

29 September 2020

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 unaudited interim results for the six months ended 30 June 2020.

Highlights:

- **Mahenge Liandu Graphite Project established as a large, long life graphite deposit capable of producing high quality graphite concentrate for the rapidly emerging EV market through optimised Definitive Feasibility Study (‘DFS’)**
 - High-grade JORC compliant Indicated and inferred mineral resource estimate of 59.48Mt @ 9.8% TGC with outstanding purity of up to 99.99% TGC achievable using conventional treatment
 - US\$985m pre-tax cashflow to be generated from initial 15 year mine life utilising just 25% of the resource, which remains open in multiple directions offering significant further upside
 - Estimated pre-tax NPV of US\$430m and IRR of 91%
 - Average annual production of large flake high-purity graphite of 109ktpa

- **Low cost, fast-tracked production to be delivered through staged ramp-up**
 - 60,000tpa graphite concentrate to be produced for the first three years (Stage 1) before increasing to life of mine average of 109,000tpa (Stage 2)
 - Low capital cost estimate - Stage 1 is US\$39.7m, including contingency of US\$4.1m or 15% of total direct capital cost with 1.6 year (after tax) payback period from first production based on an average sales price of US\$1,112/t
 - Stage 2 expansion to be funded from cashflow

- **Significant commercial potential, fuelled by growth in the electric vehicle and renewable energy market**
 - Signed NDAs with two separate parties with the aim of advancing project level funding discussions with a view to bringing in an investment partner to progress through to mine construction
 - Two additional MoUs signed to supply high quality graphite products produced at Mahenge Liandu – currently focussed on converting these to binding offtake agreements
 - Post period, in August 2020, commenced testing with Australia’s Commonwealth Scientific and Industrial Research Organisation (‘CSIRO’) to better evaluate Mahenge natural flake graphite for its suitability for use in the battery graphite market

- **Progressing licencing applications ahead of commencing mine construction**
 - Projected timeline to first production is expected to be approximately 10-12 months from the start of construction
 - Mining Licence application process commenced in June 2020 with the submission to the Department of Energy and Minerals
 - Post Period, in September 2020, submitted the Environmental and Social Impact Assessment (‘ESIA’) to the National Environment Management Council (‘NEMC’) of Tanzania

- **Board strengthened to support company transition from explorer to producer with the appointments of:**
 - Ms Amne Suedi as Non-Executive Director in January 2020
 - Mr Matt Bull as Non-Executive Director in April 2020

Nick Johansen, Director of Armadale, said: *“The first half of 2020 has seen us firmly establish Mahenge Liandu as the large, long life, low cost graphite deposit we know it to be. The enhanced numbers of the DFS clearly highlight the significant value potential of our flagship asset, which is primed to cater to rising graphite demand in light of EV and renewable energy market developments. Indeed, the outlook for graphite is strong with market analysts predicting that the global graphite market will grow to US\$21.4bn by 2024 at a CAGR of 5.6%, with demand for flake graphite, such as that which we will be producing at Mahenge, rising from less than 600,000tpa in 2014 to more than 1.6Mtpa in 2025 and 2Mtpa by 2028. Our focus and commitment is therefore on ensuring we meet this demand. To this end we have defined a staged development model that will enable us to commence production in as short a time frame as possible whilst minimising capital expenditure to ensure we continue to maximise value for our stakeholders.*

“Testament to the quality of our asset and sense of our development approach, we have received significant interest from a number of commercial parties and are now progressing two MoUs into binding offtake agreements for the supply of our graphite product. Alongside this, we are advancing project level funding discussions with two prospective parties so that we can progress our project through to mine construction in a way that minimises dilution for shareholders. We also very much look forward to the results from the test work being undertaken by CSIRO, which we hope will further support our marketing efforts in promoting Mahenge graphite as a high-value product for the rapidly expanding EV market.

