

20 September 2018

Armadale Capital Plc
(‘Armadale’ the ‘Company’ or the ‘Group’)
Interim Results

Armadale, the AIM quoted investment company focused on natural resource projects in Africa, is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Highlights

- Primary focus on the rapid advancement of 100% owned Mahenge Liandu Project in Tanzania (‘Mahenge Liandu’ or the ‘Project’) ahead of a decision to mine in early 2019
- Highly robust economic fundamentals delivered through Scoping Study in March 2018:
 - NPV of US\$349 million
 - IRR of 122%
 - Payback of 1.2 years
 - Low capex of US\$35 million
- High concentrate grades of up to 99.1% TGC produced using low-cost processing methods
- Excellent flake size distribution and graphite expandability highlights Mahenge Liandu’s amenability to a range of applications, including the high growth battery market
- 25% increase in total resource to 51.1Mt at 9.3% Total Graphitic Carbon (‘TGC’), including 38.7Mt Indicted at 9.3% and 12.4Mt at 9.1% TGC (post period end)
- Additional upside through royalty payments available from the Mpokoto Gold Project in the DRC – sale agreement with potential buyer anticipated to be finalised in H2 2018
- Active growth strategy – committed to identifying and investing in African resource projects, which offer prospective upside opportunity

Nick Johansen, Director of Armadale, said:

“Our objective to confirm and highlight the commercial viability of our 100% owned Mahenge Liandu Graphite Project in Tanzania is now gaining momentum. The completion of the Scoping Study in April was a significant milestone and the results, which underpinned the highly robust fundamentals which could be achieved at Mahenge Liandu, gave further support to our strategy of fast-tracking work ahead of a decision to mine in early 2019.

“We believe that there is now a window of opportunity for Armadale to capitalise on our various competitive advantages at Mahenge Liandu – made possible by the simple geology of the project, the well-understood metallurgy, the quality of the high-grade mineralisation and the relatively straightforward mining techniques which we anticipate would be amenable to exploit the deposit. We are confident that this will provide us with a low capex, low opex mining operation capable of delivering a very high grade and commercially attractive product which is in high demand for multiple industrial applications.

“We certainly have the right asset and the right end product, but we believe we have the right postcode too. Mahenge Liandu is flanked by some of the world’s major new graphite discoveries, and we see the recent political and legislative developments in Tanzania, particularly the formation of the new Mining Commission, as a significant and positive move to reaffirm the countries’ position as one of Africa’s premier mining destinations. We are encouraged by the impact that the Mining Commission has had in just a few months since its formation, and we view this as a further signal of Tanzania’s general spirit of cooperation when looking to foreign investment and unlocking strategic natural resources for the benefit of all stakeholders.

“I look forward to providing further operational and corporate updates in the coming weeks and months as we look to identify our optimum route to first production at Mahenge Liandu.”

Directors’ Statement

The six months ended 30 June 2018 has been exciting and productive for Armadale. The results of the Scoping Study together with the resource upgrade by 25% continue to prove that the Mahenge Liandu project is a significant discovery for the Company.

The Company focus for the last six months has been on Scoping Study and commencement of the Feasibility Study for its Mahenge Liandu Graphite Project in Tanzania (‘the Project’ or ‘Mahenge Liandu’) including diamond drilling and infill RC drilling. The first half of 2018 contained the following highlights:

1. Infill drilling that delivered a resource upgrade to 51.1Mt at 9.3% Total Graphitic Carbon (‘TGC’), including 38.7Mt Indicted at 9.3% and 12.4Mt at 9.1% TGC
2. Completion of Scoping Study that produced excellent economics for the project. The key numbers are: Project’s NPV of US\$349m, IRR of 122%, payback of 1.2 years and low development costs.
3. The potential of the Mahenge Liandu project led to a successful £963,500 equity raising, as announced on 9 April 2018. The funds will be used to support the Feasibility Study and provide for working capital.
4. The appointment of joint broker SVS Securities which secured the bulk of the April 2018 equity raising.
5. The appointment of Feasibility Study Manager and the commencement of the Feasibility Study.
6. Commencement of diamond drilling at Mahenge Liandu which is designed to support the upgrade of the current JORC Resource of 51.1Mt at 9.3% TGC to Probable and Proven Reserves in support of the on-going Feasibility Study.

The above activities have produced consistently good results that have confirmed the value of the Mahenge Liandu project.

In mid-2017 the Tanzanian government introduced two mining laws (the Natural Wealth and Resources (Permanent Sovereignty) and the Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) bills) and dissolved the powers of the Mining Commissioner. For some time, no new mining licences or exploration permits were issued. In April 2018, the Tanzanian government established a new Mining Commission to oversee the implementation of the new rules. This Commission is now working and has commenced issuing mining licences, exploration permits and exploration licences. The Board is now of the firm

view that the Company should continue its exploration activities at Mahenge Liandu as there are no major risks in obtaining environmental permit and mining licence.

