at 31 December 2023 was £11,660 (2022: £12,327). Management have assessed each unlisted investment and concluded that Mojito

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Resources requires and impairment of £905,000. This was due to the disposal of the Yangibana Project Tenements owned by Mojito in 2023 to Hastings Technology Metals (ASX: HAS), the owner and operator of the Yangibana Rare Earth Project. This resulted in Mojito holding no assets and therefore the investment was considered to have no value. Further information regarding the Group's unquoted investments is provided in the investment review of the Strategic Report and in Note 6.

Loan accounting policy

The Company has applied judgement in respect of the accounting treatment of the various contractual elements with regards to the Mezzanine Loan Facility agreement, entered into during the period. The loan includes a clause whereby If the Company elects not to settle a monthly payment in cash they will automatically grant a right for the payment to be settled in shares as per the non-cash repayment terms contained in the Loan Facility Agreement (see Note 9 – Borrowings for further details). The Company intends, and has planned to make all repayments in cash and therefore has considered the value of the embedded derivative to be £nil. The directors have considered treatment of the loan in its component parts as liability and equity and has determined the equity component is immaterial.”

- Management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Sonora Lithium Project License

As stated in the strategic report, In April 2022 and May 2023, the Mexican Government changed its Mining Law, which included prohibiting lithium concessions, declaring lithium as a strategic sector, and giving exclusive rights for lithium mining operations to a state-owned entity. These changes were not meant to affect existing concessions, such as those held by Mexilit and Megalit. Ganfeng and Cadence believe the reforms should not impact their project's concessions because they were granted before the Mining Law Reform. This aligns with the principles of legality and non-retroactivity of laws outlined in the Constitution of Mexico.

While Ganfeng was in discussions with the Secretary of Economy, the General Directorate of Mines ("DGM") started reviewing nine lithium concessions held by Mexican subsidiaries, including those owned by Mexilit and Megalit.

The DGM warned that the concessions could be cancelled if the Mexican subsidiaries did not provide enough evidence within a specified timeframe to prove their compliance with minimum investment obligations for developing lithium concessions from 2017 to 2021. As of May 2023, Mexilit and Megalit had submitted extensive evidence of their timely compliance with the minimum investment obligations for the lithium concessions. However, in August 2023, the DGM issued a formal decision notice to the Mexican subsidiaries, cancelling nine lithium concessions, including those owned by Mexilit and Megalit.

The cancellations for the lithium concessions issued by the DGM are not final and are subject to ongoing appeals. Ganfeng and Cadence believe that the Mexican Subsidiaries have complied with their minimum investment obligations, as Mexican law requires. The mine development investment by the Mexican Subsidiaries has significantly exceeded the minimum investment obligations, and the Mexican Subsidiaries regularly submitted annual reports detailing their operations within the prescribed period annually. Ganfeng and Cadence have filed administrative review recourses before the Secretary of Economy against the resolutions cancelling the concessions, as they believe these resolutions violate Mexican and international law and infringe upon their fundamental due process rights.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

In November 2023, Cadence issued a Request for Consultations and Negotiations ("Request") to the Government of Mexico under the United Kingdom-Mexico Bilateral Investment Treaty ("BIT"). The Request pertains to the alleged revocation of the mining concessions for the Sonora Lithium Project (the "Project") by the Mexican General Directorate of Mines, as announced by Cadence on 31 August 2023, and related acts and omissions by Mexico.

The affected concessions include those granted to Mexilit S.A. de CV ("Mexilit") and Minera Megalit S.A. de CV ("Megalit"), which are joint venture companies in which Cadence holds a 30% stake through REMML.

In their Request, Cadence and REMML have identified various BIT obligations that Mexico has breached, including Mexico's obligation not to unlawfully expropriate the investments of UK investors such as Cadence and REMML and its obligation to treat such investments fairly and equitably.

