Armadale Capital Plc

Annual Report and Accounts

31 December 2018

Contents

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Nicholas Johansen
Paul Johnson (appointed 11 March 2019)

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Timothy Jones

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Strategic Report
For the year ended 31 December 2018

HIGHLIGHTS

- Notable progress advancing the Mahenge Liandu Graphite Project in Tanzania.
  - Completed Scoping Study highlighting a potential NPV of US$349m and IRR of 122%
  - On track to deliver DFS Q4 2019 and commence production 2021
  - First off-take MOU signed and discussions underway with other potential customers
  - Engaged in discussions to secure project level funding mandate
- Post period end, in January 2019 signed agreement to sell non-core Mpokoto Project to focus on primary value driver, whilst retaining upside exposure
- Ongoing review of quoted portfolio, where the Directors believe there are opportunities for capital gains
- Continue to actively review other exciting investment opportunities
- Post period end, Board strengthened with the appointment of Paul Johnson as a Non-executive Director

During the year under review, Armadale continued to operate as a diversified investing company focused on natural resource projects in Africa. To this end, its 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.

Currently, its key actively managed investment is the Mahenge Liandu Graphite Project in Tanzania. With its large, high-grade open cut resource, and having completed a Scoping Study that highlighted a potential NPV of US$349m and IRR of 122%, the Company is on track to commence production at the Project during the course of 2021. This is timely given that global need for graphite is set to accelerate driven by demand for spherical graphite from the new energy sector as well as emerging demand for expandable graphite used in products such as fire proof insulation. Notably, the strength of the market was highlighted when, post period end, the Company signed its first off-take MOU. The Company is also currently reviewing other potential markets and customers within this space.

Additionally, the Company continued to actively review other investment opportunities with a view to targeting investments with similar quality and potential as Mahenge Liandu.

ACTIVELY MANAGED INVESTMENTS

Mahenge Liandu Graphite Project, Tanzania ('Mahenge Liandu' or the 'Project')

The Company continued to deliver encouraging results at its 100% owned Mahenge Liandu Graphite Project during 2018. The Project is located in a highly prospective region with a high-grade JORC compliant indicated and inferred mineral resource estimate announced February 2018 of 51.1Mt at 9.3% total graphite content ('TGC'), including 38.7Mt Indicted at 9.3% and 12.4Mt at 9.1% TGC, making it one of the largest high-grade resources in Tanzania. Work to date has demonstrated Mahenge Liandu's potential as a commercially viable deposit with significant tonnage, high-grade coarse flake and near surface mineralisation (implying a low strip ratio) contained within one contiguous ore body.

The focus of activities was the commencement of a Definitive Feasibility Study ('DFS') based on the results of a Scoping Study that was completed in March 2018. The study was based on a throughput of 400,000 tpa over a 32-year mine life and showed the Project has robust economics and warrants further development. The Company believes the timing of the planned mine development will coincide with growing opportunities in the graphite market with strong outlook for increased graphite demand from the burgeoning lithium ion battery, expandable graphite, as well as traditional graphite markets.

	Tonnage (Mt)	Cutoff TGC (%)	Average TGC (%)
Inferred	12.4	3.3	9.1
Indicated	38.7	3.5	9.3
Total	51.1	3.5	9.3

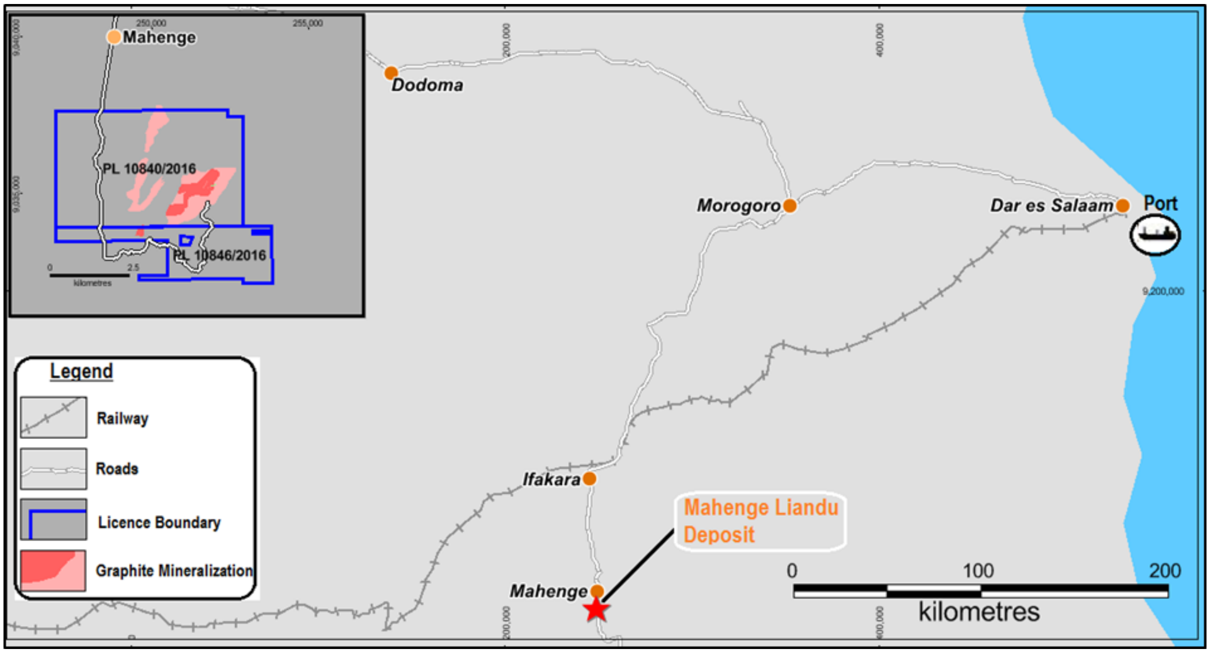
Table 1. Mahenge Liandu Resource Statement

Project Location & Licences

The Mahenge Project is located in the Morogoro region, Ulanga district, Tanzania close to existing transport infrastructure. It is 10km south of the Mahenge township and about 76km via a well-maintained dirt road to Ifakara after which it is 400km by sealed road from Dar-es-Salaam port. Other operators in the region include Blackrock Mining Limited and Kibaran Resources Limited, which have similar product purity and resource grades.

