Armadale Capital Plc

Annual Report and Accounts

31 December 2016

Contents

Officers and Professional Advisers

Directors
Emmanuel S Mahede
Nicholas Johansen

Secretary
Timothy Jones

Registered office
55 Gower Street
London WC1E 6HQ

Nominated Adviser and Joint Broker
finnCap Ltd
60 New Broad Street
London EC2M 1JJ

Joint Broker
Beaufort Securities Limited
131 Finsbury Pavement
London EC2A 1NT

Auditors
BDO LLP
55 Baker Street
London W1U 7EU

Solicitors
Ronaldsons LLP
55 Gower Street
London WC1E 6HQ

Registrars
Share Registrars Limited
Craven House
West Street
Farnham
Surrey GU9 7EN

Strategic Report
For the year ended 31 December 2016

During the year under review Armadale has continued to operate as a diversified investing company focused on natural resource projects in Africa.

The Company's investment portfolio is divided into two groups:

- Actively managed investments: where the Company has majority ownership of the investment
- Passively managed investments: where the Company has a minority investment, typically in a quoted company, and does not have management control.

Actively Managed Investments:

Mpokoto Gold Project, DRC ("MPOKOTO")

The Company obtained its initial interest in Mpokoto through the acquisition of Netcom Global Inc in November 2013.

In September 2016, the Company entered into a binding Heads of Agreement ('HOA') with African Mining Services Pty Ltd ('AMS') to form a joint venture to develop and operate Mpokoto. The key items to this agreement are:

- An exclusive due diligence period of up to 90-days, during which AMS has management input and is generally responsible for all project-related expenses.
- An initial 'earn-in' phase ('Phase 1') pursuant to which AMS can earn a 25% interest in Kisenge, by providing funding and project-related services to the value of US$1.25m.
- A second 'earn-in' phase ('Phase 2') to apply, if AMS wishes to proceed, and Armadale does not source third-party funding for Mpokoto, pursuant to which AMS could earn a further 60% interest in Kisenge (total aggregate interest 85%) by funding the project through to commercial production. The definitive feasibility study (DFS) estimated this cost at US$25m to include all associated expenditure and managing the conduct of activities to reach the production stage.
- Phase 1 will focus on optimising the DFS, with a focus on reducing capital costs, accelerating the timeline to production and expanding the existing JORC resource.
- Phase 2 will focus on the construction and bringing Mpokoto into commercial production.

AMS was later renamed Kisenge Mining Pty Ltd (KMP). In December 2016, KMP completed due diligence and elected to exercise its option to proceed with the formation of a joint venture. This allowed the Company to concentrate its efforts in the newly acquired Mahenge Liandu graphite project.

Mahenge Liandu Graphite Project, Tanzania "MAHENGE LIANDU"

The Company acquired Mahenge Liandu in south-east Tanzania ('Liandu Project') in July 2016 . This project provides the Company with opportunities in the graphite market that will capitalise on the strong outlook for graphite from the burgeoning battery and other markets.

Strategic Report (continued)
For the year ended 31 December 2016

The acquisition was attractive owing to the following:

- Provided the Company with access to the highly prospective graphite market – global demand for commercial graphite is expected to double within the next eight years
- Growth fuelled by developments in the energy storage industry – graphite is an essential component of the modern lithium-ion battery, making it a key material in smart phones, tablets, laptops and electric cars
- Mahenge Liandu is located in an area of proven coarse flake, high grade graphite resources – ASX listed Kibaran Resources Ltd (ASX:KNL) and Black Rock Mining Limited (ASX:BKT) have both identified and are developing significant proven and valuable graphite projects immediately adjacent to Mahenge Liandu
- Results from previous sampling highlighted high grade mineralisation with results from seven previous samples ranging from 12.8% - 24.0% Total Graphite Content (‘TGC’)
- Exploration drilling completed in December 2015 by the vendor had results that underpinned the licence prospectivity: 10m at 6.54% TGC, 24m at 12.9% TGC and 5m at 21.5% TGC
- Mineralised trend about 1.6 km in strike length and up to 500m wide identified, which remains open at depth

Resources and Reserves – JORC resource statement

The Company commenced exploration work at Mahenge Liandu in July 2016 and drilling work began in September 2016. In December 2016, the Company announced a world class graphite discovery with a maiden JORC compliant inferred mineral resource estimate of 40.9Mt @ 9.41% TGC. The results indicated:

- The Mahenge Liandu discovery has outstanding thick interceptions of high-grade coarse flake graphite identified across the entire 2.5km mineralised strike area
- Strike remains open on three aspects – length, width and depth highlighting significant potential upside to current resource

Laboratory test work conducted on graphite samples from Mahenge Liandu between January 2017 and April 2017 returned exceptional results on flake distribution, grade, purity and expandability. This is shown in tables 1 and 2 below:

Size (µm)	**Weight (%)**	**TGC (%)**
500	3.7	98.4
300	24.4	98.5
180	32.9	99.1
150	11.7	98.9
106	11.9	98.9
75	7.5	98.7
25	6.2	97.9
<25	1.7	88.4

Table2- Flake size and grade distribution for Mahenge Liandu Graphite sample

Strategic Report (continued)
For the year ended 31 December 2016

The flake size distribution indicates 28.1% of Mahenge Liandu graphite in the jumbo and super jumbo categories and all size fractions above 25 microns returns +97% TGC with a weighted average TGC grade across all size fractions of 98.5% TGC.

Flake Size (µm)	Purity	Expansion Volume at 800 °C	Expansion Volume at 1000 °C
> 500 µm	99.93	440 cm³/g	480 cm³/g
> 300 µm	99.99	370 cm³/g	420 cm³/g
> 180 µm	99.98	300 cm³/g	380 cm³/g
> 106 µm	99.96	210 cm³/g	230 cm³/g
> 75 µm	99.94	165 cm³/g	170 cm³/g
< 75 µm	99.65		115 cm³/g

Table 1- Graphite Purity and Expandability Results

The achievements of 99.99% purity and expandability to 480 cm³/g show that the graphite from the Company's Mahenge Liandu Project graphite is suitable for a number of commercial applications including batteries and expandable graphite.

Exploration Licences

The Company holds following exploration tenements for Mahenge Liandu:

- PL10846/2016 granted on 21/9/2016 expires 20/9/2020 area 7.34 square kilometres
- PL10840/2016 granted 21/9/2016 expires 20/9/2020 area 21.89 square kilometres

