

Cadence Minerals PLC

**Annual Report and Accounts
For the year ended 31 December 2020**

CADENCE MINERALS PLC
COMPANY INFORMATION
For the year ended 31 December 2020

Company registration number: 05234262

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Kiran Morzaria (Chief Executive Officer)
Donald Strang (Executive Finance Director)
Adrian Fairbourn (Non-executive Director)

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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 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 certain 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, there may well be other factors that cause actions, events or results to differ from those currently anticipated, estimated or intended.

Forward-looking statements contained herein are made as of the date of this annual report and 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 2020

OUR BUSINESS AND INVESTMENT STRATEGY

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.

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.

Our investment strategy comprises of investments in private assets, in which of late we 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.

Our 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. More recently in this part of our investment portfolio, we have taken an active part in the management and decision making of our investee companies, using legal agreements to provide negative control mechanisms to protect the Company's investments. We ideally seek to fund private investment via earn-ins, and if possible, look to incentivise our joint venture partners via equity in Cadence against deliverables that will add value.

The Equity Investment segment includes both active and passive investments as part of our trading portfolio. The trading portfolio consists of investments in listed mining equities where the Board believes the underlying investments are attractive. 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 development of a mining project towards 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 typically are stock exchange traded on the TSX, ASX, AIM or LSE.

In addition, we seek to further mitigate our risk exposure by obtaining a deep fundamental understanding of an investment, its potential economics, operating and legal environment and management team. By doing so, we can eliminate many of the potential investments that we review during the year and fund projects that we believe will deliver value to our shareholders.

CADENCE MINERALS PLC

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CHAIRMAN'S STATEMENT

I am pleased to present the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2020.

In my previous statement to you as Chairman, I surmised that the economic contraction, whilst severe and turbulent, would hopefully recover rapidly due to global stimulus measures. Today, despite the persistent dislocations and disruptions of the global pandemic, this view is supported by several key metrics, including higher commodity prices.

On behalf of the Board of Directors ("Board") and management, I wish to express our thanks and gratitude to all our service providers, consultants, advisors and most importantly to our shareholders for their support throughout a difficult year. Despite the unpredictable nature of the pandemic, the Board and the Company have been able to operate efficiently and successfully. We are well-positioned to transition back to our regular pre-COVID work schedule as and when that is permitted. Our sincere hope that all within our community have kept themselves and their families safe and well.

Without any specific order or priority, our Board wishes to congratulate the successes and achievements of our portfolio companies. Bacanora has successfully negotiated agreements with one of the Worlds biggest Lithium producers, European Metal Holdings has continued to develop Cinovec, the largest hard rock Lithium deposit in Europe, Macarthur Minerals has taken great strides forward with the Lake Giles Iron project and its respective BFS, and Hastings Technology Metals has been at the front and centre of the global focus on rare earth metals. While remaining as supportive shareholders to these companies, our Board remains focused on unlocking and accelerating the value across our entire portfolio. To this extent, despite the challenges thrown up by COVID in conducting thorough due diligence, we have continued to look for new investment opportunities to complement our geographic and geological spread.

The pandemic has provided new perspectives on developing our portfolio, none more so than at our key pending investment - the Amapa Iron Ore ("Amapa Project") project in Brazil. The main priority for the Board has been following the processes and protocols outlined in the Judicial Review Procedure, which have been meticulously and publicly disclosed at every step of the journey. Our management team have maintained a patient and persistent approach, following what was always expected to be a protracted route to bring the mine and community back to life. Today, supported by a 21% increase in total mineral resources compared to the equivalent MRE published by Anglo American 2012 and with the global supply of iron ore still falling short of predicted global demand, the Amapa opportunity looks better than ever.

The unprecedented levels of global economic stimulus, combined with a focus on infrastructure and an overarching need for strategic supply chains for metals and minerals, suggests our portfolio is well-positioned to benefit. Commodity prices have responded to a rapid economic recovery, especially in China. If legislated clean energy goals, electric vehicle production and infrastructure spending is executed and adopted as announced by the incumbent administrations around the globe. In that case, we envisage strong demand growth for the underlying commodities at the heart of the Cadence portfolio. We do not predict prices, but it is worth noting that peak predictions often come at peak prices. As such, our focus on the long-term fundamentals of each commodity allows for a more sustainable and longer-term investment thesis.

While the challenges of the pandemic remain in focus, I would like to conclude by personally thanking our Cadence Community, management, fellow Board members, staff and partners and of course, all Shareholders for their continued support and confidence in the Company.

Andrew Suckling

Non-Executive Chairman, 29 June 2021

CADENCE MINERALS PLC

STRATEGIC REPORT

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CHIEF EXECUTIVE OFFICER'S COMMENTARY

I am pleased to present the audited results for the year ended 31 December 2020. Alongside the financial statements and supporting notes, a full review of business activities during the year is provided within the Strategic Report.

Given the results presented for the period ended 31 December 20, they reflect a historical position in terms of the Company progress and its financial position, so we have included within the Strategic Report further information on key events post year-end.

Despite 2020 being a year of turbulence, Cadence has continued to pursue its strategic objectives because we believe that assets that are undervalued, de-risked, or have strategic advantages will outperform their peers in the long term. During 2020 this strategy bore fruit with the Company delivering both a net profit of £7.8 million (2019 loss of £1.9 million) and reporting considerable progress across its key investments. Furthermore, in 2020, the Company repaid the vast majority of its outstanding convertible debt and in April 2021 repaid it entirely.

The challenges faced with the onset of the COVID-19 pandemic earlier in 2020 presented the Company with some potentially large risks to its concentration of investments. In October 2020, the IMF stated that the total bill for the global pandemic would reach some \$28tn (£21.5tn) in lost output. The rapid intervention by global governments with rate cuts, looser monetary policies and fiscal stimulus has certainly avoided a financial catastrophe, but at the same, increased demand for commodities. Historically the consequences of such events invariably see a strong recovery in commodity markets. This factor was clearly in evidence as 2020 progressed. Prices of commodities such as Iron Ore and Nickel and precious metals including Gold and Silver all increased in value.

In the wake of the sharp economic contractions in 2020, the IMF forecast that only China was expected to emerge with any economic growth during the year. 2021 is set to be a different story, however, and with the vaccine rollout accelerating globally, there are expectations for sharp recoveries across most leading economies. Added to this, the new \$1.9tn stimulus package in the US from the Biden administration will see heavy investment into ageing US infrastructure. These factors should ensure sustained demand and pricing for iron ore and base metals.

There is also the revolution taking place within the automotive industry to consider. The move towards EV's is accelerating rapidly, with a plethora of commitments from key automotive manufacturers such as Ford, Volvo, BMW and Jaguar to switch to electric-only production in the next few years. This move, of course, sounds the death knell for the internal combustion engine, but at the same time is driving the cost of battery metals and component commodities such as lithium, nickel, cobalt and graphite

The net effect is that specific commodities and minerals assets that we have invested in are undergoing a significant global resurgence. I believe that our diverse and complementary nature of investments is uniquely positioned, with downside risk protection and several potential scenarios which could create substantial value to the Company

Our portfolio has been focused on two main investments, and the first is the private Amapa Project. The terms of our investment and the judicial recovery plan were finalised in 2019. The key outstanding item for Cadence to complete its initial US\$2 million (20%) investment in the Amapa Project is the execution of a settlement agreement with the secured bank creditors. During the year, we reached an agreement in principle with secured banks creditors. At the time of writing, we understand the secured creditors either have credit committee approval or are awaiting it. The final settlement agreement has been circulated and is with the respective legal teams for review.

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Chief Executive Officer's Commentary (CONTINUED)

Given the time it had taken for the secured bank creditors to obtain internal approval for the settlement agreement in February 2021, the Commercial Court of São Paulo ("the Court") ruled that DEV Mineração S.A's ("DEV") the owner of the Amapa Project could commence the shipment of the iron ore stockpiles situated at DEV's wholly-owned port in Santana, Amapa, Brazil. DEV was permitted to export sufficient iron ore to realise a US\$10 million profit from the Amapa stockpiles at the port. As of the end of June 2021, DEV had shipped three of the estimated four shipments of 58% iron ore required to net US\$ 10 million profit. DEV is also contracted to carry out logistical and shipping activities for third parties who have stockpiles held at DEV's port.

Despite the lack of a settlement agreement, Cadence, our joint venture partners, Indo Sino Pte Ltd ("Indo Sino"), and DEV determined that it was essential to progress the Amapa Project. In this vein, we completed an updated mineral resource statement increasing the total mineral resources by 21%. In addition, we have commenced various other work streams which will enable us to complete and a pre-feasibility study.

As we have mentioned on numerous occasions, the opportunity to invest in such a project is rare within our industry, and we believe this project provides us with a potentially transformative asset for our Company. The Amapa Project gives Cadence the potential for an exceptional return on investment in the run-up to full production and an opportunity to become a significant shareholder in a mid-tier iron ore producer.

The second of our key investments is European Metals Holdings ("EMH"), whose strategy is to become a Czech based lithium and tin producer. During the year, EMH's Cinovec Project has been significantly de-risked and is moving rapidly towards a final investment decision. The year was marked primarily by the completion of an agreement with CEZ a.s., the Czech national power utility, by which CEZ became a 51% shareholder of the Project Company, Geomet and injected approximately EUR 29 million into Cinovec. This agreement not only provides all necessary funding to move the Project to the final investment decision, but it also provides strong business and management support within the Czech Republic.

I would like to record my thanks to the team members at Cadence and our investee companies who have all worked incredibly hard to bring the Company and its investment to its present strong position. We continue to deliver on identifying opportunities in line with our investment strategy, and we believe the concentration of risk across a few key assets and commodities will bear fruit. Our investments have some downside protection, optionality and exposure to potentially significant upside.