In accordance with Article 10 of the BIT, Cadence and REMML have requested consultations and negotiations with Mexico to resolve the dispute amicably. The BIT provides for disputes to be resolved by international arbitration if they cannot be resolved through consultation and negotiation.

Recoverability of loan due from REM Mexico

In April 2022 and May 2023, the Mexican Government changed the Mexican Mining Legislation, which included prohibiting new lithium concessions, declaring lithium as a strategic sector, and giving exclusive rights for lithium mining operations to a state-owned entity. These changes were not meant to affect existing concessions, such as those held by Mexilit and Megalit. In May 2023, the General Directorate of Mines ("DGM") began reviewing and subsequently cancelled nine lithium concessions, including those owned by Mexilit and Megalit. The cancellations are not final, and Ganfeng has filed an administrative review before the Secretary of Economy against the resolutions cancelling the concessions (including those owned in part by Cadence), as they believe these resolutions violate Mexican and international law and infringe upon their fundamental due process rights. The case is still ongoing, and the recovery of these loans from REM Mexico depends on the success of the administrative review or any claim filed by Cadence or Ganfeng in the international court of arbitration.

Adoption of New or Amended IFRS

New standards, amendments and interpretations adopted by the Company

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The adoption of the above has not had any material impact on the disclosures or amounts reported in the financial statements.

New standards, amendments and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Segment reporting

Segmental analysis is not applicable as there is only one operating segment of the continuing business – investment activities.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

1. PROFIT BEFORE TAXATION AND SEGMENTAL INFORMATION

Profit before taxation - continuing operations

The loss before taxation is attributable to the principal activities of the Company.

The loss before taxation is stated after charging:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Share based payment charge	25	13
Directors' fees and consulting (see Note 2)	518	518
Fees payable to the Company's auditor for the audit of the financial statements	52	40
	<hr/> <hr/>	<hr/> <hr/>

Segment reporting

The Company operates a single primary activity to invest in businesses so as to generate a return for the shareholders. The performance and position are therefore as stated in the primary statements.

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Unrealised loss on financial investments	(3,101)	(4,593)
Realised (loss)/profit on financial investments	(2,793)	552
	<hr/> <hr/> (5,894)	<hr/> <hr/> (4,041)

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

2. EMPLOYEE REMUNERATION

Employee benefits expense

The expense recognised for employee benefits, including Directors' emoluments, is analysed below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Short-term benefits		
Wages, salaries and consulting fees	628	623
Employers NI	43	66
Shares awarded	-	122
	671	811

The average number of employees (including directors) employed by the Company during the period was:

	2023 No.	2022 No.
Directors	4	4
Other	2	2
	6	6

Included within the above are amounts in respect of Directors, who are considered to be the key management personnel, as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Short-term benefits		
Wages, salaries and consulting fees	518	518
Shares awarded	-	122
	518	640

Details of Directors' emoluments are included in the Report on Remuneration on pages 30 to 31.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

3. FINANCE COSTS

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Loan interest	-	-
Finance Fees	-	3
	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

4. TAXATION

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	Year ended		Year ended	
	31 December 2023	2023	31 December 2022	2022
	£'000	%	£'000	%
(Loss) before taxation	(3,019)		(5,497)	
	<u>(710)</u>	<u>23.52</u>	<u>(1,044)</u>	<u>19</u>
(Loss) multiplied by standard rate of corporation tax in the UK				
Effect of:				
Deferred tax asset not recognised	283		43	
Remeasurement of deferred tax for changes in tax rates	(17)		-	
Other permanent differences			-	
Chargeable gains	-		229	
Income not taxable	-		(105)	
Expenses not deductible for tax purposes	444		877	
Total tax charge for year	<u>-</u>		<u>-</u>	