“Ultimately we are doing all we can to ensure that once we have our Mining Licence granted, we are ready for action. The next 12-18 months should be incredibly formative for our company and we look forward to continuing to keep shareholders abreast of developments. In the meantime, I would like to give my thanks to all for their continued support and commend the team on their excellent hard work during what has become an unprecedented time globally. Ensuring the safety of our team is naturally our priority and as we implement new COVID compliant safety measures, we are delighted to confirm that progress continues to be made and our overriding objectives for Mahenge Liandu remain unchanged.”

Directors’ Statement

The six-month period to 30 June 2020 has seen considerable advancement of the Mahenge Liandu Graphite Project in Tanzania (‘Mahenge Liandu’ or the ‘Project’), with delivery of the Definitive Feasibility Study (‘DFS’), which was completed in March 2020, and an updated DFS, which was announced in June 2020.

The Board continues to review additional investment opportunities and also holds a portfolio of quoted investments where the Board considers there is an opportunity for material capital appreciation. The Board may invest in additional opportunities, in line with its investing policy, with any material investments notified to the market as appropriate.

The Company raised £550,000 in a private placement during the period. A further £438,000 has been raised from warrant and option exercises and £395,000 of the loan notes issued in 2019 have been converted into ordinary shares. The Company finished the period with £436,000 cash at hand.

The Directors would like to take this opportunity to thank shareholders for their ongoing support and commitment and look forward to providing further updates as the Company continues to advance Mahenge Liandu towards production, realising its increasingly demonstrable potential and building value for shareholders.

For and on behalf of the Board

29 September 2020

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Unaudited	
	Six months ended	
	30 June	30 June
	2020	2019
	£'000	£'000
Administrative expenses	(176)	(187)
Share based payment charges	-	(21)
Change in fair value of derivative	37	-
Change in fair value of investments	2	-
Finance costs	(22)	(8)
Loss before taxation	(159)	(216)
Taxation	-	-
Loss from continuing operations	(159)	(216)
Profit from discontinued operations, net of tax (note 3)	-	240
(Loss)/profit after taxation	(159)	24
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign entities	(13)	26
Total comprehensive (loss)/income attributable to equity holders of the parent company	(172)	50

	Pence	Pence
(Loss)/Earnings per share attributable to equity holders of the parent company (note 4)		
<i>Total (loss)/profit per share</i>		
- basic	(0.04)	0.01
- fully diluted	(0.04)	0.01
<i>Loss per share from continuing operations - basic</i>	(0.04)	(0.06)
- fully diluted	(0.04)	(0.06)

Consolidated Statement of Financial Position
At 30 June 2020

	Unaudited		Audited
	30 June	30 June	31 December
	2020	2019	2019
	£'000	£'000	£'000
Assets			
Non-Current assets			
Exploration and evaluation assets	4,084	3,457	3,705
Investments	108	60	106
	<u>4,192</u>	<u>3,517</u>	<u>3,811</u>
Current assets			
Trade and other receivables	303	92	159
Cash and cash equivalents	436	42	96
	<u>739</u>	<u>134</u>	<u>255</u>
Total assets	<u>4,931</u>	<u>3,651</u>	<u>4,066</u>
Equity and liabilities			
Equity			
Share capital (note 5)	3,197	3,111	3,139
Share premium	22,122	21,160	21,037
Shares to be issued	286	286	286
Share option and warrant reserve	813	116	662
Foreign exchange reserve	75	208	88
Retained earnings	(22,420)	(22,106)	(22,400)
Total equity	<u>4,073</u>	<u>2,775</u>	<u>2,812</u>
Current liabilities			
Trade and other payables	253	180	268
Loans	604	696	867
Derivative liability	1	-	119
Total liabilities	<u>858</u>	<u>876</u>	<u>1,254</u>
	<u>4,931</u>	<u>3,651</u>	<u>4,066</u>
Total equity and liabilities			

Unaudited Consolidated Statement of Changes in Equity
For the period ended 30 June 2020

