

22 September 2016

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

Armada, the AIM quoted investment company focused on natural resource projects in Africa, is pleased to announce its interim results for the six months ended 30 June 2016.

William Frewen, Chairman of Armada, said:

“It gives me great pleasure to provide my inaugural statement as Chairman of Armada. Joining the Board post period end I am not best placed to provide commentary on the first half of the year, but I wanted to take this opportunity to explain why I joined Armada at its helm, and where I see the future direction of the Company.

“My career up to this point has been centred on identifying and developing interesting and profitable companies, and it is with this in mind that I was attracted to Armada with a mandate to drive shareholder value. There are undoubtedly assets with enormous strategic value which are as yet undeveloped in Africa – and I believe Armada now has the team in place to isolate these, and importantly, execute mining opportunities in a cost-effective and efficient manner in line with the Company’s investing policy.

“Central to the Company’s immediate future is the Mahenge Liandu Graphite Project in south-east Tanzania, which was acquired post period end. This prospect represents an exciting new investment for Armada, drawing upon the Company’s understanding of the African resource sector, delivering a compelling investment opportunity in the graphite market in order to capitalise on the strong wider macroeconomic outlook for graphite, which is a key element in the burgeoning global battery market. The potential for commercial grade graphite has led the Board to determine that the Mahenge Liandu Graphite Project will increasingly become a focus for Armada.

“I look forward to providing more news on our investments, particularly regarding the exploration programme now underway at Mahenge Liandu, together with news relating to our additional investments in due course. I would like to thank both our new and existing shareholders, and reiterate my enthusiasm for Armada’s evolving investment story and the tangible opportunities this presents for shareholders.”

Directors’ Statement

As an investment company, Armadale is constantly looking to identify value accretive assets or businesses, and this strategy was developed towards the end of the period with the acquisition of the Mahenge Liandu Graphite Project ('Mahenge Liandu'). The acquisition of this asset, which was completed post period end, prompted a restructuring of the Board, firstly through the appointment of our new Non-Executive Chairman William Frewen, followed by the appointment of Mr Steve Mahede as a Non-Executive Director, who brings with him exceptional industry experience of resource development projects in Africa, particularly Tanzania. Concurrently with Steve's appointment, Dr Andrew Tunks resigned as Non-Executive Director to pursue a full time role elsewhere, and we thank him for his valuable contribution. Armadale's former Chairman, Peter Marks, has become a Non-Executive Director, and it is expected that his, as well as Justin Lewis's, corporate experience will be retained during this period of transition.

Whilst excitement regarding Mahenge Liandu was building towards the end of the period, the main focus for the majority of the period was the Mpokoto Gold Project located in the south-west of the Democratic Republic of the Congo ('Mpokoto'). The key elements of the Definitive Feasibility Study ('DFS'), which forms the basis of the mining plan and which is an essential requirement ahead of making an investment decision, are now largely complete.

Whilst we have undoubtedly added significant tangible value to Mpokoto, and distinguished it as an attractive development asset, the Board are cognisant of the deceleration of activities on site whilst we try to finalise financing discussions with potential partners, African Mining Contracting Services Group ('A-MCS'). These discussions are proving lengthy and to date, unrewarding, and so the Board is assessing alternative potential commercial arrangements through which Armadale could retain an interest in Mpokoto, but would have less exposure to the execution risk and potential dilution at Group level, which may be unavoidable if we were to finance the development of Mpokoto independently.

The Board is also seeking to divest Armadale's interest in Mine Restoration Investments Ltd, as well as some of its portfolio of smaller quoted and non-core investments. Nevertheless, our focus remains on identifying and investing in African resources projects in accordance with our stated investing policy.

Whilst these discussions and divestment plans are on-going, Armadale's focus is set on graphite, and our newly acquired Mahenge Liandu Graphite Project. Mahenge Liandu is situated in a highly prospective zone with proven coarse flake, high grade graphite found in adjacent sites. The potential of this prospect led to a successful £825,000 equity raising, as announced on 23 June 2016, to develop this project further and commence the next phase of the drilling programme. To date, electromagnetic surveys together with geological mapping completed by the Company have indicated a substantial potential resource. If all goes to schedule a JORC resource is possible in the near future, which can validate further development work and is a necessary precursor to production.