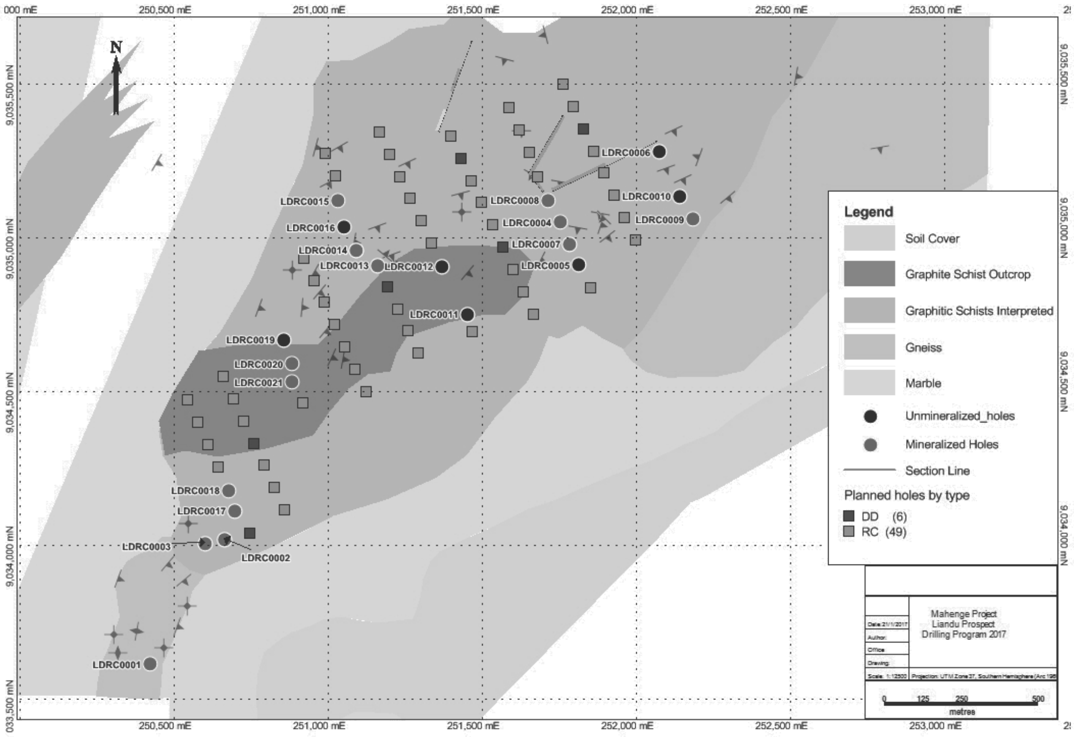
Exploration and Development Programme

During Q2 and Q3 2017, it is planned to infill drill the existing Inferred JORC Resource to upgrade the resource category to Indicated. In addition, some of the drilling will be used to extend the size of the deposit by drilling down dip of the existing areas of known mineralisation. Once completed, six diamond drill holes will be completed to obtain samples for metallurgical test work and to produce representative concentrate samples for potential customers.

A total of 2500 metres of RC drilling is planned, followed by a total of 300 metres of diamond drilling once RC drilling programme has been completed. Final diamond hole location will be determined using the results of the RC drilling.

Strategic Report (continued)
For the year ended 31 December 2016

The figure below shows the locations of the proposed exploration holes in relation to the previous drilling and the geological mapping.



Location of Planned RC Drill and Diamond Drill Holes over the Geological Mapping

After completing this programme, the Company will be in a position to both increase the size of the resource and move a substantial proportion of the resource into the Indicated Resource category. Further work programmes to conduct Reserve estimates and more a detailed metallurgical test work programme will be required later in 2017 in order to effectively progress the project.

Passively Managed Investments:

Mine Restoration Investments Limited ("MRI"), South Africa

During the year, the Company pursued its policy of disposing of MRI shares whenever an opportunity arose, but there was little demand for the shares and only some £16,500 was realised. By the end of the year, the shares had been suspended from trading on the Johannesburg Stock Exchange and MRI had become inactive. The directors have concluded that the shares have a nil market value and have accordingly provided full impairment for the remainder of the carrying value, resulting in a further impairment charge of £0.3 million.

Quoted portfolio

The Company has a small portfolio of quoted investments, principally in gold production companies where the directors believe there are opportunities for capital gain. During the year the Company has sold certain investments and continues to keep its portfolio under review.

Strategic Report (continued)
For the year ended 31 December 2016

Funding Plan

The Company recently raised £650,000 in January 2017 through the placement of 26,030,000 new ordinary shares to existing investors in UK and Australia. Funds raised will be used for working capital and for a portion of the exploration work commenced for Mahenge Liandu.

It is expected that further funding will be required during the financial year.

Sustainable development

The Company is committed to sustainable development and conducting its business ethically. Given that the Company invests in the mining industry, Armadale focuses on health and safety, being environmentally responsible, and supporting the communities close to its investments.

Corporate Information

Principal risks and uncertainties

There are numerous risks associated with the mineral industry, especially in Africa. The Board regularly reviews the risks to which the Group is exposed and endeavours to minimise them as far as possible. The following summary, which is not exhaustive, outlines some of the risks and uncertainties currently facing the Group:

- The Group is exposed to two minerals namely gold and graphite. With gold, the Group is vulnerable to fluctuations in the prevailing market price of gold and to variations of the US dollar, in which sales will be denominated. Graphite is a relatively new commodity whose market is being driven by demand in renewable energy. It is thus vulnerable to global energy policies.
- The impact of BREXIT on companies operating in the UK is unknown. Brexit may increase or impair the Group's ability to raise funds.
- The exploration for and development of mineral resources involves technical risks, infrastructure risks and logistical challenges, which even a combination of careful evaluation and knowledge may not eliminate.
- There can be no assurance that the Group's projects will be fully developed in accordance with current plans.
- Future development work and subsequent financial returns arising may be adversely affected by factors outside the control of the Group.
- The availability and access to future funding within the global economic environment.
- The Group operates in multiple national jurisdictions and is therefore vulnerable to changes in government policies which are outside its control.

Some of the mitigation strategies the Group applies in its present stage of development include, among others:

- Proactive management to reducing fixed costs.
- Rationalisation of all capital expenditures.
- Maintaining strong relationships with government (employing local staff and partial government ownership), which improves the Group's position as a preferred small mining partner.
- Alternative and continued funding activities with a number of options to secure future funding to continue as a going concern.

Strategic Report (continued)
For the year ended 31 December 2016

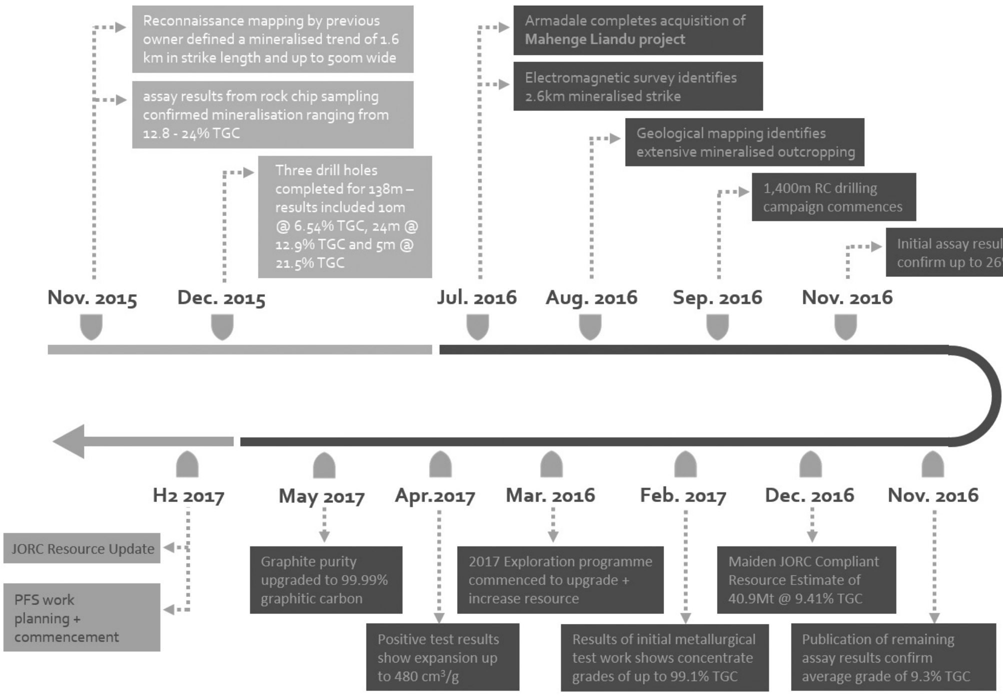
The Directors regularly monitor such risks and will take actions as appropriate to mitigate them. The Group manages its risks by seeking to ensure that it complies with the terms of its agreements, and through the application of appropriate policies and procedures, and via the recruitment and retention of a team of skilled and experienced professionals.

Key performance indicators

The Group's current key performance indicators (KPIs) are the performance of its underlying investments, measured in terms of the development of the specific projects they relate to, the increase in capital value since investment and the earnings generated for the Group from the investment. The Directors consider that it is still too early in the investment cycle of any of the investments held, for meaningful KPIs to be given.

Success is also measured through the identification and investment in suitable additional opportunities that fit the Group's investment objectives. The acquisition of Mahenge Liandu graphite project is such success.

The graphic below shows the key achievements for the Mahenge Liandu Project and the objectives for the remainder of 2017:



Outlook

Looking to the future, the positive early exploration results are very encouraging and the Directors consider that the outlook for the project, and hence for the Group is positive.