The Company has tax losses in the UK of £27.35m (2022: £26.22m), subject to His Majesty's Revenue and Customs approval, available for offset against future operating profits. The Company has not recognised any deferred tax asset in respect of these losses, due to there being insufficient certainty regarding its recovery. The unrecognised deferred tax asset is £6.84m (2022: £6.56m). The main rate of UK corporation tax for the year ended 31 December 2023 and up to 1 April 2023 was 19 per cent. From 1 April 2023, the main rate of UK corporation tax increased to 25 per cent, resulting in an effective tax rate of 23.52% for the year ended 31 December 2023.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

5. EARNINGS PER SHARE

The calculation of the basic earnings per share is calculated by dividing the consolidated profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by an Employee Benefit Trust (see Note 10) and has been adjusted for the issue of shares during the period.

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
(Loss) attributable to owners of the Company	<u>(3,019)</u>	<u>(5,497)</u>
	2023	2022
	Number	Number
Weighted average number of shares in issue	<u>177,693,153</u>	<u>170,208,788</u>
Less: shares held by the Employee Benefit Trust (weighted average)	<u>(6,380,000)</u>	<u>(6,380,000)</u>
Weighted average number of shares for calculating basic earnings per share	<u>171,313,153</u>	<u>163,828,788</u>
Share options and warrants exercisable	<u>n/a</u>	<u>n/a</u>
Weighted average number of shares for calculating diluted earnings per share	<u>n/a</u>	<u>n/a</u>
	2023	2022
	Pence	Pence
Basic earnings per share	<u>(1.762)</u>	<u>(3.355)</u>
Diluted earnings per share	<u>n/a</u>	<u>n/a</u>

The impact of the share options is considered anti-dilutive when the Company's result for a period is a loss.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

6. FINANCIAL INVESTMENTS

Financial assets at fair value through profit or loss:	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Fair value at 31 December 2021	11,974	-	5,660	17,634
Additions	235	-	7,479	7,714
Fair value changes	(4,593)	-	-	(4,593)
Gains on disposals	(446)	-	998	552
Disposal	(1,926)	-	(1,810)	(3,736)
Fair value at 31 December 2022	5,244	-	12,327	17,571
Transfer	1,810	-	(1,810)	-
Additions	5,152	-	2,048	7,200
Fair value changes	(3,101)	-	-	(3,101)
Impairment of assets	-	-	(905)	(905)
Loss on disposals	(2,793)	-	-	(2,793)
Disposal	(2,150)	-	-	(2,150)
Fair value at 31 December 2023	4,162	-	11,660	15,822
Loss on investments held at fair value through profit or loss				
Fair value loss on investments	(3,101)	-	-	(3,101)
Realised loss on disposal of investments	(2,793)	-	-	(2,793)
Net loss on investments held at fair value through profit or loss	(5,894)	-	-	(5,894)
Financial assets	£'000	£'000	£'000	£'000
	Level 1	Level 2	Level 3	Total
Non-current	-	-	11,660	11,660
current	4,162	-	-	4,162
	4,162	-	11,660	15,822

Level 1 represents those assets, which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices). Level 3 applies inputs, which are not based on observable market data.

Level 1 assets comprise investments in listed securities which are traded on stock markets throughout the world and are held by the Company as a mix of strategic and short term investments. These are classified as current assets by virtue of their liquidity. The listed investments have been valued at bid price, as quoted on their respective Stock Exchanges, at 31 December 2023. During the year ended 31 December 2023 the company disposed of a variety of its shareholdings.

Level 3 assets comprise of investment in exploration costs where licences are not 100% owned by the Company, and investments in other companies.

The Directors conducted an impairment review as of 31 December 2023 and determined that an impairment of £905,000 was necessary for the investment in Mojito. This was due to the disposal of the Yangibana Project Tenements owned by Mojito in 2023 to Hastings Technology Metals (ASX: HAS), the owner and operator of the Yangibana Rare Earth Project. This resulted in Mojito holding no assets and therefore the investment was considered to have no value. Hastings Technology Metals issued 2,452,650 new ordinary shares in Hastings to Cadence Minerals Plc as consideration, which created an intercompany loan between Cadence and Mojito, which was written off in the year, see Note 8.