We look forward to continuing to actively assess investment opportunities as well as managing them actively and diligently.

Kiran Morzaria

Chief Executive Officer, 29 June 2021

CADENCE MINERALS PLC

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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 equity model and in public equity. In both investment classes, we take either an active or passive role. We have reported in these segments below.

The Amapa Iron Ore Project, Brazil

Private Investments (Active)

The Amapa Project is a large-scale iron open pit ore mine with associated rail, port and beneficiation facilities that commenced operations in December 2007. Production increased to 4.8 Mt and 6.1 Mt of iron ore concentrate product in 2011 and 2012, respectively. Before its sale in 2012, Anglo American valued its 70% stake in the Amapa Project at US\$462m (100% US\$600m).

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

To acquire its 27% interest, Cadence will invest US\$6 million over two stages in a joint venture company. The first stage is for 20% of the JV, the consideration for which is US\$2.5 million. The second stage of investment is for a further 7% of JV for a consideration of US\$3.5 million. The investments are wholly contingent on DEV delivering several key preconditions.

During the year, the key driver for the Company was to satisfy the remaining major precondition for Cadence to make its investment in the Amapa Project (the monies of which are currently held in escrow in a judicial trust account). This precondition requires DEV and the investors (Cadence and Indo Sino via our joint venture company) to reach a settlement agreement with the secured bank creditors. During the year, we spent our time negotiating with secured bank creditors. This process was frustrating, given that we have been dealing with four banks across five different time zones and three different business cultures and various internal approvals. This was further complicated that during the process, two of the banks underwent a merger and changed personnel and processes. Nonetheless, all parties reached an agreement in principle in late 2020.

Subsequent to this date, the internal process of approval within two of the secured lenders in India was further delayed due to an increase in infections of the SARS-CoV-2 delta variant. Nonetheless, we are highly confident that we will be able to execute a settlement agreement, as, at the time of writing, we understand the secured creditors have had either credit committee approval or are awaiting it, and the final settlement agreement has been circulated and is with the respective legal teams for review. Once this precondition has been met, Cadence will release its monies held in escrow, at which point Cadence will become a 20% shareholder in the Amapa Project via our joint venture company which will own 99.9% of DEV.

Subsequent to the year-end and while negotiations with the secured bank creditors were ongoing, DEV was permitted by the Commercial Court of São Paulo to commence shipment of the iron ore stockpiles situated at DEV's wholly-owned port in Santana, Amapa, Brazil.

DEV is permitted to export sufficient iron ore to realise a US\$10 million profit from the Amapa stockpiles at the port (after the deductions of all logistical, regulatory, shipping and sale costs).

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INVESTMENT REVIEW (CONTINUED)

The first portion of the net revenues will be used to pay historic small and employee creditors. R\$7.5 million was paid from the first shipment, after which approximately US\$ 6 million of the net revenues will be used to begin recommissioning studies on the Amapa Project and to start maintenance and monitoring of the current tailing dam facilities. The remaining net revenues will be used to provide working capital for the operations and for payment against the outstanding amount due to the Bank Creditors.

As of the end of June 2021, DEV had shipped three of the estimated four shipments of 58% iron ore required to net a US\$ 10 million profit. DEV is also contracted to carry out logistical and shipping activities for third parties who have stockpiles held at DEV's port.

On an operational basis during the year, Cadence commissioned an updated mineral resource estimate of the Amapa Project. This resulted in a mineral resource of 176.7 million tonnes ("Mt") grading 39.7% Fe in the Indicated category and a mineral resource of 8.7Mt at 36.9% in the Inferred category. Both were reported within an optimised pit shell and using a cut-off grade of 25% Fe.

This mineral resource represents a 21% increase in total mineral resources compared to the equivalent mineral resource estimate published by Anglo American 2012. The mineral resource estimate forms the basis of the mine planning studies, which are ongoing, supporting the operational plan to produce 4.4Mt of 65% Fe and 0.3 Mt of 62% Fe per annum. The mineral resource work will form part of a pre-feasibility study.

Work on the pre-feasibility study has started, consultants have been engaged to commence the engineering and conditioning studies on the plant and railway, and in addition, we are in the process of commissioning engineering studies on the tailings dams and the port. We had originally envisaged publishing a scoping study and then progressing to a pre-feasibility study. However, given the delays we have seen in finalising the settlement, the secured bank creditors, DEV, Cadence and Indo Sino, have agreed to progress straight to pre-feasibility level studies. This will shorten the overall development timeline, save capital and provide a more accurate estimate of capital and operational costs (25%-30% as opposed to 45%-50%).

General low-level maintenance is ongoing, and the mine site, tailings dam and port and we are continuing to liaise with the relevant regulatory authorities to obtain the necessary licenses to operate.

The Amapa Project's Current Development Plan

As part of its due diligence and assessment, Cadence has carried out multiple site visits and commissioned SRK Consulting to provide it with a high-level review of the Amapa Project. This review was based on a site visit, historical analysis and the review of technical independent engineers reports published in 2013 and 2015. It should be noted that this review provides a basis for a preliminary assessment of the project and its potential, but further, more detailed reviews and analysis would be required to provide a Pre-Feasibility or Feasibility Study level report. This would include, amongst other things, providing a current Mineral Resource Estimate and/or Ore Reserves, updated capital and operating costs and an independent assessment of key economic drivers and returns.

The Amapa Project consists of an open-pit iron ore mine, railway and port facility and is located in Amapa State, northeast Brazil. The Amapa mine site, forming part of the Amapa Project, is located near the towns of Pedra Branca do Amapari and Serra do Navio, approximately 200km northwest of Macapa.

CADENCE MINERALS PLC

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For the year ended 31 December 2020

INVESTMENT REVIEW (CONTINUED)

The redevelopment programme will broadly follow the stages outlined below:

1. *Recommissioning Studies* - DEV has started the relevant resource and engineering studies required for banking project finance.
2. *Reinvestment of Iron Ore Stockpile Sales.*
 - a. DEV is currently shipping the stockpile under the courts' approval, outlined previously, and once an executed agreement with the secured creditors is completed DEV, will continue to ship this material. It is anticipated that it will take up to 2 years to ship.
 - b. An independent survey of these stockpiles carried out post the year-end indicates some 1.39 Mt (+/- 10%) of iron ore in three stockpiles with an average Fe grade of 58%.
 - c. These funds will be reinvested in the capital development of the Amapa Project; however, they could also be used in part as part of a settlement package with the Bank Creditors.
3. *Capital Investment*
 - a. DEV's estimate of capital costs, which are based on 2013 engineering studies, is anticipated to be a total of US\$168 million. This sum includes all the capital investment required to bring the mine, rail and port into full production. This will be updated as part of the pre-feasibility studies and is expected to increase due to the underlying inflation we are currently seeing in the steel markets.
 - b. The above capital investment will occur after the completion of the recommissioning studies and raising additional capital.
 - c. The reconstruction is estimated to take approximately 18-24 months after the completion of the recommissioning studies.
4. *Operations*
 - a. The ore is planned to be beneficiated to a 65% Fe Pellet Feed and 62% Fe Spiral Concentrate
 - b. Based on available historic mine plans and an independent consultant review, it is expected that at full production, the Amapa Project has a mine life of 14 years and at full capacity is targeting to produce up to 5.3 Mt of Iron Ore per annum

Lithium Technologies Pty Ltd & Lithium Suppliers Pty Ltd ("LT" & "LS")

Private Investments (Active)

In December 2017, Cadence Minerals announced that it had executed binding investment agreements to acquire up to 100% of six prospective hard rock lithium assets in Argentina via LT & LS, which was subsequently varied to acquire three prospective assets in Australia that are in regions with proven high-grade lithium mineralisation. The acquisition covered 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.

As of the date of this document, Cadence owns 25.875% of LT & LS and consequently of the Australian and Argentinian lithium prospects.

During the year, our joint venture partners maintained the licenses but carried out no further work on these areas. This is because Cadence believes that our capital and time should be focused on our investment in the Amapa Project, which is of a lower risk profile than LT and LS investment.

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INVESTMENT REVIEW (CONTINUED)

Sonora Lithium Project, Mexico

Private Investments (Passive)

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

Mexalit forms part of the Sonora Lithium Project. The remainder of Mexalit and Sonora Lithium Project is owned by Bacanora Lithium Plc ("Bacanora"), which is a London-listed lithium asset developer and explorer.

The Sonora Lithium Project consists of ten contiguous concessions covering 97,389 hectares. Two of the concessions (La Ventana, La Ventana 1) are owned 100% by Bacanora through its wholly-owned subsidiary Minera Sonora Borax S.A de C.V. ("MSB"). El Sauz, El Sauz 1, El Sauz 2, Fleur and Fleur 1 concessions are owned by Mexalit S.A. de C.V. ("Mexalit"), which is owned 70% by Bacanora and 30% by Cadence.

The Sonora Project holds one of the world's larger lithium resources and benefits from being both high grade and scalable. The polyolithionite mineralisation is hosted within shallow dipping sequences, outcropping on the surface. A Mineral Resource estimate was prepared by SRK Consulting (UK) Limited ("SRK") in accordance with NI 43-101. The following tables present the summary of current lithium resources for the Project and the attributable amounts to Cadence; these Mineral Resources are inclusive of Mineral Reserves:

MINERAL RESERVES (Cut-off grade of 1,500 ppm Li)

Category	Tonnes Ore (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Cadence (000t)
Proven	80,146	3,905	1.64	1,666	116
Probable	163,662	3,271	1.36	2,849	723
Total	243,808	3,480	1.45	4,515	839

MEASURED AND INDICATED MINERAL RESOURCES (Cut-off grade of 1,000 ppm)

Category	Tonnes (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Cadence (000t)
Measured	103,000	3,480	1.5	1,910	134
Indicated	188,000	3,120	1.3	3,130	785
Total	291,000	3,250	1.4	5,038	919

INFERRED MINERAL RESOURCES (Cut-off grade of 1,000 ppm)

Category	Tonnes (000t)	Li (ppm)	K (%)	LCE (000t)	LCE attributable to Cadence (000t)
Inferred	268,000	2,650	1.2	3,779	559

A feasibility study report was published in January 2018, which confirmed the positive economics and favourable operating costs of a 35,000 tonnes per annum battery-grade lithium carbonate operation. The feasibility study report estimates a pre-tax project net present value of US\$1.253 billion at an 8% discount rate and an Internal Rate of Return of 26.1%, and Life of Mine operating costs of US\$3,910/t of lithium carbonate. **It should be noted that under the published feasibility study, the concession owned by Mexalit will be mined starting in year 9 of the mine plan cease at the end of the mine life in year 19**, and as such, assuming Cadence retains its position, any net realisable economic benefit to Cadence would only accrue at this time.