Strategic Report (continued)
For the year ended 31 December 2018

Location of Mahenge Liandu Prospect



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

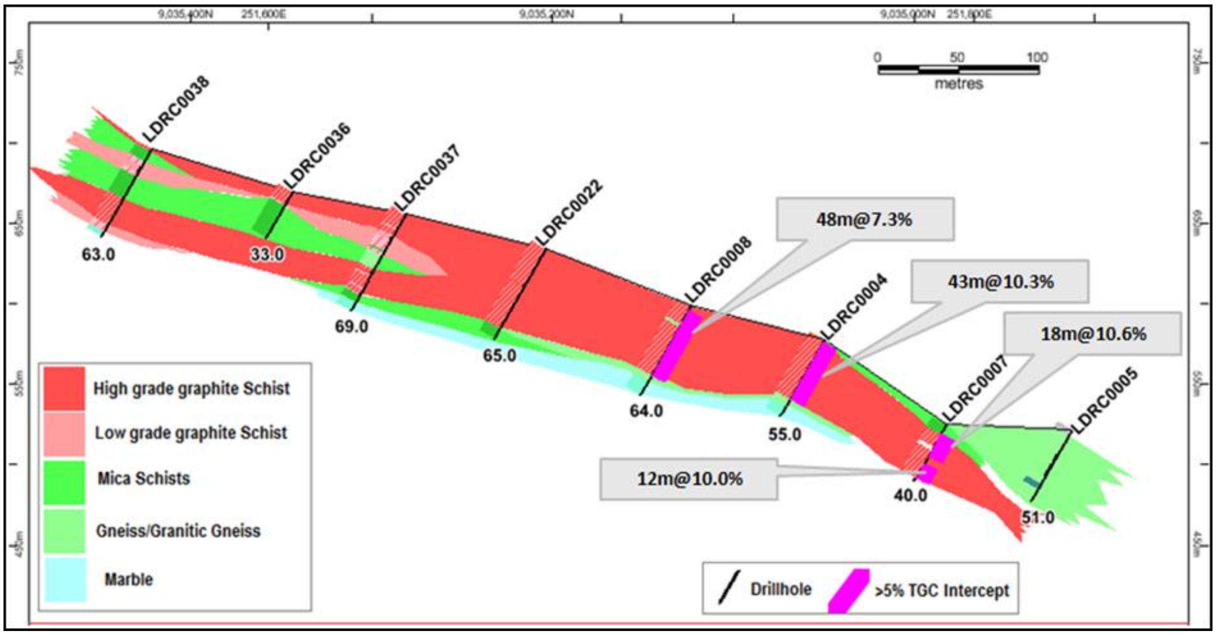
Project Geology

The prospect is situated within the pan African Mozambique belt, which is the orogenic belt resulting from activities taking place in the Neoproterozoic time. The belt extends along the eastern border of Africa from Ethiopia through Kenya and Tanzania. The orogenic event resulted in a complex series of geological events including the rifting system. The belt consists of high-grade mid-crustal rocks with a Neoproterozoic metamorphic overprint. It is divided into the Western Granulite and Eastern Granulite. The deposit is situated in the Eastern Granulites. The belt has undergone retrograde metamorphism which resulted in the present upper amphibolite metamorphic facies in the Project area.

Systematic drilling indicated the existence of broad, shallow to steep dipping schists overlaying granitic gneisses/gneiss. The gneisses are underlaid by marble units. The graphitic schists form alternating compositional layering, with quartz being the content that differentiates these units. High grade graphite schists (graphite schist) have a lower composition of quartz. Medium to low grade graphite schists (quartz graphite schist) have a higher visual quartz percentage. The marble unit likely forms the base of the sequence (there has not been drilling done beyond the marble unit).

The drilling results have been very consistent with the structural measurements taken during the mapping programme which suggested gentle to steep dipping to the south and south-southwest. The mineralisation remains open in all directions.

Typical Mahenge Liandu cross section showing mineralised units



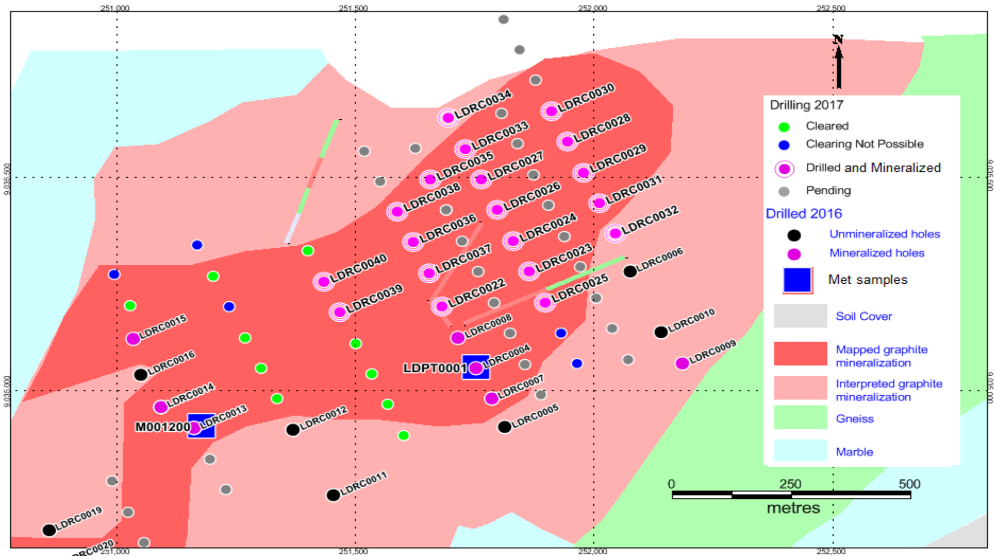
Scoping Study

During 2018, a Scoping Study was completed for Mahenge Liandu, which included the completion of a mine optimisation study, infill drilling and the resource upgrade. The results of the Scoping Study were announced in March 2018.

Drilling

Drilling in 2018 comprised a diamond drilling programme completed with eight holes for a total of 489m and 18 RC holes. All holes intersected wide intervals of high-grade mineralisation from surface with up to 67m thickness. The 2018 drilling aimed at infill drilling the existing pattern to upgrade the resource classification, extend the available resources and better define the mineralised units laterally within the deposit. The drilling targeted a higher-grade zone within the deposit and drilling was concentrated in the northern part of the tenement. A map of all the drilling completed to date is shown below.

1 Mahenge Liandu drill hole locations



Process Description

The Scoping Study was based on a processing plant designed to treat 400,000 tpa of ore. The ore will be two-stage crushed, followed by grinding in a rod mill, with graphite recovered by flotation. The process includes separation of graphite into coarse and fine concentrates at an intermediate stage, followed by inter-stage re-grind milling and flotation to improve liberation and product purity. The flotation concentrate will then be then dewatered by filtration, dried, and bagged.

Results of the Scoping Study

The Scoping Study confirmed the combination of high graphite feed grade and coarse flake high purity graphite product and provided highly robust and compelling economics for the Mahenge Liandu Project. The Scoping Study, based on a 400,000 tpa throughput, had following key economics:

- Producing an average of 49,000 tpa of high-quality graphite products for a 32-year mine life
- The near surface nature of the deposit produced a low strip ratio of approximately 1:1 for the life of the mine
- The Project has a low operating cost of US$408/t and is based on an average life of mine grade of 12.5% Total Graphitic Carbon ('TGC')
- The Project has a pre-tax IRR of 122% and NPV of US$349m with a low development capex of US$35m
- The maximum drawdown during the construction of the Project is US$34.9m and the after-tax payback period is 1.2 years

Strategic Report (continued)
For the year ended 31 December 2018

- There remains significant scope to further improve returns, with staged expansions as the current mine plan is based on approximately 25% of the total resource

Summary of Project Financial Performance

Financial Performance Summary	Units	LOM
Project Life	(years)	31.8
Total LOM Net Revenue	(US$ M, real)	1,977.7
Total LOM EBITDA	(US$ M, real)	1,196.0
Total LOM Net Cash Flows Before Tax	(US$ M, real)	1,134.7
Total LOM Net Cash Flows After Tax	(US$ M, real)	794.3
NPV @ 10.0% - before tax	(US$ M, real)	348.7
NPV @ 10.0% - after tax	(US$ M, real)	239.1
IRR - before tax	(%, real)	122.5%
IRR - after tax	(%, real)	89.3%
Project Capital Expenditure	(US$ M, real)	34.9
Payback Period - after tax - from 1st ore	(years)	1.2

The Scoping Study results validate the Directors' long held confidence in the commercial potential and economic value of the Mahenge Project. The Definitive Feasibility Study that is currently underway is based on the same parameters giving the Company confidence that the Project will continue to show excellent returns and will allow it to proceed to a decision to mine in 2020 provided project development funding can be secured.

Exploration and Development Programme

Definitive Feasibility Study
The DFS for Mahenge Liandu commenced in Q2 2018 and is expected to be complete by Q4 2019. The study will focus on defining graphite product quality with a wide diameter diamond core drilling programme aimed at generating samples for marketing.