Strategic Report (continued)
For the year ended 31 December 2016

Financial results

For the year ended 31 December 2016 the Group did not earn any revenues as its business related solely to the making of investments in non revenue producing resource projects and companies.

The Group made a loss after tax of £0.922 million (2015: £0.992 million) for the year ended 31 December 2016. The administrative expenses relate principally to fundraising and to the costs of operating a public company.

The year's most significant event was the acquisition of the Mahenge Liandu graphite project, which was financed entirely by the issue of shares and loan notes. Other share issues during the year were in respect of loan note conversions, the settlement of creditors and to raise cash of £0.97 million. Since the year end, a further £0.651 million has been raised by a placement of shares.

As discussed above, trading in the shares of MRI has been suspended and the company has become inactive. In these circumstances the board has concluded that the market value of its holding is nil and a further impairment charge of some £0.3 million has been made. This is partially offset by gains on disposal and impairment releases in respect of other listed investments.

At 31 December 2016, the Group had total assets of £9.1million (2015: £5.8 million), cash of £0.116 million (2015: £0.161 million) and debt of £0.45 million, being the convertible loan notes issued during the year.

Emmanuel S Mahede
Director
31 May 2017

Directors' Report
For the year ended 31 December 2016

The Directors submit their report and the financial statements of Armadale Capital Plc ('Armadale' or the 'Company') for the year ended 31 December 2016.

Results and dividends

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The loss of the Group for the year ended 31 December 2016 was £921,675 (2015, £991,512). As part of the process of preparing these accounts, the Directors are required to review the carrying value of all its assets. As a result of this review the Directors have reduced the carrying value of the Company's shareholding in MRI to nil on the basis that trading in the shares has been suspended and its activities have ceased.

The Directors do not recommend the payment of a dividend (2015: £nil).

Business review

A review of the Group's operations and management plans for the future of the business is included in the Chairman's Statement and the Strategic Report.

Directors

The following Directors have held office during the year:

Peter A Marks *(resigned 29 September 2016)*
Justin LG Lewis *(resigned 29 September 2016)*
Dr Andrew J Tunks *(resigned 10 August 2016)*
William Frewen *(appointed 21 July 2016)*
Emmanuel S Mahede *(appointed 10 August 2016)*
Nicholas Johansen *(appointed 16 October 2016)*

William Frewen resigned on 28 February 2017

Directors' interests

Directors' interests, including family interests, in the Ordinary Share capital, were as follows:

	31 December 2016 No:	**31 December 2015 No:**
W Frewen	1,000,000	–
ES Mahede	500,000	–
N Johansen	500,000	–
P A Marks	–	277,969
JLG Lewis	–	1,064,444
AJ Tunks	–	333,335

Directors also hold options over Ordinary Shares as follows:

	31 December 2016 No:	**31 December 2015 No:**
W Frewen	2,000,000	–
ES Mahede	500,000	–
N Johansen	500,000	–
P A Marks	–	666,666
JLG Lewis	–	1,000,000

Directors' Report (continued)
For the year ended 31 December 2016

Substantial shareholdings

At 23 May 2017 the Company was aware of the following interests in 3% or more of the issued share capital of the Company:

Name	
Kabunga Holdings	12.3%
HSDL Nominees	10.3%
SVS Nominees	9.9%
Hargreaves Lansdowne Nominees	5.7%
Barclayshare Nominees	5.1%
Resource Corporate	4.8%
Pershing Nominees	4.7%
TD Nominees	3.6%

Issue of Shares

Details of Ordinary Shares issued during the year are set out in note 18 to the financial statements.

Shares under option or issued on exercise of options

Shares held under option are detailed in note 20 to the financial statements.

Indemnification of officers of the Company

During the financial year, the Company paid a premium in respect of a contract insuring the Directors against liability when acting for the Company.

Remuneration of Directors

The directors received the following fees by way of remuneration

	2016 fees £'000	2016 Compensation for loss of office £'000	2016 Total £'000	2015 Total £'000
W Frewen	17	–	17	–
ES Mahede	22	–	22	–
N Johansen	21	–	21	–
P A Marks	40	56	96	50
JLG Lewis	36	56	92	37
AJ Trunks	14	11	25	12

The notice pay was satisfied by the issue of new ordinary shares in the company.

The Remuneration of directors is determined by the Board within the limits set out in the Articles of Association of the Company.

Directors' Report (continued)
For the year ended 31 December 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group [and company] financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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 and Company will continue in operational existence for the foreseeable future.

The Group had net current liabilities at 31 December 2016 of £668,830 including £450,000 of convertible loan notes due July 2017. Based on correspondence with the loan note holders, the Company expects to be able to extend 58.5% of the notes for a further period of 12 months on the same terms. The remaining notes are expected to be converted into Ordinary Shares under the terms of the governing deed subject to the condition that conversion does not cause the note holder's shareholding to exceed 29.9%, which at present it is not expected to exceed.

Since the end of the year, the Company has continued its appraisal operations at its Mahenge Liandu graphite project. In order to fund this exploration and evaluation expenditure and to cover the net current asset deficit, the Company raised £650,750 through the issue of 26,030,000 Ordinary Shares at 2.5p per share.

Directors' Report (continued)
For the year ended 31 December 2016

At 23 May 2017, the Company had cash of approximately £300,000. The directors have prepared a cashflow forecast for the next twelve months which shows that the cash in hand is sufficient to meet current commitments in respect of exploration expenditure and corporate overheads for a period of approximately 10 months.

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 the loan notes and further fundraising. As described above, the Directors expect to be able to convert or extend the existing loan notes, and against the background of the encouraging initial results from the Mahenge Liandu graphite project and the Company's history of raising funds through the issue of equity, the directors also consider that the Company is likely to be able to raise the required capital. However, there are currently no binding agreements in place. Should the Directors be unable to raise sufficient funds and extend or convert the loan notes, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These factors indicate the existence of a material uncertainty which may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

Principal risks and uncertainties

The Group's risks and use of financial instruments are described in Note 4 to the financial statements. Other risks are described in the Chairman's Statement and the Strategic Report.

Directors' Confirmation

The Directors who held office at the date of approval of this Directors' Report confirm that so far as each Director is aware:

(a) there is no relevant audit information of which the Company's auditors are unaware; and

(b) each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Timothy Jones
Secretary
31 May 2017

Independent Auditor's Report to the Shareholders of Armadale Capital Plc
For the year ended 31 December 2016

We have audited the financial statements of Armadale Capital Plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.2 to the financial statements concerning the Group's ability to continue as a going concern which is dependent on the Group's ability to raise further funds and to convert or extend its existing loan notes. Although the Directors believe that the Group will be able to secure the necessary funds and successfully convert or extend its existing loan notes, there are currently no binding agreements in place. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jack Draycott *(senior statutory auditor)*
For and on behalf of BDO LLP, statutory auditor

London, W1U 7EU
31 May 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	2016 £	2015 £
Other administrative expenses		(690,710)	(616,062)
Impairment of investments	13	(301,047)	(316,213)
Profit on disposal of investments	13	82,064	–
Operating loss		(909,693)	(932,275)
Finance costs		(11,982)	(59,237)
Loss before taxation	6	(921,675)	(991,512)
Taxation	9	–	–
Loss for the year from continuing operations attributable to the equity holders of the parent company		(921,675)	(991,512)
Loss after taxation		(921,675)	(991,512)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign entities		1,016,566	93,278
Total comprehensive income/(loss) attributable to the equity holders of the parent company		94,891	(898,234)
Loss per share attributable to the equity holders of the parent company		**Pence**	**Pence**
Basic and fully diluted	10	(0.62)	(1.91)

The notes on pages 22 to 42 form part of the financial statements.