The full report can be found here: <https://www.bacanoralithium.com/pdfs/Bacanora-FS-Technical-Report-25-01-2018.pdf>

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INVESTMENT REVIEW (CONTINUED)

Summary of Activities

During the year, Bacanora completed a 50% share of the funding requirements of the Sonora Lithium Project; this was via equity raises through the public markets and its cornerstone investor Gangfeng Lithium CO., Ltd (“Gangfeng”). Gangfeng also increased its direct project stake in Bacanora’s stake of the Sonora Lithium Project. This dilution has had no effect on the Company’s 30% stake in Mexalit.

Subsequent to the year-end, Bacanora entered into an agreement dated 6 May 2021 regarding the terms of a possible cash offer by Ganfeng for the entire issued and to be issued share capital of Bacanora other than that which it already owns, at a price of 67.5p per Bacanora share.

Although this does not directly affect the terms of our Joint Venture, should the cash offer be successful, our partner in Mexalit will be Gangfeng. This is highly encouraging for the development of the project, given that Gangfeng’s involvement in the development of the project to date and their extensive experience in the lithium market holding company is the world’s third-largest and China’s largest lithium compounds producer and the world’s largest lithium metals producer in terms of production capacity. Its operations are vertically integrated, encompassing all critical stages of the value chain, including upstream lithium extraction, midstream lithium compounds and metals processing, as well as downstream lithium battery production and recycling.

Whilst COVID-19 has impacted the Bacanora’s and its partners, work to complete the front-end engineering design (“FEED”) has continued throughout the period, with GR Engineering Services (“GRES”) completing the front-end concentrator and mechanical engineering and Ganfeng completing its flow sheet design testwork for the production of battery-grade lithium from the samples provided by the pilot plant. Ganfeng is continuing to integrate its flow sheet for the production of battery-grade lithium into the overall large scale design and remains on schedule to deliver its final engineering packages to Bacanora in Q2 2021. Ganfeng continues to work with its equipment suppliers to determine equipment delivery times to align with a target of first production in 2023.

In Q1 2021, the Company commenced initial site activities for the development of the Sonora Project. Initial works involve the rescue and removal of surface vegetation and topsoil in the area required for the construction of the lithium processing plant. The Sonora construction team also commenced preparatory work to upgrade the main access road to the site in preparation for providing access for heavy equipment for commencing bulk site earthworks later in the year.

Yangibana Project, Australia

Private Investments (Passive)

The Yangibana Project (the Project) is a significant Australian Rare Earths Project, containing substantial Neodymium and Praseodymium resources. The Project currently covers approximately 650 square kilometres. The Project is located in the Gascoyne region of Western Australia, some 250 kilometres northeast of Carnarvon.

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

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

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INVESTMENT REVIEW (CONTINUED)

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.

Summary of Activities

During the year, Hastings updated their mineral resources and ore reserve estimate (JORC 2012); the result that affects our joint venture area are reported below:

Yangibana M09/163 (JV Tenement 30% of Total to Cadence)

Category	Million Tonnes	%TREO	% Nd2O3+Pr6O11
Indicated	0.11	0.78	0.39
Inferred	0.05	0.85	0.42
TOTAL	0.16	0.80	0.40

Yangibana North M09/159 (JV Tenement 30% of Total to Cadence)

Category	Million Tonnes	%TREO	% Nd2O3+Pr6O11
Measured	0.29	1.35	0.35
Indicated	1.66	1.43	0.37
Inferred	0.60	1.43	0.37
TOTAL	2.55	1.42	0.37

Probable ore reserves within JV tenements 30% of Total to Cadence

Deposit	Million Tonnes	%TREO	%Nd2O3+Pr6O11	Nd2O3+Pr6O11 as % of TREO
Yangibana	0.10	0.78	0.39	50
Yangibana North	1.76	1.39	0.37	26
TOTAL	1.86	1.36	0.37	28

Hastings also reported in June an update to their economic model a reported the following financial evaluation results: **No costs or revenue ascribed to the 30% interest in the deposits held by Mojito Resources are reported in the financial modelling.**

Operating Life	13.0 years
Net Present Value (NPV)	A\$549 million
Internal Rate of Return (IRR)	21.1%
Payback Period	3.4 years

The economic model assumes Cadence will participate in the development and mining of the deposits held 70% by Hastings in a joint venture with our subsidiary Mojito Resources (30%) under the 'Yangibana Joint Venture Agreement'. As set out in the “Probable ore reserves table” above, the specific deposits to which the joint venture applies are Yangibana and Yangibana North.

Assuming there is a development of the mine by the joint venture, not only will there need to be a Mining Joint Venture Agreement agreed and put in place to replace the existing joint venture documentation and regulate the arrangements between the participants for the mine development, but arrangements will also need to be established to determine how the Yangibana production and tenements (the subject of the joint venture) fit with the broader 100% Hastings group-owned production and tenements.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2020

INVESTMENT REVIEW (CONTINUED)

European Metals Holdings Limited (“European Metals”)

Public Equity (Active)

Cadence has held an investment in European Metals since June 2015. As of year-end, Cadence held 12.97% in the Cinovec deposit in the Czech Republic through a direct holding in the share capital of European Metals that owns 100% of the exploration rights to the Cinovec lithium/tin deposit.

Cinovec 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 7.18 million tonnes Lithium Carbonate Equivalent and 263kt of tin reported 28 November 2017. An initial Probable Ore Reserve of 34.5Mt at 0.65% Li₂O and 0.09% Sn reported 4 July 2017 had been declared to cover the first 20 years mining at an output of 22,500tpa of lithium carbonate reported 11 July 2018.

Our exposure in our equity portfolio is heavily concentrated in European Metals, and therefore given European Metals volatility means Cadence is exposed to significant risk; as such and given the significant returns from European Metals we saw in 2020, we reduced our exposure from circa 19% to 12.97%. Subsequent to the year-end, we further reduced our stake in European Metals to 9.99% as of 28 May 2021.

As of 25 June 2021, the total return on this investment is 400%. The realised return is 204%, and the unrealised return is 527%.

Summary of Activities

The Project has been significantly de-risked and, at the time of this report, is moving towards a final investment decision. The year was marked primarily by the completion of an agreement with CEZ a.s., the Czech national power utility, by which CEZ became a 51% shareholder of the Project Company, Geomet and injected approximately EUR 29 million into the Project.

This agreement not only provides all necessary funding to move the Project to the final investment decision, but it also provides strong business and management support within the Czech Republic. CEZ is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. CEZ's core business is the generation, distribution, trade-in, and sales of electricity and heat, trade-in and sales of natural gas and coal extraction.

The automotive industry in Czech is a significant contributor to GDP, and the number of EV's in the country is expected to grow significantly in coming years. In addition to the partnership with CEZ, European Metals announced, post balance date, a partnership agreement with EIT InnoEnergy - a European Union body that is the principal facilitator and organiser of the European Battery Alliance (EBA). The EBA was initiated by the European Commission to create a competitive and sustainable battery cell manufacturing value chain in Europe.

The purpose of the partnership agreement with EIT InnoEnergy is to facilitate the accelerated construction financing and ultimate commercialisation of Cinovec. This will be achieved through assistance in the sourcing of construction finance, grant funding, and offtake introductions and negotiations.

The deposit is uniquely located, being in the centre of the Czech and European car industry and proximal to a large number of new and planned battery factories. Europe has recently overtaken China as the largest producer of Electric Vehicles globally, and the EC has released an action plan on critical raw materials to ensure a more secure and sustainable supply.

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2020

INVESTMENT REVIEW (CONTINUED)

The Project Company appointed SMS group, a German-based world-leading engineering firm, as the lead engineer for the minerals processing and lithium battery-grade chemicals production at Cinovec. This marks the beginning of the formal Front-End Engineering Design study as the major component of the ongoing Definitive Feasibility Study. This detailed engineering contract, along with advances in permitting and offtake discussions, moves us closer to the development of Europe's largest hard rock lithium resource for the benefit of all stakeholders.

Trading Portfolio

Public Equity (Passive)

Cadence's passive investments are typically direct purchases of listed mining equities but may include other investment structures. The aim is to make capital gains in the short to medium term. Investments are considered individually based on a variety of criteria. Investments are typically traded on the TSX, ASX, AIM or LSE.

During the year, we reduced our exposure to Macarthur Minerals Limited ("Macarthur") from 7.1% to approximately 1%. We reduced our exposure to Macarthur as we believe that we can deliver more value to our shareholders by investing the Amapa Project, which is in the same commodity, and we have an active stake in the development of the asset. The realised loss on disposal was £190,000.