During 2023, £2,048,000 was invested in exploration costs by the Company (2022: £5,669,000).

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

7. TRADE AND OTHER RECEIVABLES

	31 December 2023	31 December 2022
	£'000	£'000
Current		
Other receivables	-	27
Amounts owed by subsidiaries	3,883	3,883
Prepayments and accrued income	54	47
	3,937	3,957

There is no impairment of receivables, and no amounts are past due at 31 December 2023 or 31 December 2022.

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

8. TRADE AND OTHER PAYABLES

	31 December 2023	31 December 2022
	£'000	£'000
Trade payables	198	246
Tax and social security	14	-
Other payables	1	1
Accruals and deferred income	75	70
	288	317

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

In June 2022, Cadence entered into an agreement binding its wholly owned subsidiary, Mojito to sell its working interest in the leases in the Yangibana Project to Hastings. Hastings is the owner and operator of the Yangibana Rare Project. This investment being a 30% working interest in the Yangibana Project tenements was sold to Hastings, for A\$9 million, which was satisfied via the issue of 2,452,650 new ordinary shares in Hastings to Cadence. As Cadence received the consideration for the sale of the asset in Mojito a trade payable from Cadence to Mojito of A\$9 million was generated. At the end of the period the payable was valued at £4.18 million (A\$ 9 million).

During the year Mojito was closed and the Company wrote off an intergroup balance owed to its wholly owned subsidiary, Mojito Resources Limited, in the amount of £4.18 million. This transaction represents the forgiveness of the debt by the subsidiary to the parent company. The write-off was approved by the board of directors of both companies and was deemed necessary due to broader restructuring or simplification strategy aimed at streamlining the corporate structure. As a result of the write-off, the parent company's liabilities were reduced by £4.18 million.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

9. BORROWINGS

	31 December 2023	31 December 2022
	£'000	£'000
Loan Notes	1,221	-
Interest accrued	14	-
	1,235	-

During the year ended 31 December 2023, the Company entered into a Mezzanine Loan Facility to finance its investment in the Amapá Project.

The Mezzanine Loan Facility ("Loan Facility") involves an unconditional and committed initial tranche by the Investors of US\$ 2 million and a further conditional Loan Facility amount of US\$ 8 million, subject to agreement by the Investors. The Loan Facility is valid for three years.

The First Tranche of US\$ 2 million, drawn down in 2023, has a 24-month term ("Maturity Date"). It has a six-month principal repayment holiday, followed by 18 equal monthly cash repayments thereafter to the Maturity Date. The Loan Facility has an effective annual interest rate of 9.5% and has a 5% implementation on the value of the First Tranche.

If the Company elects not to settle a monthly payment in cash (each being a "Missed Payment"), they will automatically grant a right for the Missed Payment to be settled in shares as per the non-cash repayment terms contained in the Loan Facility Agreement ("Non-Cash Repayment"). Following a Non-Cash Repayment, the Investors will be automatically granted conversion rights over such principal and interest balances due concerning the Missed Payment. The Investors will then have the right for 12 months to convert such amounts either at a price equal to 12.7 pence (representing a 30% premium to the closing price on 25/05/2023) or at a 7% discount to the average of the five daily VWAPs chosen by the Investors in the 20 trading days preceding its conversion notice or at the price the Company issues further equity if lower than the existing conversion price.

Cadence has provided a security package to the Investors as part of the Loan Facility. This package includes a floating charge over the Company's investments, placing its holding in European Metals Holdings into escrow and the issue of new ordinary shares to the Investors ("Initial Issued Shares"). The Initial Issued Shares represent 50% of the value of the First Tranche, or 8,251,224 new ordinary shares. These initial Issued Shares will be used as part of any Non-Cash Repayments if applicable. On the Maturity Date, the Company can utilise the Initial Issued Shares to pursue its investment strategy or for working capital purposes. If it has settled all amounts in cash and these Initial Issued Shares revert to the Company.