The publication of a JORC Mineral Resource Estimate will provide investors with a tool through which to value the Company compared to other graphite companies, including neighbouring peers and those listed on the ASX.

The directors would like to take this opportunity to thank Armadale's shareholders, its employees and partners for their on-going support and commitment. We look forward to keeping the market updated through this next, exciting phase of our development.

For and on behalf of the Board
21 September 2016

FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Unaudited		Audited
	Six months ended		Year Ended
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Administrative expenses	(350)	(307)	(616)
Impairment of investments	71	-	(316)
Finance costs	-	(58)	(59)
Loss before tax	(279)	(365)	(991)
Taxation	-	-	-
Loss after tax attributable to equity holders of the parent company	(279)	(365)	(991)
	Pence	Pence	Pence
Loss per share attributable to equity holders of the parent company (note 3)	(0.29)	(1.05)	(1.91)
<i>Basic and fully diluted</i>			
Loss after taxation	(279)	(365)	(991)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign entities	202	-	93
Total comprehensive loss attributable to the equity holders of the parent company	(77)	(365)	(898)

**Consolidated Statement of Financial Position
At 30 June 2016**

	Unaudited		Audited
	30 June	30 June	31 December
	2016	2015	2015
	£'000	£'000	£'000
Assets			
Non-Current assets			
Exploration and evaluation assets	5,591	4,074	4,923
Property, plant and equipment	20	28	24
Investments	45	30	56
	<u>5,656</u>	<u>4,132</u>	<u>5,003</u>
Current assets			
Investment	257	689	323
Trade and other receivables	423	133	317
Cash and cash equivalents	614	26	161
	<u>1,294</u>	<u>848</u>	<u>801</u>
Total assets	<u>6,950</u>	<u>4,980</u>	<u>5,804</u>
Equity and liabilities			
Equity			
Share capital (note 4)	2,876	2,779	2,824
Share premium	17,559	15,174	16,585
Shares to be issued	286	286	286
Share option reserve	182	1,610	182
Foreign exchange reserve	295	-	93
	(14,830		(14,551)
Retained earnings)	(15,353)	
Total equity	<u>6,368</u>	<u>4,496</u>	<u>5,419</u>
Current liabilities			
Trade and other payables	582	342	340
Loan notes	-	142	45
	<u>582</u>	<u>484</u>	<u>385</u>
Total equity and liabilities	<u>6,950</u>	<u>4,980</u>	<u>5,804</u>

**Unaudited Consolidated Statement of Changes in Equity
For the period ended 30 June 2016**

	Share Capital £'000	Share Premium £'000	Shares to be Issued £'000	Share Option Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000
Balance 1 January 2015	2,563	14,808	286	1,610	-	(14,988)	4,279
Loss for the period	-	-	-	-	-	(365)	(365)
Total comprehensive loss for the period	-	-	-	-	-	(365)	(365)
Issue of shares	216	397	-	-	-	-	613
Expenses of issue	-	(31)	-	-	-	-	(31)
Total other movements	216	366	-	-	-	-	582
Balance 30 June 2015	2,779	15,174	286	1,610	-	(15,353)	4,496
Loss for the period	-	-	-	-	-	(626)	(626)
Other comprehensive income	-	-	-	-	93	-	93
Total comprehensive loss for the period	-	-	-	-	93	(626)	(533)
Issue of Shares	45	1,514	-	-	-	-	1,559
Expenses of issue	-	(103)	-	-	-	-	(103)
Release on expiry of options	-	-	-	(1,428)	-	1,428	-
Total other movements	45	1,411	-	(1,428)	-	1,428	1,456
Balance 31 December 2015	2,824	16,585	286	182	(93)	(14,551)	5,419
Loss for the period	-	-	-	-	-	(279)	(279)
Other comprehensive income	-	-	-	-	202	-	202
Total comprehensive loss for the period	-	-	-	-	202	(279)	(77)
Issue of shares	52	1,074	-	-	-	-	1,126
Expenses of issue	-	(100)	-	-	-	-	(100)

Total other movements	52	974	-	-	-	-	1,026
Balance 30 June 2016	2,876	17,559	286	182	295	(14,830)	6,368