Macarthur is an iron ore development, gold and lithium exploration company and is listed on the TSX Venture Exchange (TSX-V: MMS) and Australian Stock Exchange (ASX: MIO). Macarthur is focused on bringing to production its 100% owned Western Australia iron ore projects. The Lake Giles Iron Project includes the 80 million tonne Ularring hematite resource (approved for development) and the 710 million tonne Moonshine magnetite resource. Macarthur has secured a binding Life-of-Mine Off-Take Agreement with Glencore International A.G. and is focused on commercialising its iron ore projects utilising mining, processing and logistics infrastructure in the region and is progressing towards completing a bankable feasibility study.

In addition to Macarthur, during the year, we disposed of our stake in Rarex Limited (formerly Clancy Resources), realising a loss of £22,000.

FINANCIAL REVIEW

Total comprehensive profit for the year attributable to equity holders was £7.82m (2019 restated: loss of £1.94m). This increase in profitability from the previous year of approximately £9.76m is due to the movement in realised and unrealised profits and losses of approximately £10.32m relating to our share investment portfolio (available for resale assets) held during the period. Administrative expenses were down £0.41m from £1.85m to £1.44m, but foreign exchange losses were up £0.71m from £0.12m to £0.82m.

Diluted profit per share was 6.609p (2019: loss of 2.382p).

The net assets of the Group at the end of the period was £22.09 million (2019: £10.99 million). This increase of approximately £11.1m reflects the profits and shares issued in the year.

Restatement of Accounts

Cadence Minerals Plc is an investment entity, and its interests are held exclusively with a view to subsequent resale. Historically the Company adopted a consolidation policy that didn't reflect the nature, purpose and cashflows of the entity. This policy has been amended, and the prior years have been restated in recognition of the change in accounting policy in line with IAS 8. Further details are disclosed in Note 20.

All investments have been reclassified as Financial Assets held at Fair Value through Profit and Loss ("FVPTL").

CADENCE MINERALS PLC

STRATEGIC REPORT

For the year ended 31 December 2020

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 Cadences 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 seek 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.

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, its potential economics, operating and legal environment and its management team, prior to investment.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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 2020

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 29. 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 2020 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 2020.

Principal activity

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 39.

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. Further details on the investments are included in the Chairman's statement.

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 are 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.

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 15 to the financial statements.

CADENCE MINERALS PLC
REPORT OF THE DIRECTORS
For the year ended 31 December 2020

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.

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 31 December 2020 were as follows:

	Ordinary shares held Number	Percentage of capital %
Hargreaves Lansdown (Nominees) Limited Des:15942	14,918,452	10.08%
Barclays Direct Investing Nominees Limited Des:CLIENT1	11,934,976	8.07%
JIM Nominees Limited Des:JARVIS	9,835,675	6.65%
Interactive Investor Services Nominees Limited Des:SMKTISAS	9,252,265	6.25%
Hargreaves Lansdown (Nominees) Limited Des:VRA	8,578,606	5.80%
Interactive Investor Services Nominees Limited Des:SMKTNOMS	8,243,988	5.57%
Forest Nominees Limited Des:DIVWAIV	7,020,000	4.74%
HSDL Nominees Limited Des:MAXI	6,682,881	4.52%
Hargreaves Lansdown (Nominees) Limited Des:HLNOM	6,339,761	4.29%
HSBC Global Custody Nominee (UK) Limited Des:941346	4,812,417	3.25%

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 18 to the Financial Statements.

Going concern

The Directors have prepared cash flow forecasts for the period ending 30 June 2022 which take account of the current cost and operational structure of the Company.

CADENCE MINERALS PLC
REPORT OF THE DIRECTORS
For the year ended 31 December 2020

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.

In the current business climate, the Board acknowledges the COVID-19 pandemic risk and continues to monitor the need to implement any changes to underpin the Group's resilience to COVID-19, with the key focus being on protecting all personnel, minimising the impact on critical workstreams and ensuring business continuity.

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 International Financial Reporting Standards as adopted by the European Union (IFRSs). 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

Chapman Davis LLP resigned as auditors and PKF Littlejohn LLP were appointed in their place. 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

Kiran Morzaria
Chief Executive Officer, 29 June 2021

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	8 of 13
Adrian Fairbourn	8 of 13
Kiran Morzaria	13 of 13
Donald Strang	13 of 13

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 the 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. The primary KPI is absolute equity return on investments. Details intend to be disclosed in the Annual Report Accounts going forward.

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.

Currently there is no Audit Committee report provided in the Annual report but the Board will consider the provision of this in the next Annual report together with other information which shareholders may find useful.

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. Details of the Company's corporate governance arrangements are provided within this Corporate Governance section 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;
- Determines 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 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 coordinate 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 been in business for over 20 years, holding senior financial and management positions 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. He is an Executive Director of Gunsynd plc.

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 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 twice 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 2020.

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 twice 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 twice 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 lower quartile of companies of a market capitalisation of between £20 million and £50 million on the AIM market. During this review, the Remuneration Committee recommended not material changes to the remuneration of its members.

Bonuses

During the review by the Remuneration Committee and the benchmarking exercise, Cadence was found that by not have a sufficient variable component as part of its remuneration policy, it was not in line with comparable companies. Therefore it was recommended that Cadence should put in place a short term incentive based on specific operational achievements of the Company's investments. This achievement was met during the period, and the bonuses were recommended for approval and paid during the period.

A condition of the award of these cash bonuses was that once the board was in an open period that the net amount received should be used to acquire shares in the Company, which was done by all board members. The bonuses paid in the year ended 31 December are shown below. In Year ended 31 December 2019, no bonuses were paid.

CADENCE MINERALS PLC
REPORT ON REMUNERATION
For the year ended 31 December 2020

Share Awards (Share Incentive Plan)

To incentivise the Board on a medium-term basis, the Remuneration Committee recommended that the Board could be awarded up to 240,000 Ordinary Shares each in the employee benefit trust. The award of these shares from the employee benefit trust is conditional on meeting performance and vesting conditions in line with market practice. During the period, one of these targets was achieved, entitling each director to be awarded 80,000 shares (net of tax) from the employee benefit trust. The shares were not awarded during the period, however as the award had vested, the costs associated with this was accrued during the year.

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 £1,424 (2019: £Nil) and D Strang £219 (2019: £Nil).

Benefits in kind

No benefits in kind were paid during the year to 31 December 2020 or the year ended 31 December 2019.

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 2020 no options were held by the Directors.

The remuneration of the Directors was as follows:

	A Fairbourn	A Suckling	K Morzaria	D Strang	Total
	£	£	£	£	£
Year to 31 December 2020					
Salary and fees	48,000	99,333	120,000	116,000	383,333
Bonus	30,000	30,000	60,000	60,000	180,000
Cost of shares awarded (2)	9,600	9,600	18,113	18,113	55,426
Total	87,600	138,933	198,113	194,113	618,759
Year to 31 December 2019					
Salary and fees	48,000	100,000	150,000	120,000	418,000
Share based payments (1)	142	327	327	327	1,123
Total	48,142	100,327	150,327	120,327	419,123

(1) Share based payments represent a Black and Scholes valuation of the incentive options granted to the Directors during 2017. Options are used to incentivise Directors and are a non-cash form of remuneration.

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

CADENCE MINERALS PLC
REPORT ON REMUNERATION
For the year ended 31 December 2020

At 31 December 2020 the following amounts were outstanding in fees to directors; £Nil (2019: £66,919).

The high and low share price for the year were 16.5p and 3p respectively (year ended 31 December 2019: 38p and 6.625p). The share price at 31 December 2020 was 14.5p (31 December 2019: 6.75p).

Andrew Suckling
Non-Executive Chairman, 29 June 2021

Opinion

We have audited the financial statements of Cadence Minerals Plc (the 'company') for the year ended 31 December 2020 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 director's 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 company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts prepared by management for the period up to June 2022, providing challenge to key assumptions and reviewing for reasonableness;
- A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management;
- Reviewing post-year end RNS announcements and held discussions with management on expenditure plans, as well as the potential consequences of not meeting minimum spend requirements on the licenses during 2021; and
- Assessing the adequacy of going concern disclosures within the Annual Report and Accounts

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 company's 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

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We determined our overall financial statement materiality to be £330,000, based on 1.5% of net assets. We consider net assets to be the most significant determinant of the company's financial position and performance used by shareholders, with the key financial statement balances being investments and cash and cash equivalents. The going concern of the company is dependent on its ability to fund operations going forward, as well as on the valuation of its assets, which represent the underlying value of the company.

We set performance materiality at 70% of overall financial statement materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements.

We agreed with the board of directors that we would report to the committee all audit differences identified during the course of our audit in excess of £16,500.

