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Cadence Minerals PLC
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Cadence Minerals Plc

("Cadence Minerals", "Cadence", or "the Company")

Annual Results for the year ended 31 December 2022

Cadence Minerals (AIM/NEX: KDNC) is pleased to announce its final results for the year ending 31 December 2022. The full Annual Report and Audited Financial Statements will be available on the Company's website at https://www.cadenceminerals.com/ and posted to shareholders by 30 June 2023.

CHAIRMAN'S STATEMENT

I am pleased to present the Company's Annual Report and Audited Financial Statements for the year ended 31 December 2022.

The global macroeconomic outlook continues to be unpredictable and difficult to navigate. The expected recovery and bounce back from pandemic-era conditions have largely been tempered by fast-rising interest rate and inflation forecasts. Coupled with an increasing focus on China's status as an adversary rather than just a competitor, the global outlook remains mixed and confusing. Over a year has passed, and the Ukraine invasion has now become an entrenched war, with many of the initial supply disruptions looking set to become semi-permanent dislocations. The Cadence Minerals portfolio is both balanced, diversified and constructed to anticipate supply and demand shocks. As such it should be well placed to weather this ongoing uncertainty.

Although the above suggests caution and a degree of pessimism, there are actual positives emerging. Recent economic forecasts suggest continued stimulus and support for infrastructure projects globally. Inflation, by some metrics, may have peaked, and the transformation to an EV world is gaining even more momentum. Recent merger and acquisition activity suggests an increasing awareness among multinational companies to integrate critical and strategic materials into their respective portfolios.

Market observers will be aware of an increase in the number of potential nationalisations across specific strategic industries and the resources sector. The net result is of course a greater focus on the resource sector, particularly while major resource companies continue to ramp up capital allocation into the EV material space to meet the sea change in demand for raw materials.

On behalf of the Board of Directors (Board) and management, I thank all our advisors, consultants, service providers, and especially our shareholders for their support throughout the year. The Board and company have continued site visits, viewed potential investment opportunities, and attended many industry conferences.

I am always reminded never to approach a marathon by counting every inch; it is a very hard way to keep and maintain perspective. Investing in the resource space really is a marathon versus a sprint. In every area, it continues to surprise how long permitting, licenses approvals, environmental studies, and raising capital can take.

Many times, the Board has stated "we will look for opportunities to unlock and discover value across our portfolio." I am particularly grateful that our patience has been rewarded with the continued success and maturing of many of our portfolio companies. The successful listing on the ASX of Evergreen Lithium is a good case in point and the Board sends its congratulations to all who made that listing possible.

The Board sees further potential within our private and public holdings for further listings and potential transactional activity to bolster Company returns. In the wake of such a challenging year, we send our congratulations and support to our portfolio companies for their continued success. As the Cadence investment portfolio continues to mature, we will continue our search for new, accretive investments with the same methodology and rigorous diligence as before in order to assure a continued supply of diversified growth opportunities.

We have a clear path ahead for our flagship Iron Ore investment at Amapa, Brazil. The publication of initial and preliminary studies, and the DEV team's liaison with federal, state, and local authorities, continues to unlock the potential of this project. The Board thanks our JV partner, lawyers, and consultants for their hard work in negotiations, settlements, and the operational success emanating from this investment.

The challenge of a dislocated economic recovery and the prospect of a slowing Chinese economy, highlighted by the likelihood of steel production at or below one billion tons, has proved to be a continual challenge to the Cadence share price. However, due to the likelihood of support and stimulus coupled with acquisition and investment in the resources sector, (particularly related to the EV transition), we expect the constitution of the Cadence portfolio to remain robust and focussed on the strategic and critical sectors of the economy.

I would like to personally thank my fellow Board members, staff, and partners, all of whom constitute the Cadence Community and, of course, all of our shareholders for their encouragement and continued confidence in the company

Andrew Suckling
Non-Executive Chairman

CHIEF EXECUTIVE OFFICER'S COMMENTARY

I am pleased to present the audited results for the year ended 31 December 2022, along with the Strategic Report that provides a comprehensive review of our business activities during the year. It is important to note that these results reflect the historical position of the Company's progress and financial standing, and we have included additional information on key post-year-end events in the Strategic Report.

In reviewing the performance of Cadence during the year, it would be fair to say that our two portfolios preformed quite differently despite the solid operational performance of the underlying assets and the long-term outlook of the commodities these projects intend to extract. While we delivered excellent operational results and strong investment returns within our private portfolio, our public traded portfolio decreased substantially, despite the underlying assets delivering to their goals.

In our private portfolio, the Amapá iron ore project remained the primary focus for Cadence's management. In my capacity as a director of the joint venture, Cadence was heavily involved in the operational progress we have seen to date, which cumulated in the delivery of a robust Pre-Feasibility Study ("PFS"), which confirmed the project's strong economics. To date, our investment has been circa US$9.3 million for 30% of the Amapá iron ore project; the net present value of 100% was estimated in the PFS at US$949 million.

In addition to the progress made at Amapá, the Company increased the investment returns by converting some of its passive private investments into public traded equity. These returns were achieved via two asset sales, firstly our 31.5% interests in Lithium Technology Pty Ltd and Lithium Supplies Pty Ltd ("LT and LS") were sold to Evergreen Lithium, and secondly, our 30% interest in licenses within the Yangibana Rare Earth Project ("Yangibana Project") were sold to owner/operator Hastings Technology Metals. These transactions were completed after a year-end, so the financial returns are not reflected in these financial statements. Cadence has invested approximately £1.7 million in these assets, and our sale price into the equity of the two public companies was the equivalent of £7.4 million, representing a 335% cumulative return on our investments.

In contrast to these achievements, the performance of our publicly listed portfolio tracked our largest holding, European Metals Holdings ("EMH"), which was down some 49% over the year despite the excellent progress made in developing the asset. EMH's price depreciation came off multi-year highs achieved during 2021 and followed the general trend of the AIM basic resource index, which was also down year on year, reflecting the risk-off approach we have seen with investors since mid-Aug 2021.

These negative year-over-year returns contradict the fundamental drivers in our portfolio, namely the incredible growth of the lithium raw material market and the stabilisation of the iron ore market. Therefore, the driver for the lacklustre performance appears to be a weakening in equity funds flow. Investment fund flows were the weakest in eight years as investors turned their backs on UK equity funds in 2022, selling a record £8.38 billion. In summary, Investors have sold UK equity and sought the safest havens, taking refuge in cash and perceived lower-risk investments.