Consolidated Statement of Financial Position
At 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Exploration and evaluation assets	11	8,778,645	4,923,190
Property, plant and equipment	12	16,437	23,694
Investments	13	6,705	56,605
		8,801,787	5,003,489
Current assets			
Investment	13	–	322,708
Trade and other receivables	14	160,279	317,230
Cash and cash equivalents		115,861	160,938
		276,140	800,876
Total assets		9,077,927	5,804,365
Equity and liabilities			
Equity			
Share capital	18	2,946,587	2,823,582
Share premium	20	19,009,592	16,585,413
Shares to be issued	20	286,000	286,000
Share option reserve	20	85,850	182,000
Loan note reserve	20	37,500	–
Foreign exchange reserve	20	1,109,834	93,278
Retained earnings	20	(15,342,406)	(14,550,731)
Total equity		8,132,957	5,419,542
Current liabilities			
Trade and other payables	15	494,733	339,486
Loan notes	16	450,237	45,337
		944,970	384,823
Total equity and liabilities		9,077,927	5,804,365

The notes on page 24 to 42 form part of the financial statements.

Approved by the Board and authorised for issue on 31 May 2017

Signed on behalf of the Board

ES Mahede
Director

N Johansen
Director

Company Statement of Financial Position
At 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Investments	13	4,451,914	2,901,814
Other receivables	14	3,358,091	2,159,250
		7,810,005	5,061,064
Current assets			
Investment	13	–	322,708
Trade and other receivables	14	6,856	153,495
Cash and cash equivalents		100,879	125,811
		107,735	602,014
Total assets		7,917,740	5,663,078
Equity and liabilities			
Equity			
Share capital	18	2,946,587	2,823,582
Share premium	20	19,009,592	16,585,413
Shares to be issued	20	286,000	286,000
Share option reserve	20	85,850	182,000
Loan note reserve	20	37,500	–
Retained earnings	20	(14,984,733)	(14,345,365)
Total equity		7,380,796	5,531,630
Current liabilities			
Trade and other payables	15	86,707	86,111
Loan notes	16	450,237	45,337
		536,944	131,448
Total equity and liabilities		7,917,740	5,663,078

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. A loss after taxation of £769,368 (2015: £777,170) has been included in the financial statements of the parent company.

The notes on pages 24 to 42 form part of the financial statements.

Approved by the Board and authorised for issue on 31 May 2017

Signed on behalf of the Board

ES Mahede — *Director*

N Johansen — *Director*

Company Registration No. 5541602

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	Share Capital £	Share Premium £	Shares to be issued £	Share Option Reserve £	Loan Note Reserve £	Foreign Exchange Reserve £	Retained Earnings £	Total £
At 1 January 2015	2,562,914	14,807,570	286,000	1,610,361	–	–	(14,987,580)	4,279,265
Loss for the year	–	–	–	–	–	–	(991,512)	(991,512)
Other comprehensive income	–	–	–	–	–	93,278	–	93,278
Total comprehensive loss for the year						93,278	(991,512)	(898,234)
Issue of shares	260,668	1,911,395	–	–	–	–	–	2,172,063
Expenses of issue	–	(133,552)	–	–	–	–	–	(133,552)
Transfer on expiry of options	–	–	–	(1,428,361)	–	–	1,428,361	–
Total other movements	260,668	1,777,843	–	(1,428,361)	–	–	1,428,361	2,038,511
At 31 December 2015	2,823,582	16,585,413	286,000	182,000	–	93,278	(14,550,731)	5,419,542
Loss for the year	–	–	–	–	–	–	(921,675)	(921,675)
Other comprehensive income	–	–	–	–	–	1,016,566	–	1,016,566
Total comprehensive income for the year	–	–	–	–	–	1,016,566	(921,675)	94,891
Issue of shares	123,005	2,540,790	–	–	–	–	–	2,663,795
Expenses of issue	–	(116,611)	–	–	–	–	–	(116,611)
Share based payment charges	–	–	–	33,850	–	–	–	33,850
Transfer on expiry of options	–	–	–	(130,000)	–	–	130,000	–
Equity element of convertible loan notes issued	–	–	–	–	37,500	–	–	37,500
Total other movements	123,005	2,424,179	–	(96,150)	37,500	–	130,000	2,618,534
At 31 December 2016	2,946,587	19,009,592	286,000	85,850	37,500	1,109,844	(15,342,406)	8,132,957

The notes on pages 24 to 42 form part of the financial statements.

The following describes the nature and purpose of each reserve within owners' 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	cumulative charge recognised under IFRS 2 in respect of share-based payment awards
Loan note reserve	equity element of convertible loan notes
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

Company Statement of Changes in Equity
For the year ended 31 December 2016

	Share Capital £	Share Premium £	Shares to be issued £	Share Option Reserve £	Loan Note Reserve £	Retained Earnings £	Total £
At 1 January 2015	2,562,914	14,807,570	286,000	1,610,361	–	(14,996,556)	4,270,289
Loss for the year	–	–	–	–	–	(777,170)	(777,170)
Total comprehensive loss for the year	–	–	–	–	–	(777,170)	(777,170)
Issue of shares	260,668	1,911,395	–	–	–	–	2,172,063
Expenses of issue	–	(133,552)	–	–	–	–	(133,552)
Transfer on expiry of options	–	–	–	(1,428,361)	–	1,428,361	–
Total other movements	260,668	1,777,843	–	(1,428,361)	–	1,428,361	2,038,511
At 31 December 2015	2,823,582	16,585,413	286,000	182,000	–	(14,345,365)	5,531,630
Loss for the year	–	–	–	–	–	(769,368)	(769,368)
Total comprehensive loss for the year	–	–	–	–	–	(769,368)	(769,368)
Issue of shares	123,005	2,540,790	–	–	–	–	2,663,795
Expenses of issue	–	(116,611)	–	–	–	–	(116,611)
Share based payment charges	–	–	–	33,850	–	–	33,850
Transfer on expiry of options	–	–	–	(130,000)	–	130,000	–
Equity element of convertible loan notes issued	–	–	–	–	37,500	–	37,500
Total other movements	123,005	2,424,179	–	(96,150)	37,500	130,000	2,618,534
At 31 December 2016	2,946,587	19,009,592	286,000	85,850	37,500	(14,984,733)	7,380,796

The notes on pages 24 to 42 form part of the financial statements.

The following describes the nature and purpose of each reserve within owners' 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	cumulative charge recognised under IFRS 2 in respect of share-based payment awards
Loan note reserve	equity element of convertible loan notes
Retained earnings	cumulative net gains and losses recognised in the statement of comprehensive income

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss before taxation	(921,675)	(991,512)
Adjustment for:		
Depreciation	11,929	12,545
Unrealised foreign exchange differences	–	48,549
Loan note accretion	5,471	34,490
(Profit)/loss on sale of investments	(82,064)	24,335
Impairment of investment	301,047	316,213
Interest income	–	(49)
Share based payment charge	33,850	–
Shares issued in settlement of liabilities	327,050	165,250
Accrued interest payable	6,511	1,714
	(317,881)	(364,130)
Changes in working capital		
Receivables	21,951	415
Payables	155,247	60,412
Net cash generated from/used in operating activities	(140,683)	(303,303)
Cash flows from investing activities		
Expenditure on exploration and evaluation assets	(1,046,408)	(1,158,019)
Purchase of listed investments	–	(7,986)
Sale of listed investments	153,625	7,860
Interest received	–	49
Net cash used in investing activities	(892,783)	(1,158,096)
Cash flows from financing activities		
Proceeds from share placement	1,105,000	1,502,994
Issue costs	(116,611)	(133,552)
Proceeds from issue of loan notes	–	120,000
Repayment of loan notes	–	(80,619)
Net cash from financing activities	988,389	1,408,823
Net decrease in cash and cash equivalents	(45,077)	(76,911)
Cash and cash equivalents at 1 January 2016	160,938	237,849
Cash and cash equivalents at 31 December 2016	115,861	160,938

The notes on pages 24 to 42 form part of the financial statements.