No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas requiring the directors to make subjective judgements, for example in respect of assessing the carrying value and recoverability of investments, and the consideration of future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

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

Key Audit Matter	How our scope addressed this matter
<p data-bbox="154 237 730 302">Carrying value of Financial Assets (Refer note 6)</p> <p data-bbox="154 338 722 472">The Company held investments with a value of £16.6m as at 31 December 2020. These are valued in accordance with IFRS 13 and the fair value hierarchy; and classified as per IFRS 9.</p> <p data-bbox="154 517 699 613">There is the risk that these investments have not been valued in accordance with IFRS 13 and IFRS 9 and require impairment.</p>	<p data-bbox="802 338 1193 365">Our work in this area included:</p> <ul data-bbox="802 409 1433 1167" style="list-style-type: none"> <li data-bbox="802 409 1433 555">• Reviewing the valuation methodology for the investments held and ensuring that the carrying values are supported by sufficient and appropriate audit evidence; <li data-bbox="802 562 1433 667">• Ensuring that all asset types are categorised according to IFRS, including the accounting disclosures as required under IFRS 9; <li data-bbox="802 674 1433 779">• Reviewing the movement in investments to ensure they are accounted for and disclosed correctly in line with IFRS 9; <li data-bbox="802 786 1433 819">• Reviewing disclosures in relation to said assets; <li data-bbox="802 826 1433 898">• Ensuring that Cadence Minerals Plc has full title to the investments held; <li data-bbox="802 904 1433 1055">• Ensuring that appropriate disclosures surrounding the estimates made in respect of any valuations are included in the financial statements; and <li data-bbox="802 1061 1433 1167">• Considering whether the transactions have been accounted for correctly within the financial statements. <p data-bbox="754 1211 1417 1420">A prior year restatement in respect of the classification of the investments held, was reflected within the financial statements as the Company is an investment entity and their investments should be recorded as financial assets instead of investments in associates or joint ventures.</p> <p data-bbox="754 1464 1409 1637">In addition, the Company's subsidiaries are also investment vehicles and because the Company itself is an investment vehicle, they are exempt from consolidation under IFRS 10 and the Directors have taken this exemption.</p> <p data-bbox="754 1682 1417 1742">Further details of the prior year adjustment are in note 20.</p> <p data-bbox="754 1787 1422 1883">Based on the work performed, we are satisfied that the carrying value of financial investments is materially correct and adequately disclosed.</p>

<p>Carrying value and classification of loans receivable. (Refer note 7)</p>	
<p>There is a risk that the loan amount is not recoverable given that no repayments were made by the debtor for the loan outstanding since prior year and in addition to the existing loan another loan was extended.</p> <p>There is also a risk that the loan has not been accounted for in accordance with IFRS 9.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Obtaining and reviewing the loan agreement to ascertain the key terms of the loan agreement; • Ensuring that the loan has 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 loan is fully recoverable or whether an IFRS 9 ECL charge is required; and • Ensuring that the loan is correctly classified as current or non-current in accordance with the payment terms per the loan agreement. <p>Based on the work performed, we are satisfied that the carrying value and classification of loans receivable is materially correct.</p>

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.

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 they operate 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, industry research and the 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
 - Aim rules;
 - Companies Act 2006;
 - GDPR;

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

- Employment Law;
 - Health and Safety Law;
 - Anti-Bribery Money Laundering Regulations; and
 - QCA compliance
- 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:
 - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations;
 - discussion with management regarding potential non-compliance; and
 - review of minutes of meetings of those charged with governance and RNS
 - 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, the potential for management bias was identified in relation to the going concern of the company and as noted above, we addressed this 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)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 June 2021

CADENCE MINERALS PLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	<i>Note</i>	Year ended 31 December 2020 £'000	Year ended 31 December 2019 (restated) £'000
Income			
Unrealised profit on financial investments	6	10,252	230
Realised profit/(loss) on financial investments	6	65	(91)
Other income	1	54	10
		<u>10,371</u>	<u>149</u>
Share based payments		(57)	(1)
Impairment of financial assets	6	-	(129)
Other administrative expenses		(1,379)	(1,716)
Total administrative expenses		<u>(1,436)</u>	<u>(1,846)</u>
Operating profit/(loss)	1	8,935	(1,697)
Finance income		6	
Finance cost	3	(298)	(381)
Foreign exchange losses		(820)	140
Profit/(loss) before taxation		<u>7,823</u>	<u>(1,938)</u>
Taxation	4	-	-
Profit/(loss) attributable to the equity holders of the Company		<u>7,823</u>	<u>(1,938)</u>
Total comprehensive profit/(loss) for the year, attributable to the equity holders of the company		<u><u>7,823</u></u>	<u><u>(1,938)</u></u>
Earnings per ordinary share			
Basic earnings per share (pence)	5	<u><u>6.705</u></u>	<u><u>(2.171)</u></u>
Diluted earnings per share (pence)	5	<u><u>6.609</u></u>	<u><u>n/a</u></u>

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

CADENCE MINERALS PLC
STATEMENT OF FINANCIAL POSITON
As at 31 December 2020

		31 December 2020	31 December 2019 (restated)	31 December 2018 (restated)
ASSETS	<i>Note</i>	£'000	£'000	
Non-current				
Financial Assets	6	<u>2,885</u>	<u>2,240</u>	<u>1,231</u>
		<u>2,885</u>	<u>2,240</u>	<u>1,231</u>
Current				
Trade and other receivables	7	5,365	6,144	4,515
Financial Assets	6	13,761	5,446	7,564
Cash and cash equivalents		<u>596</u>	<u>481</u>	<u>468</u>
Total current assets		<u>19,722</u>	<u>12,071</u>	<u>12,547</u>
Total assets		<u>22,607</u>	<u>14,311</u>	<u>13,778</u>
LIABILITIES				
Current				
Trade and other payables	8	295	343	223
Borrowings	9	<u>219</u>	<u>2,982</u>	<u>3,706</u>
Total current liabilities		<u>514</u>	<u>3,325</u>	<u>3,929</u>
Total liabilities		<u>514</u>	<u>3,325</u>	<u>3,929</u>
EQUITY				
Issued share capital	10	1,896	1,471	1,202
Share premium		33,159	30,357	27,552
Share based payment reserve		39	1,383	1,392
Retained earnings		<u>(13,001)</u>	<u>(22,225)</u>	<u>(20,297)</u>
Equity attributable to equity holders of the Company		<u>22,093</u>	<u>10,986</u>	<u>9,849</u>
Total equity and liabilities		<u>22,607</u>	<u>14,311</u>	<u>13,778</u>

The financial statements were approved by the Board on 29 June 2021, 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 2020

	Share capital	Share premium	Share based payment reserve	Equity loan reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2017 (restated)	1,202	27,552	3,178	412	(4,643)	27,701
Share based payments			7			7
Transfer on lapse of warrants	-	-	(1,793)	-	1,793	-
On settlement of loan notes	-	-	-	(412)	-	(412)
Transactions with owners	-	-	(1,786)	(412)	1,793	(405)
Loss for the period	-	-	-	-	(17,447)	(17,447)
Total comprehensive loss for the period	-	-	-	-	(17,447)	(17,447)
Balance at 31 December 2018 (restated)	1,202	27,552	1,392	-	(20,297)	9,849
Share based payments	-	-	1	-	-	1
Warrants issued	-	-	(10)	-	10	-
Share issue	269	3,031	-	-	-	3,300
Share issue costs	-	(226)	-	-	-	(226)
Transactions with owners	269	2,805	(9)	-	10	3,075
Loss for the period	-	-	-	-	(1,938)	(1,938)
Total comprehensive loss for the period	-	-	-	-	(1,938)	(1,938)
Balance at 31 December 2019 (restated)	1,471	30,357	1,383	-	(22,225)	10,986
Share based payments	-	-	57	-	-	57
Transfer on lapse of warrants	-	-	(1,369)	-	1,369	-
Transfer on exercise of warrants	-	-	(32)	-	32	-
Share issue	425	2,993	-	-	-	3,418
Share issue costs		(191)	-	-	-	(191)
Transactions with owners	425	2,802	(1,344)	-	1,401	3,475
Profit for the period	-	-	-	-	7,823	7,823
Total comprehensive profit for the period	-	-	-	-	7,823	7,823
Balance at 31 December 2020	1,896	33,159	39	-	(13,001)	22,093

CADENCE MINERALS PLC
STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 (restated) £'000	Year ended 31 December 2018 (restated) £'000
Cash flow from operating activities			
Continuing operations			
Operating profit/(loss)	8,935	(1,697)	(16,855)
(Profit)/loss on financial investments	(10,317)	(139)	15,535
Impairment of intangible assets	-	446	-
Equity settled share based payments	57	1	7
Decrease/(increase) in trade and other receivables	32	(1,946)	406
(Decrease)/increase in trade and other payables	(68)	118	(39)
Net cash outflow from operating activities from continuing operations	(1,361)	(3,217)	(946)
Cash flows from investing activities			
Receipts from investments in associates	-	160	(50)
Payments for non-current financial investments	(645)	(738)	(325)
Payments for investments in current financial investments	(50)	-	(523)
Receipts on sale of current investments	2,052	2,097	1,755
Net cash inflow from investing activities	1,357	1,519	857
Cash flows from financing activities			
Proceeds from issue of share capital	2,723	2,900	-
Share issue costs	(191)	(226)	-
Net borrowings	(2,120)	(583)	(1,101)
Net finance cost	(292)	(381)	(377)
Net cash inflow/(outflow) from financing activities	120	1,710	(1,478)
Net change in cash and cash equivalents	116	12	(1,567)
Foreign exchange movements on cash and cash equivalents	(1)	1	(2)
Cash and cash equivalents at beginning of period	481	468	2,037
Cash and cash equivalents at end of period	596	481	468

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 2020

GENERAL INFORMATION

Cadence Minerals plc is a company incorporated 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 2020 and have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 29 June 2021 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.

PRIOR YEAR RESTATEMENT

Cadence Minerals Plc is an investment entity and its interests are held exclusively with a view to subsequent resale. Historically the Company adopted a consolidation policy which didn't reflect the nature, purpose and cashflows of the entity. This policy has been amended and the prior years have been restated in recognition of the change in accounting policy in line with IAS 8.

All investments preciously wrongly classified have been reclassified as Financial Assets held at Fair Value through Profit and Loss ("FVPTL"). The prior year accounts have been restated as a result. Additionally deposits have been reclassified from cash and cash equivalent to other debtors as it is not considered to be readily available. For details please see note 20.

INVESTING POLICY

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.

CADENCE MINERALS PLC
PRINCIPAL ACCOUNTING POLICIES
For the year ended 31 December 2020

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.

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 2022 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.

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 2020 the Company had cash and cash equivalents of £596,000, current financial assets of £13,761,000 and borrowings of £219,000, which has been repaid since the year end. 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. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

STATEMENT OF COMPLIANCE WITH IFRS

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 International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

OTHER INCOME

Other income represents the total value, excluding VAT of ad-income charged by the company to third parties for temporary use of office facilities, which is outside the scope of IFRS 15 as this income is not the Company's main form of income.