	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 2019	3,038	20,570	286	95	421	(22,129)	2,281
Loss for the period	-	-	-	-	-	(273)	(273)
Other comprehensive loss	-	-	-	-	(333)	-	(333)
Total comprehensive loss for the period	-	-	-	-	(333)	(273)	(606)
Issue of shares and warrants	101	658	-	546	-	-	1,305
Expenses of issue	-	(191)	-	-	-	-	(191)
Transfer on exercise of warrants	-	-	-	(2)	-	2	-
Share based payment charges	-	-	-	23	-	-	23
Total other movements	101	467	-	567	-	2	1,137
Balance 30 December 2019	3,139	21,037	286	662	88	(22,400)	2,812
Loss for the period	-	-	-	-	-	(159)	(159)
Other comprehensive loss	-	-	-	-	(13)	-	(13)
Total comprehensive loss for the period	-	-	-	-	(13)	(159)	(172)
Issue of shares	58	1,085	-	240	-	-	1,383
Transfer on exercise of warrants	-	-	-	(89)	-	89	-
Release on conversion of loan notes	-	-	-	-	-	50	50
Total other movements	58	1,085	-	151	-	139	1,433
Balance 30 June 2020	3,197	22,122	286	813	75	(22,420)	4,073

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	Share capital to be issued in connection with historical acquisition
Share option and warrant reserve	Cumulative charge recognised under IFRS2 in respect of share-based payment awards
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 2020

	Unaudited		Audited
	Six Months ended		Year ended
	30 June 2020	30 June 2019	31 December 2019
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/profit before taxation	(159)	24	(273)
Foreign exchange release on disposal of overseas operation	-	(240)	(240)
Share based payment charge	-	21	23
Change in fair value of derivative	(37)	-	45
Change in fair value of investments	(2)	-	(46)
Finance costs	22	7	21
	<u>(176)</u>	<u>(188)</u>	<u>(470)</u>
Changes in working capital			
Receivables	(16)	(38)	(44)
Payables	8	(133)	(15)
Net cash used in operating activities	<u>(184)</u>	<u>(359)</u>	<u>(529)</u>
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	(350)	(162)	(479)
Purchase of listed investments	-	(59)	(59)
Net cash used in investing activities	<u>(350)</u>	<u>(221)</u>	<u>(538)</u>
Cash flows from financing activities			
Proceeds from share placement	845	709	969
Issue costs	-	(132)	(46)
Issue of loan notes	-	-	400
Loan repayment	-	-	(235)
Proceeds from loan	50	-	30
Interest paid	(21)	-	-
Net cash from financing activities	<u>874</u>	<u>577</u>	<u>1,118</u>
Net increase/(decrease) in cash and cash equivalents	340	(3)	51
Cash and cash equivalents at 1 January 2020	96	45	45
Cash and cash equivalents at 30 June 2020	<u>436</u>	<u>42</u>	<u>96</u>

**Notes to the unaudited condensed consolidated financial statements
For the period ended 30 June 2019**

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 2020 and 30 June 2019 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 2019 has been derived from the Annual Report and Accounts, which were approved by the Board of Directors on 2 June 2020 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 2019 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 2019 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 2020, 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. The Company's ability to continue as a going concern and to achieve its long term strategy of developing its exploration projects is dependent on the extension and/or conversion of its loan notes and further fundraising.

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 fair value.

3. Release of exchange gains on overseas operation

The Company's interest in the Mpokoto gold project was sold on 11 January 2019, at which point the accumulated net foreign exchange gains arising on historical revaluations of the investment were released to income from the foreign exchange reserve.

4. Loss per share

The calculation of total basic loss per share is based on a loss of £159,000 (2019, profit of £24,000) and on 419,492,599 (2019, 352,164,475) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

The calculation of fully diluted earnings per share in 2019 was based on 406,666,587 diluted shares, being the weighted average number of diluted shares during the period. In 2020, there was no difference between basic loss per share and diluted loss per share as the Group reported a loss for the period.

5. Share capital

During the period, the Company placed 24,444,444 Ordinary Shares in the Capital of the Company to raise £550,000 with institutional and other investors. Also during the period, £395,000 of loan notes were converted into 13,166,663 ordinary shares and 19,979,702 options and warrants were exercised providing proceeds of £437,553

****ENDS****

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

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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, 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.

In addition to this project Armadale has a portfolio of quoted investments.