

**Armada Capital Plc / Index: AIM / Epic: ACP / Sector: Investment Company
29 September 2022**

**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 2022.

Highlights

During the half year Armada's primary focus was on securing project development funding for the Mahenge Liandu Graphite project while advancing the permitting and local community engagement. The Company also expanded its presence following the grant of an exploration license covering 19.99 square kilometers.

In March, the Company, pursuant to environmental compliance requirements of the mining license, successfully completed the installation of a weather station and has commenced the monthly collection of data. The station records data at 5 second intervals and covers all weather parameters including temperature, pressure, wind, moon phase, humidity, solar radiation and rainfall.. All data is automatically uploaded to the cloud. This will assist with the planning of the mining operations on the Project.

In addition, the Company has also installed a total of 7 stream gauges and one barotroll in the water streams located at the mine site in March 2022 which will be used for hydrological studies. The devices record 3 parameters which are temperature, pressure and depth at 5 second intervals.. The data from all devices are being manually downloaded at a frequency rate of once per month.

As Part of the ongoing FEED study, the Company cleared pads for geotech drilling at the proposed plant Site and tailing dam location.

The pad clearance activity was completed at site in the proposed Plant site and Tailing Storage Facility areas. 10 pads were cleared at the tailing storage facility area and 6 pads were cleared at the plant site area as a part of geotechnical studies and the Company is now preparing for Diamond Drilling in the proposed areas.

Furthermore, the test pitting program has been completed at the proposed plant site, tailing storage facility and the access road areas. A total of 41 test pits with 3 meters depth have been excavated, DCP tested, strata logged, sampled and backfilled. 11 pits have been excavated at plant site, 25 pits excavated at tailing storage facility and 5 pits excavated at the access road to the mine site.

The Company has received an encouraging level of interest in funding the Mahenge Liandu Graphite project and has advanced its discussions with a number of potential finance partners with respect to securing project development funding for the project.

Grant of Prospecting License PL 119961/ 2022

The company was granted the prospecting license PL 119961/ 2022 by the ministry of minerals on 28th June 2022, for the exploration of graphite minerals. The license area comprises of 19.99 square kilometers, located at Isongo and Liandu villages of Ulanga District, in Morogoro Region.

The cash position at 30 June 2022 was £1,723,000 and the average monthly cash burn is about £30,000, including annual audit costs.

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

**Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022**

Unaudited Six months ended	
30 June	30 June

	2022	2021
	£'000	£'000
Administrative expenses	(151)	(157)
Change in fair value of investments	(1)	139
Finance costs	-	(9)
Loss before taxation	(152)	(27)
Taxation	-	-
Loss after taxation	(152)	(27)

Other comprehensive (loss)/income

Items that may be reclassified to profit or loss:

Exchange differences on translating foreign entities	(57)	2
Total comprehensive loss attributable to equity holders of the parent company	(209)	(25)

Loss per share attributable to equity holders of the parent company (note 3)

Basic and fully diluted

	Pence	Pence
	(0.03)	(0.01)

Consolidated Statement of Financial Position At 30 June 2022

	Unaudited		Audited
	30 June	30 June	31
	2022	2021	December
	£'000	£'000	2021
			£'000
Assets			
Non-Current assets			
Exploration and evaluation assets	5,010	4,556	4,727
Investments	79	421	138
	<u>5,089</u>	<u>4,977</u>	<u>4,865</u>
Current assets			
Trade and other receivables	60	559	150
Cash and cash equivalents	1,723	562	886
	<u>1,783</u>	<u>1,121</u>	<u>1,036</u>
Total assets	<u>6,872</u>	<u>6,098</u>	<u>5,901</u>
Equity and liabilities			
Equity			
Share capital (note 4)	3,321	3,237	3,275
Share premium	25,076	23,148	23,906
Shares to be issued	286	286	286
Share option and warrant reserve	610	972	925
Foreign exchange reserve	9	129	66
Retained earnings	(22,473)	(22,376)	(22,636)
Total equity	<u>6,829</u>	<u>5,396</u>	<u>5,822</u>
Current liabilities			
Trade and other payables	43	96	79
Loans	-	606	-
Total liabilities	<u>43</u>	<u>702</u>	<u>79</u>
Total equity and liabilities	<u>6,872</u>	<u>6,098</u>	<u>5,901</u>

Unaudited Consolidated Statement of Changes in Equity For the period ended 30 June 2022

	Share	Share	Shares	Share	Foreign	Retained	Total
	Capital	Premium	to be	Option	Exchange	Earnings	
	£'000	£'000	Issued	Reserve	Reserve	£'000	£'000

	£'000		£'000		£'000		
Balance 1 January 2021	3,208	22,348	286	762	127	(22,406)	4,325
Loss for the year	-	-	-	-	-	(333)	(333)
Other comprehensive loss	-	-	-	-	(61)	-	(61)
Total comprehensive loss for the year	-	-	-	-	(61)	(333)	(394)
Issue of shares and warrants	67	1,558	-	266	-	-	1,891
Transfer on exercise of warrants	-	-	-	(103)	-	103	-
Total other movements	67	1,558	-	163	-	103	1,891
Balance 31 December 2021	3,275	23,906	286	925	66	(22,636)	5,822
Loss for the period	-	-	-	-	-	(152)	(152)
Other comprehensive loss	-	-	-	-	(57)	-	(57)
Total comprehensive loss for the period	-	-	-	-	(57)	(152)	(209)
Issue of shares	46	1,170	-	-	-	-	1,216
Transfer on exercise of warrants	-	-	-	(315)	-	315	-
Total other movements	46	1,170	-	(315)	-	315	1,216
Balance 30 June 2022	3,321	25,076	286	610	9	(22,473)	6,829

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

Reserve	Description and purpose
Share capital nominal value	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 historical acquisition	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 2022

	Unaudited Six Months ended		Audited Year ended
	30 June 2022	30 June 2021	31 December 2021
	£'000	£'000	£'000
Cash flows from operating activities			
Loss before taxation	(152)	(27)	(333)
Change in fair value of investments	1	(139)	(8)
Finance costs	-	9	11
	(151)	(157)	(330)
Changes in working capital			
Receivables	30	9	1
Payables	(31)	(33)	(39)
Net cash used in operating activities	(152)	(181)	(368)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	(245)	(157)	(200)

evaluation assets	(275)	(157)	(332)
Sale of listed investments	58	-	152
Net cash used in investing activities	(287)	(157)	(247)
Cash flows from financing activities			
Proceeds from share issues	1,276	648	1,249
Net cash from financing activities	1,276	648	1,249
Net increase/(decrease) in cash and cash equivalents			
	837	310	634
Cash and cash equivalents at 1 January 2022	886	252	252
Cash and cash equivalents at 30 June 2022	1,723	562	886

**Notes to the unaudited condensed consolidated financial statements
For the period ended 30 June 2022**

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 2022 and 30 June 2021 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 2021 has been derived from the Annual Report and Accounts, which were approved by the Board of Directors on 20 May 2022 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 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2021 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 2022, 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 £1,276,000 was raised from warrant exercises (see note 4). At 30 June 2022, the Group had cash of £1,723,000.

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 £152,000 (2021, £27,000) and on 560,588,302 (2021, 480,763,732) 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, 48,868,969 warrants were exercised providing proceeds of £1,276,000.

****ENDS****

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

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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

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.

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