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, that 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 consolidated 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 15, 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. Listed investments are valued at closing bid price on 31 December 2020. 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.

The equity loan and exchange reserve represents the equity component of the issued convertible loan notes, and currency translation movements in foreign exchange.

Retained earnings include all current and prior period, as adjusted for prior year adjustments, results as disclosed in the income statement.

OPERATING LEASES

The Company does not have any leases within the scope of IFRS 16 in the current year. In the prior year the Company had a short term lease which subsequently expired.

Payments, including prepayments, made under operating leases (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 individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual 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.

In the consolidated financial statements, the financial statements of subsidiaries, originally presented in a functional currency, have been translated into Sterling. Assets and liabilities have been translated into Sterling at the exchange rates ruling at the balance sheet date. Profit and losses have been translated at an average monthly rate for the period. Any differences arising from this procedure are taken to the foreign exchange reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities to the foreign entity and translated into Sterling at the closing rates.

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. 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.

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, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 consolidated 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 judgments 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. Further details relating to management's assessment of the carrying value of unlisted investments can be found in the Chairman's Report.

Share-based payments

The Company measures the cost of the equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The charge for the period ended 31 December 2020 of £57,000 (2019: £1,000) is determined using a Black-Scholes Valuation model, using the assumptions detailed in note 11.

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 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;
- Definition of a Business – Amendments to IFRS 3;
- Interest Rate Benchmark Reform – Amendments to IFRS 9 , IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting;

ADOPTION OF NEW OR AMENDED IFRS (CONTINUED)

- Annual Improvements to IFRS Standards 2018-2020 Cycle; and COVID-19 related rent concessions – amendments to IFRS 16

Other than the treatment of financial assets at fair value through profit or loss in accordance with IFRS 9, 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.

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.

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 2020

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 2020	Year ended 31 December 2019 (restated)
	£'000	£'000
Share based payment charge	57	1
Impairment of financial investments	-	446
Directors' fees and consulting (see note 2)	383	418
Operating lease rentals: land and buildings	164	211
Fees payable to the Company's auditor for the audit of the financial statements	28	18
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	-	-
	<u> </u>	<u> </u>

Segment reporting

The Company operates a single primary activity to invest in businesses so as to generate a return for the shareholders.

	Year ended 31 December 2020	Year ended 31 December 2019 (restated)
	£'000	£'000
Unrealised profit on financial investments	10,252	230
Realised profit/(loss) on financial investments	65	(91)
Other income	54	10
	<u> </u>	<u> </u>
	<u>10,371</u>	<u>149</u>
	<u> </u>	<u> </u>

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

2. EMPLOYEE REMUNERATION

Employee benefits expense

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages, salaries and consulting fees	475	478
Bonus payments	180	-
Employers NI	48	30
Shares awarded	55	-
Share based payments	-	1
	<u>758</u>	<u>509</u>

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

	2020 No.	2019 No.
Directors	4	4
Other	2	1
	<u>6</u>	<u>5</u>

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 2020 £'000	Year ended 31 December 2019 £'000
Wages, salaries and consulting fees	383	418
Bonus payments	180	-
Shares awarded	55	-
Share based payments	-	1
	<u>619</u>	<u>419</u>

Details of Directors' emoluments are included in the Report on Remuneration on pages 30 to 32.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

3. FINANCE INCOME & COSTS

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Loan interest received	<u>6</u>	<u>220</u>
	6	220

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Loan interest	296	220
Finance Fees	<u>2</u>	<u>161</u>
	298	381

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	2020	31 December	2019
	2020		2019	
	£'000	%	(restated)	2019
	£'000	%	£'000	%
(Loss)/profit before taxation	7,823		(2,193)	
	<hr/>		<hr/>	
(Loss)/profit multiplied by standard rate of corporation tax in the UK	1,486	19	(417)	19
Effect of:				
Deferred tax asset not recognised	445		437	
Income not taxable	(1,948)		(97)	
Expenses not deductible for tax purposes	17		77	
Total tax charge for year	<u>-</u>		<u>-</u>	

The Company has tax losses in the UK, subject to Her 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.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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.

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
(Loss)/profit attributable to owners of the Company	7,823	(1,938)
	2020	2019
	Number	Number
Weighted average number of shares for calculating basic earnings per share	116,675,272	89,273,886
Share options and warrants exercisable	1,698,405	n/a
Weighted average number of shares for calculating diluted earnings per share	118,373,677	n/a
	2020	2019
	Pence	Pence
Basic earnings per share	6.705	(2.171)
Diluted earnings per share	6.609	n/a

The impact of the share options are 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 2020

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 2017	24,281	-	906	25,187
Additions	573	-	325	898
Fair value changes	(13,568)	-	-	(13,568)
(Loss)/Gains on disposals	(1,967)	-	-	(1,967)
Disposal	(1,755)	-	-	(1,755)
Fair value at 31 December 2018	<u>7,564</u>	<u>-</u>	<u>1,231</u>	<u>8,795</u>
Additions	-	-	1,138	1,138
Fair value changes	230	-	-	230
(Loss)/Gains on disposals	(91)	-	-	(91)
Disposal	(2,257)	-	-	(2,257)
Impairment provision	-	-	(129)	(129)
Fair value at 31 December 2019 (restated)	<u>5,446</u>	<u>-</u>	<u>2,240</u>	<u>7,686</u>
Additions	50	-	645	695
Fair value changes	10,252	-	-	10,252
(Loss)/Gains on disposals	65	-	-	65
Disposal	(2,052)	-	-	(2,052)
Fair value at 31 December 2020	<u>13,761</u>	<u>-</u>	<u>2,885</u>	<u>16,646</u>
Gains on investments held at fair value through profit or loss				
Fair value gain on investments	10,252	-	-	10,252
Realised gain on disposal of investments	65	-	-	65
Net gain on investments held at fair value through profit or loss	<u>10,317</u>	<u>-</u>	<u>-</u>	<u>10,317</u>

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 2020. During the year ended 31 December 2020 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 carried out an impairment review as at 31 December 2020, and determined that no impairment was necessary. a The remainder of the exploration costs capitalised in respect of Argentina of £129,000 were fully impaired in the year ended 31 December 2019.

CADENCE MINERALS PLC
NOTES TO THE FINANCIAL STATEMENTS
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6. FINANCIAL INVESTMENTS CONTINUED

The investment in Argentina was impaired by £129,000 in the year ended 31 December 2019. During 2020, £645,000 was invested in exploration costs by the Company (2019: £663,000). The Company paid £400,000 in shares and £75,000 in cash during the year ended 31 December 2019, in addition to the investment of £100,000 in 2018, and in total has acquired a 25.875% interest in both Lithium Supplies PTY Ltd and Lithium Technologies PTY Ltd.

7. TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019 (restated)	31 December 2018 (restated)
	£'000	£'000	£'000
Current			
Trade receivables			43
Other receivables	1402	2133	154
Amounts owed by subsidiaries	3,883	3,883	4,200
Prepayments and accrued income	80	128	118
	5,365	6,144	4,515

There is no impairment of receivables and no amounts are past due at 31 December 2020 or 31 December 2019.

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 2020	31 December 2019	31 December 2018
	£'000	£'000	£'000
Trade payables	171	232	78
Tax and social security	16	45	-
Other payables	-	5	-
Accruals and deferred income	108	61	145
	295	343	223

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.

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9. BORROWINGS

	31 December 2020	31 December 2019	31 December 2018
	£'000	£'000	£'000
Current liabilities			
Loan Notes	210	2,973	3,672
Interest accrued	9	9	34
	219	2,982	3,706

During the year ended 31 December 2018, one Loan Note was repaid in full and new loans were entered into in September 2018 totalling £3,713,000 (USD\$4,875,000) to repay a second Loan Note and future interest payments. The new loans carry an interest rate of 12% and had a principle repayment holiday until 1 January 2019. After which the loans will be repaid via 12 equal monthly instalments with both the principle and interest being fully repaid by 1 December 2019. The loans are secured over the Company's assets. The loan notes are only convertible should the Company default on repayments, in which case the lender can opt to convert the outstanding balance at 85% of the WWAV for the 15 working days prior to the conversion.

During the year ended 31 December 2019, £2,089,000 (USD\$2,677,000) of loans were repaid including interest of £146,000 (USD\$186,000) and foreign exchange of (£1,000) was recognised, leaving a balance of £1,762,000 (USD\$2,229,000). On 15 July 2019, the Company announced it had completed the restructure of two of the three outstanding loan notes with the same consortium of institutional lenders. The two new loan notes repaid US\$1.19 million of the Amortising Loan Note and have been restructured as a convertible loan note with an exercise price of 0.12 pence (12 pence post share consolidation) and will attract an effective annual interest rate of 7.9% ("Convertible Loan Note"). Cadence would initially only pay the interest on the Convertible Loan Note until the 1 January 2020, after which 50% of the outstanding balance will be paid back over 8 months (1 August 2020). The outstanding 50% will be paid back on 1 September 2020.

In addition, and to, in part, fund the working capital requirements of the Amapá Project, Cadence drew down a further US\$ 1.25 million of the Convertible Loan Note under the same terms. After this draw down the outstanding balance on the Convertible Loan Note was US\$2.44 million. The note is secured over the Company's assets.

On 19 July 2019, the Company also agreed to restructure the remaining loan note as a convertible loan note with an exercise price of 0.12 pence, amended to 12p post the share consolidation, ("Convertible Loan Note"). The new loan note repaid \$1,041,000 of the Amortising Loan Note and a further \$500,000 was drawn down. Additionally on 26 November 2019 a further \$200,000 was drawn down.

Of the new loan notes, £235,000 (USD\$289,000) interest and finance charges were charged in the period, £429,000 (USD\$499,000) was repaid and (£139,000) foreign exchange was recognised.