Company Statement of Cash Flows
For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss before taxation	(769,368)	(777,170)
Adjustment for:		
Interest income	–	(49)
Share based payment charge	33,850	–
Loan note accretion	5,471	34,490
(Profit)/loss on sale of investments	(82,064)	24,335
Impairment of investment	301,047	316,213
Shares issued in settlement of liabilities	327,050	165,250
Accrued interest payable	6,511	1,714
	(177,503)	(235,217)
Changes in working capital		
Receivables	38,300	120,194
Payables	596	13,777
Net cash used in operating activities	138,607	(102,246)
Cash flows from investing activities		
Acquisition of investments and advances to subsidiaries	(1,028,339)	(1,415,353)
Purchase of listed investments	–	(7,986)
Sale of listed investments	153,625	7,860
Interest received	–	49
Net cash used in investing activities	(874,714)	(1,415,430)
Cash flows from financing activities		
Proceeds from share placement	1,105,000	1,502,994
Issue costs	(116,611)	(133,552)
Proceeds from issue of loan notes	–	120,000
Repayment of loan notes	–	(80,619)
Net cash from financing activities	988,389	1,408,823
Net decrease in cash and cash equivalents	(24,932)	(107,930)
Cash and cash equivalents at 1 January 2016	125,811	233,741
Cash and cash equivalents at 31 December 2016	100,879	125,811

The notes on pages 24 to 42 form part of the financial statements.

Notes to the financial statements
For the year ended 31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company was incorporated in the United Kingdom as Watermark Global Plc, a Public Limited Company, on 19 August 2005. The name of the Company was changed to Armadale Capital Plc on 2 July 2013. Its registered office is 55 Gower Street, London WC1E 6HQ. The Company is domiciled in the UK.

2. Accounting policies

2.1. *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The principal accounting policies are set out below.

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 and Company will continue in operational existence for the foreseeable future.

The Group had net current liabilities at 31 December 2016 of £668,830 including £450,000 of convertible loan notes due July 2017. Based on correspondence with the loan note holders, the Company expects to be able to extend 58.5% of the notes for a further period of 12 months on the same terms. The remaining notes are expected to be converted into Ordinary Shares under the terms of the governing deed subject to the condition that conversion does not cause the note holder's shareholding to exceed 29.9%, which at present it is not expected to exceed.

Since the end of the year, the Company has continued its appraisal operations at its Mahenge Liandu graphite project. In order to fund this exploration and evaluation expenditure and to cover the net current asset deficit, the Company raised £650,750 through the issue of 26,030,000 Ordinary Shares at 2.5p per share.

At 23 May 2017, the Company had cash of approximately £300,000. The directors have prepared a cashflow forecast for the next twelve months which shows that the cash in hand is sufficient to meet current commitments in respect of exploration expenditure and corporate overheads for a period of approximately 10 months.

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 the loan notes and further fundraising. As described above, the Directors expect to be able to convert or extend the existing loan notes, and against the background of the encouraging initial results from the Mahenge Liandu graphite project and the Company's history of raising funds through the issue of equity, the directors also consider that the Company is likely to be able to raise the required capital. However, there are currently no binding agreements in place. Should the Directors be unable to raise sufficient funds and extend or convert the loan notes, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

These factors indicate the existence of a material uncertainty which may cast significant doubt over the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.3. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

2.4 *Acquisitions of exploration licences*

The acquisition of Netcom, Kisenge and Graphite Advancement, were principally the acquisition of mining licences effected through non-operating corporate structures. As the structure does not represent a business, it is considered that the transactions do not meet the definition of a business combination. Accordingly each transaction is accounted for as the acquisition of an asset. Future consideration for shares is contingent and is recognised as an asset or liability based on the valuation of the shares as at the date of acquisition. Contingent future consideration for shares is not subsequently revalued.

2.5. *Foreign currencies*

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Pounds using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income.

2.6. *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand, with a maturity date of less than three months from inception.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.7. *Share-based payments*

IFRS 2 'Share-based Payment' requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share based payments at the current fair value at each reporting date.

The Group provides benefits to employees and service providers (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Where the equity-settled transactions are share options their cost is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or other service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit and loss account charge or credit for a period represents the movements in cumulative expense recognised as at the beginning and end of that period.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Share based payments in respect of third party services are measured by reference to the value of services provided and share price at the relevant date.

2.8. *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.8. *Taxation (continued)*

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax and current tax assets and liabilities are offset when there is a legally enforceable right to set off when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

2.9. *Exploration and evaluation costs*

Once an exploration licence or an option to acquire an exploration licence has been obtained, all costs associated with exploration and evaluation are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses and a pro-rata share of the Group's finance costs but not general overheads. If a mining property development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off to the statement of comprehensive income in the period the impairment is identified. Unevaluated mineral properties are assessed at reporting date for impairment in accordance with the policy set out below. If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.10. *Investments*

Investments in the individual company accounts, including those in subsidiary companies, are stated at cost less any provision for impairment, which is recognised as an expense in the statement of comprehensive income in the period the impairment is identified.

In the Group accounts, equity investments are included on the balance sheet as assets available for sale at fair value with value changes being recognised in other comprehensive income unless an impairment is considered to be permanent in which case it is recognised in the statement of comprehensive income. Associates in the Group accounts are recognised at cost less the Group's share of profits or losses of the associate.

2.11. *Joint Arrangements*

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either: (a) Joint ventures: where the group has rights to only the net assets of the joint arrangement; (b) Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers: (a) The structure of the joint arrangement; (b) The legal form of joint arrangements structured through a separate vehicle; (c) The contractual terms of the joint arrangement agreement; and (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

2.12. *Plant, equipment and vehicles*

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Plant, equipment and vehicles	3-10 years on a straight line basis

The depreciation cost relating to assets used in the development of mineral deposits is capitalised until the deposit is bought into production.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.13. *Impairment of assets*

At the end of each reporting period, the Directors review the carrying amounts of assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, whereby impairment is first allocated to the revaluation reserve, to the extent that it has been previously revalued, with any excess taken to the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in other comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.14. *Financial assets*

Loans and receivables are recognised when the Company and Group become party to the contractual provisions of the financial instrument.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

2.15. *Financial liabilities and equity instruments issued by the Group*

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial assets

Financial assets comprise debtors and other investments.

Financial liabilities

Financial liabilities are recognised when the Company and Group become party to a loan.

Financial liabilities represent trade payables and borrowings.

Convertible loan notes

The loan notes may be converted into the Company's shares and are therefore classified as a compound financial instrument in accordance with the requirements of IAS 32. The debt element is calculated as the present value of future cash flows assuming the loan notes are redeemed at the redemption date, discounted at the market rate for an equivalent debt instrument with no option to convert to equity. The difference between the cash payable on maturity and the present value of the debt element is recognised in equity. The discount is charged over the life of the loan notes to the statement of comprehensive income and included within finance expenses.

2.16. *Standards issued but not in force*

New interpretations and revised standards effective for the year ended 31 December 2016

There were no new standards issued in respect of the year ended 31 December 2016 that were relevant for adoption by the Group.

Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2016:

- IFRS 9 Financial instruments (effective 1 Jan 18);
- IFRS 15 Revenue from contracts with customers (effective 1 Jan 18);
- IFRS 16 Leases (effective 1 Jan 2019);
- IAS 12 (amended) Recognition of deferred tax asset for unrealised losses (effective 1 Jan 17);
- IAS 7 Disclosure initiative (effective 1 Jan 17); and
- IFRS 2 (amended) Classification and measurement of share based payment transactions (effective 1 Jan 18).

2. Accounting policies (continued)

2.16. *Standards issued but not in force (continued)*

The Group considers that the only Standard that may have any impact is IFRS 9. The new Standard will replace existing accounting Standards in relation to Financial Instruments. It is applicable to financial assets and liabilities and will introduce changes to existing accounting concerning classification, measurement and impairment (introducing an expected loss method). The Group is currently assessing the impact of IFRS 9.

The Group is not revenue generating thus there is no impact of IFRS 15 as there are no revenue contracts in place at this time.

The Group will adopt the above Standards at the time stipulated by that Standard. The Group does not at this time anticipate voluntary early adoption of any of the Standards.

3. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements of the Group, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. The directors consider that the only significant source of estimation uncertainty relates to the number of shares to be issued in respect of milestone achievements on the Mpokoto project (note 12).

The principal significant judgements are:

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, as explained more fully in note 2.2.

