

**UK INVESTOR**   
MAGAZINE

| **Reports**

# Cadence Minerals

LON:KDNC



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## LON:KDNC

Cadence Minerals is an investor and cornerstone partner in the discovery and development of mineral resources for a sustainable future listed on the AIM market of the London Stock Exchange.



**LON:KDNC**

Ticker

**21.5p**

Share Price  
as of 7th Feb 2022

**£32m**

Market Cap  
as of 7th Feb 2022

**5**

Portfolio Projects

Disclaimer: This report and its contents are general information compiled from publicly available information. This report is journalistic in nature and it is not a recommendation to enter into any form of investment. This report is not advice or an inducement to engage into a financial transaction. The report was commissioned by Cadence Minerals and written by UK Investor Magazine.

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## Who are Cadence Minerals?

Cadence Minerals is an early stage investment and development company within the mineral resource sector and is listed as an investment company on the London Stock Exchange AIM market and the Aquis Stock Exchange, also based in London.

Cadence Minerals' strategy is to identify undervalued assets, with irreplaceable strategic advantages that will deliver capital growth to our shareholders. Cadence Minerals invest in these assets and where required help deliver capital growth.

To meet long-term demand, Cadence Minerals 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.

## Investment Strategy

Cadence Minerals investment strategy comprises of investments in private assets, in which of late Cadence have taken a private equity approach, and public equity (e.g. listed on a stock exchange). These classes of investment can be held actively or passively.

Active investments are typically larger investments where Cadence seeks to positively influence the management of investee companies by providing oversight and guidance at Board level to enhance shareholder value and minimize downside risk.

Cadence private investments include mineral exploration and development projects, run either through joint venture companies or joint venture licenses, operated by the joint venture company with in-country partners who have the requisite knowledge and expertise to advance projects.

# Cadence Minerals Assets



Asset	Operator	Location	Commodity	Status
Cinovec Lithium/Tin	European Metals	Czech Republic	Lithium/Tin	Feasibility
Amapa Iron Ore	DEV Mineracao	Brazil	Iron Ore	Rehabilitation
Sonora Lithium	Bacanora Minerals	Mexico	Lithium	Construction
Yangibana Rare Earth	Hastings Technology	Australia	Rare Earth	Construction
Lithium Technologies & Lithium Supplies	Lithium Technologies & Lithium Supplies	Australia	Lithium	Exploration



# Amapa Iron Ore Project, Brazil

The Amapa Iron Ore project in Brazil is Cadence Mineral's flagship project and has the potential for significant shareholder value creation.

Cadence announced a landmark agreement in December that opened the door for Cadence to complete investment into the project which could give Cadence up to a 49% interest in the project.

**\$660m**

Anglo American Valuation  
as of 2012

**49%**

Cadence Interest  
(if option exercised)

**\$6m**

Cadence Initial Investment  
(27% Cadence Interest)

Cadence Minerals have now completed all regulatory and contractual requirements, and have confirmed they now own 20% of the joint venture that has a 100% interest in the Amapa Iron Ore Project.

Having conducted a heavily oversubscribed placing to raise £4.1m, Cadence Minerals are now focusing on the second phase of the initial investment and securing an additional 7% stake in the project for a consideration of \$3.5m.

The history of the Amapa iron ore mine goes back to its discovery and ownership by a Brazilian conglomerate, which it then packaged with the massive 6 billion tonne Minas-Rio iron ore deposit and sold on to Anglo American for US\$5.5 billion.

Before its sale in 2013, Anglo American valued its 70% stake in Amapá at US\$866 million (100% US\$1.2 billion). Anglo impaired the asset in its 2012 Annual Accounts to US\$462 million (100% US\$660 million).