During the year ended 31 December 2020, £296,000 (USD\$379,000) interest and finance charges were charged in the period, £2,416,000 (USD\$3,123,000) was repaid, £695,000 (USD\$889,000) was converted into ordinary shares in the Company and £52,000 of foreign exchange was recognised.

CADENCE MINERALS PLC
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10. SHARE CAPITAL

	31 December 2020	31 December 2019	31 December 2018
	£'000	£'000	£'000
Allotted, issued and fully paid			
173,619,050 deferred shares of 0.24p	417	417	417
148,009,008 ordinary shares of 1p (31 December 2019: 105,461,968 ordinary shares of 1p, 31 December 2018: 7,851,440,338 ordinary shares of 0.01p)	1,479	1,054	785
	1,896	1,471	1,202

	Ordinary shares	
	No.	£'000
Allotted and issued		
At 1 January 2018 and 31 December 2018	7,851,440,338	785
Issue of shares during the year	2,694,756,406	269
Share consolidation	(10,440,734,776)	-
At 31 December 2019	105,461,968	1,054
Issue of shares during the year	42,547,120	425
At 31 December 2020	148,009,088	1,479

During the year ended 31 December 2020 the following shares were issued: On 7 May 2020, 10,749,998 shares were issued for gross proceeds of £645,000 and 3,995,000 shares were issued in respect of a loan conversion of £239,700. On 5 June 2020 1,835,706 shares were issued in respect of a loan conversion of £174,392. On 8 June 2020 7,222,219 shares were issued for gross proceeds of £650,000. On 21 August 2020 537,500 shares were issued on exercise of warrants for proceeds of £32,250. On 26 August 2020, 10,416,662 shares were issued for gross proceeds of £1,250,000. On 16 November 2020, 200,000 shares were issued on exercise of options for proceeds of £12,000, and 4,300,000 shares were issued to the trust for proceeds of £43,000. On 19 November 2020, 888,420 shares were issued on exercise of warrants for proceeds of £90,504, and 2,341,625 shares were issued in respect of a loan conversion of £280,995.

During the year ended 31 December 2019 the following shares were issued: On 26 March 2019, 866,666,663 shares were issued for gross proceeds of £1,300,000. On 17 April 2019, 373,544,298 shares were issued in respect of the acquisition of the interests in Lithium Technology PTY Ltd and Lithium Supplies PTY Ltd. On 27 June 2019, 1,454,545,445 shares were issued for gross proceeds of £1,600,000. During the year ended 31 December 2018, no shares were issued.

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

CADENCE MINERALS PLC
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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. . The options which were issued during the year ended 31 December 2017 have vesting conditions attached thereto, and these are detailed on the subsequent disclosures within this note. No options were issued during the years ended 31 December 2020 or 31 December 2019.

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

	31 December 2020		31 December 2019	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	2,800,000	0.437	5,125,706	0.457
Lapsed	(2,500,000)	(0.0600)	(2,325,706)	-
Exercised	(200,000)	(0.0600)	-	-
Outstanding at the end of the year	100,000	0.060	2,800,000	0.437
Exercisable at year end	100,000		2,800,000	

The share options outstanding at the end of the period have a weighted average remaining contractual life of Nil years (31 December 2019: 0.97 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	31 December
				2020	2019
				Number	Number
28 January 2013	28 January 2010	0.06	0.0004	100,000	100,000
13 December 2012	13 December 2012	0.06	0.00055	-	200,000
28 June 2013	28 June 2013	0.06	0.000371	-	100,000
21 May 2014	21 May 2014	0.48	0.004711	-	2,000,000
23 May 2014	23 May 2014	0.58	0.005574	-	400,000
				100,000	2,800,000

At 31 December 2020 100,000 options were exercisable (31 December 2019: 2,800,000).

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11. SHARE BASED PAYMENTS (CONTINUED)

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
29 August 2017	n/a	n/a	18 months	£0.00415

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.

The options granted on 29 August 2017, had a zero exercise price and therefore the value was the share price at the time of issue of 41.5p, irrespective of the interest rate and volatility.

Warrants

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

	31 December 2020		31 December 2019	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	-	-	-	-
Issued	3,024,325	0.10056	-	-
Exercised	(1,425,920)	(0.86088)	-	-
Outstanding at the end of the year	1,598,405	0.11348	-	-
Exercisable at year end	1,598,405		-	

The warrants outstanding at the end of the period have a weighted average remaining contractual life of 1.98 years (31 December 2019: Nil 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 2020 Number	31 December 2019 Number
01 January 2020	01 January 2020	0.15	435,905	-
01 January 2020	01 January 2020	0.11	-	-
01 January 2020	01 January 2020	0.085	600,000	-
06 May 2020	06 May 2020	0.06	41,667	-
10 June 2020	10 June 2020	0.09	-	-
20 August 2020	20 August 2020	0.12	520,833	-
			1,598,405	-

11. SHARE BASED PAYMENTS (CONTINUED)

The Company therefore recognised total expenses of 57,000 (year ended 31 December 2019: £1,000) relating to equity-settled share-based payment transactions during the period.

12. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2020 or 31 December 2019 or 31 December 2018.

13. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2020 or 31 December 2019 or 31 December 2018.

14. LEASE COMMITMENTS

There were the following commitments under non-cancellable operating leases.

	31 December 2020	31 December 2019
	£'000	£'000
Amounts due within one year	-	66
Amounts due within two to five years	-	-
	<u>-</u>	<u>66</u>

The Company has taken advantage of the break clause in the lease which ended on the 20th July 2020.

15. 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 2019, the Company had minimal trade receivables and therefore minimal risk arises.

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15. FINANCIAL INSTRUMENTS (CONTINUED)

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 2020				31 December 2019 (restated)			
	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)	13,761	-	-	13,761	1,121	-	-	1,121
Other long term financial assets	2,885	-	-	2,885	2,240	-	-	2,240
Other receivables	-	1,402	-	1,402	-	2,133	-	2,133
Amounts owed by subsidiaries	-	3,883	-	3,883	-	3,883	-	3,883
Prepayments and accrued income	-	80	-	80	-	128	-	128
Cash and cash equivalents	-	596	-	596	-	481	-	481
Total	16,646	5,961	-	22,607	3,361	6,625	-	9,986

	31 December 2018 (restated)			
	Investments (carried at fair value)	Loans and receivables (carried at amortised cost)	Derivative financial assets	Statement of Financial position total
	£'000	£'000	£'000	£'000
Investments (carried at fair value)	7,564	-	-	7,564
Other long term financial assets	1,231	-	-	1,231
Trade and other receivables	-	197	-	197
Amounts owed by subsidiaries	-	4,200	-	4,200
Prepayments and accrued income	-	118	-	118
Cash and cash equivalents	-	468	-	468
Total	8,795	4,983	-	13,778

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:

15. FINANCIAL INSTRUMENTS (CONTINUED)

- 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
- 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 an 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.

15. FINANCIAL INSTRUMENTS (CONTINUED)

d Foreign exchange risk

The Company had borrowings of £219,000 which are denominated in US dollars. This has been repaid since the year end. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

e Financial liabilities

The Company's financial liabilities are classified as follows:

	31 December 2020			31 December 2019		
	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	171	-	171	232	-	232
Accruals and deferred income	-	108	108	-	61	61
Other payables	16	-	16	50	-	50
Borrowings	219	-	219	2,982	-	2,982
Total	406	108	514	3,264	61	3,325

	31 December 2018		
	Other financial liabilities at amortised cost £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Trade payables	78	-	78
Accruals and deferred income	-	145	145
Other payables	-	-	-
Borrowings	3,706	-	3,706
Total	3,784	145	3,929

Maturity of financial liabilities

All financial liabilities at 31 December 2020, 31 December 2019 and 31 December 2018 mature in less than one year.

15. FINANCIAL INSTRUMENTS (CONTINUED)

Borrowing facilities for the period ended 31 December 2020

The Company has committed borrowing facilities at 31 December 2020 of £219,000 (31 December 2019: £2,982,000, 31 December 2018: £3,706,000). See Note 9 for details.

The Company had no committed undrawn facilities at 31 December 2020, 31 December 2019 or 31 December 2018.

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.

16. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Total
1 January 2020	2,982	2,982
Cash-flows:		
- Interest charged	296	296
- Realised foreign exchange	39	39
- Repayments	(2,416)	(2,416)
Non-cash:		
- Loans converted	(695)	(695)
- Unrealised Foreign exchange movement	13	13
31 December 2020	219	219

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16. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Short-term borrowings	Total
1 January 2019	3,706	3,706
Cash-flows:		
- Proceeds	1,715	1,715
- Interest charged	220	220
- Realised foreign exchange	(2)	(2)
- Repayments	(2,518)	(2,518)
Non-cash:		
- Unrealised Foreign exchange movement	(139)	(139)
31 December 2019	2,982	2,982

	Short-term borrowings	Total
1 January 2018	4,182	4,182
Cash-flows:		
- Proceeds	3,713	3,713
- Interest charged	220	220
- Realised foreign exchange	97	97
- Repayments	(5,034)	(5,034)
Non-cash:		
- Loans converted	-	-
- Transfer from equity	412	412
- Transfer to equity	-	-
- Unrealised Foreign exchange movement	116	116
31 December 2018	3,706	3,706

17. RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose.

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 32, and within Note 2 to the financial statements.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 3 January 2021, the Company issued 100,000 ordinary shares in respect of the option exercise announced on 23 December 2020.

On 12 January 2021, the Company announced that 300,000 ordinary shares had been issued in respect of warrants exercised at 8.5p.

On 23 April 2021, the Company announced that 300,000 ordinary shares had been issued in respect of warrants exercised at 8.5p.

On 30 April 2021, the Company announced that 7,200,000 options had been issued to directors at an exercise price of 23.75p.

