

Armada Exploration Limited

Interim Report - 30 June 2021

Armada Exploration Limited

Contents

30 June 2021

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Directors' declaration	15
Independent auditor's review report to the members of Armada Exploration Limited	16

General information

The financial statements cover Armada Exploration Limited as a consolidated entity consisting of Armada Exploration Limited (the company) and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the consolidated entity's presentation currency. Armada Exploration Limited's functional currency is US dollars.

Armada Exploration Limited is company limited by shares, incorporated and domiciled in Mauritius. Its registered office and principal place of business is:

C/o ADANSONIA MANAGEMENT SERVICES LIMITED
Suite 1, PERRIERI OFFICE SUITES
C2 302, Level 3, Office Block C La Croisette
Grand Baie, 30517 Mauritius

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 November 2021.

Armada Exploration Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2021

	Note	Consolidated June 2021 \$AU	June 2020 \$AU
Expenses			
Administration expenses		(310,647)	(214,091)
Employee benefits expense		(1,738)	-
Depreciation and amortisation expense		(1,122)	-
Finance costs		(293,813)	(283,802)
		<u>(607,320)</u>	<u>(497,893)</u>
Loss before income tax expense		(607,320)	(497,893)
Income tax expense		-	-
		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Armada Exploration Limited		(607,320)	(497,893)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(51,015)	71,786
		<u>(51,015)</u>	<u>71,786</u>
Other comprehensive income for the half-year, net of tax		(51,015)	71,786
		<u>(51,015)</u>	<u>71,786</u>
Total comprehensive income for the half-year attributable to the owners of Armada Exploration Limited		(658,335)	(426,107)
		<u><u>(658,335)</u></u>	<u><u>(426,107)</u></u>
		Cents	Cents
Basic earnings per share	17	(2.86)	(4.86)
Diluted earnings per share	17	(2.86)	(4.86)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of financial position
As at 30 June 2021

		Consolidated	December
	Note	June 2021	2020
		\$AU	\$AU
Assets			
Current assets			
Cash and cash equivalents		1,160,543	11,697
Trade and other receivables	5	988,259	12,457
Other		9,978	10,118
Total current assets		<u>2,158,780</u>	<u>34,272</u>
Non-current assets			
Receivables	6	84,847	-
Property, plant and equipment		2,964	4,152
Exploration and evaluation	7	5,754,668	5,470,902
Other		5,423	5,499
Total non-current assets		<u>5,847,902</u>	<u>5,480,553</u>
Total assets		<u>8,006,682</u>	<u>5,514,825</u>
Liabilities			
Current liabilities			
Trade and other payables		114,837	125,081
Borrowings	8	3,140,940	2,859,721
Derivative financial instruments	9	702,105	-
Total current liabilities		<u>3,957,882</u>	<u>2,984,802</u>
Non-current liabilities			
Payables		5,367	5,443
Total non-current liabilities		<u>5,367</u>	<u>5,443</u>
Total liabilities		<u>3,963,249</u>	<u>2,990,245</u>
Net assets		<u>4,043,433</u>	<u>2,524,580</u>
Equity			
Issued capital	10	14,286,842	12,109,654
Reserves	11	763,385	814,400
Accumulated losses		<u>(11,006,794)</u>	<u>(10,399,474)</u>
Total equity		<u>4,043,433</u>	<u>2,524,580</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of changes in equity
For the half-year ended 30 June 2021

Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2020	11,747,650	508,701	(9,604,526)	2,651,825
Loss after income tax expense for the half-year	-	-	(497,893)	(497,893)
Other comprehensive income for the half-year, net of tax	-	71,786	-	71,786
Total comprehensive income for the half-year	-	71,786	(497,893)	(426,107)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	173,762	-	-	173,762
Balance at 30 June 2020	<u>11,921,412</u>	<u>580,487</u>	<u>(10,102,419)</u>	<u>2,399,480</u>
Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2021	12,109,654	814,400	(10,399,474)	2,524,580
Loss after income tax expense for the half-year	-	-	(607,320)	(607,320)
Other comprehensive income for the half-year, net of tax	-	(51,015)	-	(51,015)
Total comprehensive income for the half-year	-	(51,015)	(607,320)	(658,335)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	2,177,188	-	-	2,177,188
Balance at 30 June 2021	<u>14,286,842</u>	<u>763,385</u>	<u>(11,006,794)</u>	<u>4,043,433</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of cash flows
For the half-year ended 30 June 2021

		Consolidated	
	Note	June 2021	June 2020
		\$AU	\$AU
Cash flows from operating activities			
Payments to suppliers and employees		(340,645)	(121,345)
Payment of Armada Metals Limited expenses		(84,847)	-
		<u>(425,492)</u>	<u>(121,345)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for exploration and evaluation	7	(357,686)	(212,863)
		<u>(357,686)</u>	<u>(212,863)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares and options		1,923,108	173,761
Repayment of borrowings		(84,394)	-
		<u>1,838,714</u>	<u>173,761</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		1,055,536	(160,447)
Cash and cash equivalents at the beginning of the financial half-year		7,630	226,734
Effects of exchange rate changes on cash and cash equivalents		97,377	4,741
		<u>1,160,543</u>	<u>71,028</u>
Cash and cash equivalents at the end of the financial half-year			