The following activities are being carried out to support the study:

- A diamond drilling programme to obtain samples for metallurgical test work and marketing
- Product marketing towards the goal of obtaining binding offtake agreements. The first MOU secured covering 60% of planned production was signed in February 2019
- Environmental and social studies covering the Project area and completion of a Relocation Action Plan ('RAP') for the people who may be impacted through the development of the Project
- Granting of a mining permit
- A geotechnical drilling programme to define the final pit wall design
- Calculation of Proved and Probable Reserves
- Finalisation of production flowsheets and final plant design parameters

Environmental and Social Studies

During August 2018, the Company announced the completion of field work for Environmental and Social baseline surveys and the Company has finalised the Environmental Social Impact Assessment ('ESIA') and Relocation Action Plan ('RAP') for submission to the National Environment Management Council ('NEMC').

To help increase local engagement in the Project area, the Company has appointed a community liaison officer who will aid understanding of the impact and benefits of mining in the region. Further information in respect of this work of will be provided as progress is made.

Product Marketing and Offtake Partners

In February 2019, the Company announced a MOU with the Matrass Group, a China based graphite mining and processing company, for high quality graphite products produced at Mahenge Liandu. This includes a proposed offtake of 30,000tpa of graphite concentrate for an initial five-year term at a price to be agreed based on the Chinese benchmark for the quality of the graphite produced, representing over 60% of average target annual production. The test work programme aimed to progress the MOU to a binding agreement is underway.

Discussions with other potential offtake partners for the remaining 19,000tpa of graphite concentrate are progressing positively.

The graphite market continues to strengthen with several Tanzanian based graphite projects securing binding offtakes over recent months. The rapid expansion of the electric vehicle market is expected to continue to drive this growth.

Strategic Report (continued)
For the year ended 31 December 2018

Project Level Financing

The Company is engaged in discussions to secure a project level funding mandate. Further details in respect of this element will be provided as material developments occur.

Mining Lease Application

Reflecting the progress of work to date, the Company expects to submit its application for a mining lease in August 2019.

Front End Engineering Design

Following completion of the DFS, the Company expects to commence the Front-End Engineering Design (‘FEED’) work programme in December 2019. The FEED process is a detailed technical project planning phase undertaken prior to the commencement of construction and used as a basis to secure project construction bids.

Project Construction

Subject to a successful and timely completion of the aforementioned preparatory work, suitable project level financing and receipt of relevant regulatory permits and licences, the Company expects to commence the construction phase in Q2 2020.

Production

Based on current estimates and assuming a construction phase of 10 months the first production would be achieved from the Mahenge Liandu Project around Q1 2021.

Mpokoto Gold Project, DRC (‘MPOKOTO’)

The Mpokoto Project was the subject of a joint venture agreement with Kisenge Mining Pty Ltd (‘Kisenge Mining’) throughout the year under review and, as such, was considered a non-core investment asset of Armadale.

After the year under review, on 11 January 2019, Armadale entered into final formal sale agreement with African Royalty Company Pty Limited (a related company to Arrow Mining Pty Ltd) for the sale of the Mpokoto Gold Project.

This agreement crystallises the value of the Mpokoto Project with a company capable of obtaining the funding to bring the mine into production.

The transaction allows Armadale to focus on advancing its primary value driver, the high-grade Mahenge Liandu Graphite Project in Tanzania, whilst ensuring the Company retains exposure to the development upside of the Mpokoto Project.

Arrow Mining will take over the operations on the Mpokoto Project and is obliged to pay Armadale a 1.5% royalty on gold sales achieved once in production.

PASSIVELY MANAGED INVESTMENTS

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

The shares in MRI are being carried at Nil market value (2017: Nil) as MRI shares were suspended from trading on the Johannesburg Stock Exchange.

Quoted Portfolio

The Company has a small portfolio of quoted investments, principally in resource companies where the Directors believe there are opportunities for capital gain. The Company continues to keep its portfolio under review.

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 known 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 still being monitored. Thus far Brexit has not impacted 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. The mining regulation changes in Tanzania are still being evaluated, however they seem to have minimal impact on investment in graphite mining. The Group continues to monitor the implementation of the new changes to evaluate and mitigate sovereign risks.

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.
- Engagement with local communities to ensure our activities provide value to the communities where we operate.
- Alternative and continued funding activities with a number of options to secure future funding to continue as a going concern.

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.

Strategic Report (continued)
For the year ended 31 December 2018

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.

Board

Post period end, in March 2019, Paul Johnson was appointed to the Board as a Non-executive Director.

Mr. Johnson is an experienced public company director and is a former Chief Executive Officer of natural resource investing company Metal Tiger plc (LON:MTR). He has also previously held the roles of Chairman at ECR Minerals plc (LON:ECR); Chief Executive Officer at China Africa Resources plc (now Pembridge Resources plc - LON:PERE) and Metal NRG plc (LON:MNRG); and Non-executive Director at Greatland Gold plc (LON:GGP), Papua Mining plc (now Rockfire Resources plc LON:ROCK) and Thor Mining plc (LON:THR).

Mr. Johnson is the Chief Executive Officer of Value Generation Limited, a family investment and advisory company focused on the natural resource and related fintech sectors. He is also Executive Director of African Battery Metals plc (LON:ABM) an AIM quoted exploration and development company focused on battery metal projects in Africa.

Financial Results

For the year ended 31 December 2018 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 £0.648 million (2017: £6.177 million) for the year ended 31 December 2017.

The Directors successfully negotiated the sale of the Mpokoto Project and recognise an impairment charge of £0.194 million based on the reassessment of the carrying value of the Project to nil. Other than this, the loss comprises the administrative expenses associated with operating a public company and finance costs.

Funds raised during the year amounted in total to £0.85 million of which £0.65 million came from a placing of shares and £0.2 million from the initial drawdown of a new loan facility of £0.4 million. Other share issues during the year were in respect of loan note conversions and the discharge of certain consultants' invoices.

At 31 December 2018, the Group had cash of £44,000 (2017: £65,000) and debt of £677,000 (2016: £634,000).

Since the year end, a further £0.964 million has been raised from a placing of shares and the balance of the new loan facility, £0.2 million, remains available for drawdown. The Group is in discussions with third parties which may provide project level financing for the development of the Mahenge Liandu Project. Furthermore, and dependant on the working capital requirements at project level, and considering working capital needs in respect of corporate operations, the Group considers it will have access to adequate additional financing as and when required from new equity issues and additional loan facilities. As a result, 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 the Company will continue in operational existence for the foreseeable future.

Outlook

Looking to the future, with its clear development path to production commencing with the execution of the DFS currently underway, the Directors believe that Mahenge Liandu represents an exciting opportunity for the Group. Furthermore, other notable investment opportunities are under review, which the board believe could replicate this success and deliver significant value to shareholders.

Emmanuel S Mahede
Director
23 May 2019

Directors' Report
For the year ended 31 December 2018

The Directors submit their report and the financial statements of Armadale Capital Plc ('Armadale' or the 'Company') for the year ended 31 December 2018.

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 2018 was £648,020 (2017, £6,177,014). 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 recognised an impairment charge of £194,401 (2017, £5,726,445) in the year which has reduced the carrying value of the exploration and evaluation of assets (net of associated liabilities) relating to the Mpokoto project to nil (2017, £194,401), being their estimated realisable value based on a binding disposal agreement.

The Directors do not recommend the payment of a dividend (2017: £nil).

Corporate governance

As an AIM company, Armadale Capital Plc is required to adopt a recognised Corporate Governance Code and the Company has chosen to apply the Quoted Companies Alliance ("QCA") Corporate Governance Code.

The Company has published its compliance with each of the 10 principles of the QCA Code on the Company's website, including reasons for departure with certain principles.

The website disclosures can be found at: http://armadalecapitalplc.com/corporate_governance.

