



*The company deems the information contained within this announcement to constitute Inside Information as stipulated under the Market Abuse Regulation (E.U.) No. 596/2014, as it forms part of U.K. domestic law under the European Union (Withdrawal) Act 2018, as amended. Upon the publication of this announcement via a regulatory information service, this information is considered to be in the public domain.*

**Cadence Minerals Plc**

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

**Letter of Intent to Acquire up to a 40% stake in the Pompeya and Sarzedas Tungsten, Antimony and Gold Exploration  
Tenements, Completion of £1 million Fundraise and Investment Updates**

Cadence Minerals (AIM: KDNC) is pleased to announce that it has entered into a letter of Intent with Hesperian Metals, S.L ("Hesperian") to invest in and acquire up to 40% two prospective tungsten, antimony, and gold exploration packages in Spain and Portugal ("LOI"). The LOI will be funded via a placing with predominantly institutional investors for gross proceeds £1 million.

The two exploration tenement packages include the Pompeya Project in Spain, which covers a sizeable former mining province and is prospective for tungsten ("Pompeya"). The second tenement package is situated near Castelo Branco in eastern Portugal, which also contains several old mine workings and is prospective for antimony, tungsten, and gold ("Sarzeda"). Together, Pompeya and Sarzeda are referred to as the "Projects".

**Highlights**

- Cadence has conditionally agreed to an LOI to invest in and acquire up to 40% of several licenses in Spain and Portugal which contain previously unidentified tungsten, antimony, and gold exploration targets.
  - Other notable tungsten deposits in the Iberian Peninsula include the Los Santos Mine (currently on care and maintenance with the mill slated for restart in 2025) and the Panasqueira Mine (operating mine, almost continuously since 1896), both owned by Almonty Industries (TSE:AII). These operations have mineral resources (Measured and Indicated) of 3.7 Mt at 0.19% WO<sub>3</sub> and 10.0 Mt at 0.23% WO<sub>3</sub>, respectively, according to the latest Almonty data.
  - **Tungsten** is recognised globally as a **critical and strategic material** due to its economic significance, supply risk, and limited substitution alternatives. Since 2020, the price of Ammonium Paratungstate (APT - a key intermediate in the production of tungsten carbide and tungsten metal and the main price that tungsten is quoted in) has risen from approximately US 210 per metric ton unit to around US 390 per metric ton unit.
- The **Pompeya project** covers an area of approximately **470 square kilometres (km<sup>2</sup>)** of mining and exploration licenses, featuring **multiple mineralised skarns**, and historic mine workings.
  - There has been **limited exploration of tungsten in the area**. However, **recent investigations at Pompeya have identified tungsten ore** (scheelite) in both the old mine workings and at the surface within skarn deposits.
  - **Rock chip sampling** returned tungsten oxide ("WO<sub>3</sub>") **grades between 3.3% and 4.8%**.
- The **Sarzedaz project** covers some **57km<sup>2</sup>** and contains numerous old antimony, tungsten and gold deposits, with associated waste dumps.
  - **Grab samples** of the waste dumps yielded between **0.4 g/t and 109.9 g/t of gold** with a median grade of **30.9g/t of gold**.
- If Cadence proceeds with this investment, the capital raised will be used to advance the exploration of the Projects over the next six months with the aim of identifying **potential mineral resource targets**.

**Cadence CEO Kiran Morzaria commented** "As our flagship Amapá project continues to advance and de-risk, our Board are mindful of the changing macro landscape and our priority to ensure Cadence has maximum exposure to the critical minerals

*needed for energy and technology markets. As such, we are excited by the potential opportunity with the Pompeya and Sarzeda projects, particularly given the increasing importance of tungsten as a strategic raw material. I look forward to reporting back on progress at the end of the exclusivity period with Hesperian Metals."*

*"I am also pleased to confirm the Company has successfully raised £1 million before expenses to fund our investment into the Pompeya and Sarzeda projects and our continued investment into Amapá."*

**Chairman Andrew Suckling added:** *"With Amapá progressing well and, in particular, its potential to feed high-grade ore for "green iron", I am pleased that our Board remains vigilant and open to new investment opportunities as the critical minerals landscape continues to shift. Once our due diligence process has been completed, we fully expect the Pompeya and Sarzeda projects to complement our other investments into the critical minerals needed for energy and technology markets."*

#### **About the Projects**

##### *Pompeya*

The Pompeya project is situated in the Extremadura region of southwest Spain. Hesperian Metals has executed an option and exploration agreement to purchase some 470 km<sup>2</sup> of mining and exploration tenements.

Regionally, Pompeya is within the Ossa-Morena Zone of the Iberian Massif and contains Lower Cambrian Carbonates, intruded by igneous rocks from the Hercynian Orogeny. The physical-chemical interaction between these intrusive bodies and carbonate host rocks rich in calcium and/or magnesium develops mineralised skarns, which include magnetite, tungsten, copper, and gold skarns. Skarn deposits are some of the largest sources of tungsten in the world, with some of the largest deposits located in China.