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These interim financial statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2020.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, with changes in the fair value being recognised as a finance cost.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$607,320 for the half year ended 30 June 2021 (2020: \$497,893), negative working capital of \$1,799,102 (2020: \$2,950,530), and had negative cash from operating activities of \$425,492 (2020: \$121,345).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis;
- AML is currently in the process of listing on the Australian Securities Exchange seeking to raise between \$AU 8,000,000 and \$10,000,000; and
- The loss for the year includes non cash finance costs of \$293,813 in relation to redeemable preference shares

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised in relation to tax losses as their utilisation has not been deemed probable.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Redeemable preference shares

The valuation of the liability in relation to the redeemable preference shares requires significant judgement, with key judgement being made around the expected quantity and timing of cash flows and discount rate used.

Derivative financial liabilities

During the half-year the consolidated entity has recognised a derivative financial liability in relation to options issued to investors. Refer to note 13 for details of the valuation inputs used to fair value these options.

Note 3. Impact of COVID 19 pandemic

During the half-year ended 30 June 2021, the COVID-19 pandemic has continued to affect the global economy. The pandemic has adversely affected the global economy resulting in an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Gabonese operations

Gabon has been impacted by COVID at different times since the onset of the pandemic with government imposed restrictions having some impact on the consolidated entity's exploration activities. Given the stage of the exploration program the impact has been minimal and only resulted in minor delays.

The board have reviewed the carrying value of the exploration and evaluation assets and are satisfied that COVID has not led to any indicators of impairment.

Mauritian operations

The impact of COVID-19 on the consolidated entity's Mauritian operations has not been material due to their scale and nature of operations as a holding company.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: exploration for precious metals in Gabon.

Armada Exploration Limited
Notes to the financial statements
30 June 2021

Note 5. Current assets - trade and other receivables

	Consolidated June 2021 \$AU	December 2020 \$AU
Other receivables	30,538	12,457
Promissory notes	957,721	-
	<u>988,259</u>	<u>12,457</u>

The promissory notes relate to amounts payable to the company in relation to shares and options issued to investors during the current financial half-year, refer to note 10. This balance is made up of the following amounts :-

- Metal Tigers PLC - \$425,645 (US\$320,000)
- Cobre Limited - \$532,075 (US\$400,000)

Note 6. Non-current assets - receivables

	Consolidated June 2021 \$AU	December 2020 \$AU
Receivable from Armada Metals Limited (refer to note 15)	<u>84,847</u>	<u>-</u>

Note 7. Non-current assets - exploration and evaluation

	Consolidated June 2021 \$AU	December 2020 \$AU
Exploration and evaluation - at cost	<u>5,754,668</u>	<u>5,470,902</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Exploration & Evaluation \$AU
Balance at 1 January 2021	5,470,902
Additions	357,686
Amortisation expense	<u>(73,920)</u>
Balance at 30 June 2021	<u>5,754,668</u>

Note 7. Non-current assets - exploration and evaluation (continued)

On 17 October 2019 Tremont Master Holdings entered into a Share Purchase and Subscription Agreement with the Company which gives them the right to receive a one and a half percent (1.5%) royalty on the gross revenue from the metal production from the G5-150 and G5-555 tenements held in Gabon.

In addition, the company and Armada Exploration Gabon entered into a mineral royalty deed with RCF Opportunities Fund LP (RCF) on 24 December 2020 (the **Mineral Royalty Deed**) under which Armada Gabon has agreed to pay royalty to RCF in respect of the production, and the company has agreed to guarantee the performance of Armada Exploration Gabon's obligations pursuant to the terms of the Mineral Royalty Deed. Under the agreement the royalty is payable on 0.5% of revenues from Armada Exploration Gabon's mining area.

The two agreements above represent financial liabilities which, given the early stage of exploration, are deemed to have nominal value. They are required to be remeasured each reporting period.

Note 8. Current liabilities - borrowings

	Consolidated June 2021 \$AU	December 2020 \$AU
Bank overdraft	-	4,067
Loan - RED Capital Limited	-	84,394
Redeemable shares	3,140,940	2,771,260
	<u>3,140,940</u>	<u>2,859,721</u>

In 2019, 1,158 Class A ordinary shares held by Tremont Master Holdings ('Tremont') were exchanged for a number of Class A redeemable shares ('redeemable shares'). As at reporting date, these redeemable shares remain on issue and are held by Tremont.

The company may redeem the redeemable shares in accordance with the following terms:

- On or before 17 October 2022, the company may redeem the redeemable shares by paying Tremont an amount of US\$2,500,000
- After 17 October 2022 and on or before 17 October 2024, the company may redeem the redeemable shares by paying Tremont an amount of US\$5,000,000
- After 17 October 2024, the company may redeem the redeemable shares by paying Tremont the full redemption amount, being US\$10,457,650. If the company exercises this right, it shall pay the full redemption amount before any dividend or other distribution is made to any other shareholder of the company.