Business review

A review of the Group's operations and plans for the future of the business are included in the Strategic Report.

Directors

The following Directors have held office during the year:

Emmanuel S Mahede
Nicholas Johansen

Directors' Report (continued)
For the year ended 31 December 2018

Directors' interests

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

			31 December 2018	31 December 2017
			No:	No:
ES Mahede			1,750,000	1,000,000
N Johansen			2,012,122	800,000

Directors also hold options over Ordinary Shares as follows:

			31 December 2018	31 December 2017
			No:	No:
ES Mahede			500,000	500,000
N Johansen			500,000	500,000

Substantial shareholdings

At 16 May 2019 the Company was aware of the following interests in 3% or more of the issued share capital of the Company:

Name	
Kabunga Holdings	13.1%
HSDL Nominees	10.1%
SVS Nominees	8.5%
Matt Bull	7.4%
Vidacos Nominees	7.0%
Barclays Nominees	6.3%
Hargreaves Lansdown Nominees	5.5%
Interactive Investor Services Nominees	4.9%
Pershing Nominees	3.5%

Directors' Report (continued)
For the year ended 31 December 2018

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 19 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

	2018	2017
	£'000	£'000
ES Mahede	55	30
N Johansen	45	30
W Frewen	-	7

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 2018

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.

Directors' Report (continued)
For the year ended 31 December 2018

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

At 31 December 2018, the Group had cash of £44,310 and borrowings of £677,470 comprising convertible loan notes of £472,399 due July 2019 and a loan of £205,071 due October 2019. In respect of the convertible loan notes, the Noteholders have confirmed their willingness to extend the Notes for a further period of 12 months on the same terms, although there are no legally binding extensions in place.

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 together with Group overheads, the Company raised £795,275 through a share placing.

At 17 May 2019, the Company had cash of approximately £124,000. The directors have prepared a cash flow 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 three 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 significant material uncertainty which may cast 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' Report (continued)
For the year ended 31 December 2018

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
23 May 2019

Independent Auditor's Report to the Shareholders of Armadale Capital Plc
For the year ended 31 December 2018

Opinion

We have audited the financial statements of Armadale Capital Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention note 2.2 to the financial statements which explains that the Parent Company's ability to continue as a going concern is dependent on the extension and/or conversion of existing loan notes and further fundraising. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Parent Company or the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report to the Shareholders of Armadale Capital Plc (continued)
For the year ended 31 December 2018

We considered going concern to be a Key Audit Matter based on our assessment of the risk and the effect on our audit. We performed the following work in response to this key audit matter:

- We reviewed the Directors' forecasts to assess the Parent Company's and Group's ability to meet their financial obligations as they fall due within the period of twelve months from the date of approval of the financial statements
- We reviewed the assumptions and inputs in the cash flow forecast to assess whether these were in line with our understanding of the company's operations and other information obtained by us during the course of the audit
- We assessed whether the forecast overhead expenditure was consistent with budgets and prior year actual expenditure. We performed a mechanical check on the cash flow forecast model prepared by management.
- We confirmed committed spend by agreeing to licence agreements and we agreed the cash position to recent bank statements
- We challenged the Directors' expectation that sufficient funds may be secured by reviewing the potential funding options available to the Company and considering the past success the Company has had in raising equity and debt finance.
- We reviewed the disclosure included within the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have set out the other key audit matters below.

Carrying value of exploration assets

The exploration and evaluation assets of the group represent the key assets on the group's statement of financial position.

Management performed an impairment indicator review to assess whether there were any indicators of impairment for the Mahenge Liandu exploration asset and whether impairment was appropriate. No impairment of the asset was recognised.

Independent Auditor's Report to the Shareholders of Armadale Capital Plc (continued)
For the year ended 31 December 2018

Given the inherent judgement involved in the assessment of impairment indicators and the carrying value of the exploration and evaluation assets, we considered the carrying value of exploration and evaluation assets to be a significant risk for the audit.

How we addressed the matter:

We considered the indicators of impairment applicable to exploration asset, including those indicators identified in IFRS 6: 'Exploration for and Evaluation of Mineral Resources' and reviewed management's assessment of these indicators. The following work was undertaken:

- We reviewed the license documentation to confirm the exploration permits are valid, and confirmed the dates of expiry

- We made specific inquires of management and reviewed market announcements, budgets and plans which confirmed the plan to continue investment in the Mahenge Liandu project subject to sufficient funding being available, as disclosed in note 2.

- We reviewed the Scoping Study and did not identify any indicators of impairment.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluation of and evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as whole.

Group materiality was based on 1.5% of total assets and was set at £49,000 (2017 - £50,000). Parent Company materiality was based on 1.5% of total assets, limited to 90% of group materiality, and set at £44,000 (2017 £40,000).

We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements, given the Group's status as an exploration entity in natural resources development and therefore consider this to be an appropriate basis for materiality.

The group audit focused on the Group's three significant components. Whilst materiality for the financial statements as a whole was set, these components of the Group were audited to a lower level of materiality, being 1.5% of total assets of the component, limited to 90% of group materiality.

Independent Auditor's Report to the Shareholders of Armadale Capital Plc (continued)
For the year ended 31 December 2018

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% (2017: 75%) of the above materiality levels, at the higher end of the threshold due to the low risk of aggregation of misstatements within the group.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £1,000 (2017: £2,500). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Armadale Capital Plc is a company registered in the UK and listed on the Alternative Investment Market Exchange. BDO LLP was responsible for the audit of all components of the group including the group consolidation.

The audit team performed a full scope audit on all significant components of the group, including the parent company, with all non-significant components being subject to analytical procedures.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Shareholders of Armadale Capital Plc (continued)
For the year ended 31 December 2018

Opinions 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Independent Auditor's Report to the Shareholders of Armadale Capital Plc (continued)
For the year ended 31 December 2018

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

23 May 2019

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 2018

	Note	2018	2017
		£	£
Other administrative expenses		(392,945)	(399,938)
Operating loss		(392,945)	(399,938)
Finance costs		(17,459)	(44,478)
Loss before taxation	6	(410,404)	(444,416)
Taxation	9	-	-
Loss for the year from continuing operations		(410,404)	(444,416)
Loss from discontinued operations, net of tax	14	(237,616)	(5,732,598)
Loss after taxation		(648,020)	(6,177,014)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign entities		83,407	(771,989)
Total comprehensive (loss) / income attributable to the equity holders of the parent company		(564,613)	(6,949,003)
Loss per share attributable to the equity holders of the parent company		Pence	Pence
Basic and diluted total loss per share	10	(0.23)	(2.58)
Basic and diluted loss per share from continuing operations	10	(0.14)	(0.19)

The notes on pages 35 to 62 form part of the financial statements.