Investment and debtors

At 31 December 2016 the Company held approximately 26% of the issued share capital of MRI, a South African listed company. In the judgement of the Directors, the Company does not have significant influence over MRI as it does not have any representation on the Board, nor does it have the power to appoint anyone to the Board. MRI is therefore held as an investment.

Trading in the shares of MRI has been suspended and the company is not trading. Accordingly, in the opinion of the directors, the market value of the shares is nil and full provision for impairment has been made.

Exploration and evaluation assets

These represent the accumulated costs, including capitalised finance costs, to the Group of its mineral projects. Their commercial realisation is dependent upon the successful economic development of the gold and graphite deposits and should the development not be achieved, an impairment of these assets would arise. As at the year end the directors were of the opinion that there were no indicators of impairment.

Notes to the financial statements (continued)
For the year ended 31 December 2016

3. Significant judgements and sources of estimation uncertainty (continued)

In addition, at the Company level:

Impairment of investment in subsidiaries

Investments in subsidiaries represent the accumulated costs that the parent Company has invested in its subsidiaries to fund the mineral projects. The recovery of these investments is dependent upon the successful economic development of the gold and graphite deposits and should the development not be achieved, an impairment of these investments would arise. At the year end the directors were of the opinion that there were no indicators of impairment.

4. Financial Risk Management

Policy

The Group and Company regularly monitor the cash position to ensure liabilities can be met.

Financial risk factors

The risk in relation to financial assets is considered to be minimal and is managed on a day-to-day basis.

The Group and Company is exposed to liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The Company has receivables from its subsidiaries as disclosed in note 14. The recovery of these receivables is dependent on whether the mining projects are successful and they are not expected to be recovered in the short term. The risk management policies employed by the Group and Company to manage these risks are discussed below:

Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. The Group and Company manages liquidity risk by maintaining adequate reserves and banking facilities, by monitoring cash flows and managing the maturity profiles of financial assets and liabilities within the bounds of contractual obligations.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a foreign currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand and the US Dollar. The Group's management monitors the exchange rate fluctuations on a continuous basis. The Group's convertible loan is denominated in GBP as disclosed in note 17.

Capital Risk Management

The Group and Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. This is done through the monitoring of cash flows.

The capital structure of the Group and Company consists of cash and cash equivalents, equity attributable to equity holders of the parent, (comprising issued capital and reserves less accumulated losses) and loan notes.

Commodity risk

The value of the Group's exploration and evaluation assets is principally exposed to two commodities, gold and graphite. The value of the projects is vulnerable to fluctuations in the prevailing market price of these commodities.

Notes to the financial statements (continued)
For the year ended 31 December 2016

4. Financial Risk Management (continued)

Fair value estimation

The fair values of the Group's and Company's financial assets and liabilities approximate to their carrying amounts at the reporting date.

Non-current asset investments (excluding investments in subsidiaries at the Company level) are measured at fair value. The fair value is based upon observable inputs and the level of the fair value hierarchy within the measurement is categorised as Level 1. Current asset investments are measured at fair value and are categorised as Level 2. There were no transfers between Level 1 and Level 2 for the year.

5. Segmental Information

Costs incurred in developing the Group's exploration projects are capitalised in full, accordingly, the expenses reported in the Consolidated Statement of Comprehensive Income solely represent central Group overheads.

In terms of assets and liabilities, the only material items are the exploration and evaluation asset relating to the Group's projects in the Democratic Republic of Congo ("DRC") and Tanzania. The analysis of this asset is as follows

	2016	**2015**
	£	**£**
DRC	5,820,128	4,923,190
Tanzania	1,998,838	–
	7,818,966	4,923,190

6. Loss before tax

This is stated after charging:

	2016	**2015**
	£	**£**
Directors' emoluments – fees	150,000	99,087
Directors' emoluments – compensation for loss of office	123,000	–
Depreciation	11,929	12,545
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	30,000	30,000
Fees payable to the Company's auditors for taxation compliance services	2,450	5,197
Gain on disposal of investments	(82,064)	–
Share based payment charge	33,850	–
Impairment of investments	301,047	316,213

Notes to the financial statements (continued)
For the year ended 31 December 2016

7. Employees

	2016	2015
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Group – management	3	3
Group – staff	9	12
	12	15
Company – management	3	3

Employment costs	**£**	**£**
Group		
Wages and salaries (including directors)	301,224	297,915
Payments in lieu of notice	123,000	–
Social security costs	22,511	11,914
	446,735	309,829
Company		
Wages and salaries (including directors)	150,000	99,087
Payments in lieu of notice	123,000	–
	273,000	99,087

8. Remuneration of Directors of the Company

Aggregate emoluments	273,000	99,087
Emoluments of the Highest Paid Director	96,000	49,999

All Directors of the Group and Company are considered to be the key management personnel.

Of the total employment costs, a value of £273,735 has been capitalised within E&E asset additions in the year ended 31 December 2016 (£210,742) for the year ended 31 December 2015).

9. Taxation

	2016	2015
	£	£
Continuing operations		
Current Tax		
Current tax on loss for the year	–	–

Notes to the financial statements (continued)
For the year ended 31 December 2016

9. Taxation (continued)

	2016	2015
	£	£
Continuing operations		
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(921,675)	(991,512)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015: 20.25%)	(184,335)	(200,781)
Effects of:		
Losses carried forward not recognised as a deferred tax asset	177,565	200,781
Expenses disallowed	6,770	–
UK Corporation tax	–	–

A deferred tax asset of approximately £1,334,000 (2015: £1,179,000) has not been recognised owing to the uncertainty over the timing of future recoverability.

10. Loss per share

The calculation of loss per share is based on a loss of £921,675 (2015, £991,512), and on 148,922,833 ordinary shares (2015, 51,875,616), being the weighted average number of shares in issue during the year.

There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive.

The company has issued options over ordinary shares which could potentially dilute basic earnings per share in the future.

11. Exploration and evaluation assets

Group	2016	2015
	£	£
Cost		
At 1 January	4,923,190	3,515,769
Exchange movements	959,679	42,817
Acquisition of licence in Tanzania (note 13)	1,607,736	–
Additions	1,288,040	1,364,604
At 31 December	8,778,645	4,923,190

Included in additions are capitalised finance costs of £25,542 (2015, £131,958).

As production has not commenced, no amortisation was charged during the year, in accordance with the Group's accounting policy.

Notes to the financial statements (continued)
For the year ended 31 December 2016

12. Property, plant and equipment

Group

Cost	Plant £	Equipment £	Vehicles £	Total £
At 1 January 2015	11,902	9,983	15,300	37,185
Exchange Movements	663	556	853	2,072
At 31 December 2015	12,565	10,539	16,153	39,257
Exchange movements	2,477	2,078	3,184	7,739
At 31 December 2016	15,042	12,617	19,337	46,996
Depreciation				
At 1 January 2015	71	1,157	1,630	2,858
Exchange Movements	4	65	91	160
Charge for the year	298	4,796	7,451	12,545
At 31 December 2015	373	6,018	9,172	15,563
Exchange Movements	73	1,186	1,808	3,067
Charge for the year	–	5,387	6,542	11,929
At December 2016	446	12,591	17,522	30,559
Net book value				
At 31 December 2016	14,596	26	1,815	16,437
At 31 December 2015	12,192	4,521	6,981	23,694

13. Investments

Non-current asset investments – Group

Cost	Listed investments £
At 1 January 2015	76,619
Additions	7,986
At 31 December 2015	84,605
Disposals	(77,900)
At 31 December 2016	6,705
Impairment	
At 1 January 2015	46,500
Impairment (release)	(18,500)
At 31 December 2015	28,000
Impairment (release)	(28,000)
At 31 December 2016	–
Net book value	
At 31 December 2016	6,705
At 31 December 2015	56,605

Notes to the financial statements (continued)
For the year ended 31 December 2016

13. Investments (continued)

Non-current asset investments – Company

In addition to the above investments, included within non-current asset investments in the Company's statement of financial position, is £4,445,209 (2015: £2,845,209) in relation to investments in its subsidiaries. Additions in the year were £1,600,000 (2015: £nil). There were no disposals or impairment charges in the current or prior year.