As part of the Loan Facility, the Company has agreed to grant 8,251,224 warrants to subscribe for ordinary shares in the Company at an exercise price of 13.2 pence (representing roughly a 35% per cent premium to the current share price of the Company's Shares) with a 48-month term.

During the year ended 31 December 2023, £1,622,000 (\$2,000,000) less costs was drawn down. £124,000 (\$153,000) was repaid through the issue of the Initial Issued Shares. The borrowing costs (and resulting fx) have been capitalised under IAS23, as the sole purpose of the loan was to finance the Amapá Project.

The Company had no borrowings at 31 December 2022.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2023

10. SHARE CAPITAL

	31 December 2023	31 December 2022
	£'000	£'000
Allotted, issued and fully paid		
173,619,050 deferred shares of 0.24p	417	417
180,971,037 ordinary shares of 1p (31 December 2022: 172,719,813 ordinary shares of 1p)	1,809	1,727
	2,226	2,144

	Ordinary shares No.	Ordinary Share Capital £'000	Share Premium £'000
Allotted and issued			
At 1 January 2022	148,649,098	1,486	33,207
Issue of shares during the year	24,070,715	241	4,775
Reissue of shares held in trust	-	-	6
Share issue costs	-	-	(376)
At 31 December 2022	172,719,813	1,727	37,612
Issue of shares during the year	8,251,224	82	42
At 31 December 2023	180,971,037	1,809	37,654

During the year ended 31 December 2023 the following shares were issued: On 1 May 2023, 8,251,224 shares were issued for proceeds of £124,000 in respect of security for the Mezzanine Loans.

Investment in Own Shares

At 31 December 2023 the Company held in Trust 6,380,000 (2022: 6,380,000) of its own shares with a nominal value of £63,800 (2022: £63,800). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 31 December was £0.37m (2022: £0.72m). In the current period nil were repurchased (2022: nil) and nil were transferred into the Trust (2022: nil), with Nil (2022: 640,000) reissued on award of shares to directors.

The deferred shares have no voting rights and are not eligible for dividends.

11. SHARE BASED PAYMENTS

Share Options

The Company operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The expected life of the options varies between 1 and 6 years. All options issued in the prior years vested immediately, with no vesting requirements.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the period are as follows:

	31 December 2023		31 December 2022	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	7,200,000	0.290	7,200,000	0.290
Outstanding at the end of the year	<u>7,200,000</u>	<u>0.290</u>	<u>7,200,000</u>	<u>0.290</u>
Exercisable at year end	7,200,000		7,200,000	

The share options outstanding at the end of the period have a weighted average remaining contractual life of 2.33 years (31 December 2022: 3.33 years) and have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price £	Fair value £	31 December 2023 Number	31 December 2022 Number
30 April 2021	30 April 2021	0.29	0.02742	7,200,000	7,200,000
				<u>7,200,000</u>	<u>7,200,000</u>

At 31 December 2023 7,200,000 options were exercisable (31 December 2022: 7,200,000).

For those options and warrants granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model for share based payments recognised in the current and prior year were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
30 April 2021	0.19%	21.6%	5 years	£0.2375

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

CADENCE MINERALS PLC
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For the year ended 31 December 2023

11. SHARE BASED PAYMENTS (CONTINUED)

Warrants

Details of the number of warrants and the weighted average exercise price (WAEP) outstanding during the period are as follows:

	31 December 2023		31 December 2022	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	2,519,850	0.18345	1,798,405	0.16147
Issued	8,251,224	0.13195	1,157,350	0.20500
Exercised	-	-	(435,905)	(0.015)
Lapsed	(562,500)	(0.11556)	-	-
Outstanding at the end of the year	<u>10,208,574</u>	<u>0.10665</u>	<u>2,519,850</u>	<u>0.18345</u>
Exercisable at year end	10,208,574		2,519,850	