As previously stated, the lithium market has continued to expand rapidly. The global lithium-ion battery manufacturing industry's expansion to feed the transportation sector's electrification fuelled this growth. This expansion results from a concerted shift toward decarbonisation and net zero targets set by the private sector and governments worldwide. The IEA predicts that demand for EV batteries will rise from around 340 Gigawatt hours (GWh) today to over 3,500 GWh by 2030, with the industry requiring 50 additional lithium mines by then. These macro drivers should continue to support the fundamentals behind our lithium and rare earth investments.

Within the iron ore market, although we saw a softening in the first of the year, it recovered by the end of 2022, with the 62% Fe Platts closing at circa US$117 per dry metric tonne ("dmt"). Both short and longer-term prospects for iron ore are driven by China, given that the nation is the world's biggest steel producer and currently buys about 70% of global seaborne iron ore.

In the coming year, we look forward to further developing the Amapa Iron Ore project, progressing the permitting pathway, and, if possible, securing a joint venture partner to co-develop the asset.

With our other investments, we look forward to developments at Evergreen Lithium, which given its proximity to the Finnis project, represents the most prospective investment in our portfolio. Hastings and EMH are well advanced in their development cycle, and we look forward to seeing the construction of the beneficiation plant at Hastings in Q3 of this year and the publication of the EMH Definitive Feasibility Study in Q4 of this year.

As discussed in the Investment Review, Cadence's ambition is to mitigate the need for external capital by growing and reinvesting the profits from our assets under management. We believe we are on our way to achieving this goal with our investments over the last three years of £8.64 million being funded by £7.77 million of sales in our public portfolio and £0.87 million from equity capital. Excluding the equity funding for our investments over the last three years Cadence has raised a total net funding from external sources of £3.72 million. At the time of writing, the realised profit since inception from the current public portfolio is £5.27 million and a total unrealised and realised gain is 338%.

I want to express my gratitude to the Cadence team and our investee companies, who have all worked tirelessly to bring the Company and its investment to their current position. We believe concentrating risk across a few crucial assets and commodities will pay off.

Kiran Morzaria
Chief Executive Officer

INVESTMENT REVIEW

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

Overall, we achieved our goals within our private investment portfolio. Amapá delivered against its operational targets, and the publication of the PFS outlined a potential asset value well above the valuation we have been investing at. For Evergreen Lithium and our Investment in the Yangibana Rare Earth deposit, our goals were to monetise these illiquid assets at a higher valuation for re-investment in our portfolio. We reached agreements that would have achieved this during the year, delivering a 335% cumulative return on our investments. However, due to regulatory delays outside our control, the crystallisation of this value was only after the year-end.

Our public portfolio followed the overall risk-off, the downward trend of the AIM basic resource index. In particular, our holding in EMH reduced in price by 49% during the year, impacting our cumulative returns and was reflected in our share price. Nonetheless, we were able to sell some of this stake to partly fund our continuing investment in Amapá; the realised return on these sales was some 174% our overall return on EMH (realised and unrealised) is some 264%.

The overall ambition of the portfolio is capital growth of the assets under management which should be reflected in Cadence's share price. We intend to fund this growth, where possible, by investing in undervalued assets, selling these investments at higher valuations, and reinvesting the proceeds.

Once we reach critical mass in terms of assets under management, this investment cycle will mitigate the need for outside capital, either in new equity or debt. Over the last three years, we have been slowly achieving this with a total of £7.77 million in sales of our portfolio, which has partly funded a total of £8.64 million of new investments. At the time of writing, the realised profit from the current public portfolio is £5.27 million since inception.

PRIVATE INVESTMENTS, ACTIVE

The Amapá Iron Ore Project, Brazil

Interest - 30% at 31/12/2022 and 30% at 31/05/2023

The Amapá Project is a large-scale iron ore mine with associated rail, port and beneficiation facilities that commenced operations in December 2007. The Project ceased operations in 2014 after the port facility suffered a geotechnical failure, which limited iron ore export. Before the cessation of operations, the Project generated an underlying profit of US$54 million in 2012 and US$120 million in 2011. Operations commenced in December 2007, and 2008, the Project produced 712 thousand tonnes of iron ore concentrate. Production steadily increased, producing 4.8 Mt and 6.1 Mt of iron ore concentrate products in 2011 and 2012, respectively.

Investment

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

To acquire its 27% interest, Cadence invested US$6 million over two stages in a joint venture company. The first stage is for 20% of the JV, the consideration for which was US$2.5 million. The second stage was for a further 7% of the JV for a consideration of US$3.5 million. Both of these investments were completed in the first quarter of 2022. In October 2022, we increased this stake to 30% through the conversion of loans, management capitalisation, consultancy charges, and cash investment. Cadence's investment in the Amapá Project at the end of the year was US$ 9.3 million for 30% of the asset.

Operations Review

During the reporting period, the operational focus for the year at the Amapá Project was the completion of the Pre-Feasibility Study ("PFS") and the progress of the permitting pathway, including the regularisation of the mining concessions, tailing storage facilities and the environmental permits.

Pre-Feasibility Study

As part of the PFS, the Amapá Project increased and upgraded its Mineral Resource Estimate. This resulted in a substantial crease in total Measured, Indicated and Inferred Mineral Resources to 276.24 Million Tonnes grading 38.33% Fe and a maiden Measured Resource of 55.33 Mt grading 39.26% Fe.

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

The Key Highlights of the PFS are below:

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

Based on the positive outcome of the PFS and subsequent consultations with the key contractors, three areas of possible improvement to the Amapá Project were identified. The first was to review the historical drilling and geological data north of the Amapá mining concessions. The data has been acquired and is currently being processed to identify further iron ore resources, which, if present, would further increase the mine life.

The second area of potential improvement is a change in the layout of the port at Santana by moving the railway loop further from the shore. After the year's end, a scoping study regarding this option was completed and identified a potential net capital saving to the port refurbishment costs of US$28 million.

The last area of potential improvement is to investigate and review the flowsheet to improve the final product quality over and above the current 65% iron ore concentrate. Once these studies are completed, work on a Definitive Feasibility Study ("DFS") can begin. The DFS is required to seek project debt and equity finance, which will be sought once the DFS is complete.

Permitting Pathway

Although DEV owns the Mining Concessions, it does need to obtain Mine Extraction and Processing Permit to begin operations, and this is done by obtaining an Operational License ("LO") from the state environment authority. Once this has been completed, DEV will apply for Mine Extraction Permit. Since the Project was acquired by its current owners in 2022, DEV has made the required regulatory filings and embarked on studies and maintenance works to comply with the National Mineral Agency requirements.

In 2022 DEV began the regularisation of the expired environmental permits. In consultation with the Amapá State Environmental Agency and the relevant state authorities, DEV has requested that the requirement for an environmental impact study be waived.