Consolidated Statement of Financial Position
At 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Exploration and evaluation assets	11	3,192,999	2,384,036
Investments	12	973	6,705
		3,193,972	2,390,741
Current assets			
Trade and other receivables	13	53,486	54,563
Cash and cash equivalents		44,310	65,163
		97,796	119,726
Non-current assets classified as held for sale	14	128,011	322,412
		225,807	442,138
Total assets		3,419,779	2,832,879
Equity and liabilities			
Equity			
Share capital	18	3,038,605	2,980,211
Share premium	20	20,569,844	19,720,193
Shares to be issued	20	286,000	286,000
Share option reserve	20	94,884	94,884
Foreign exchange reserve	20	421,252	337,845
Retained earnings	20	(22,129,940)	(21,481,920)
Total equity		2,280,645	1,937,213
Current liabilities			
Trade and other payables	15	333,653	133,619
Loans	16	677,470	431,406
		1,011,123	565,025
Liabilities directly associated with non-current assets classified as held for sale	14	128,011	128,011
		1,139,134	693,036
Non-current liabilities			
Long term borrowings	17	-	202,630
Total Liabilities		1,139,134	895,666
Total equity and liabilities		3,419,779	2,832,879

The notes on page 35 to 62 form part of the financial statements.
Approved by the Board and authorised for issue on 23 May 2019
Signed on behalf of the Board

ES Mahede
Director

N Johansen
Director

Company Statement of Financial Position
At 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Investments	12	1,600,973	1,606,705
Other receivables	13	1,394,461	972,544
		2,995,434	2,579,249
Current assets			
Investments held for disposal	12	-	194,401
Trade and other receivables	13	13,439	43,750
Cash and cash equivalents		4,240	10,809
		17,679	248,960
Total assets		3,013,113	2,828,209
Equity and liabilities			
Equity			
Share capital	18	3,038,605	2,980,211
Share premium	20	20,569,844	19,720,193
Shares to be issued	20	286,000	286,000
Share option reserve	20	94,884	94,884
Retained earnings	20	(21,753,522)	(20,953,744)
Total equity		2,235,811	2,127,544
Current liabilities			
Trade and other payables	15	99,832	66,629
Loan notes	16	677,470	431,406
		777,302	498,035
Non-Current liabilities			
Long term borrowings	17	-	202,630
Total liabilities		777,302	700,665
Total equity and liabilities		3,013,113	2,828,209

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 £605,270 (2017: £6,006,511) has been included in the financial statements of the parent company.

The notes on pages 35 to 62 form part of the financial statements.
Approved by the Board and authorised for issue on 23 May 2019
Signed on behalf of the Board

ES Mahede	**N Johansen**	
Director	**Director**	**Company Registration No. 5541602**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

	Share Capital	Share Premium	Shares to be issued	Share Option Reserve	Loan Note Reserve	Foreign Exchange Reserve	Retained Earnings	Total
	£	£	£	£	£	£	£	£
At 1 January 2017	**2,946,587**	**19,009,592**	**286,000**	**85,850**	**37,500**	**1,109,844**	**(15,342,406)**	**8,132,957**
Loss for the year	-	-	-	-	-	-	(6,177,014)	(6,177,014)
Other comprehensive loss	-	-	-	-	-	(771,989)	-	(771,989)
Total comprehensive loss for the year	-	-	-	-	-	(771,989)	(6,177,014)	(6,949,008)
Issue of shares	33,624	771,501	-	-	-	-	-	805,125
Expenses of issue	-	(60,900)	-	-	-	-	-	(60,900)
Share based payment charges	-	-	-	9,034	-	-	-	9,034
Transfer on conversion of loan notes	-	-	-	-	(37,500)	-	37,500	-
Total other movements	**33,624**	**710,601**	**-**	**9,034**	**(37,500)**	**-**	**37,500**	**753,259**
At 31 December 2017	**2,980,211**	**19,720,193**	**286,000**	**94,884**	**-**	**337,845**	**(21,481,920)**	**1,937,213**
Loss for the year	-	-	-	-	-	-	(648,020)	(648,020)
Other comprehensive loss	-	-	-	-	-	83,407		83,407
Total comprehensive loss for the year	-	-	-	-	-	83,407	(648,020)	(564,613)
Issue of shares	58,394	905,106	-	-	-	-	-	963,500
Expenses of issue	-	(55,455)	-	-	-	-	-	(55,455)
Total other movements	58,394	849,651	-	-	-	-	-	908,045
At 31 December 2018	**3,038,605**	**20,569,844**	**286,000**	**94,884**	**-**	**421,252**	**(22,129,940)**	**2,280,645**

The notes on pages 35 to 62 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	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 2018

	Share Capital	Share Premium	Shares to be issued	Share Option Reserve	Loan Note Reserve	Retained Earnings	Total
	£	£	£	£		£	£
At 1 January 2017	**2,946,587**	**19,009,592**	**286,000**	**85,850**	**37,500**	**(14,984,733)**	**7,380,796**
Loss for the year	-	-	-	-	-	(6,006,511)	(6,006,511)
Total comprehensive loss for the year	-	-	-	-	-	(6,006,511)	(6,006,511)
Issue of shares	33,624	771,501	-	-	-	-	805,125
Expenses of issue	-	(60,900)		-	-	-	(60,900)
Share based payment charges	-	-	-	9,034	-	-	9,034
Transfer on conversion of loan notes	-	-	-	-	(37,500)	37,500	-
Total other movements	33,624	710,601	**-**	**9,034**	**(37,500)**	**37,500**	**753,259**
At 31 December 2017	**2,980,211**	**19,720,193**	**286,000**	**94,884**	**-**	**(20,953,744)**	**2,127,544**
IFRS 9 Adjustment to intercompany debt						(194,508)	(194,508)
At 1 January 2018	**2,980,211**	**19,720,193**	**286,000**	**94,884**	**-**	**(21,148,252)**	1,933,036
Loss for the year						(605,270)	(605,270)
Total comprehensive loss for the year						(605,270)	(605,270)
Issue of shares	58,394	905,106	-	-	-	-	963,500
Expenses of share issue	-	(55,455)	-	-	-	-	(55,455)
Share based payment charges	-	-	-	-	-	-	-
Transfer on conversion of loan notes	-	-	-	-	-	-	-
Total other movements	58,394	849,651	-	-	-	-	908,045
At 31 December 2018	**3,038,605**	**20,569,844**	**286,000**	**94,884**	**-**	**(21,753,522)**	**2,235,811**

The notes on pages 35 to 62 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	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 2018

		2018	2017
		£	£
Cash flows from operating activities			
Loss before taxation		(648,020)	(6,177,014)
Adjustment for:			
Depreciation		-	1,806
Impairment charge		194,401	5,726,445
Share based payment charge		-	9,034
Shares issued in settlement of liabilities		-	67,500
Finance costs		17,459	44,478
		(436,160)	(327,751)
Changes in working capital			
Receivables		1,077	(36,133)
Payables		98,048	72,101
Net cash used in operating activities		(337,035)	(287,577)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets		(224,095)	(548,766)
Sale of listed investments		5,732	-
Net cash used in investing activities		(218,363)	(548,766)
Cash flows from financing activities			
Proceeds from share placement		560,000	650,753
Issue costs		(25,455)	(60,900)
Proceeds from loan (Note 18)		-	200,000
Net cash from financing activities		534,545	789,851
Net decrease in cash and cash equivalents		(20,853)	(50,698)
Cash and cash equivalents at 1 January		65,163	115,861
Cash and cash equivalents at 31 December		44,310	65,163

The notes on pages 35 to 62 form part of the financial statements.

Company Statement of Cash Flows
For the year ended 31 December 2018

		2018	2017
		£	£
Cash flows from operating activities			
Loss before taxation		(605,270)	(6,006,511)
Adjustment for:			
Share based payment charge		-	9,034
Impairment charge		404,808	5,730,587
Shares issued in settlement of liabilities		-	67,500
Finance costs		12,708	44,478
		(187,754))	(154,912)
Changes in working capital			
Receivables		30,311	(36,894)
Payables		33,203	(20,078)
Net cash used in operating activities		(124,240)	(211,884)
Cash flows from investing activities			
Advances to subsidiaries		(422,606)	(668,037)
Sale of listed investments		5,732	-
Net cash used in investing activities		(416,874)	(668,037)
Cash flows from financing activities			
Proceeds from share placement		560,000	650,751
Issue costs		(25,455)	(60,900)
Proceeds from loan (Note 18)		-	200,000
Net cash from financing activities		534,545	789,851
Net decrease in cash and cash equivalents		(6,569)	(90,070)
Cash and cash equivalents at 1 January		10,809	100,879
Cash and cash equivalents at 31 December		4,240	10,809

The notes on pages 35 to 62 form part of the financial statements.