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	Amount subscribed for share capital in excess of nominal value, net of allowable expenses
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 2016

	Six Months ended		31 December	
	30 June			2015
	2016	30 June 2015		£'000
	£'000	£'000	£'000	
Cash flows from operating activities				
Loss before taxation	(279)	(365)	(991)	
Depreciation	6	6	13	
Unrealised foreign exchange differences	8	(2)	49	
Loan note accretion	-	34	34	
Impairment of investments	(71)	-	316	
Loss on sale of investments	85	-	24	
Loan note interest accrued	-	1	2	
Shares issued in settlement of liabilities	110	-	165	
	(141)	(326)	(388)	
Changes in working capital				
Receivables	(240)	50	-	
Payables	327	189	60	
Net cash used in operating activities	(54)	(87)	(328)	
Cash flows from investing activities				
Expenditure on exploration and evaluation assets	(560)	(478)	(1,158)	
Purchase of listed investments	-	-	(8)	
Sale of listed investments	62	-	8	
Net cash used in investing activities	(498)	(478)	(1,158)	
Cash flows from financing activities				
Proceeds from issue of shares	1,105	404	1,503	
Issue costs	(100)	(31)	(133)	
Proceeds from issue of loan notes	-	200	120	
Repayment of loan notes	-	(220)	(81)	
Net cash from financing activities	1,005	353	1,409	
Net increase in cash and cash equivalents	453	(212)	(77)	
Cash and cash equivalents at 1 January 2016	161	238	238	
Cash and cash equivalents at 30 June 2016	614	26	161	

Notes to the unaudited condensed consolidated financial statements
For the period ended 30 June 2016

1. Incorporation and principal activities

Country of incorporation

Armada Capital Plc was incorporated in the United Kingdom as a public limited company on 19 August 2005. Its registered office is 55 Gower Street, London WC1E 6HQ.

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 2016 and 30 June 2015 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 2015 has been derived from the Annual Report and Accounts, which were approved by the Board of Directors on 19 May 2016 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 2015 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 2015 as described in those annual financial statements.

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.

3. Loss per share

The calculation of basic loss per share is based on a loss of £279,000 (2015, £365,000) and on 95,438,033 (2015, 34,819,494) 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.

Share capital

During the period, the company placed a total of 45,000,000 Ordinary Shares in the capital of the Company to raise £970,000 (£870,000 after expenses) with institutional and other investors.

During the period, £46,243 of convertible loan notes including accrued interest was converted into 1,541,434 Ordinary Shares in the capital of the company.

During the period, payment was made for services costing £110,000 supplied to the Company by the issue of 6,250,000 Ordinary Shares in the company.

For further information, please visit www.armadalecapitalplc.com, follow us on Twitter @ArmadaleCapital, or contact:

****ENDS****

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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. The project is located in a highly prospective region with proven coarse flake, high grade graphite resources – ASX listed Kibaran and Black Rock have both identified and are developing significant proven and valuable graphite projects immediately adjacent to Mahenge Liandu. A mineralised trend about 1.6km in strike length and up to 500m wide has been identified at the project, which remains open at depth. Armadale geologists have mapped and sampled the graphite schist, with results from seven previous samples ranging from 12.8% - 24.0% TGC. Exploration drilling completed at the project in December 2015 has further confirmed the mineral potential of the license area, with results including 10mt at 6.54% TGC, 24mt at 12.9% TGC and 5mt at 21.5% TGC. Armadale is targeting a maiden resource estimation in late 2016.

In addition, Armadale is developing of the Mpokoto Gold project in the Democratic Republic of the Congo, in which it owns an 80% interest. Mpokoto has a current Total Mineral Resource of 678,000oz gold ('Au') from 14.58mt @ 1.45g/t Au at a cut-off grade of 0.5g/t. The company has

recently announced the results of a feasibility study for Mpokoto which demonstrated a pre-tax net present value of US\$43m based upon a discount rate of 5% and a gold price of US\$1,250/oz. The project is subject to four mining licenses which are valid for an initial term of 30 years from 30 September 2014.

Armada has a portfolio other quoted investments.

More information can be found on the website www.armadalecapitalplc.com.