This request for a waiver was on the basis that the previous LOs were granted on an operation that is substantially the same as is currently planned and remains applicable to future operations. DEV proposes that the company submits an Environmental Control Plan - "PCA" (Plano de Controle Ambiental); and Environmental Control Report - "RCA" (Relatório de Controle Ambiental). DEV has begun its proposed permit pathway for the Project based on the above requirements of a PCA and RCA.

The proposed permit pathway for the Project has both legal and practical precedent and is a reasonable approach, given the Project's status and level of development.

The state owns the railway line and associated land; therefore, for the Project to utilise this, it requires both the LO and a concession agreement with the State of Amapá. The previous operators of the Project were granted this concession in 2006 for 20 years under specific terms and conditions. The reinstatement of this concession to one of DEV's 100% owned subsidiaries was in December 2019 and was extended to 2046. The concession allows DEV's 100% owned subsidiary to operate the railway to primarily transport iron ore from the mine to its port in Santana. The State of Amapá owns the surface rights associated with the railway, and under the Railway Concession, DEV has been granted use over these surface rights.

In addition to the LO detailed above, the company's port is regulated by the Agencia Nacional de Transportes Aquaviários ("ANTAQ"). As a result of the change of ultimate beneficiary of DEV, a change of control request was filed. This change of control was granted in November 2021. As part of the port change of control, ANTAQ agreed to cease the recommended abrogation of the port concession. DEV owns the surface rights associated with the port.

Secured Bank Settlement Iron Ore Shipments

As per the settlement agreement announced in December 2021 here, the net proceeds of the one shipment carried out in 2022, along with approximately half of the net proceeds from the shipments in 2021, have been used to pay the secured bank creditors.

The main driver for the lack of shipment during the year resulted from the impact of the Ukraine war and the legacy of Covid on supply chains resulting in higher shipping costs and lower iron ore pricing. Other iron ore producers in the region have been able to ship because their product is of a higher grade than our stockpiled historical product (58% Iron), which typically will achieve a 10%-12% discount to 62% Fe Platts CFR. Given these unprecedented macroeconomic conditions, DEV could not meet the 2022 payment schedule per the settlement deed. Although the bank creditors have reserved their rights, the settlement deed remains in full effect with all parties in discussions to agree on a new timetable to rephase payments so these can be met in light of market conditions.

With improving iron ore prices and stability returning to shipping costs, selling the 58% iron ore concentrate stockpile is economically viable. Although DEV can recommend material shipment, the secured bank creditors must approve such a shipment. Nonetheless, assuming that the secured bank creditors act under an economic desire for their debt to be repaid, we expect shipping to recommence by the beginning of Q3 2023.

Development Plan for the Amapá Project

The goal is to bring this project back into production. With the PFS completed, a project would typically directly proceed to DFS, funding, and construction. Cadence and Its joint venture partners have agreed that the lowest risk and currently best commercial approach to developing this project is to bring on a highly experienced mining operator or EPCM contractor as a joint venture partner, and we are working towards this goal. We currently have three interested parties reviewing the data room in this regard. However, the above strategy does not preclude the option for our joint venture company developing the project or embarking on trade sale of the project.

In our ongoing discussions with stakeholders of the Amapá Project, including shareholders of Cadence, there has been concerns expressed in relation to the timing of the development of the project as we would have originally expected to be in production at this point in time.

The extension of the development timeline is primary attributable to the almost two and half year delay in reaching a settlement with the secured bank creditors, this was substantially more than we had all expected. Given that a representative of the secured bank creditors indicated that they would be amenable to being paid from the cashflow after operations had started. However, it transpired that the secured bank creditors were seeking payment from the iron ore stockpiles and as such alongside our joint venture partners we negotiated a substantial reduction if the amounts payable delivering substantial long term cash savings to the project.

In the absence of a settlement, as per the investment agreement with our joint venture partners, Cadence did not want to risk capital in the project and therefore did not invest any substantial monies until this matter had been resolved. It was only at this point in February 2022 that investment in the project and could start in earnest.

Private Investments, Passive

Evergreen Lithium Limited, Australia

Interest - 13.16% at 31/12/2022 and 8.74% on 31/05/2023

In July 2022, Cadence Minerals received approximately 15.8 million shares in Evergreen Lithium ("Evergreen") when Cadence sold its 31.5% stake in Lithium Technologies and Lithium Supplies ("LT and LS") to Evergreen as announced on 27 June 2022. After the year-end, Evergreen was listed on the Australian Stock Exchange ("ASX"). Before listing, Cadence's equity stake in Evergreen was 13.16%; due to the IPO and associated fundraising, this was reduced to 8.74%. At the time of writing, the value of this stake was approximately £3.3 million; our initial investment into this asset was £0.83 million.

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

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

The Bynoe Lithium Project is Evergreen's flagship prospect. Evergreen's primary focus is to explore and discover an economically viable lithium resource for development. The Bynoe Lithium Project is located south of Darwin in the Northern Territory, Australia. It covers the north-eastern strike extent of the lithium- and tantalum-endowed Bynoe Pegmatite Field.

The Bynoe Pegmatite Field is host to Core Lithium Ltd's (ASX: CXO) ("Core Lithium" or "Core") high-grade Finniss lithium deposit, which is adjacent to Core Lithium's producing lithium mine. Core Lithium's deposit is just 1.2km from the Bynoe Lithium Project. Soil sampling conducted on the Bynoe Lithium Project has returned geochemical anomalies that indicate the lithium mineralisation continues along the trend into the Company's Bynoe Lithium Project. Based on the initial stages of soil sampling alone (which only covers approximately 10-20% of the Bynoe Lithium Project area, an initial five target zones have been identified that contain lithium mineralisation. The Bynoe Lithium Project covers an area of 231 km2, making Evergreen one of the largest tenement holders within the central Bynoe Pegmatite Field after Core Lithium.

In recent years, exploration activities within the Bynoe Field have been focused on the discovery of economic lithium mineralisation hosted in pegmatites, the most successful of which has been Evergreen's neighbour, Core Lithium, which in a very short time frame, has delineated a JORC mineral resource of 18.9mt at 1.32% Li_2O at its Finniss Project. Core Lithium has achieved excellent drilling intercepts at their BP33 prospect of 107 metres at 1.70% Li_2O, located within 1km of the Bynoe Lithium Project and Core Lithium's Finniss (BP33) mine. Evergreen intends to expand the geochemical soil sampling significantly. In addition, Evergreen recently completed an Ambient Noise Topography ("ANT") Survey and is currently awaiting its geophysical interpretation. Core Lithium recently used ANT (refer to ASX announcement Core Lithium, 1 August 2022, "BP33 drilling delivers outstanding results"). Core noted the results were an "outstanding success" and showed "excellent correlation" with known pegmatite bodies already identified by drilling. Once the baseline geochemical and geophysical data is collected, Evergreen plans to systematically drill the anomalies, starting with the highest priority along strike from Core Lithium's mineralised pegmatites.