Notes to the financial statements
For the year ended 31 December 2018

1. 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 1 Arbrook Lane, Esher, Surrey, KT10 9EG. 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 the Company will continue in operational existence for the foreseeable future.

At 31 December 2018, the Group had cash of £44,310 and borrowings of £677,470 comprising convertible loan notes of £472,399 due July 2019 and a loan of £205,071 due October 2019. In respect of the convertible loan notes, the Noteholders have confirmed their willingness to extend the Notes for a further period of 12 months on the same terms, although there are no legally binding extensions in place.

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 together with Group overheads, the Company raised £795,275 through a share placing.

At 17 May 2019, the Company had cash of approximately £124,000. The directors have prepared a cash flow 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 three 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.

Notes to the financial statements (continued)
For the year ended 31 December 2018

2. Accounting policies (continued)

2.2 Going Concern (continued)

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.

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. Prior year restatement

In the consolidated statement of comprehensive income for the year ended 31 December 2017 there was a typographical error where the amount disclosed as the loss from discontinued operations was £5,917,411 instead of £5,732,598. This arose from a printing error in note 15. This has been subsequently corrected in the 2018 financial statements. The error did not impact the loss figure in the consolidated statement of comprehensive income or the consolidated statements of financial position.

2.5. 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 and is derecognised on disposal of the asset to which it relates.

Notes to the financial statements (continued)
For the year ended 31 December 2018

2. Accounting policies (continued)

2.6. 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.

2.7. 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.

2.8. 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.

2. Accounting polices (continued)

2.8. Share-based payments (continued)

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.

2.9. 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.

2. Accounting polices (continued)

2.9. 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.

2.10. 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

2. Accounting polices (continued)

2.10. Exploration and evaluation costs (continued)

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.

2.11. 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 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.

2.12. 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. Accounting polices (continued)

2.13. 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.

2.14. 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.

2. Accounting polices (continued)

2.14. Impairment of assets (continued)

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.

2.15. Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

2. Accounting polices (continued)

2.16. 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.

2.17. 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 financial liability.

Financial liabilities represent trade payables and borrowings.

Convertible loan notes

As detailed in note 16, the loan notes are 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 total proceeds 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

Notes to the financial statements (continued)
For the year ended 31 December 2018

2. Accounting polices (continued)

2.17. Financial liabilities and equity instruments issued by the Group (continued)

comprehensive income and included within finance expenses. When conversion occurs the associated equity element is released directly to retained earnings.

2.18. New Accounting Standards adopted

The Group adopted the following revised or new IFRS standards that were effective from 1 January 2018. The impact of the standards on the Group's accounting policies and financial statements is discussed below:

IFRS 15 has replaced IAS 18 'Revenue' and IAS 11 'Construction Contracts'. The core principle of the standard is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer. The Group performed an assessment of the impact of this accounting standard in the prior year. As the Group has previously not had any revenue, there has been no impact on the adoption of this standard.

IFRS 9 'Financial Instruments' replaces the incurred loss model of IAS 39 'Financial instruments: Recognition and Measurement' with a model based on expected credit losses or losses on loans. The standard requires entities to use an expected credit loss model for impairment of financial assets. Under the new standard, the loss allowance for a financial instrument will be calculated at an amount equal to 12 month expected credit losses or lifetime expected credit losses if there has been a significant increase in credit risk of the financial instrument. In addition, the standard introduces new requirements for the classification of financial assets and liabilities.

The impact of IFRS 9 has been assessed at a Group Level, and there is no material impact on the consolidated results of the Group, as all financial instruments have been classified as amortised cost and the expected credit losses of the group are minimal.

The adoption of IFRS 9 at a company level has been assessed. The expected credit loss model has been applied to the intercompany loan receivable which is held at amortised cost. Please refer to note 13 for the detail on the impact of this assessment as well as the assumptions used by management. As the company has chosen not to restate comparatives in adopting IFRS 9, it has recognised an adjustment of £194,506 to reduce intercompany receivables and a corresponding debit to the deficit account in equity as at 1 January 2018.

Notes to the financial statements (continued)
For the year ended 31 December 2018

2. Accounting polices (continued)

2.18. New Accounting Standards adopted (continued)

Changes in accounting standards:

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 December 2018 and have not been adopted early. The Group is currently assessing the impact of these standards and, based on the Group's current operations, does not expect them to have a material impact on the financial statements.

New	Standards	Effective Date
IFRS 16	Leases	01-Jan-19
IFRS 17	Insurance Contracts	01-Jan-21
Amendments to Existing Standards		
IFRIC 23	Uncertainty over Income Tax Treatments*	01-Jan-19
Annual Improvements to IFRSs (2015-2017 Cycle)*		01-Jan-19

* Not yet adopted by European Union

There is no impact of IFRS 16 as there are no lease agreements in place currently. The Group will adopt the above Standards at the time stipulated by that Standard. The Group does not currently envisage voluntary early adoption of any of the Standards.

Notes to the financial statements (continued)
For the year ended 31 December 2018

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 value of the Group's exploration assets.

The principal significant estimates and 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.

Exploration and evaluation assets

These represent the accumulated costs, including capitalised finance costs, (calculated as that proportion of total finance costs that relates to the funding of exploration activity) and the allocation of wages and salaries to the Group exploration 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. At the year end, the directors were of the opinion that there was an indicator of impairment in respect of the Mpokoto project, where sales negotiations are in progress at a price significantly below the carrying value of the relevant net assets. In the opinion of the directors, the price under negotiation best represents the value of the project. In arriving at the sale price for this purpose, the directors have excluded those elements that are contingent on production being achieved, which is regarded as uncertain. See Note 14 for details of the accounting treatment of the Mpokoto project.

Impairment of investment in and debts owing by 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 was an impairment to the Mpokoto gold project E&E asset as described in Note 14. Management have assessed the intercompany loan in line with IFRS 9 with the calculation of expected credit losses considered a key judgment. The assessment of the expected credit losses are included in Note 13 along with the key assumptions and estimates.

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 13. 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.

The Group's loan notes as described in note 16, stated at their gross, contractual and undiscounted amount of £472,399 were issued on 11 July 2016 with a conversion/payment date of 11 July 2017 when issued, now extended to 11 July 2020.

The Group's debt facility stated at its gross, contractual and undiscounted amount of £205,071 as described in note 16 is repayable on 11 October 2019.

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 relevant company'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 loans are denominated in GBP as disclosed in note 16.

The effect of a 10% strengthening of AUD in 2018 would result in a £6,000 reduction (2017: £21,000) of the Group's net assets.

4. Financial Risk Management (continued)

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.

Credit Risk

The group's credit risk is primarily attributable to its cash balances. This risk is considered limited because the group cash is held by reputable institutions. The groups total credit risk amounts to the total of the sum of receivables and cash. At the year-end this amount was £97,796 (2017 - £119,126).

The parent company financial statements include amounts due to subsidiaries as disclosed in Note 13. The credit risk associated with these receivables has been disclosed as a key estimate and judgement and discussed in Note 3.

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.

4. Financial Risk Management (continued)

Financial Instruments by Category

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, borrowings, trade payables and accruals, loan term borrowings and convertible loan notes. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The Group's and Company's financial instruments are all subsequently recognised at amortised cost.

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 and impairments.