The Pompeya region contains multiple historic magnetite (iron ore) mines hosted in skarn deposits. However, the potential for Tungsten deposits was not recognised until recently. Early surface sampling was conducted after some mineralogical samples identified tungsten-bearing ore (scheelite) via ultraviolet ("UV") field surveys. Scheelite, calcium tungstate (CaWO<sub>4</sub>), is one of the most common tungsten minerals, representing 65% of the world's production, and is fluorescent under short-wave UV where it appears bright blue.



Figure 1 scheelite exposure under UV light at Pompeya project.

In addition to the UV field surveys, four rock samples were collected from skarn outcrops; these were sent to ALS Labs in Seville and returned between 3.3% and 4.8% Tungsten Oxide. These are significant assay results and justify further exploration.

Given the assay results, mineralised skarns, historic mine workings, and previously undiscovered Tungsten mineralisation, Pompeya has substantial mineral potential in the view of Cadence management. The next steps will be conducting detailed geological mapping alongside a comprehensive sampling programme and scout exploration drilling to identify potential mineral resource targets.





Figure 2 top skarn outcrop at old mines working, bottom sample from out crop under UV light.

#### *Sarzeda*

The Sarzeda project is in eastern Portugal, approximately 19km west of Castelo Branco, and covers some 57km<sup>2</sup>. The area contains several mineral deposits that were intermittently mined between 1916 and 1951. Hesperian has signed an option agreement to acquire these exploration concessions.

The area includes the old mines of Das Gatas (Mina do Vale da Carreira), Barroca da Santa, Pomar (Galdins), Casalinho, Monte da Goula, and Ficalho. The Das Gatas, Barroca da Santa, and Pomar mines were exploited from 1935 to 1951, mainly for antimony and tungsten.

The Das Gatas mine was exploited in the 1930s and 1940s. The workings extend from the surface to a vertical depth of 75 meters and 250 meters along the strike. The local plant produced an antimony concentrate with a high gold content; the precious metals were not recovered on-site.

Of particular interest are the old mine waste dumps, which were sampled and assayed in the 1980s and yielded significant gold results. Fifteen samples were taken, and the gold grades ranged between 0.4 g/t and 109.9 g/t, with a median grade of 30.9 g/t.

The Sarzeda project is within the Variscan Iberian Antimony Belt. The belt includes numerous old workings and mineralised deposits and can be followed for more than 400 kilometres W-E from central Portugal to southern Spain. Most known deposits are hosted in the Cambrian Schist-Graywacke Complex rocks and metasediments of Ordovician-Silurian age.

#### **Tungsten**

These Projects are expected to complement Cadence's other investments in critical minerals needed for energy and technology markets.

Tungsten and its alloys stand out as some of the hardest metals, with tungsten boasting the highest melting point among all pure metals at 3,422°C. This unique combination of hardness and high-temperature resistance makes it a top choice for a wide range of commercial and industrial applications.

With its economic significance and limited substitution options, tungsten holds a strategic position in many global markets. The US, EU and UK all recognise its critical role, and have classified tungsten as a strategic raw material due to its

economic importance, supply risks, and lack of viable substitutes. This underscores the gravity of tungsten's role in the global economy and its irreplaceable value.

Tungsten carbide, with a hardness that rivals that of diamond, is a common choice for cutting tools and wear-resistant materials. Tungsten also finds applications in a diverse range of industries, including transportation (such as aircraft manufacturing and railways), mining, construction, defence, medical (for X-ray tubes and radiation shields), consumer electronics (like smartphones), and chemical products. Furthermore, tungsten and tin-based materials are currently under evaluation for potential use in lithium-ion batteries.

#### **Details of the Letter of Intent with Hesperian**

The LOI outlines the principal terms of the earn-in agreement to acquire up to 40% of Pompeya and Sarzeda. The decision to invest and investment stages are outlined below.

Hesperian and Cadence have agreed to an exclusivity period terminating in the Q1 of 2025. Cadence will complete its full due diligence during this period, and both parties will look to finalise a definitive investment agreement. As part of the exclusivity Cadence will issue 1,666,667 new ordinary shares to the introducers of the Projects, which will be subject to a 12-month lock in. Cadence will update the market as and when necessary.

Subject to a successful outcome to the due diligence and at Cadence's option, Cadence will invest €430,000 over 6 months to fund early exploration costs, including surface mapping, initial scout drilling and sampling over Pompeya and reconnaissance exploration work at Sarzeda ("Phase 1 Exploration"). In addition, Cadence will issue Hesperian €175,000 of new ordinary shares in Cadence upon entering into a definitive investment agreement with Hesperian. These shares will be subject to a 12-month lock-in. In consideration of the Phase 1 Exploration investment and the issue of shares, Cadence will receive 15% interest in the Projects via such an interest in the relevant project licences.