The Kenny Lithium Project is located within the Dundas Mineral Field of Western Australia and 50km East of Norseman in the Eastern Goldfields. It is near the Mt Dean and Mt Belches-Bald Hill pegmatite fields, and multiple significant lithium discoveries have been made near the Kenny Lithium Project.

The Kenny Lithium Project covers an area of 210 km2, providing Evergreen with a large and prospective land holding within the Dundas mineral field.

The Kenny Lithium Project lies at the southern end of the Norseman-Wiluna Granite Greenstone Belt within the Archaean Yilgarn Craton. This well-known lithium-producing region/mineral field is host to the significant Mount Marion, Bald Hill and Baldania mines, respectively, close to the Company's Kenny Lithium Project.

Initial field mapping on the Kenny Lithium Project has confirmed the presence of substantial outcropping pegmatites, whereby an approximate 10km zone of pegmatite outcropping has been confirmed in the North-Eastern section of the

Kenny Lithium Project, which significantly exceeds what has already been identified by the Government Survey of Western Australia (GSWA).

Evergreen aims to explore and discover an economic lithium resource for subsequent development. As with the Company's Bynoe Lithium Project, minimal geochemical work has been undertaken within the tenure; however, historical results have proven encouraging. Evergreen has recently completed a comprehensive auger program, drilling 1,731 holes.

Since the end of the year, Evergreen, listed on the ASX, has continued to progress the development of these assets with some initial positive results from the geochemical results on both the Byone and Kenny lithium prospects.

PRIVATE INVESTMENTS, PASSIVE

Sonora Lithium Project, Mexico

Interest - 30% on 31/12/2022 and 31/05/2023

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 Sonora Lithium Project consists of ten contiguous concessions covering 97,389 hectares. Two of the concessions (La Ventana, La Ventana 1) are owned as of the date 100% by subsidiaries of Gangfeng Lithium Co., Ltd ("Gangfeng"). 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 Gangfeng and 30% by Cadence.

The Sonora Project holds one of the world's largest lithium resources and benefits from being both high-grade and scalable. The polylithionite mineralisation is hosted within shallow dipping sequences, outcropping on the surface. A Mineral Resource estimate was prepared by SRK Consulting (UK) Limited ('SRK') following NI 43-101.

The current lithium resources and reserves for the Sonora Lithium Project and the attributable amounts to Cadence are available here: https://www.cadenceminerals.com/projects/sonora-lithium-project/.

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, 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 and 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://bacanoralithium.com/_userfiles/pages/files/documents/bacanorafstechnicalreport25012018_compressed.pdf

In 2021, Mexican politicians from the MORENA party tabled a draught bill to reform Mexico's energy sector, including statements that lithium would be included among the minerals considered strategic for the energy transition and that no new concessions for lithium exploitation by private companies could be granted. After the year-end, the Mexican senate elevated lithium deposits to the "strategic minerals" category, declaring lithium's exploration, exploitation, and use as the state's exclusive right. In February 2022, the Mexican government established a decree that reserved some 234,855 hectares as a lithium mining reserve, which includes the areas covered by the Sonora Lithium Project. However, the Decree also notes that the rights and obligations of the holders of current mining concessions within the lithium mining reserve area are not affected.

We are constantly examining possible legislative changes. Our current view is that the Decree passed by the senate only impacts licenses, concessions, or contracts to be granted, not already those given, as is the case for the Sonora Lithium Project. Therefore, at this point, we do not believe there is a material impact on our joint venture areas.

PRIVATE INVESTMENTS, PASSIVE

Yangibana Project, Australia

Interest - 30% at 31/12/2022

In June 2022, Cadence entered into a binding agreement to sell its working interest in the leases in the Yangibana Project to Hastings Technology Metals (ASX: HAS) ("Hastings"), the current owner and operator of the Yangibana Rare Project. Cadence sold its 30% working interest in the Yangibana Project tenements, to Hastings, for A$9 million (£5.1 million), which has been satisfied via the issue of 2,452,650 new ordinary shares in Hastings to Cadence. These shares represent approximately 1.9% of the current issued share capital of Hastings Technology and are subject to a 12-month voluntary escrow. At the time of writing, the value of this stake was approximately £1.9 million; our initial investment into this asset was £0.91 million.

Hastings is a well-managed Perth-based rare earth company primed to become the world's next producer of neodymium and praseodymium concentrate ("NdPr"). NdPr is vital in manufacturing permanent magnets used daily in advanced technology products ranging from electric vehicles to wind turbines, robotics, medical applications and digital devices.

Hastings flagship Yangibana project, in the Gascoyne region of Western Australia, contains a highly valued NdPr deposit with an NdPr: TREO ratio of up to 52%. The site is permitted for long-life production and with offtake contracts signed and debt finance in an advanced stage.

Hastings announced after the year's end that it had introduced a staged development programme to the Yangibana asset. This strategy will reduce upfront capital requirements and project execution risks and provide a faster pathway to cash flow by Q1 2025. Hastings will initially focus on constructing the Yangibana mine and beneficiation plant to produce rare earths concentrate (Stage 1), followed by developing a hydrometallurgical plant to produce mixed rare earth carbonate (Stage 2). This has resulted in the total project capital cost being estimated at $948m, with the Stage 1 component being $470m. The beneficiation plant construction will commence in Q3 2023, supporting the Stage 1 concentrate delivery target date of Q1 2025.

As a result of this staged development programme, Stage 1 will have a post-tax NPV11 of $538m, an IRR of 27.54% and an average annual EBITDA of $174m, providing a funding source for Stage 2.

PRIVATE INVESTMENTS, PASSIVE

Ferro Verde Iron Ore, Brazil

Interest - 1% at 31/12/2022

During the year, Cadence made a small (£0.21 million) in an advanced iron ore deposit in Brazil. The Ferro Verde Deposit is located in the southern portion of the state of Bahia, in the north-eastern region of Brazil, next to the town of Urandi, some 700 km southwest of Salvador, the capital of the state of Bahia.

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

PUBLIC EQUITY

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

During the period, our public equity investments generated an unrealised loss of £4.59 million (2021: profit of £0.58 million). These unrealised losses tracked our largest holding, EMH, down some 49% over the year despite the excellent progress in developing the asset. We realised a profit from sales of £0.55 million (2020: £0.59 million). Most of these profits were derived from selling EMH. If we look at the portfolio performance since inception the sales made during the year represented a 174% profit above the original purchase price. Our investment in EMH is the only active investment in the public equity portfolio. Our realised return, unrealised return and total return on our EMH to date is 244%, 290% and 264% respectively.

