

Armada Capital Plc / Index: AIM / Epic: ACP / Sector: Investment Company

29 September 2021

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 2021.

Highlights:

- **The focus of the Company throughout the interim reporting period was to obtain all required permits to commence development of the high-grade long life Mahenge Liandu Graphite project.**
 - o Subsequent to the end of the half year the mining licence was granted for an initial 10-year term which can be extended marking a significant milestone for the Company.
 - o The mining licence, should it be extended would cover the initial 15 year mine life utilising only 25% of the estimated Resource.
- **Progressing licencing applications ahead in preparation for development of Mahenge Liandu**
 - o Mining licence application process commenced in June 2020 with the submission of the mining licence application to the Department of Energy and Minerals.
 - o The Environmental and Social Impact Assessment ('ESIA') to the National Environment Management Council ('NEMC') of Tanzania was granted in March 2021.
 - o A mining licence covering the Project was granted in September 2021 (post-period end).
- **Natural Flake Graphite Testing Confirms Suitability For Use In Lithium-Ion Battery Anodes**
 - o Positive confirmation received in June 2020 from Australia's Commonwealth Scientific and Industrial Research Organisation that Armada's natural flake graphite is suitable for use in lithium-ion batteries.
- **1st phase of Front-End Engineering Design Studies undertaken by Chinese EPCM Xinhai Mineral EPC completed**
 - o Positive results received confirming a premium quality high purity graphite concentrate, also suitable for the battery anode market and can be produced from Mahenge using conventional plant as outlined in the Company's existing Definitive Feasibility Study.
 - o Included metallurgical bulk test work programme which further confirmed the efficacy of the Company's intended process flow sheet and helped ratify project economics.

During the period Armada further established Mahenge as a large, long life graphite developer with significant commercial potential capable of producing high quality graphite concentrate for the rapidly emerging EV market and as previously advised, strategic next steps are focused upon the completion of development funding options specifically a debt package for the project, the Company is also currently in discussions with a number of potential finance partners; we are hoping to be able to announce some further progress with regards to these efforts and also with our offtake discussions in the near term through optimised Definitive Feasibility Study ('DFS').

Key metrics for Armada's Mahenge Graphite project:

- o 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
- o Potential for 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
- o Estimated pre-tax NPV of US\$430m and IRR of 91%
- o Average annual production of large flake high-purity graphite of 109ktpa

Nick Johansen, Director of Armada, said: "The first half of 2021 has seen Armada focus on project permitting which has seen the Company subsequent to the end of the half year progress to being a fully permitted development company. The mining permit is the culmination of a long project of advancement for the Company, which has progressed from the discovery of the deposit through to feasibility study and now is development ready. The Company is now well placed to proceed towards financing and development in an environment where there is increasing demand for graphite and we look forward to updating investors with regards to how our activities progress on this workstream as well as offtakes and additional development activities since the end of the 2021 half-year period"

For and on behalf of the Board
29 September 2021

FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

	Unaudited	
	Six months	
	ended	
	30 June	30 June
	2021	2020
	£'000	£'000
Administrative expenses	(157)	(176)
Change in fair value of derivative	-	37
Change in fair value of investments	139	2
Finance costs	(9)	(22)
Loss before taxation	(27)	(159)
Taxation	-	-
Loss after taxation	(27)	(159)

Other comprehensive income

Items that may be reclassified to profit or loss:

Exchange differences on translating foreign entities	2	(13)
Total comprehensive loss attributable to equity holders of the parent company	(25)	(172)

	Pence	Pence
Loss per share attributable to equity holders of the parent company (note 3)		
<i>Basic and fully diluted</i>	(0.01)	(0.04)

Consolidated Statement of Financial Position
At 30 June 2021

	Unaudited		Audited
	30 June	30 June	31
	2021	2020	December
	£'000	£'000	2020
	£'000	£'000	£'000
Assets			
Non-Current assets			
Exploration and evaluation assets	4,556	4,084	4,417
Investments	421	108	282
	4,977	4,192	4,699
Current assets			
Trade and other receivables	559	303	121
Cash and cash equivalents	562	436	252
	1,121	739	373
Total assets	6,098	4,931	5,072
Equity and liabilities			
Equity			
Share capital (note 4)	3,237	3,197	3,207
Share premium	23,148	22,122	22,348
Shares to be issued	286	286	286
Share option and warrant reserve	972	813	762
Foreign exchange reserve	129	75	127
Retained earnings	(22,376)	(22,420)	(22,406)
Total equity	5,396	4,073	4,324
Current liabilities			
Trade and other payables	96	253	171
Loans	606	604	577
Derivative liability	-	1	-
Total liabilities	702	858	748
Total equity and liabilities	6,098	4,931	5,072