The warrants outstanding at the end of the period have a weighted average remaining contractual life of 1.32 years (31 December 2022: 1.67 years) and have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price £	31 December 2023 Number	31 December 2022 Number
06 May 2020	06 May 2020	0.06	-	41,667
20 August 2020	20 August 2020	0.12	-	520,833
28 September 2021	28 September 2021	0.20	800,000	800,000
25 February 2022	25 February 2022	0.205	1,157,350	1,157,350
1 May 2023	1 May 2023	0.13195	8,251,224	-
			<u>10,208,574</u>	<u>2,519,850</u>

For those warrants granted where IFRS 2 “Share-Based Payment” is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model for share based payments recognised in the current and prior year were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
25 February 2022	1.03%	14.9%	3 years	£0.1825
1 May 2023	4.54%	18.2%	2 years	£0.0975

The Company recognised total expenses of £25,000 (year ended 31 December 2022: £13,000) relating to equity-settled share-based payment transactions during the period.

CADENCE MINERALS PLC
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For the year ended 31 December 2023

12. FINANCIAL INSTRUMENTS

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Company's risk management and focuses on actively securing the Company's short to medium term cash flows. Long term financial investments are managed to generate lasting returns.

The Company has purchased shares in Companies which are listed on public trading exchanges such as the LSE, TSX and ASX, and these shares are held as an available-for-sale asset. The most significant risks to which the Company is exposed are described below:

a Credit risk

The Company's credit risk will be primarily attributable to its trade receivables. At 31 December 2023 and 31 December 2022, the Company had no trade receivables and therefore minimal risk arises.

Generally, the Company's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	31 December 2023				31 December 2022			
	Investments (carried at fair value)	Loans and receivables (carried at amortised cost)	Derivative financial assets	Statement of Financial position total	Investments (carried at fair value)	Loans and receivables (carried at amortised cost)	Derivative financial assets	Statement of financial position total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investments (carried at fair value)	4,162	-	-	4,162	6,206	-	-	6,206
Other long term financial assets	11,660	-	-	11,660	11,365	-	-	11,365
Other receivables	-	-	-	-	-	27	-	27
Receivables from investee companies	-	3,883	-	3,883	-	3,883	-	3,883
Prepayments and accrued income	-	54	-	54	-	47	-	47
Cash and cash equivalents	-	215	-	215	-	110	-	110
Total	15,822	4,152	-	19,974	17,571	4,067	-	21,638

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

12. FINANCIAL INSTRUMENTS (CONTINUED)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment.

Investments

The Company's investment in shares in Listed Companies are included as a financial investment and has been classified as Level 1, as market prices are available, and the market is considered an active, liquid market.

The Company's investment in exploration costs where licences are not 100% owned by the Company, and investments in other companies are classified as non-current Level 3.

The credit risk on liquid funds is limited because the Company only places deposits with leading financial institutions in the United Kingdom.

a Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors prepare rolling cash flow forecasts and seek to raise additional equity funding whenever a shortfall in funding is forecast. Details of the going concern basis of preparing the financial statements are included in the principal accounting policies.

b Market risk

The amount and quality of minerals available and the related costs of extraction and production represent a significant risk to the Company. The Company is exposed to fluctuating commodity prices in respect of the underlying assets. The Company seeks to manage this risk by carrying out appropriate due diligence in respect of the projects in which it invests.