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

	Commentary	**£,000**
Portfolio value at the beginning of period of 2022		**11,974**
New Investments public investments during the year		235
Disposal of public Investments during the year	The majority of disposal was in EMH with proceeds reinvested into Amapá	(1,927)
Realised and Unrealised loss on portfolio value for the period	The majority of the loss driven by a reduction in EMH share price	(5,038)
Portfolio value at the end of the period		**5,244**

As of 31 December 2022, our public equity stakes consisted of the following:

Company	**31-Dec-22 £,000**	**30-Jun-22 £,000**	**31-Dec-21 £,000**	**30-Jun-21 £,000**	**31-Dec-20 £,000**
European Metals Holding Ltd	4,882	5,357	11,287	14,180	13,426
Charger Metals NL	301	196	342	109	-
Macarthur Minerals Ltd	-	103	181	327	329
Eagle Mountain Mining Ltd	37	47	122	153	-
Mont-Royal Resources Ltd	19	39	35	-	-
Celsius Resources Ltd	-	-	-	103	-
Miscellaneous	5	5	7	6	6
Total	**5,244**	**5,747**	**11,974**	**14,878**	**13,761**

PUBLIC EQUITY, ACTIVE

European Metals Holdings Limited Interest - 7.0% at 31/12/2022 and 6.5% 31/05/2023

Cadence has held an investment in EMH since June 2015. EMH owns 49% of Geomet s.r.o. with 51% owned by CEZ. CEZ is a significant energy group listed on various European Exchanges. Geomet s.r.o. owns 100% of Cinovec which hosts a globally significant hard-rock lithium deposit with a total Indicated Mineral Resource of 372.4Mt at 0.45% Li_2O and 0.04% Sn and an Inferred Mineral Resource of 323.5Mt at 0.39% Li_2O and 0.04% Sn containing a combined 7.22 million tonnes Lithium Carbonate Equivalent and 263kt of tin, as reported to ASX on 28 November 2017 (Further Increase in Indicated Resource at Cinovec South).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li_2O and 0.09% Sn reported on 4 July 2017 (Cinovec Maiden Ore Reserve -has been declared to cover the first 20 years' mining at an output of 22,500tpa of battery-grade lithium carbonate reported on 11 July 2018 (Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate). This makes Cinovec the largest hard-rock lithium deposit in Europe, the fourth largest non-brine deposit in the world and a globally significant tin resource.

For the reporting period EMH continued to manage the advancement of the Cinovec Lithium/Tin Project in Czech Republic. The macro conditions relative to the Project have been very strong for the period. Despite some recent falls, the lithium price remains at very high levels relative to historic prices, and at a level where the financial parameters of the Project are exceptionally strong. In addition to pricing, the global focus on long term security of strategic metals has increased dramatically and the Company expects this factor to play an increasingly important role in moving the Project towards production.

The reporting period was highlighted by EMH's announcement in January 2022, updating the 2019 PFS, which indicated a post-tax NPV of US$1.938Bn and a post-tax IRR of 36.3%.

In addition, EMH announced very significant developments in the optimisation of the flowsheet for the processing plant. EMH announced that it had finalised a considerably simplified Lithium Chemical Plant ("LCP") flowsheet with the initial six locked cycle test ("LCTs") providing 99.99% pure Lithium Carbonate.

The simplification of the central section of the LCP flowsheet reduces the number of basic chemical engineering unit processes (after the initial roast/water leach) from 15 to 7. The revised process also results in the elimination of all energy-intensive cooling processes. The Company has been advised by its principal hydrometallurgical adviser, Lithium Consultants Australasia (LCA), that the changes to the LCP noted above are expected to reduce both Capex and Opex in the LCP by 10-20%.

EMH continued progress towards finalisation of the DFS, which scheduled for completion in Q4 2023.

FINANCIAL REVIEW

Total comprehensive income for the year attributable to equity holders was a loss of £5.50m (2021: £0.14m). This decrease in profitability from the previous year of approximately £5.36m is mainly due to the reduced amount of realised and unrealised profits and losses on for the year of approximately £4.04m (2021: £1.17m) relating to our share investment portfolio (listed financial investments) held during the period. Administrative expenses were down £0.34m from £1.80m to £1.46m, but foreign exchange gains were down £0.452m from £0.455m to £0.003m.

Basic negative earnings per share was 3.355p (2021: 0.102p).

The net assets of the Group at the end of the period were £21.32 million (2021: £22.15 million). This decrease of approximately £0.83m reflects the losses and shares issued in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The main business risk is considered to be investment risk.

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

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

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

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

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

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

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

STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Income			
Unrealised (loss)/profit on financial investments	*6*	**(4,593)**	577
Realised profit on financial investments	*6*	**552**	593
		(4,041)	1,170
Share based payments		**(13)**	(197)
Other administrative expenses		**(1,443)**	(1,604)
Total administrative expenses		**(1,456)**	(1,801)
Operating loss	*1*	**(5,497)**	(631)
Finance income		**-**	35
Finance cost	*3*	**(3)**	(3)
Foreign exchange gain		**3**	455
Loss before taxation		**(5,497)**	(144)
Taxation	*4*	-	-
Loss attributable to the equity holders of the Company		**(5,497)**	(144)
Total comprehensive earnings for the year, attributable to the equity holders of the company		**(5,497)**	(144)
Earnings per ordinary share			
Basic earnings per share (pence)	*5*	**(3.355)**	(0.102)
Diluted earnings per share (pence)	*5*	**n/a**	n/a

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

STATEMENT OF FINANCIAL POSITION

		31 December 2022	31 December 2021
ASSETS	***Note***	**£'000**	£'000
Non-current			
Financial Assets	*6*	**11,365**	5,660
		11,365	5,660
Current			
Trade and other receivables	*7*	**3,957**	5,048
Financial Assets	*6*	**6,206**	11,974
Cash and cash equivalents		**110**	324
Total current assets		**10,273**	17,346
Total assets		**21,638**	23,006
LIABILITIES			
Current			
Trade and other payables	*8*	**317**	853
Total current liabilities		**317**	853
Total liabilities		**317**	853
EQUITY			
Issued share capital	*10*	**2,144**	1,903
Share premium	*10*	**37,612**	33,207
Share based payment reserve		**252**	249
Investment in own shares		**(64)**	(70)
Retained earnings		**(18,623)**	(13,136)
Equity attributable to equity holders of the Company		**21,321**	22,153
Total equity and liabilities		**21,638**	23,006

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	**Share premium**	**Investment in own shares**	**Share based payment reserve**	**Retained earnings**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 December 2020	1,896	33,159	-	39	(13,001)	22,093
Share based payments	-	-	-	197	-	197
Payments made through issue of warrants	-	-	-	22	-	22
Transfer on exercise of options	-	-	-	(9)	9	-
Adjustment for shares held in Trust	-	-	(70)	-	-	(70)
Share issue	7	50	-	-	-	57
Share issue costs		(2)	-	-	-	(2)
Transactions with owners	7	48	(70)	210	9	204
Loss for the period	-	-	-	-	(144)	(144)