	2016	2015
Current asset investments – Group and Company	**£**	**£**
At 1 January 2016	322,708	689,616
Disposals	(21,661)	(32,195)
Impairment charge for year	(301,047)	(334,713)
Valuation at 31 December 2016	–	322,708

The Group has an interest of approximately 26% in MRI, a company involved in the processing of coal fines.

As there is an intention to sell the investment in MRI, it has been classified as a current asset investment. Trading in MRI's shares has been suspended and the company has become inactive. In the opinion of the directors, the market value of the shares is nil and accordingly a further charge has been recorded in the year to reduce the value of the investment to nil.

The subsidiary companies are:

Name and nature of business	Registered Office	Class of shares	% held
Netcom Global Inc. (intermediate holding company)	555 Hunkins Waterfront Plaza, Charleston, Nevis	Ordinary	100
Kisenge Limited (intermediate holding company)	171 Main Street, Road Town, British Virgin Islands	Ordinary	100
Cluff Mining Congo, SARL* (mining project operator)	34 Avenue de la Liberte, Lubumbashi Democratic Republic of Congo	Ordinary	100
Mines D'Or de Kisenge, SARL* (mining licence holder)	34 Avenue de la Liberte, Lubumbashi, Democratic Republic of Congo	Ordinary	80
Graphite Advancements Pty Ltd	3 Queens Grove, Mount Claremont, Western Australia 40010	Ordinary	100
Graphite Advancements (Tanzania) Limited†	PO Box 105589, Dar es Salaam, Tanzania	Ordinary	100
Water Utilities Limited (in process of dissolution)	171 Main Street, Road Town, British Virgin Islands	Ordinary	100

* Held through Kisenge Limited

† Held through Graphite Advancements Pty Ltd

The interest of 20% in Mines d'Or de Kisenge, SARL not held by the Group is held by Entreprise Miniere de Kisenge-Manganese SARL ("KMC") a Congolese Government entity. KMC is entitled to participate in future revenues from the project. As KMC was not required to contribute to its share of exploration and evaluation costs and no revenues have yet been generated, there is no non-controlling interest to report in these financial statements.

Notes to the financial statements (continued)
For the year ended 31 December 2016

13. Investments (continued)

In July 2016, the Company completed the acquisition of 100% of Graphite Advancements Pty Ltd ("GA") which through its subsidiary, Graphite Advancements (Tanzania) Limited, holds the exploration rights to the Mahenge Liandu graphite project in Tanzania. Consideration for the acquisition was £1,600,000, satisfied by the issue of 57.5 million ordinary shares of 0.1p in the company and of £450,000 unsecured loan notes. As disclosed in the accounting policies the acquisition of GA was accounted for as an asset acquisition rather than a business combination and the value of the consideration paid was recognised by the Group as additions to exploration and evaluation assets in note 11.

Under the terms of acquisition of Netcom Global Inc, completed on 15 November 2013, further ordinary shares in the company were potentially to be issued to the vendors as follows:

i. 350 million (now 2.333 million) Ordinary Shares issued upon the grant of Exploration Licences for the Mpokoto Project to the Company (the "Further Consideration Shares"). The Further Consideration Shares, valued at 0.26p per share, were included as part of the cost of the investment in Netcom.

ii. up to 220 million (now 1.467 million) Ordinary Shares were to be issued upon the completion of three key milestones (the "Milestone Shares"):

- 60 million (now 0.4 million) Ordinary Shares upon completion of a pre-feasibility study;
- 60 million (now 0.4 million) Ordinary Shares upon the delineation of a JORC reserve of at least 120,000 ounces of gold; and
- 100 million (now 0.667 million) Ordinary Shares upon the production of the first 5,000 ounces of gold from the project.

The directors assessed a 100% likelihood of the first two milestones being achieved and a 50% likelihood of the third milestone being achieved.

The value of the milestone shares was included as part of the cost of the investment in Netcom, valued at 0.26p per share.

During 2014, the conditions applying to the Further Consideration Shares and the first tranche of Milestone Shares were fulfilled and accordingly 410 million (now 2.733 million) Ordinary Shares in the Company were issued to the vendors.

The conditions applying to the second and third tranche of Milestone Shares have not yet been fulfilled.

Notes to the financial statements (continued)
For the year ended 31 December 2016

14. Trade and other receivables

	2016	2015
Group	**£**	**£**
Unpaid proceeds of share placing	–	135,000
Other debtors and prepayments	160,279	182,230
Total current receivables	160,279	317,230
Company		
Amounts owed by group undertakings	3,358,091	2,159,250
Total non-current receivables	3,358,091	2,159,250
Unpaid proceeds of share placing	–	135,000
Other receivables	6,856	18,495
Total current receivables	6,856	153,495

The company is also owed a debt of £998,000 secured on shares in MRI. In the opinion of the directors, the ability of the debtor to repay the debt is seriously in doubt and accordingly the amount has been provided against in full.

15. Trade and other payables

	2016	2015
Group	**£**	**£**
Trade payables	144,366	178,599
Other creditors and accruals	350,367	160,887
	494,733	339,486
Company		
Trade payables	27,795	30,361
Other creditors and accruals	58,912	55,750
	86,707	86,111

All trade and other payables are due within three months.

16. Loan notes

	2016 10% Notes	2016 12% Notes	2015 12% Notes
Group and Company	**£**	**£**	**£**
Balance 1 January	–	45,337	200,000
Issued	450,000	–	–
Transfer to loan note reserve	(37,500)	–	–
Accrued interest	20,096	906	5,530
Accretion of liability	17,641	–	–
Repaid	–	–	(160,193)
Converted	–	(46,243)	–
Balance 31 December	450,237	–	45,337

Notes to the financial statements (continued)
For the year ended 31 December 2016

16. Loan notes (continued)

The 10% Loan Notes were issued on 11 July 2016 as part of the consideration for the acquisition of Graphite Advancements Pty Ltd (see note 13). The Loan Notes are unsecured, pay interest at 10% per annum, and are convertible into Ordinary Shares at 2p per Ordinary Share, together with any interest owing. The Loan Notes convert 12 months from issue, or earlier at the option of the Company, provided such conversion does not result in the holders owning more than 29.9% of the issue share capital of the Company. The liability component of the loan notes was valued in accordance with the accounting policy set out in note 1 using an interest rate of 20%.

The 12% loan notes were issued on 8 June 2015 to fund the repayment of the convertible loan notes (see note 17). The notes accrued interest at 12 per cent per annum and were repayable six months from the date of issue. The remaining notes together with accrued interest were repaid in full on 29 February 2016 by conversion into Ordinary Shares in the Company (see note 18).

17. Convertible loan notes (non-current)

	2016	2015
Group and Company	**£**	**£**
At 1 January	–	216,570
Issued in year	–	–
Converted	–	(208,626)
Transfer from/(to) derivative liability	–	41,416
Accretion on loan notes	–	111,259
Repaid	–	(160,619)
	–	–

18. Share capital

	Ordinary Shares of 0.01p/0.1p each*		Deferred Shares of 0.14p each		Deferred Shares of 1.4p each	
	Number	£	Number	£	Number	£
At 1 January 2015	4,189,901,168	418,991	1,531,374,350	2,143,923	–	–
Issue of shares	2,149,178,829	214,918	–	–	–	–
Consolidation and reorganisation	(6,296,819,464)	(591,648)	–	–	42,260,533	591,648
Issue of shares	45,750,000	45,750,000	–	–	–	–
At 31 December 2015	88,010,533	88,011	1,531,374,350	2,143,923	42,260,533	591,648
Issue of shares						
For cash	45,000,000	45,000	–	–	–	–
In part consideration of acquisition of subsidiary	57,500,000	57,500	–	–	–	–
On conversion of loan notes	1,541,434	1,541	–	–	–	–
To settle liabilities	18,964,343	18,964	–	–	–	–
At 31 December 2016	211,016,310	211,016	1,531,374,350	2,143,923	42,260,533	591,648

* The nominal value of each Ordinary Share was 0.01p until the consolidation and reorganisation of the share capital on 22 June 2015 and 0.1p thereafter

Notes to the financial statements (continued)
For the year ended 31 December 2016

19. Share based payment arrangements

3,000,000 options over Ordinary Shares in the Company were granted during the year (2015, nil).