In terms of assets and liabilities, the only material items are the exploration and evaluation assets relating to the Group's projects in the Democratic Republic of Congo ("DRC") and Tanzania. Following a review by the directors, it has been determined that the value of the DRC project has been impaired and accordingly a provision has been made to reduce its net carrying value to estimated realisable value. The assets, net of impairment provision, attributable to each project are as follows:

	2018 **£**	**2017** **£**
DRC (reported as assets held for disposal, Note 14)	-	322,412
Tanzania (reported as exploration and evaluations assets)	3,192,999	2,384,036
	3,192,999	2,706,448

Notes to the financial statements (continued)
For the year ended 31 December 2018

6. Loss before tax

This is stated after charging:

	2018	2017
	£	£
Directors' emoluments - fees	100,000	67,000
Depreciation	-	1,806
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Group and Company financial statements	32,000	32,000
Fees payable to the Company's auditors for taxation compliance services	4,000	2,500
Share based payment charge	-	9,034
Impairment of PPE	-	13,206
Impairment of exploration and evaluation assets	194,409	5,713,239

7. Employees

	2018	2017
The average monthly number of persons (including Directors) employed by the Group and the Company during the year was:		
Management	3	3
Employment costs	**£**	**£**
Group		
Wages and salaries (including directors)	112,000	78,500
Company		
Wages and salaries (including directors)	12,000	78,500

Notes to the financial statements (continued)
For the year ended 31 December 2018

The exploration and evaluation work on the Group's projects is undertaken by third party consultants.

8. Remuneration of Directors of the Company

Aggregate emoluments	100,000	67,000
Emoluments of Highest Paid Director	55,000	30,000

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

9. Taxation

		2018	2017
		£	£
Continuing operations			
Current Tax			
Current tax on loss for the year		-	-
		2018	**2017**
		£	**£**
Continuing operations			
Factors affecting the tax charge for the year			
Loss on ordinary activities before taxation		(648,020)	(6,177,014)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2017: 19.25%)		(123,124)	(1,189,075)
Effects of :			
Temporary difference carried forward not recognised as a deferred tax asset		46,050	99,882
Expenses disallowed		77,074	1,089,193
UK Corporation tax		-	-

A deferred tax asset of approximately £1,496,000 (2017: £1,419,000) has not been recognised owing to the uncertainty over the timing of future recoverability.

Notes to the financial statements (continued)
For the year ended 31 December 2018

10. Loss per share

The calculation of total loss per share is based on a loss of £648,020 (2017: £6,177,014), and on 287,195,618 ordinary shares (2017: 239,228,310), being the weighted average number of shares in issue during the year.

The calculation of loss per share from continuing activities is based on a loss of £410,404 (2017: £444,416), and on 287,195,618 ordinary shares (2017: 239,228,310), 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	2018	2017
	£	£
Cost		
At 1 January	2,384,036	8,778,645
Exchange movements	35,707	(751,721)
Acquisition of licence in Tanzania (note 13)	-	-
Additions	773,256	695,825
Impairment and transfer to assets held for disposal	-	(6,338,713)
At 31 December	3,192,999	2,384,036

Included in additions are capitalised finance costs of £47,793 (2017: £13,018).
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 2018

12. Investments

Non-current asset investments - Group	
	Listed investments
Cost	£
At 1 January 2017 and 1 January 2018	6,705
Disposals	(5,732)
At 31 December 2018	973

Non-current asset investments - Company			
	Subsidiaries	**Listed Investments**	**Total**
Cost	**£**	**£**	**£**
At 1 January 2017	4,445,209	6,705	4,451,914
Impairment	(2,650,808)	-	(2,650,808)
Transfer to investments held for disposal	(194,401)	-	(194,401)
At 31 December 2017	1,600,000	6,705	1,606,705
Disposals	-	(5,732)	(5,732)
At 31 December 2018	1,600,000	973	1,600,973

An impairment was recognised in the prior year for the value of £2,650,808. Comparison of the carrying value of the investment in the Mpokoto gold project with the potential selling price indicated that an impairment in the value of the investment had occurred and, accordingly, an impairment was recognised by reference to the potential selling price taking account only of those elements of the selling price that would be receivable regardless of the future outcome of the project, on the grounds that the future outcome was uncertain.

Investments held for disposal - Company

As explained in note 14, the board has determined that the value of the Mpokoto gold project has been impaired. Accordingly, the value of the Company's holdings in shares of Netcom Global Inc. and Kisenge Limited has similarly been impaired. As the intention is to dispose of these shares, they have been transferred from non-current to current assets, as follows

	2018	**2017**
	£	**£**
At 1 January	194,401	-
Transferred from non-current investments	-	2,845,209
Impairment	(194,401)	(2,650,808)
At 31 December	-	194,401

Notes to the financial statements (continued)
For the year ended 31 December 2018

12. Investments (continued)

The subsidiary companies are:

Name and nature of business	Registered Office	Class of shares	% held
Netcom Global Inc. (intermediate holding company) Kisenge Limited (intermediate holding company)	555 Hunkins Waterfront Plaza, Charleston, Nevis 171 Main Street, Road Town, British Virgin Islands	Ordinary Ordinary	100 100
Cliff 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 (intermediate holding company)	216 St Georges Terrace, Perth, WA 6000, Australia	Ordinary	100
Graphite Advancements (Tanzania) Limited† (mining project operator)	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.

Since the end of the year, the interests in Netcom Global Inc. and Kisenge Limited have been disposed of (see note 23 for details).

Notes to the financial statements (continued)
For the year ended 31 December 2018

12. Investments (continued)

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. Despite the subsequent disposal of Netcom Global Inc., the Company has retained the obligation to issue the Milestone Shares should the conditions be fulfilled.

*refer to note 18 for more details on share consolidation and restructure

Notes to the financial statements (continued)
For the year ended 31 December 2018

13. Trade and other receivables

Group		2018	2017
		£	£
Other debtors and prepayments		53,486	54,563
Total current receivables		53,486	54,563
Company			
Amounts owed by group undertakings		4,879,156	4,052,323
Opening provision for impairment		(3,079,779)	
Restated through opening retained earnings		(194,508)	
Increase in impairment in year		(210,408)	(3,079,779)
Total net non-current receivables		1,394,461	972,544
Other receivables		13,439	43,750
Total current receivables		13,439	43,750

Mpokoto Gold Project
The provision is required to provide in full against amounts due from subsidiaries associated with the Mpokoto gold project. In view of the impairment in the value of the project (see note 14) these amounts are considered to be wholly irrecoverable.

Mahenge Liandu Graphite Project
The parent adopted IFRS 9 with a transition date of 1 January 2018 and has chosen not to restate comparatives. As a result, the changes have been processed at the date of application and recognised in the opening equity balances.

The increase in the loss allowance is a result of the application of the expected credit loss model under IFRS 9. The loan to the subsidiary company is repayable on demand. As the subsidiary does not have sufficient current assets to repay the loan, the loan will be classified as stage 3 of the expected credit loss model.

As part of assessing the intercompany loan receivable, the Directors have considered the exploration project risks provided in the competent persons report along with the cash flow scenarios for the repayment of the loan. Notwithstanding the requirements of IFRS 9 in respect to the assessment of the intercompany loan, the directors have identified no indicators of impairment in the Group accounts and the project is highly prospective with significant upside potential.

14. Disposal group classified as held for sale

On 12 January 2018 the board announced that it had entered into non-binding heads of agreement ("HOA") with Weghsteen Capital Advice SA ("WCA") to sell its interest in the Mpokoto gold project for potential consideration of US$562,500 cash plus future royalty provisions.

Comparison of the carrying value of the assets relating to the Mpokoto gold project with the potential selling price indicated that an impairment in the value of those assets had occurred and, accordingly, in the prior year an impairment was recognised by reference to the potential selling price taking account only of those elements of the selling price that would be receivable regardless of the future outcome of the project, on the grounds that the future outcome was uncertain such that the value of the contingent consideration was estimated at nil.

The sale to WCA did not proceed and, on 11 January 2019, the board announced that it had reached formal agreement with African Royalty Company Pty Limited ("African Royalty")to sell these interests. Arrow Mining Pty Limited, a related company to African Royalty will take over the operations on the Mpokoto Project for potential consideration of 1.5% royalty on gold sales achieved once in production. Consistent application of the valuation principles indicates that further impairment has occurred and a further amount has accordingly been provided.