# The Yangibana Rare Earth Project

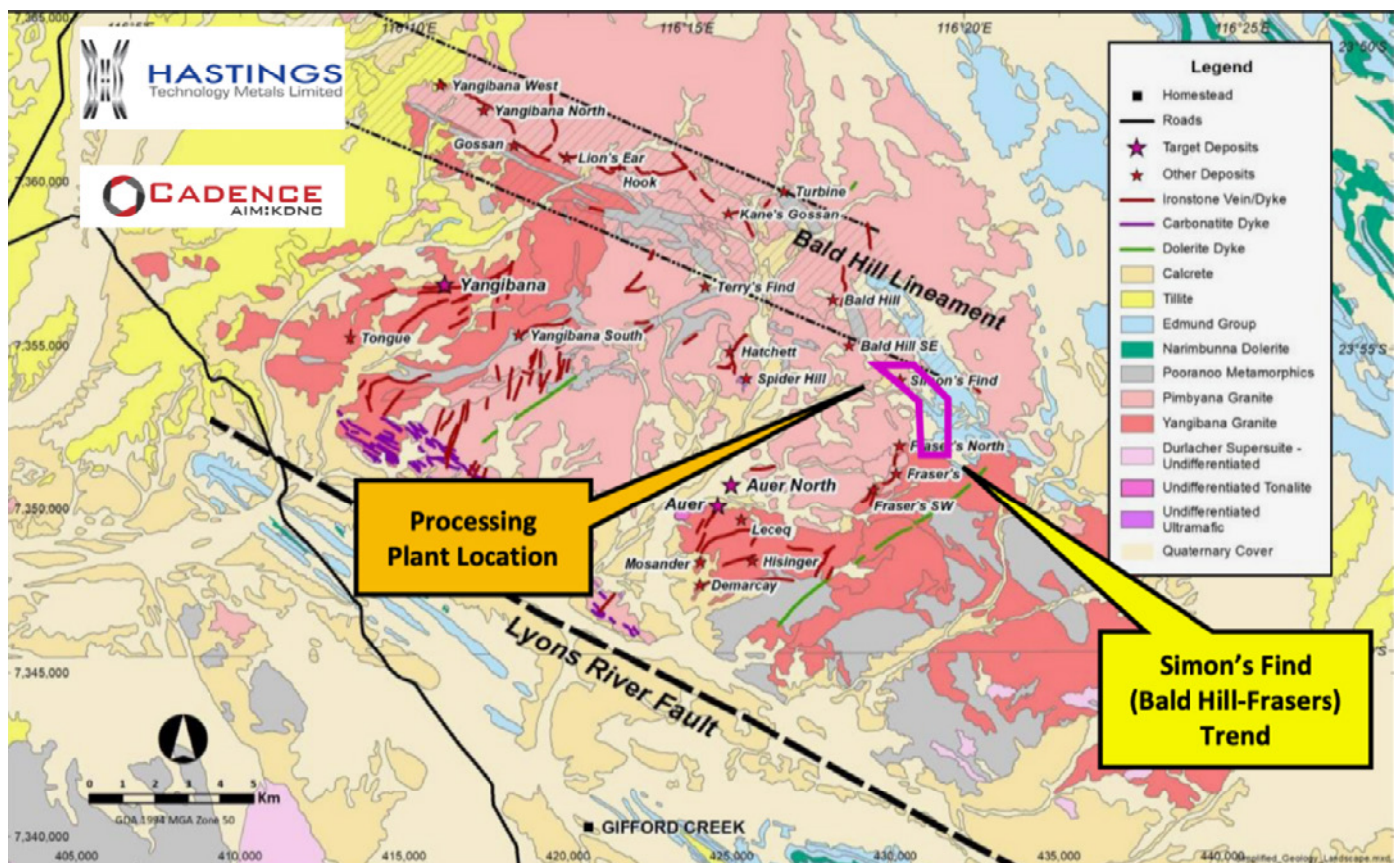
## The Yangibana Rare Earth Project and Details of Cadence Ownership

Cadence holds interests in tenements covering the some of the prospective Gifford Creek Ferrocarbonatite Complex. Through wholly-owned subsidiaries, Cadence holds:

- 30% interest in 3 Mining Leases, 6 Exploration Licences, and 2 General Purpose Leases
- 3 Mining Licenses Include: M09/159, M09/161, M09/163
- 6 Exploration Licenses Included: E09/1043, E09/1049, E09/1703, E09/1704, E09/1705, E09/1706
- 2 General Purpose Leases: G09/11, G09/13

Operating Life	13 years
NPV	A\$549
IRR	21.1%
Payback Period	3.4 years

These tenements are shown above. The tenements in which Cadence holds a 30% interest are in joint-venture with Australian listed Hastings Technology Metals (“Hastings”) and Hastings carries all costs up to the decision to commission a Bankable Feasibility Study.





Cadence Minerals CEO,  
Kiran Morzaria



# Cadence Lithium Projects

## Cinovec

The Cinovec mine is operated by European Metal Holdings which has a 49% in the mine. Cadence Minerals holds 8.7% of the equity in European Metal Holdings.

With European Metal Holdings shares trading at 70.6p, the Cadence stake is worth £11.3m.

In a recent announcement, the Cinovec asset received significant upgrades to the resources that included revisions higher to the annual output and the impact of higher lithium prices.



The most recent feasibility study found it is possible to amend the mining process to incorporate the use of paste backfill which will be instrumental in increasing the mines output by 16%.

As a consequence, the Cinovec mine's expected output has been increased from 25,267 tpa to 29,386 tpa.

The combination of rising lithium prices and the increased production means the projects NPV8 (post tax) increases from \$1.108B to \$1.938B. This is based on lithium prices of \$17,000 which is significantly below the current market price.



# Cadence Lithium Projects

## Sonora Lithium

### The Sonora Lithium Project and Details of Cadence Ownership

The Sonora Lithium Project is comprised of the following lithium properties:

- La Ventana and La Ventana 1 concessions, which are 100 per cent. owned by Minera Sonora Borax S.A. de C.V., a wholly-owned subsidiary of Bacanora; Cadence Minerals, Cadence has no interest in these concessions.
- El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions, which are held by Mexilit S.A. de C.V. Cadence has a 30% direct interest in Mexalit through its Joint Venture with Bacanora.

### Projects Outside the Sonora Lithium Project

Cadence also owns a 30% direct interest in The Megalit, Buenavista, and San Gabriel concessions, which are held by Megalit S.A de C.V ("Megalit").