After the completion of Phase 1 Exploration, and at its option, Cadence can invest a further €2 million over 24 months to fund advanced exploration costs, including drilling priority targets and, if applicable, mineral resource development ("Phase 2 Exploration"). In addition, Cadence will issue Hesperian €600,000 of new ordinary shares in Cadence, which will be subject to a 12-month lock-in. In consideration of the Phase 2 Exploration Investment and the issue of shares, Cadence will receive a further 25% interest in the Projects at licence level.

If Phase 2 Exploration is successful, Cadence will have a first right of refusal to enter into a joint venture with Hesperian to explore and develop the Projects further.

#### **Fundraise**

Cadence intends to finance the potential investment into the Projects via an institutional placing and as has raised, subject to Admission, £1 million before expenses (the "Placing") by way of a placing arranged by Fortified Securities of 66,666,667 new ordinary shares (the "New Ordinary Shares") in the capital of the Company at a price of 1.5 pence per Ordinary Share (the "Issue Price"). In addition, Cadence will issue 1,666,667 new ordinary shares to the introducers of the Projects for a consideration of £0.025 million, which will be subject to a 12-month lock in ("Introducer Shares").

The Issue Price represents a discount of approximately 42% per cent to the closing bid price of 2.6 pence per ordinary share on 16 December 2024, the latest practicable business day before the publication of this Announcement.

Application will be made for the admission to trading on the AIM market ("AIM") of London Stock Exchange plc ("LSE") for the New Ordinary Shares and the Introducer Shares ("Admission"). Admission is expected to occur at 8.00 a.m. on or around 24 December 2024. The New Ordinary Shares and Introducer Shares will represent approximately 23 per cent of the Company's issued share capital immediately following Admission.

Following Admission, the Company's issued and fully paid share capital will consist of 295,971,038 Ordinary Shares, all carrying one voting right per share. The Company does not hold any Ordinary Shares in treasury. The figure of 295,971,038 Ordinary Shares may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

The New Ordinary Shares will be issued fully paid and will rank pari passu in all respects with the Company's existing Ordinary Shares.

#### **Use of Funds**

The net proceeds of the fundraising will be used to fund Cadence's investment in Hesperian Metals and its continued

The net proceeds of the fundraising will be used to fund Cadence's investment in Hesperian Metals and, its continued investment in the Amapá Iron Ore Project in Brazil and associated working capital.

#### **Update on the Amapá Project**

Cadence and our joint venture partners continue to have productive conversations with potential partners and/or project equity financiers to complement the project debt financing as outlined in our announcement [AIM 30 October 2023](#). Cadence management believes that developing the DR-grade flow sheet will further these discussions. Once a binding material contract is in place, Cadence will inform shareholders.

In April and September of this year, the Amapá Project submitted all the requested applications and environmental studies for Amapá's mine, railway, and port. This application was in the form of the Environmental Control Plan, "PCA" (Plano de Controle Ambiental), and an Environmental Control Report, "RCA" (Relatório de Controle Ambiental). These applications and submissions are a pre-requisite for the Amapá State Environmental Agency ("SEMA") to grant the Amapá Project its installation licenses, which are required to commence the rehabilitation and construction of the Amapá Project.

Our joint venture has continued to engage with SEMA and other relevant authorities. SEMA recently requested that the Amapá project obtain standard clearances from federal, state, and municipal authorities for the railway license. These have been submitted, and we are awaiting responses. We have requested an update regarding the timeline and will inform the market once SEMA has provided guidance.

#### **Amendment to Loan Facility**

The Company has agreed to an amendment to the loan facility, which was announced on [AIM 26 May 2023](#). The amendment varies the repayment profile and maturity date. The amended loan facility has a principal repayment holiday until March 2025, with the remaining balance being paid in eight equal instalments ending in November 2025. The Loan Facility has an effective annual interest rate of 9.5%.

#### **About Hesperian Metals, S.L**

Hesperian Metals, S.L. is a privately owned company dedicated to the exploration and development of antimony and critical mineral projects across the historic Iberian Peninsula. Their mission is to address the modern-day supply shortfall of essential minerals through sustainable and innovative mining practices.

With a diverse and experienced team, Hesperian Metals leverages in-depth regional knowledge to unlock the rich endowment of historic mines in Iberia. They are committed to meeting the global demand for critical commodities, particularly antimony, which plays a vital role in various industries.

Their approach is rooted in sustainability and innovation, ensuring that our operations not only contribute to the global supply chain but also promote environmental stewardship and community engagement.

Further information on Hesperian can be found [here](#).

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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 deemed to be forward-looking statements. 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 actual results will be consistent with such forward-looking statements.

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