**Unaudited Consolidated Statement of Changes in Equity
For the period ended 30 June 2021**

	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 2020	3,139	21,037	286	662	88	(22,400)	2,812
Loss for the year	-	-	-	-	-	(196)	(196)
Other comprehensive income	-	-	-	-	39	-	39
Total comprehensive loss for the period	-	-	-	-	39	(196)	(157)
Issue of shares and warrants	68	1,311	-	239	-	-	1,618
Release on conversion of loan notes	-	-	-	-	-	51	51
Transfer on exercise of warrants	-	-	-	(139)	-	139	-
Total other movements	68	1,311	-	100	-	190	1,669
Balance 31 December 2020	3,207	22,348	286	762	127	(22,406)	4,324
Loss for the period	-	-	-	-	-	(27)	(27)
Other comprehensive loss	-	-	-	-	2	-	2
Total comprehensive loss for the period	-	-	-	-	2	(27)	(25)
Issue of shares	30	800	-	267	-	-	1,097
Transfer on exercise of warrants	-	-	-	(57)	-	57	-
Total other movements	30	800	-	210	-	57	1,097
Balance 30 June 2021	3,237	23,148	286	972	129	(22,376)	5,396

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 2021**

	Unaudited Six Months ended		Audited Year ended
	30 June 2021 £'000	30 June 2020 £'000	31 December 2020 £'000
Cash flows from operating activities			
Loss before taxation	(27)	(159)	(196)
Change in fair value of derivative	-	(37)	(37)
Change in fair value of investments	(139)	(2)	(176)
Finance costs	9	22	31
	(157)	(176)	(378)

Changes in working capital			
Receivables	9	(16)	11
Payables	(33)	8	(7)
Net cash used in operating activities	(181)	(184)	(374)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	(157)	(350)	(689)
Net cash used in investing activities	(157)	(350)	(689)
Cash flows from financing activities			
Proceeds from share issues	648	845	1,246
Loan repayment	-	-	(50)
Proceeds from loan	-	50	50
Interest paid	-	(21)	(27)
Net cash from financing activities	648	874	1,219
Net increase/(decrease) in cash and cash equivalents	310	340	156
Cash and cash equivalents at 1 January 2021	252	96	96
Cash and cash equivalents at 30 June 2021	562	436	252

**Notes to the unaudited condensed consolidated financial statements
For the period ended 30 June 2021**

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 2021 and 30 June 2020 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 2020 has been derived from the Annual Report and Accounts, which were approved by the Board of Directors on 28 May 2021 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 2020 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 2020 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 2021, 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 further fundraising. During the period, a total of £1,095,350 was raised from share placing and warrant exercises (see note 4). Since the period end, all remaining loan notes, together with accrued interest, have been converted into Ordinary Shares in the Company, which is now debt free.

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. Loss per share

The calculation of loss per share is based on a loss of £27,000 (2020, £159,000) and on 480,763,732 (2020, 419,492,599) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

There was 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 18,888,889 Ordinary Shares in the Capital of the Company to raise £850,000 with institutional and other investors. Also during the period 10,467,913 warrants were exercised providing proceeds of £245,350.

****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 (0)20 7236 1177
Nomad and broker: finnCap Ltd Christopher Raggett / Seamus Fricker /Edward Whiley	+44 (0)20 7220 0500

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Notes

Armadale's wholly-owned Mahenge Liandu Graphite Project is located in a highly prospective region, with a high-grade JORC compliant indicated and inferred mineral resource estimate announced February 2018 - 59.5Mt at 9.8% TGC. This includes 11.5Mt @ 10.5% Measured 32.Mt Indicted at 9.6% and 15.9Mt at 9.8% TGC, making it one of the largest high-grade resources in Tanzania.

The work to date has demonstrated the Project'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.

The Company's updated Definitive Feasibility Study (June 2020) confirmed Mahenge as a long-life low-cost graphite project with a US\$430m NPV and IRR of 91% based on a two-stage expansion strategy comprising:

- Stage One - processing plant and infrastructure at a nominal design basis rate of 0.4-0.5 Mt/pa to produce a nominal 60,000t/pa graphite concentrate in the first three years of production
- Stage Two - a second 0.5 Mt/y plant and associated additional infrastructure doubling throughput to 1 Mt/y from Year 5 of operation

The DFS shows that Armadale can be a significant low-cost supplier to the graphite industry with the potential to generate pre-tax cashflows of US\$985m over an initial 15 year mine-life and scope for further improvement as this utilises just 25% of the current resource, which remains open in multiple directions.

Projected timeline to first production is expected to be approximately 10-12 months from the start of construction and the capital cost estimate for Stage 1 is US\$39.7m, which includes a contingency of US\$4.1m or 15% of total direct capital cost, with a 1.6 year payback for Stage 1 (after tax) based on an average sales price of US\$1,112/t. Stage 2 expansion is expected to be funded from cashflow.

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

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR GUGDCBXDDGBC