Total comprehensive earnings for the period	-	-	-	-	(144)	(144)
Balance at 31 December 2021	**1,903**	**33,207**	**(70)**	**249**	**(13,136)**	**22,153**
Share based payments	-	-	-	13	-	13
Transfer on exercise of warrants	-	-	-	(10)	10	-
Issue of shares held in Trust	-	6	6	-	-	12
Share issue	241	4,775	-	-	-	5,016
Share issue costs	-	(376)	-	-	-	(376)
Transactions with owners	241	4,405	6	3	10	4,665
Loss for the period	-	-	-	-	(5,497)	(5,497)
Total comprehensive earnings for the period	-	-	-	-	(5,497)	(5,497)
Balance at 31 December 2022	**2,144**	**37,612**	**(64)**	**252**	**(18,623)**	**21,321**

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

STATEMENT OF CASH FLOWS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flow from operating activities		
Continuing operations		
Operating loss	**(5,497)**	(631)
Gain/(loss) on financial investments	**4,041**	(1,170)
Equity settled share based payments	**13**	197
Adjustment for issue of own shares	**-**	(70)
Payments made through issue of warrants	**-**	22
Decrease in trade and other receivables	**24**	346
(Decrease)/increase in trade and other payables	**(536)**	555
Net cash outflow from operating activities from continuing operations	**(1,955)**	(751)
Cash flows from investing activities		
Payments for non-current financial investments	**(4,600)**	(2,275)
Payments for investments in current financial investments	**(235)**	(830)
Receipts on sale of current investments	**1,926**	3,787
Net cash inflow from investing activities	**(2,909)**	182
Cash flows from financing activities		
Proceeds from issue of share capital	**5,016**	57
Share issue costs	**(376)**	(2)
Net borrowings	**-**	(220)
Net finance cost	**(3)**	(3)
Net cash inflow from financing activities	**4,637**	(168)
Net change in cash and cash equivalents	**(227)**	(737)
Foreign exchange movements on cash and cash equivalents	**13**	465
Cash and cash equivalents at beginning of period	**324**	596
Cash and cash equivalents at end of period	**110**	324

Material non-cash transactions

During the year the Company disposed of its 31.5% stake in in Lithium Technologies and Lithium Supplies, (non-current financial investments) for initial proceeds of £1,810,000 which were settled in shares of Evergreen PTY Ltd (non-current investment). Additionally, at 31 December 2021 the Company had a loan outstanding of £514,000 from Amapá and a balance of £554,000 held in a trust account (trade and other receivables) which were converted into its investment in Amapá (non-current investment).

There were no material non-cash transactions in the year ended 31 December 2021.

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

PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

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

The Financial Statements are for the year ended 31 December 2022 and have been prepared under the historical cost convention, except for the measurement to fair value of financial assets, and in accordance with UK adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006. These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 22 June 2023 and signed on their behalf by Donald Strang and Kiran Morzaria.

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

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

INVESTING POLICY

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

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

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

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

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 31 March 2025 which take account of the current cost and operational structure of the Company.

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

During 2022, the Company received net proceeds of £4,640,000 through share issues and £1,691,000 in net receipts, from sales less purchases, of listed investments.

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 2022 the Company had cash and cash equivalents of £110,000, current financial assets of £6,206,000 and no borrowings. The Company has minimal contractual expenditure commitments, and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. With overheads of £1,443,000 in 2022, and creditors of £317,000 at 31 December 2022 the Company would still be able to meet its obligations, without the requirement to cut costs, should the value of the current listed financial assets be reduced by 65%. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

STATEMENT OF COMPLIANCE WITH IAS

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

TAXATION

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

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

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

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

FINANCIAL ASSETS

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

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

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

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

<u>Subsequent measurement of financial assets</u>

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

Impairment of financial assets

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

FAIR VALUE MEASUREMENT

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

FINANCIAL INVESTMENTS

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

Due to the nature of these assets being unlisted investments or held for the longer term, the investment period is likely to be greater than 12 months and therefore these financial assets are shown as non-current assets in the Statement of financial position, unless their disposal is likely to occur within the forthcoming year. Listed investments are valued at closing bid price on 31 December 2021. For measurement purposes, financial investments are designated at fair value through income statement. Gains and losses on the realisation of financial investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period**.**

CASH AND CASH EQUIVALENTS

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

EQUITY

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

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

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

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

OPERATING LEASES

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

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

FOREIGN CURRENCIES

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

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

SHARE BASED PAYMENTS

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

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

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

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

Warrants

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

FINANCIAL LIABILITIES

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

All financial liabilities are recognised initially at fair value, net of direct issue costs, 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

Sources of Estimation and Key Judgements

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

Significant judgments and estimates

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

- The estimates and underlying judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- In the preparation of these financial statements, estimates and judgments have been made by management concerning calculating the fair values of the assets acquired on business combinations, and the assumptions used in the calculation of the fair value of the share options. Actual amounts could differ from those estimates.

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

Unlisted investments

The Company is required to make 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. Management reviews each unquoted investment at each reporting date for indications of impairment. Management concluded that no impairment was necessary in the current or prior year.

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

Sonora Lithium Project License

As stated in the strategic report, Mexican politicians from the MORENA party tabled a draught bill to reform Mexico's energy sector, including statements that lithium would be included among the minerals considered strategic for the energy transition and that no new concessions for lithium exploitation by private companies could be granted. Subsequent to the year-end, the Mexican senate elevated lithium deposits to the category of "strategic minerals", declaring lithium's exploration, exploitation, and use as the state's exclusive right.

Management's current view is that the Decree passed by the senate only impacts licenses, concessions, or contracts to be granted, NOT those already granted, as is the case for the Sonora Lithium Project. Therefore, at this point, management have concluded that there is no material impact on Cadence's joint venture areas. Please see the strategic report for more details. Management will continue to review

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 2022:

- Amendments to IFRS 3: References to the Conceptual Framework
- Amendments to IAS 16: Proceeds before intended use
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020 Cycle - 1 January 2022
The adoption of the above has not had any material impact on the disclosures or amounts reported in the financial statements.

