

**Cadence Minerals Plc**

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

**Optimisation Study Delivers Material Capital Savings at the Amapá Iron Ore Project**

Cadence Minerals (AIM/NEX: KDNC; OTC: KDNCY) is pleased to report the successful completion of its capital expenditure optimisation program at the Amapá Iron Ore Project (the "Project", "Amapa" or "Amapá Project"). The program has identified significant savings in processing plant recommissioning and increased production. The optimisation study was conducted at a pre-feasibility level and marks an important milestone in the company's progress towards achieving cost-efficient and sustainable operations.

**Highlights:**

- PFS-level optimisation studies (the "Study") have identified 33% (US\$63.2 million) of capital savings associated with the beneficiation plant at the Amapá Project.
- The Study has resulted in a forecast increase in production of approximately 4.8% to 5.5 Mtpa of iron ore concentrate, of which 4.51 will be a 65% product and 0.99 Mtpa a 62% product.
- Alongside our joint venture partners, we plan to redesign the mine plan to reduce mining costs.
- The revised capex and mine plan will form the basis of an amended economic assessment at a PFS level.
- Fully committed to advancing the development of a 67% "Green Iron" Fe product flow sheet at a production rate of 5.5 Mtpa.
- The capital requirement for the entire Project is now in the bottom quartile of comparables at US\$58 per million tonnes of annual capacity.
- The Study was completed ahead of schedule, so we do not anticipate any delays to the timeline already announced.

**Cadence CEO Kiran Morzaria commented:** "We're thrilled to announce the successful completion of our capital expenditure optimisation program at the Amapá Iron Ore Project. This effort has delivered a substantial 33% reduction in capital costs, saving \$63.2 million and forecasted a 4.8% to 5.5 Mtpa increase in iron ore concentrate production.

Moreover, given the Study was completed ahead of schedule, we do not anticipate any delays to the timeline already announced, even with the additional work associated with optimising the mine plan to accommodate the increased production.

We remain fully committed to advancing the development of the 67% Fe product flow sheet, aligning with our vision for sustainable growth and value maximisation."

**Background to Optimisations Studies**

As per the announcement made on 7 March 2024, our joint venture company Pedra and Branca Alliance ("PBA"), which owns 100% of the Amapá Iron Ore project, engaged an engineering firm in 2023 to carry out an in-depth review of the processing plant flowsheet to significantly reduce capital and operating expenditures and, possibly, improving the iron ore concentrate quality.

We are pleased to report that the review of capital and operating expenditures is complete, and the 67% flow sheet development continues.

**Results from Amapá Project Optimisation Studies**

This part of the optimisation study focused on the iron ore beneficiation plant at the Amapá Project. It aimed to reduce the capital and operational expenditure while producing a product mix of 65% Blast Furnace Pellet Feed ("BFPP") and 58% spiral concentrate.

An independent Chinese consulting engineering company carried out this work and identified several material capital

savings, particularly in the equipment and materials suppliers. As a result of their work, the direct and indirect capital associated with the beneficiation plant has been reduced by US\$63.2 million (approximately 33%) from US\$191.7 million to US\$128.5 million. Utilising the comparables within the PFS report published in 2023, the entire capital required for the Amapá Project is in the bottom quartile of capital intensity at US\$58 per million tonnes of capacity; the median of the comparable projects is US\$142 per million tonnes of capacity.

In addition, the utilisation and availability rates of the beneficiation plant were increased, resulting in an increase in plant throughput and production from 5.28 million tonnes per annum ("Mtpa") to 5.5 Mtpa, both on a dry basis. This also led to a marginal reduction in operating costs. Out of the 5.5 Mtpa, approximately 4.51 Mtpa will be 65% BFPP, and 0.99 Mtpa will be a 58% spiral concentrate.

#### **Next Steps**

Based on the positive results derived from the optimisation study, which included an increase in throughput, we have decided, in conjunction with our joint venture partners, to redesign the mine plan to reduce mining costs. As already highlighted, the Study was completed ahead of schedule. Therefore, we do not anticipate any delays in the already announced timeline.

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

#### **About the Amapá Project and Cadence's Ownership**

The Amapá Project is a brownfield integrated iron ore project in the Amapá State of Brazil. It has Mineral Resources of 276 million tonnes (Mt) at 38.33% Iron (Fe) and Ore Reserves of 196 Mt at 39.34%. The Project consists of the mine, processing plant, wholly owned port and a 194km railway, all operated by PBA. A PFS was published in January 2023. The PFS delivered a post-tax net present value of US\$949 million at a discount rate of 10% and a post-tax internal rate of return of 34%, with an average annual life of mine EBITDA of US\$235 million annually. In the PFS, after ramp-up, the planned yearly average production was forecast to be 5.3 Mtpa of Fe concentrate, consisting of 4.4 Mtpa at 65.4% Fe and 0.9 Mtpa at 62% Fe concentrate. Over the life of the mine, The Project is forecast to deliver free on-board C1 Cash Costs of US\$35.53 / dry metric tonne.

At the end of September 2023, Cadence's total investment in the Amapá Project stood at approximately US\$12.1 million, with the equity stake in the Project standing at 32.6%. Since then, Cadence has continued to invest in the Amapá Project, and a further updated equity position will be provided at the end of March 2024.

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#### **Qualified Person**

Kiran Morzaria B.Eng. (ACSM), MBA, has reviewed and approved the information contained in this announcement. Kiran holds a Bachelor of Engineering (Industrial Geology) from the Camborne School of Mines and an MBA (Finance) from CASS Business School.

#### **Cautionary and Forward-Looking Statements**

Certain statements in this announcement are or may be considered forward-looking. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "will", or the negative of those variations or comparable expressions including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the company's future growth results of operations performance, future capital, and other expenditures (including the amount, nature, and sources of funding thereof) competitive advantages business prospects

and opportunities. Such forward-looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. Many factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes actions by governmental authorities, the availability of capital markets reliance on key personnel uninsured and underinsured losses and other factors many of which are beyond the control of the company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions. The company cannot assure investors that results will be consistent with such forward-looking statements.

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