Apart from the Mahenge Liandu project activities, the Board is continuing its efforts to complete the sale of its secondary investment in the Mpokoto Gold project in the DRC.

The Board continues to also look to identify and invest in African resources projects in accordance with our stated investing policy.

We closed the period with cash reserves of £394,000. With minimal expenditure this is sufficient to satisfy the Company's present needs for approximately six months. The Company will need to raise further capital to implement its plans for the Mahenge Liandu project. The Directors are actively considering a range of financing options and are confident of securing the funds necessary to support the development of Mahenge Liandu.

The directors would like to take this opportunity to thank our shareholders, employees and partners for their on-going support and commitment to date in 2018.

For and on behalf of the Board

19 September 2018

FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2018

	Unaudited Six months ended	
	30 June 2018 £'000	30 June 2017 £'000
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Administrative expenses	(218)	(252)
Finance costs	(7)	(14)
Loss before tax	(225)	(266)
Taxation	-	-
Loss after tax attributable to equity holders of the parent company	(225)	(266)
Loss after taxation	(225)	(266)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign entities	14	9
Total comprehensive loss attributable to the equity holders of the parent company	(211)	(257)
	Pence	Pence
Loss per share attributable to equity holders of the parent company (note 3)	(0.08)	(0.11)
<i>Basic and fully diluted</i>		

Consolidated Statement of Financial Position
At 30 June 2018

	Unaudited		Audited
	30 June	30 June	31 December
	2018	2017	2017
	£'000	£'000	£'000
Assets			
Non-Current assets			
Exploration and evaluation assets	2,735	9,056	2,384
Property, plant and equipment	-	14	-
Investments	7	7	7
	<u>2,742</u>	<u>9,077</u>	<u>2,391</u>
Current assets			
Trade and other receivables	121	184	55
Cash and cash equivalents	394	292	65
	<u>515</u>	<u>476</u>	<u>120</u>
Non current assets classified as held for sale	<u>322</u>	<u>-</u>	<u>322</u>
	837	476	442
Total assets	<u>3,579</u>	<u>9,553</u>	<u>2,833</u>
Equity and liabilities			
Equity			
Share capital (note 4)	3,038	2,978	2,980
Share premium	20,570	19,686	19,720
Shares to be issued	286	286	286
Share option reserve	95	94	95
Loan note reserve	-	37	-
Foreign exchange reserve	352	1,119	338
Retained earnings	(21,707)	(15,608)	(21,482)
Total equity	<u>2,634</u>	<u>8,592</u>	<u>1,937</u>
Current liabilities			
Trade and other payables	161	552	134
Loan notes	453	409	431
	<u>614</u>	<u>961</u>	<u>565</u>
Liabilities directly associated with non-current assets held for sale	<u>128</u>	<u>-</u>	<u>128</u>
	742	961	693
Non-current liabilities			
Long term borrowings	203	-	203
Total liabilities	<u>945</u>	<u>961</u>	<u>896</u>
Total equity and liabilities	<u>3,579</u>	<u>9,553</u>	<u>2,833</u>

Unaudited Consolidated Statement of Changes in Equity
For the period ended 30 June 2018

	Share Capital £'000	Share Premium £'000	Shares to be Issued £'000	Share Option Reserve £'000	Loan Note Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000
Balance 1 January 2017	2,946	19,010	286	86	37	1,110	(15,342)	8,133
Loss for the period	-	-	-	-	-	-	(266)	(266)
Other comprehensive income	-	-	-	-	-	9	-	9
Total comprehensive loss for the period	-	-	-	-	-	9	(266)	(257)
Issue of shares	32	737	-	-	-	-	-	769
Expenses of issue	-	(61)	-	-	-	-	-	(61)
Share based payment charges	-	-	-	8	-	-	-	8
Total other movements	32	676	-	8	-	-	-	716
Balance 30 June 2017	2,978	19,686	286	94	37	1,119	(15,608)	8,592
Loss for the period	-	-	-	-	-	-	(5,911)	(5,911)
Other comprehensive loss	-	-	-	-	-	(781)	-	(781)
Total comprehensive loss for the period	-	-	-	-	-	(781)	(5,911)	(6,692)
Issue of Shares	2	34	-	-	-	-	-	36
Share based payment charges	-	-	-	1	-	-	-	1
Transfer on conversion of loan notes	-	-	-	-	(37)	-	37	-
Total other movements	2	34	-	1	(37)	-	37	37
Balance 31 December 2017	2,980	19,720	286	95	-	338	(21,482)	1,937
Loss for the period	-	-	-	-	-	-	(225)	(225)
Other comprehensive income	-	-	-	-	-	14	-	14
Total comprehensive loss for the period	-	-	-	-	-	14	(225)	(211)
Issue of shares	58	905	-	-	-	-	-	963
Expenses of issue	-	(55)	-	-	-	-	-	(55)
Total other movements	58	850	-	-	-	-	-	908
Balance 30 June 2018	3,038	20,570	286	95	-	352	(21,707)	2,634