New standards, amendments and interpretations not yet adopted

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

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

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 2022	Year ended 31 December 2021
	£'000	£'000
Share based payment charge	**13**	197
Directors' fees and consulting (see Note [2])	**518**	412
Fees payable to the Company's auditor for the audit of the financial statements	**40**	36

Segment reporting

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Unrealised (loss)/profit on financial investments	**(4,593)**	577
Realised profit on financial investments	**552**	593

	(4,041)	1,170

2. EMPLOYEE REMUNERATION

Employee benefits expense

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Short-term benefits		
Wages, salaries and consulting fees	**623**	512
Bonus payments	**-**	450
Employers NI	**66**	95
Shares awarded	**122**	-
Other long-term benefits		
Share based payments	**-**	197
	811	1,237

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

	2022 No.	2021 No.
Directors	**4**	4
Other	**2**	2
	6	6

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Short-term benefits		
Wages, salaries and consulting fees	**518**	412
Bonus payments	**-**	450
Shares awarded	**122**	-
Other long-term benefits		
Share based payments charge on issue of options	**-**	197
	640	1,059

3. FINANCE INCOME & COSTS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loan interest received	**-**	35
	-	35

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loan interest	**-**	3
Finance Fees	**3**	-
	3	3

4. TAXATION

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

	Year ended 31 December 2022	**2022**	Year ended 31 December 2021	2021
	£'000	**%**	£'000	%
(Loss)/profit before taxation	**(5,497)**		(144)	
(Loss)/profit multiplied by standard rate of corporation tax in the UK	**(1,044)**	**19**	(27)	19
Effect of:				
Deferred tax asset not recognised	**43**		1,760	
Remeasurement of deferred tax for changes in tax rates	**-**		(1,573)	
Other permanent differences	**-**		(1)	
Chargeable gains	**229**		12	
Income not taxable	**(105)**		(222)	
Expenses not deductible for tax purposes	**877**		51	
Total tax charge for year	**-**		-	

The Company has tax losses in the UK of £26.22m (2021: £25.97m), subject to His Majesty's Revenue and Customs approval, available for offset against future operating profits. The Company has not recognised any deferred tax asset in respect of these losses, due to there being insufficient certainty regarding its recovery. The unrecognised deferred tax asset is £6.56m (2021: £6.50m). Changes in tax laws and rates may affect tax assets and liabilities and our effective tax rate in the future. The main corporation tax rate in the UK is due to increase to 25% from 19% on 1 April 2023.

5. EARNINGS PER SHARE

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
(Loss) attributable to owners of the Company	**(5,497)**	(144)
	2022	2021
	Number	Number
Weighted average number of shares in issue	**170,208,788**	148,535,664
Less: shares held by the Employee Benefit Trust (weighted average)	**(6,380,000)**	(7,020,000)
Weighted average number of shares for calculating basic earnings per share	**163,828,788**	141,515,644
Share options and warrants exercisable	**n/a**	n/a
Weighted average number of shares for calculating diluted earnings per share	**n/a**	n/a
	2022	2021
	Pence	Pence
Basic earnings per share	**(3.355)**	(0.102)
Diluted earnings per share	**n/a**	n/a

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

6. FINANCIAL INVESTMENTS

Financial assets at fair value through profit or loss:	£'000 Level 1	£'000 Level 2	£'000 Level 3	£'000 Total
Fair value at 31 December 2020	13,761	-	2,885	16,646
Additions	830	-	2,775	3,605
Fair value changes	577	-	-	577
Gains on disposals	593	-	-	593
Disposal	(3,787)	-	-	(3,787)
Fair value at 31 December 2021	11,974	-	5,660	17,634
Additions	235	-	7,479	7,714
Fair value changes	(4,593)	-	-	(4,593)
(Loss)/Gains on disposals	(446)	-	998	552
Disposal	(1,926)	-	(1,810)	(3,736)
Fair value at 31 December 2022	5,244	-	12,327	17,571
Gains on investments held at fair value through profit or loss				
Fair value gain on investments	(4,593)	-	-	(4,593)
Realised gain/(loss) on disposal of investments	(446)	-	998	552
Net gain on investments held at fair value through profit or loss	(5,039)	-	998	(4,041)

Financial assets	£'000 Level 1	£'000 Level 2	£'000 Level 3	£'000 Total
Non-current	-	-	11,365	11,365
Current	5,244	-	962	6,206
	5,244	-	12,327	17,571

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 2022. During the year ended 31 December 2022 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 2022, and determined that no impairment was necessary. With the exception of the investment in Mojito of £962,000 these are considered to be non-current assets due to their lack of liquidity. As the Yangibana Project Tenements owned by Mojito were disposed of in 2023, this has been classified as a current asset at 31 December 2022.

During 2022, £5,669,000 was invested in exploration costs by the Company (2021: £2,775,000).

7. TRADE AND OTHER RECEIVABLES

	31 December 2022 **£'000**	31 December 2021 £'000
Current		
Trade receivables		
Other receivables	**27**	1,094
Amounts owed by subsidiaries	**3,883**	3,883
Prepayments and accrued income	**47**	71
	3,957	5,048

There is no impairment of receivables, and no amounts are past due at 31 December 2022 or 31 December 2021.

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 2022	31 December 2021
	£'000	£'000
Trade payables	**246**	254
Tax and social security	**-**	-
Other payables	**1**	8
Accruals and deferred income	**70**	591
	317	853

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.

9. BORROWINGS

The Company had no borrowings at 31 December 2022 or 31 December 2021

During the year ended 31 December 2021, £3,000 (USD$4,000) interest and finance charges were charged in the period, £223,000 (USD$303,000) was repaid, and £1,000 of foreign exchange was recognised in respect of borrowings.

10. SHARE CAPITAL

	31 December 2022	31 December 2021
	£'000	£'000
Allotted, issued and fully paid		
173,619,050 deferred shares of 0.24p	**417**	417
172,719,813 ordinary shares of 1p (31 December 2021: 148,649,098 ordinary shares of 1p)	**1,727**	1,486
	2,144	1,903

	Ordinary shares	**Ordinary Share Capital**	**Share Premium**
	No.	**£'000**	**£'000**
Allotted and issued			
At 1 January 2021	147,949,098	1,479	33,159
Issue of shares during the year	700,000	7	50
Share issue costs	-	-	(2)
At 31 December 2021	**148,649,098**	**1,486**	**33,207**
Issue of shares during the year	**24,070,715**	**241**	**4,775**
Reissue of shares held in trust	**-**	**-**	**6**
Share issue costs	**-**	**-**	**(376)**
At 31 December 2022	**172,719,813**	**1,727**	**37,612**

During the year ended 31 December 2022 the following shares were issued: On 3 February 2022, 19,512,180 placing and 487,805 subscription shares were issued for proceeds of £4,100,000. On 21 February 2022, 3,634,825 shares were issued through an open offer for proceeds of £745,000. On 8 April 2022, 435,905 shares were issued on exercise of warrants for proceeds of £65,000.