These areas are not part of the mining plans of the Sonora Lithium Project and have not been assessed in sufficient detail to provide a 43-101 compliant Mineral Resource Estimate.

### Strong economic potential of two stage open-pit operation at Sonora

- Stage 1 – 17,500 tpa for 4 years; Stage 2 – 35,000 tpa
- Estimated Project pre-tax IRR of 26.1%; NPV of US\$1.253 billion (at 8% discount rate)
- Revenues are based on a flat US\$11,000/t for battery grade Li<sub>2</sub>CO<sub>3</sub> over LOM, significantly below the current Li<sub>2</sub>CO<sub>3</sub> price range of US\$12,000 – 20,000/t<sub>2,3</sub>
- Low estimated LOM operating costs of US\$3,910/t of Li<sub>2</sub>CO<sub>3</sub> – lower than the new lithium brine operations being reported in Argentina
- Average LOM annual EBITDA estimated at US\$229 million per annum

# Cadence Lithium Projects

## Lithium Technologies & Lithium Supplies

- Three projects – Picasso (Western Australia – WA), Litchfield (Northern Territories – NT) and Alcoota (NT) all of which are in regions with proven lithium mineralisation and supportive mining infrastructure.
- Litchfield Lithium Project (Figure 1; NT) is contiguous to Core Lithium’s (ASX: CXO) strategic Finniss Lithium Project which has JORC compliant ore reserves (7.4Mt @ 1.3% Li<sub>2</sub>O), with production slated to commence in 2H 2022.
- Picasso Lithium Project (Norseman region, WA) is proximal to Liontown’s Resources’ (ASX: LTR) Buldania Project, with a JORC compliant resource at 14.9Mt @ 0.97% Li<sub>2</sub>O<sub>3</sub>, and has mapped pegmatites<sup>4</sup> that potentially host lithium mineralisation.
- Finally, the Alcoota project (license to be granted) is circa 145km NE of Alice Springs (NT) and has seen comparatively limited exploration, though significant geochemistry samples from 10km south of the project returned assays of 10.2% & 9.6% Li<sub>2</sub>O.

In addition, LT and LS hold applications for six lithium properties in San Luis Province, Central Argentina.

FIGURE 1: LITCHFIELD LITHIUM PROJECT, NORTHERN TERRITORY

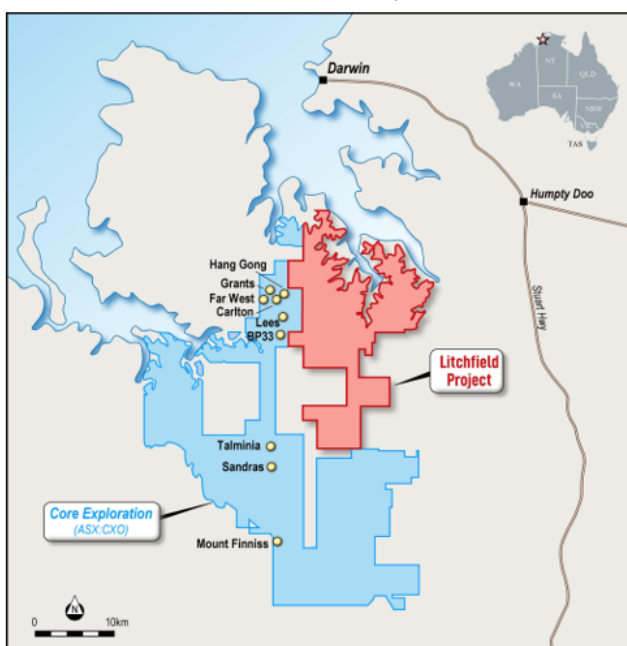
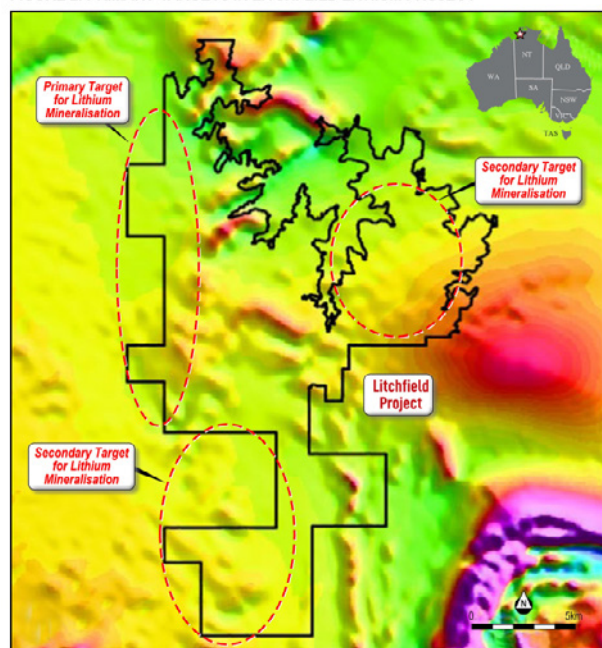


FIGURE 2: PRIMARY TARGETS IN LITCHFIELD LITHIUM PROJECT



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