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium expenses	Amount subscribed for share capital in excess of nominal value, net of allowable
Shares to be issued	Value of share capital to be issued in connection with the acquisition of Netcom
Share option reserve	Reserve for share options granted but not exercised
Foreign exchange reserve	Gains/losses arising on re-translating the net assets of overseas operations into sterling
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income

Consolidated Statement of Cash Flows
For the period ended 30 June 2018

	Unaudited Six Months ended	Audited Year ended
	30 June 2018	31 December 2017
	£'000	£'000
Cash flows from operating activities		
Loss before taxation	(225)	(266)
Depreciation	-	2
Unrealised foreign exchange differences	14	22
Loan note accretion	-	6
Impairment of investments	-	-
Loan note interest accrued	22	8
Share based payment charge	-	8
Shares issued in settlement of liabilities	-	31
	(189)	(189)
Changes in working capital		
Receivables	(67)	(24)
Payables	27	57
Net cash used in operating activities	(229)	(156)
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	(350)	(258)
Net cash used in investing activities	(350)	(258)
Cash flows from financing activities		
Proceeds from issue of shares	938	651
Issue costs	(30)	(61)
Proceeds from loan	-	-
Net cash from financing activities	908	590
Net increase in cash and cash equivalents	329	176
Cash and cash equivalents at 1 January 2018	65	116
Cash and cash equivalents at 30 June 2018	394	292

Notes to the unaudited condensed consolidated financial statements
For the period ended 30 June 2018

1. Incorporation and principal activities

Country of incorporation

Armadale Capital Plc was incorporated in the United Kingdom as a public limited company on 19 August 2005. Its registered office is 1 Arbrook Lane, Esher, Surrey, KT10 9EG.

Principal activities

The principal activity of the Group during the period was that of an investment company.

2. Accounting policies

2.1. Statement of compliance

The financial information for the six months ended 30 June 2018 and 30 June 2017 is unreviewed and unaudited and does not constitute the Group's statutory financial statements for those periods within the meaning of Section 434 of the Companies Act 2006. The comparative financial information for the year ended 31 December 2017 has been derived from the Annual Report and Accounts, which were approved by the Board of Directors on 22 May 2018 and delivered to the Registrar of Companies. The report of the Auditors on those accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed set of financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2017 as described in those annual financial statements.

In respect of new financial reporting standards which came into effect for reporting periods beginning on 1 January 2018, the Directors consider that their implementation has no material effect on the financial information presented in this statement.

2.2. Going Concern

The financial statements have been prepared on the going concern basis as, in the opinion of the Directors, there is a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

2.3. Exploration and evaluation assets

These assets are recorded at cost and are amortised over their expected useful life on a pro rata basis of actual production for the period to expected total production.

2.4. Investments

Investments are stated at cost less provision for impairment.

2.5. Non-current assets classified as held for sale

These assets are so classified when they are available for immediate sale and plans for disposal are in hand. They are stated at estimated net realisable value.

3. Loss per share

The calculation of basic loss per share is based on a loss of £225,000 (2017, £266,000) and on 271,094,748 (2017, 235,679,376) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

There is no difference between basic loss per share and diluted loss per share as the Group reported a loss for the period.

4. Share capital

During the period, the Company placed 58,393,941 Ordinary Shares in the Capital of the Company to raise £964,000 (£934,000 after expenses) with institutional and other investors.

****ENDS****

For further information, please visit the Company's website www.armadalecapitalplc.com, follow Armadale on Twitter @ArmadaleCapital or contact:

Enquiries:	
Armadale Capital Plc Tim Jones, Company Secretary	+44 20 7236 1177
Nomad and broker: finnCap Ltd Christopher Raggett / Max Bullen-Smith	+44 20 7220 0500
Joint Broker: SVS Securities Tom Curran / Ben Tadd	+44 20 3700 0093
Press Relations: St Brides Partners Ltd Susie Geliher / Charlotte Page	+44 20 7236 1177

Notes

Armadale Capital Plc is focused on investing in and developing a portfolio of investments, targeting the natural resources and/or infrastructure sectors in Africa. The Company, led by a team with operational experience and a strong track record in Africa, has a strategy of identifying high growth businesses where it can take an active role in their advancement.

The Company owns the Mahenge Liandu graphite project in south-east Tanzania, which is now its main focus. The Project is located in a highly prospective region with a high-grade JORC compliant inferred mineral resource estimate of 51.1Mt @ 9.3% TGC. Marking the project one of the largest high-grade resources in Tanzania, and work to date has demonstrated Mahenge Liandu's potential as a commercially viable deposit with significant tonnage, high-grade coarse flake and near surface mineralisation (implying a low strip ratio) contained within one contiguous ore body.

Other assets Armadale has an interest in include the Mpokoto Gold project in the Democratic Republic of Congo and a portfolio of quoted investments.