Investment in Own Shares

At 31 December 2022, the Company held in Trust 6,380,000 (2021: 7,020,000) of its own shares with a nominal value of £63,800 (2021: £70,200). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 31 December was £0.72m (2021: £1.75m). In the current period nil were repurchased (2021: nil) and nil were transferred into the Trust (2021: nil), with 640,000 reissued on award of shares to directors.

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

11. SHARE BASED PAYMENTS

Share Options

The Company operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The expected life of the options varies between 1 and 6 years. All options issued in the prior years vested immediately, with no vesting requirements. During the year ended 31 December 2022 nil, (2021: 7,200,000) options were issued to Directors.

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

	31 December 2022		31 December 2021	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**7,200,000**	**0.290**	100,000	0.060
Issued	**-**	**-**	7,200,000	0.290
Exercised	**-**	**-**	(100,000)	(0.060)
Outstanding at the end of the year	**7,200,000**	**0.290**	7,200,000	0.290
Exercisable at year end	7,200,000		7,200,000	

The share options outstanding at the end of the period have a weighted average remaining contractual life of 3.33 years (31 December 2021: 4.33 years) and have the following exercise prices and fair values at the date of grant:

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

At 31 December 2022 7,200,000 options were exercisable (31 December 2021: 7,200,000).

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

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

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

Warrants

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

	31 December 2022		31 December 2021	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**1,798,405**	**0.16147**	1,598,405	0.11348
Issued	**1,157,350**	**0.20500**	800,000	0.20000
Exercised	**(435,905)**	**(0.015)**	(600,000)	(0.085)
Outstanding at the end of the year	**2,519,850**	**0.18345**	1,798,405	0.16147
Exercisable at year end	**2,519,850**		1,798,405	

The warrants outstanding at the end of the period have a weighted average remaining contractual life of 1.67 years (31 December 2021: 1.78 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 2022 Number**	31 December 2021 Number
01 January 2020	01 January 2020	0.15		435,905
06 May 2020	06 May 2020	0.06	41,667	41,667
20 August 2020	20 August 2020	0.12	520,833	520,833
28 September 2021	28 September 2021	0.20	800,000	800,000
25 February 2022	25 February 2022	0.205	1,157,350	-
			2,519,850	1,798,405

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

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
28 September 2021	0.19%	28.4%	3 years	£0.1825
25 February 2022	1.03%	14.9%	3 years	£0.1825

The Company recognised total expenses of £13,000 (year ended 31 December 2021: £197,000) relating to equity-settled share-based payment transactions during the period.

12. FINANCIAL INSTRUMENTS

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

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

a Credit risk

The Company's credit risk will be primarily attributable to its trade receivables. At 31 December 2022 and 31 December 2021, the Company had no trade receivables and therefore minimal risk arises.

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

31 December 2022				31 December 2021			
Investments (carried at	**Loans and receivables**	**Derivative financial**	**Statement of**	Investments (carried at	Loans and receivables	Derivative financial	Statement of

	fair value)	**(carried at amortised cost)**	**assets**	**Financial position total**	fair value)	(carried at amortised cost)	assets	financial position total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Investments (carried at fair value)	**6,206**	**-**	**-**	**6,206**	11,974	-	-	11,974
Other long term financial assets	**11,365**	**-**	**-**	**11,365**	5,660	-	-	5,660
Other receivables	**-**	**27**	**-**	**27**	-	1,094	-	1,094
Receivables from investee companies		**3,883**	**-**	**3,883**		3,883	-	3,883
Prepayments and accrued income	**-**	**47**	**-**	**47**	-	71	-	71
Cash and cash equivalents	**-**	**110**	**-**	**110**	-	324	-	324
Total	**17,571**	**4,067**	**-**	**21,638**	17,634	5,372	-	23,006

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Investments

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

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

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

a Liquidity risk

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

b Market risk

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

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

c Interest rate risk

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

d Foreign exchange risk

The Company had no borrowings at 31 December 2022 or 31 December 2021. 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 2022			31 December 2021		
	Other financial liabilities at amortised cost	**Liabilities not within the scope of IAS 39**	**Total**	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Trade payables	**246**	**-**	**246**	254	-	254
Accruals and deferred income	**-**	**70**	**70**	-	591	591
Other payables	**1**	**-**	**1**	8	-	8
Borrowings	**-**	**-**	**-**	-	-	-
Total	**247**	**70**	**317**	262	591	853

Maturity of financial liabilities

All financial liabilities at 31 December 2022 and 31 December 2021 mature in less than one year.

Borrowing facilities for the period ended 31 December 2022

The Company had no committed borrowing facilities at 31 December 2022 (31 December 2021: £Nil).

The Company had no committed undrawn facilities at 31 December 2022 or 31 December 2021.

f Capital risk management

The Company's objectives when managing capital are:

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

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

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Short-term borrowings	Total
1 January 2021	**219**	**219**
Cash-flows:		
- Interest charged	3	3
- Realised foreign exchange	1	1
- Repayments	(223)	(223)
31 December 2021	-	-

14. RELATED PARTY TRANSACTIONS

The Company was charged rent totalling £19,931 to Gunsynd Plc, a company of which Don Strang is a director (2021: £19,200 accrued). Of this £9,500 was accrued and £131 was unpaid at 31 December 2022. Andrew Suckling is a director of Macarthur Minerals Limited. During the year the Company purchased 600,000 shares in Macarthur Minerals and sold 1,616,000 shares in Macarthur Minerals for net proceeds of £24,426 (2021: 286,000 shares disposed of for proceeds of £50,581). At the year end the company held nil shares in Macarthur Minerals (2021: 1,016,000).

Key Management Personnel are considered to be the Company Directors only, and their total within Note 2 to the financial statements.

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 January 2023, the Company announced that it had completed the sale of its working interests in the Yangibana Rare Earths project ("Yangibana Project") tenements to Hastings Technology Metals (ASX: HAS) ("Hastings"). The Company received 2,452,650 shares of Hastings valued at AUD $9m.

On 26 January 2023, the Company announced that Evergreen Lithium Limited ("Evergreen") has filed its admission Prospectus with Australian Securities & Investments Commission and the Australian Stock Exchange ("ASX"). Cadence owns approximately 15.8 million Evergreen shares which are anticipated to represent 8.7% of the issued share capital of Evergreen on admission. At the offer price the Company's interest is valued at AUD $3.96m.

On 13 April 2023, the Company announced that Evergreen was listed on ASX on 11 April 2023, and that Cadence is the largest shareholder, holding 8.74% of the issued share capital.

16. ULTIMATE CONTROLLING PARTY

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

17. FORWARD LOOKING STATEMENTS

This annual report contains 'forward-looking information', which may include but is not limited to, statements concerning the future. This annual report contains 'forward-looking information', which may include but is not limited to, statements concerning 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. 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

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