Notes to the financial statements (continued)
For the year ended 31 December 2018

14. Disposal group classified as held for sale (continued)

The resulting assets and liabilities are as follows:

		2018	2017
		£	£
Assets held for sale			
Exploration and evaluation assets		128,011	320,902
Cash		-	1,510
		128,011	322,412
Liabilities held for sale			
Provision		128,011	128,011

In the statement of comprehensive income the following loss has been recognised:

		2018	2017
		£	£
Loss from discontinued operations			
Impairment charge (PPE)		-	13,206
Impairment charge (E&E asset)		194,401	5,713,239
Other expenses		43,215	6,153
		237,616	5,732,598
Basic and diluted loss per share from discontinuing operations (pence)		(0.09)	(2.39)

An impairment loss of nil (2017, £13,206) has been recognised in the comprehensive statement of income in order to impair the carrying value of the Group's PPE to nil, as management is of the opinion that the assets are obsolete.

An impairment loss of £194,401 (2017, £5,713,239) on the measurement of the disposal group to fair value less cost to sell has been recognised and is included in the statement of comprehensive income as a discontinued operation, in line with IFRS 5, as the project represents a major line of business and a geographical area of operation, see below.

The fair value measurement is based on the disposal agreement and is categorised as a level 3 non-recurring fair value measurement.

The calculation of loss per share from discontinued activities is based on a loss of £237,616 (2017: £5,723,598), and on 287,195,618 ordinary shares (2017: 239,228,310), being the weighted average number of shares in issue during the year.

14. Disposal group classified as held for sale (continued)

The statement of cash flows includes the following amounts relating to discontinued operations:

		2018	2017
		£	£
Operating activities		(7,725)	(4,347)
Net cash from discontinued operations		(7,725)	(4,347)

15. Trade and other payables

Group		2018	2017
		£	£
Trade payables		234,272	54,697
Other creditors and accruals		99,381	78,922
		333,653	133,619
Company			
Trade payables		43,516	7,581
Other creditors and accruals		56,316	59,048
		99,832	66,629

All trade and other payables are due within three months.

16. Loans

Group and Company	2018	2018	2018	2017
	Loan	10% Notes	Total	10% Notes
	£	£		£
Balance 1 January	-	431,406	431,406	450,237
Transfer from non-current	202,630	-	202,630	-
Accrued interest	20,038	40,993	61,031	48,184
Interest paid	(17,597)		(17,597)	
Accretion of liability	-	-	-	19,859
Converted	-	-	-	(86,874)
Balance 31 December	205,071	472,399	677,470	431,406

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 at the option of the company 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.

Notes to the financial statements (continued)
For the year ended 31 December 2018

16. Loans (continued)

On 11 July 2017 the 2017 loan notes matured, 4,343,724 shares of nominal value 0.1p were issued at a share price of 2p. All other loan notes were extended by the holders for a period of 12 months to 11 July 2018 and have since been extended again for a further period of 12 months.

The loan was advanced under the terms of a £400,000 facility contracted on 11 October 2017. The loan bears interest at 10% per annum and is repayable by 11 October 2019. The balance of the facility may be drawn by the company at any time in tranches of not less than £50,000.

17. Loan (non-current)

	2018	2017
Group and Company	**£**	**£**
At 1 January	202,630	-
Advances in year	-	200,000
Accrued interest	-	2,630
Transferred to current (see note 16)	(202,630)	-
	-	202,630

18. Share capital

	Ordinary Shares of 0.01p/0.1p each*		Deferred Shares of 0.14p each		Deferred Shares of 1.4p each		Total
	Number	**£**	**Number**	**£**	**Number**	**£**	**£**
At 1 January 2017	211,016,310	211,016	1,531,374,350	2,143,923	42,260,533	591,648	2,946,587
Issue of shares:							
For cash	26,030,000	26,030	-	-	-	-	26,030
On conversion of loan notes	4,343,724	4,344	-	-	-	-	4,344
To settle liabilities	3,250,000	3,250	-	-	-	-	3,250
At 31 December 2017	244,640,034	244,640	1,531,374,350	2,143,923	42,260,533	591,648	2,980,211
Issue of shares:							
For cash	58,393,941	58,394	-	-	-	-	58,394
At 31 December 2018	303,033,975	303,034	1,531,374,350	2,143,923	42,260,533	591,648	3,038,605

*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

In April 2018, 58,393,941 ordinary shares were issued for cash at 1.65 pence per share raising £963,500 before expenses of £55,455.

19. Share based payment arrangements

No options over Ordinary Shares in the Company were granted during the year (2017, nil).

A summary of outstanding options is as follows:

	Exercise price	Held at 1 January 2017	Expired	Held at 31 December 2017 and 31 December 2018
Directors				
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 01.10.13	15p	266,667	(200,000)	66,667
Granted 19.11.14	15p	400,000	(100,000)	300,000
		3,666,667	(2,300,000)	1,366,667*

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 0.45% (2017, 0.56%) of the issued share capital of the company

All the outstanding options held at the year-end were exercisable at a weighted average exercise price of 6p (2017:6p).

The Mahede and Johannsen options have a life of four years from the date of grant. The consultant options have a life of 10 years. All options are time based with no other conditions. The average contractual life of options held is 62 months (2017: 74 months).

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 29 and 30.

21. Related party transactions

In respect of the Company, amounts, net of provisions, due from subsidiary undertakings were £1,394,462 (2017 - £972,544), 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 11 January 2019 the Company announced that it had entered into a formal sale agreement with African Royalty Company Pty Limited ("African Royalty") for the sale of the Mpokoto Gold Project. A related company to African Royalty, Arrow Mining Pry Limited, will take over the operations and is obliged to pay to the Company a 1.5% royalty on gold sales achieved once in production.

On 27 February 2019, the Company placed 72,297,728 Ordinary Shares of 0.1p at a price of 1.1p to raise £795,275 before expenses. Each financing share has an attached warrant to subscribe for a further new ordinary share at a price of 2.2p with a life to expiry of 3 years from admission of the financing shares.

24. Notes to the group and company statement of cash flows

	Loan	10% Notes	Total
	£	£	£
At 1 January 2018	202,630	431,406	634,036
Interest paid	(17,597)	-	(17,597)
Non-cash flows			
Interest charged	20,038	40,993	61,031
At 31 December 2018	205,071	472,399	677,470

ARMADALE CAPITAL PLC

1 Arbrook Lane, Esher, Surrey, KT10 9EG

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Armadale Capital Plc ('the Company') will be held at St Brides Partners Limited, 4th Floor, Salisbury House, London Wall, London EC2M 5QQ on 27 June 2019 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 4 and as a special resolution in the case of Resolution 5.

ORDINARY BUSINESS

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 31 December 2018.

2. To reappoint Paul Johnson as Director of the Company who having been appointed since the last Annual General Meeting resigns and offers himself for reappointment under the Articles of Association of the Company.

3. To reappoint Nicholas Johansen as a Director of the Company, who resigns by rotation and 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 £250,000 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 £250,000;

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*
1 Arbrook Lane	Timothy Jones
Esher, Surrey, KT10 9EG	Company Secretary

23 May 2019

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 cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off 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. At 23 May 2019 the Company's issued share capital comprised 375,331,704 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 23 May 2019 is 375,331,704

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

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 27 June 2019 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 2017.			
2. To re-elect Paul Johnson 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 **£250,000.**			
Special Resolution			
6. To authorise the Directors to allot relevant securities up to a maximum nominal amount of **£250,000.**			

Signature
Date
Full Name
Address

Armadale Capital Plc

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.