Following these share issues, the Company has 148,649,098 Ordinary shares of 1 pence each in issue. No ordinary shares are held in treasury. The figure of 148,649,098 Ordinary shares may be used by the Company's shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure and Transparency Rule.

19. ULTIMATE CONTROLLING PARTY

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

20. PRIOR YEAR RESTATEMENT

Cadence Minerals Plc has taken advantage of the exemption of the requirement to produce consolidated group accounts as it is an investment companies and its interests are held exclusively with a view to subsequent resale as allowed under IFRS 10. As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated in accordance with IFRS 1. Items previously wrongly classified as intangible exploration cost, investments in associates and subsidiaries, and available for sale assets have all been reclassified as financial assets held at fair value through profit and loss. The investments held as shares in listed companies are held as current financial assets due to their liquid nature, whereas all other financial assets are held as non-current assets. Additionally deposits have been reclassified from cash and cash equivalent to other debtors as it is not considered to be readily available, and foreign exchange movements have been reclassified from other comprehensive income to profit and loss.

The following tables show the adjustments recognised for each individual line item. The adjustments are explained in more detail below.

Adjustments affecting periods prior to 1 January 2018

Previous retained earnings	(5,092)
Reversal of share of associates losses recognised	431
Reversal of foreign exchange movements through OCI	(6)
Fair value movement of asset previously recognised as an investment in associate	24
Revised retained earnings at 1 January 2018	<u>(4,643)</u>

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20. PRIOR YEAR RESTATEMENT (CONTINUED)

	31 December 2018 as originally presented	Restatement as a result of reclassification	31 December 2018 (restated)
ASSETS	£'000	£'000	
Non-current			
Financial Assets	-	1,231	1,231
Intangible assets	325	(325)	-
Investment in associates	9,794	(9,794)	-
Investment in subsidiaries	906	(906)	-
	<u>11,025</u>	<u>(9,794)</u>	<u>1,231</u>
Current			
Trade and other receivables	4,515	-	4,515
Financial Assets	-	7,564	7,564
Available for resale asset	2,895	(2,895)	-
Cash and cash equivalents	468	-	468
Total current assets	<u>7,878</u>	<u>4,669</u>	<u>12,547</u>
Total assets	<u>18,903</u>	<u>(5,125)</u>	<u>13,778</u>
LIABILITIES			
Current			
Trade and other payables	223	-	223
Borrowings	3,706	-	3,706
Total current liabilities	<u>3,929</u>	<u>-</u>	<u>3,929</u>
Total liabilities	<u>3,929</u>	<u>-</u>	<u>3,929</u>
EQUITY			
Issued share capital	1,202	-	1,202
Share premium	27,552	-	27,552
Share based premium reserve	1,392	-	1,392
Equity loan and exchange reserve	(116)	116	-
Retained earnings	(15,056)	(5,241)	(20,297)
Equity attributable to equity holders of the Company	<u>14,974</u>	<u>(5,125)</u>	<u>9,849</u>
Total equity and liabilities	<u>18,903</u>	<u>(5,125)</u>	<u>13,778</u>

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20. PRIOR YEAR RESTATEMENT (CONTINUED)

	Year ended 31 December 2018 as originally presented £'000	Year ended Restatement as a result of reclassification £'000	Year ended 31 December 2018 (restated) £'000
Income			
Unrealised profit/(loss) on financial investments	(7,440)	(6,128)	(13,568)
Realised loss on financial investments	(1,967)	-	(1,967)
Other income	140	-	140
	<u>(9,267)</u>	<u>(6,128)</u>	<u>(15,395)</u>
Share based payments	(7)	-	(7)
Impairment of financial assets	-	-	-
Other administrative expenses	<u>(1,453)</u>	<u>-</u>	<u>(1,453)</u>
Total administrative expenses	(1,460)	-	(1,460)
	<u>(10,727)</u>	<u>(6,128)</u>	<u>(16,855)</u>
Operating loss			
Share of associates losses	(548)	548	-
Finance cost	(377)	-	(377)
Foreign exchange gains/(losses)	(105)	(110)	(215)
	<u>(11,757)</u>	<u>(5,690)</u>	<u>(17,447)</u>
Loss before taxation	(11,757)	(5,690)	(17,447)
Taxation	-	-	-
	<u>(11,757)</u>	<u>(5,690)</u>	<u>(17,447)</u>
Loss attributable to the equity holders of the Company			
Other comprehensive income			
Foreign exchange	(110)	110	-
Other comprehensive income for the period, net of tax	<u>(110)</u>	<u>110</u>	<u>-</u>
	<u>(11,867)</u>	<u>(5,580)</u>	<u>(17,447)</u>
Total comprehensive loss for the year, attributable to the equity holders of the company			
	<u>(11,867)</u>	<u>(5,580)</u>	<u>(17,447)</u>
(Loss)/Profit per ordinary share			
Basic loss per share (pence)	<u>(14.970)</u>	<u>(7.244)</u>	<u>(22.214)</u>

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20. PRIOR YEAR RESTATEMENT (CONTINUED)

The effect of reclassification of each category of asset at 31 December 2018 is shown in detail below.

Classification		Measurement		Carrying Amount		
Original	New	Original	New	Original	New	Difference
				£'000	£'000	£'000
Intangible assets	Non-current financial assets	Amortised cost	FVTPL	325	325	-
Investment in associates	Current financial assets	Amortised cost less share of losses	FVTPL	9,794	4,669	(5,125)
Investment in subsidiaries	Non-current financial assets	Amortised cost	FVTPL	906	906	-
Available for resale asset	Current financial assets	FVTPL	FVTPL	2,895	2,895	-

CADENCE MINERALS PLC
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20. PRIOR YEAR RESTATEMENT (CONTINUED)

	31 December 2019 as originally presented	Restatement as a result of reclassification	31 December 2019 (restated)
ASSETS	£'000	£'000	
Non-current			
Financial Assets	-	2,240	2,240
Intangible assets	759	(759)	-
Investment in associates	9,937	(9,937)	-
Investment in subsidiaries	906	(906)	-
	<u>11,602</u>	<u>(9,362)</u>	<u>2,240</u>
Current			
Trade and other receivables	4,129	2,015	6,144
Financial Assets	-	5,446	5,446
Available for resale asset	1,121	(1,121)	-
Cash and cash equivalents	2,496	(2,015)	481
Total current assets	<u>7,746</u>	<u>4,325</u>	<u>12,071</u>
Total assets	<u>19,348</u>	<u>(5,037)</u>	<u>14,311</u>
LIABILITIES			
Current			
Trade and other payables	343	-	343
Borrowings	2,982	-	2,982
Total current liabilities	<u>3,325</u>	<u>-</u>	<u>3,325</u>
Total liabilities	<u>3,325</u>	<u>-</u>	<u>3,325</u>
EQUITY			
Issued share capital	1,471	-	1,471
Share premium	30,357	-	30,357
Share based premium reserve	1,383	-	1,383
Equity loan and exchange reserve	139	(139)	-
Retained earnings	(17,327)	(4,898)	(22,225)
Equity attributable to equity holders of the Company	<u>16,023</u>	<u>(5,037)</u>	<u>10,986</u>
Total equity and liabilities	<u>19,348</u>	<u>(5,037)</u>	<u>14,311</u>

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For the year ended 31 December 2020

20. PRIOR YEAR RESTATEMENT (CONTINUED)

	Year ended 31 December 2019 as originally presented £'000	Year ended Restatement as a result of reclassification £'000	Year ended 31 December 2019 (restated) £'000
Income			
Unrealised profit/(loss) on financial investments	420	(190)	230
Realised loss on financial investments	(97)	6	(91)
Other income	10	-	10
	<u>333</u>	<u>(184)</u>	<u>149</u>
Share based payments	(1)	-	(1)
Impairment of financial assets	(129)	-	(129)
Other administrative expenses	(1,716)	-	(1,716)
Total administrative expenses	<u>(1,846)</u>	<u>-</u>	<u>(1,846)</u>
Operating loss	<u>(1,513)</u>	<u>(184)</u>	<u>(1,697)</u>
Share of associates losses	(272)	272	-
Finance cost	(381)	-	(381)
Foreign exchange gains/(losses)	(115)	255	(140)
Loss before taxation	<u>(2,281)</u>	<u>343</u>	<u>(1,938)</u>
Taxation	-	-	-
Loss attributable to the equity holders of the Company	<u>(2,281)</u>	<u>343</u>	<u>(1,938)</u>
Other comprehensive income			
Foreign exchange	255	(255)	-
Other comprehensive income for the period, net of tax	<u>255</u>	<u>(255)</u>	<u>-</u>
Total comprehensive loss for the year, attributable to the equity holders of the company	<u>(2,026)</u>	<u>88</u>	<u>(1,938)</u>
Earnings per ordinary share			
Basic earnings per share (pence)	<u>(2.555)</u>	<u>0.384</u>	<u>(2.171)</u>

CADENCE MINERALS PLC
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20. PRIOR YEAR RESTATEMENT (CONTINUED)

The effect of reclassification of each category of asset at 31 December 2019 is shown in detail below.

Classification		Measurement		Carrying Amount		
Original	New	Original	New	Original	New	Difference
				£'000	£'000	£'000
Intangible assets	Non-current financial assets	Amortised cost	FVTPL	759	759	-
Investment in associates	Current financial assets	Amortised cost less share of losses	FVTPL	9,362	4,325	(5,037)
Investment in associates	Non-current financial assets	Amortised cost less share of losses	FVTPL	575	575	-
Investment in subsidiaries	Non-current financial assets	Amortised cost	FVTPL	906	906	-
Available for resale asset	Current financial assets	FVTPL	FVTPL	1,121	1,121	-
Cash and cash equivalents	Trade and other receivables	Amortised cost	Amortised cost	2,015	2,015	-