A summary of outstanding options is as follows:

	Exercise price	Held at 1 January 2015	Expired	Held at 1 January 2016	Granted	Expired	Held at 31 December 2016
Directors							
PA Marks							
Granted 01.10.13	15p	333,333	–	333,333	–	(333,333)	–
Granted 19.11.14	15p	333,333	–	333,333	–	(333,333)	–
JLG Lewis							
Granted 01.10.13	15p	333,333	–	333,333	–	(333,333)	–
Granted 19.11.14	15p	666,667	–	666,667	–	(666,667)	–
W Frewen							
Granted 21.07.16	2p	–	–	–	1,000,000	–	1,000,000
Granted 21.07.16	4p	–	–	–	1,000,000		1,000,000
ES Mahede							
Granted 10.08.16	2p	–	–	–	250,000	–	250,000
Granted 10.08.16	4p	–	–	–	250,000	–	250,000
N Johansen							
Granted 16.10.16	2p	–	–	–	250,000	–	250,000
Granted 16.10.16	4p	–	–	–	250,000	–	250,000
Consultants							
Granted 11.02.08	100.5p	6,667	(6,667)	–	–	–	–
Granted 01.07.09	30p	13,333	(13,333)	–	–	–	–
Granted 01.10.13	15p	266,667	–	266,667	–	–	266,667
Granted 19.11.14	15p	400,000	–	400,000	–	–	400,000
		*2,353,333	(20,000)	2,333,333	3,000,000	1,166,166	3,666,667*

The number of options and their exercise prices have been adjusted for the effects of the share capital sub-division on 28 June 2013 and the share capital consolidation and reorganisation on 22 June 2015

* representing 1.73% of the issued share capital of the company

All of the outstanding options held at year end were exercisable at a weighted average exercise price of 5p (2016:15p).

The following information is relevant in the determination of the fair value of the options granted during the year:

The inputs to the Black-Scholes model were as follows:

	2016
Share price	2p to 3.12p
Exercise price	2p to 5p
Expected volatility	71%
Risk free rate of interest	1%
Expected dividend yield	0%
Expected life	4 years

Expected volatility was determined by reference to the historical volatility of similar listed entities.

Notes to the financial statements (continued)
For the year ended 31 December 2016

20. Reserves

A description of the nature of each Reserve and a summary of movements are shown in the Statements of Changes in Equity on pages 20 and 21.

21. Related party transactions

During the year payments of £30,000 (2015: £40,000) and £nil (2015: £40,000) were made to Henslow Pty Ltd and Halcyon Corporate Pty Limited respectively for consultancy services. The services provided include fundraising and corporate services, as well as the provision of additional time by Justin Lewis. Justin Lewis is a director of Henslow Pty Ltd and Halcyon Corporate Pty Limited, There were no amounts outstanding in respect of these transactions at 31 December 2016 (2015, nil).

In respect of the Company, amounts due from subsidiary undertakings were £3,358,091 (2015: £2,159,250), the movement being amounts lent to the subsidiaries.

22. Ultimate controlling party

There was no ultimate controlling party during the year.

23. Subsequent events

On 18 January 2017, the Company placed 26,030,000 Ordinary Shares of 0.1p at a price of 2.5p to raise £650,750 before expenses. On the same date, the company issued 1,250,000 ordinary shares to a service provider.

ARMADALE CAPITAL PLC

55, Gower Street, London WC1E 6HQ

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Armadale Capital Plc ('the Company') will be held at 55, Gower Street, London WC1E 6HQ on 26 June 2017 at 11.00 am for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as ordinary resolutions in the cases of Resolutions 1 to 5 and as a special resolution in the case of Resolution 6.

ORDINARY BUSINESS

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 December 2016.

2. To reappoint Emmanuel S Mahede as a Director of the Company, who, having been appointed during the previous 12 months, offers himself for reappointment under the Articles of Association of the Company.

3. To reappoint Nicholas Johansen as a Director of the Company, who, having been appointed during the previous 12 months, offers himself for reappointment under the Articles of Association of the Company.

4. To reappoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

SPECIAL BUSINESS

ORDINARY RESOLUTION

5. That in substitution for all existing and unexercised authorities, the directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ('the Act') to exercise all or any of the powers of the Company to allot Relevant Securities (as defined in this Resolution) up to a maximum nominal amount of £150,000 provided that this authority shall, unless previously revoked or varied by the company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the directors of the Company may before the expiry of such period make an offer or agreement which would or might require Relevant Securities to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired. In this Resolution, "Relevant Securities" means any shares in the capital of the Company and the grant of any right to subscribe for, or to convert any security into, shares in the capital of the Company ("Shares") but does not include the allotment of Shares or the grant of a right to subscribe for Shares in pursuance of an employee's share scheme or the allotment of Shares pursuant to any right to subscribe for, or to convert any security into, Shares.

SPECIAL RESOLUTION

6. That in substitution for all existing and unexercised authorities and subject to the passing of the preceding Resolution, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by the preceding Resolution as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by this Resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited to:

    (a) the allotment of ordinary shares of 0.1p each in the capital of the Company arising from the exercise of options and warrants outstanding at the date of this Resolution;

    (b) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory; and

    (c) the allotment (otherwise than pursuant to subparagraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £150,000;

    and shall expire on the earlier of the date of the next Annual General Meeting of the Company or 15 months from the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Registered Office:	*By order of the Board*
55 Gower Street	Timothy Jones
London WC1E 6HQ	Company Secretary

31 May 2017

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be: completed and signed;

sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and

received by Share Registrars Limited no later than 48 hours (excluding nonbusiness days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the firstnamed being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cutoff time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cutoff time will be disregarded.

   Where you have appointed a proxy using the hardcopy proxy form and would like to change the instructions using another hardcopy proxy form, please contact Share Registrars Limited on 01252 821 390.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding nonbusiness days) prior to the Meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 23 May 2017 the Company's issued share capital comprised 258,296,310 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at • May 2017 is 258,296,310

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should email the Company Secretary, Timothy Jones, on tim@timothyjones.co.uk (no other methods of communication will be accepted). You may not use any other electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

    CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com/CREST).

    The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Form of Proxy for use at the Annual General Meeting

ARMADALE CAPITAL PLC

(Registered in England and Wales with company number 5541602)

I, a Member of **ARMADALE CAPITAL PLC** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or ______________________________ as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on 26 June 2017 at 11.00 am and at any adjournment thereof.

(Please indicate below how you wish your votes to be cast. If the Form of Proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)

Ordinary Resolutions	**FOR**	**AGAINST**	**ABSTAIN**
1 To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 December 2016.			
2 To re-elect Emmanuel S Mahede as a Director.			
3 To re-elect Nicholas Johansen as a Director.			
4 To re-appoint BDO LLP as auditors of the Company and to authorise the Directors to determine their remuneration.			
Special Business			
Ordinary Resolution			
5 To authorise the Directors to allot relevant securities up to a maximum nominal amount of £150,000.			
Special Resolution			
6 To authorise the Directors to allot relevant securities up to a maximum nominal amount of £150,000.			

Signature
Date
Full name
Address

NOTES

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Meeting. A member so entitled may appoint (a) proxy(ies), who need not be (a) member(s), to attend and vote on his/her behalf.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
3. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please insert his/her name and delete “the Chairman of the Meeting or”.
4. Please indicate how you wish your proxy to vote by deleting either for or against. Unless otherwise instructed the person appointed a proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting on any particular resolution as he/she thinks fit.
5. A corporation must seal this Form of Proxy or have it signed by an officer or attorney or other person authorised to sign on its behalf. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with this Proxy Form.
6. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company’s register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
8. To be valid this Form of Proxy must reach Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232 not later than 48 hours (excluding non-business days) before the time of the Meeting. Lodgement of a Form of Proxy does not preclude a member from attending the Meeting and voting in person.