The Company is exposed to the volatility of the stock markets around the world, on which it holds shares in various listed entities, and the fluctuation of share prices of these underlying companies. The Company manages this risk through constant monitoring of its investments share prices and news information but does not hedge against these investments.

c Interest rate risk

The Company only has borrowings at fixed coupon rates and therefore minimal interest rate risk, as this is deemed its only material exposure thereto.

d Foreign exchange risk

The Company had borrowings of £1,235,000 (USD\$1,573,000) at 31 December 2023, which are subject to exchange rate fluctuations. The Company had no borrowings at 31 December 2022. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

CADENCE MINERALS PLC
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12. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to currency risk Currency risk sensitivity to a +/- 10 per cent change in the exchange rate is shown for the net currency position per currency. The summary of quantitative data relating to the Group's exposure to currency risk as reported to the Group management is as follows.

GBP thousand	USD	AUD	BRL
Exposure	(1,161)	98	1
Sensitivity Analysis (+/-10%)	116	10	-

e Financial liabilities

The Company's financial liabilities are classified as follows:

	31 December 2023			31 December 2022		
	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Trade payables	198	-	198	246	-	246
Accruals and deferred income	-	75	75	-	70	70
Tax and social security	14	-	14	-	-	-
Other payables	1	-	1	1	-	1
Borrowings	1,235	-	1,235	-	-	-
Total	1,448	75	1,523	247	70	317

Maturity of financial liabilities

All financial liabilities at 31 December 2022 mature in less than one year. At 31 December 2023 £302,000 of borrowings mature between one and two years.

Borrowing facilities for the period ended 31 December 2023

The Company had no committed and undrawn borrowing facilities at 31 December 2023 (31 December 2022: £Nil).

The Company had no committed undrawn facilities at 31 December 2023 or 31 December 2022.

12. FINANCIAL INSTRUMENTS (CONTINUED)

f Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders;
- to support the Company's stability and growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure, to ensure an optimal capital structure, and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

There was no financing activity in the year ended 31 December 2022.

	Short-term borrowings	Long-term borrowings	Total
1 January 2023	-	-	-
Cash-flows:			
- loans received	1,338	-	1,338
- Interest charged	224	-	224
- Repayments	(162)	-	(162)
Non-cash:			
- Transfer to non-current	(302)	302	-
- Loans repaid in shares	(124)	-	(124)
- Unrealised Foreign exchange movement	(41)	-	(41)
31 December 2023	933	302	1,235

14. RELATED PARTY TRANSACTIONS

The Company was charged rent totalling £26,572 by Gunsynd Plc, a company of which Don Strang is a director (2022: £19,931). Of this £11,250 (2022: £9,500) was accrued and Nil (2022: £131) was unpaid at 31 December 2023.

In June 2022, Cadence entered into an agreement binding its wholly owned subsidiary, Mojito to sell its working interest in the leases in the Yangibana Project to Hastings. Hastings is the owner and operator of the Yangibana Rare Project. This investment being a 30% working interest in the Yangibana Project tenements was sold to Hastings, for A\$9 million, which was satisfied via the issue of 2,452,650 new ordinary shares in Hastings to Cadence. As Cadence received the consideration for the sale of the asset in Mojito a trade payable from Cadence to Mojito of A\$9 million was generated. At the end of the period the payable was valued at £4.18 million (A\$ 9 million).

During the year Mojito was closed and the Company wrote off an intergroup balance owed to its wholly owned subsidiary, Mojito Resources Limited, in the amount of £4.18 million. This transaction represents the forgiveness of the debt by the subsidiary to the parent company. The write-off was approved by the board of directors of both companies and was deemed necessary due to broader restructuring or simplification strategy aimed at streamlining the corporate structure. As a result of the write-off, the parent company's liabilities were reduced by £4.18 million.

Key Management Personnel are considered to be the Company Directors only, and their fees and remuneration are disclosed in the Directors Remuneration on pages 30 to 31, and within Note 2 to the financial statements.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 5 April 2024, the Company announced that it had issued 16,666,667 New Ordinary Shares at 3p raising £500,000 before expenses, and the issue of warrants to the subscriber of the New Ordinary Shares in the ratio of one warrant to each one New Ordinary Share subscribed exercisable at 5p.

16. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no controlling party.