In case of a 'change of control' (as defined under the Share Purchase and Subscription Agreement dated 17 October 2019) of Armada Exploration Gabon, the company must exercise its redemption options as described above, failing which Tremont may, at its option, request redemption of the redeemable shares at the redemption value relevant for that date in accordance with the above.

The redeemable shares financial liability is re-measured at each reporting date to reflect expected cash outflows, discounted at the original effective interest rate. The re-measurement is recognized in profit or loss as income or expense.

The subsequent measurement of the redeemable shares financial liability is subject to significant judgement and estimation in relation to the expected timing and amount of cash outflows and the expected term. Reasonably possible alternative assumptions could change measurement significantly at 30 June 2021, resulting in a difference in the carrying value of the financial liability.

Note 9. Current liabilities - derivative financial instruments

	Consolidated June 2021 \$AU	December 2020 \$AU
Derivative financial liability	702,105	-

Refer to note 13 for further information on fair value measurement.

A derivative financial liability has been recognised in relation to options issued to investors. Refer to note 10 for further details

Note 10. Equity - issued capital

	Consolidated June 2021 Shares	December 2020 Shares	Consolidated June 2021 \$AU	December 2020 \$AU
Ordinary shares - fully paid	27,000,000	12,000,000	14,286,842	12,109,654

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$AU
Balance	1 January 2021	12,000,000		12,109,654
Issue of shares - RCF	15 January 2021	5,000,000	\$AU0.1451	725,729
Issue of shares - MTR	17 March 2021	5,000,000	\$AU0.1451	725,729
Issue of shares - Cobre	29 April 2021	5,000,000	\$AU0.1451	725,730
Balance	30 June 2021	27,000,000		14,286,842

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Issue of shares and options - RCF

RCF has invested a total \$959,764 (US\$750,000) in cash. As part of this they received 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares which have been recognised as a derivative financial liability, Refer to note 9.

In addition, the company and Armada Exploration Gabon entered into a mineral royalty deed with RCF Opportunities Fund LP (RCF) on 24 December 2020 (the **Mineral Royalty Deed**) under which Armada Exploration Gabon has agreed to pay royalty to RCF in respect of the production, and the company has agreed to guarantee the performance of Armada Exploration Gabon's obligations pursuant to the terms of the Mineral Royalty Deed. Under the agreement the royalty is payable on 0.5% of revenues from Armada Exploration Gabon's mining area.

Issue of shares and options - Metal Tiger PLC (MTR)

MTR has invested a total \$959,764 (US\$750,000) of which \$534,119 (US\$430,000) has been received and \$425,645 (US\$320,000) is receivable within next 12 months, refer to note 5. As part of this they received 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares which have been recognised as a derivative financial liability Refer to note 9.

Note 10. Equity - issued capital (continued)

Issue of shares and options - Cobre Limited (Cobre)

Cobre has invested a total \$959,764 (US\$750,000) of which \$427,689 (US\$350,000) has been received and \$532,075 (US\$400,000) is receivable within next 12 months, refer to note 5. As part of this they received 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares which have been recognised as a derivative financial liability. Refer to note 9.

The options issued to each of RCF, MTR and Cobre as outlined above may only be exercised on or before the date falling 36 months after completion of the respective Investment Agreement (Option Period). If the option is not exercised within the Option Period it will lapse. On exercise, the option holder receives a minimum of 3,330,000 ordinary shares.

Share buy-back

There is no current on-market share buy-back.

Note 11. Equity - reserves

	Consolidated
	June 2021
	December
	2020
	\$AU
	\$AU
Foreign currency reserve	763,385
	814,400

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements to Australian dollars.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Currency Translation \$AU
Balance at 1 January 2021	814,400
Foreign currency translation	(51,015)
Balance at 30 June 2021	763,385

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - June 2021	Level 1 \$AU	Level 2 \$AU	Level 3 \$AU	Total \$AU
<i>Liabilities</i>				
Derivative financial liabilities	-	-	702,105	702,105
Total liabilities	-	-	702,105	702,105

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The derivative financial liabilities relates to options issued to investors. These have been valued using a Black Scholes valuation using the below inputs to the model:-

- Volatility – 106.5%
- Option term - 3 years
- Risk free rate - 1.229%
- Spot price - \$0.1451
- Exercise price - 0.2971 (US\$0.225)

Note 14. Contingent liabilities and Commitments

In April 2021, Armada Exploration Gabon received a Formal Notice of a Demand to Pay, of approximately \$80,000, from the Directorate-General of Taxes in Gabon in relation to the 2013-2015 fiscal period. The Company has written to the Directorate-General of Taxes in Gabon and disputed this tax liability, on the basis that the Company does not believe there is a tax liability, and has not received any further correspondence in relation to this matter. Armada Exploration Gabon intends to defend its position if required, if the Directorate-General of Taxes in Gabon seeks to enforce this and impose additional interest and penalties. A liability in excess of \$80,000 may exist, but has not been recognised in relation to this amount.

The consolidated entity did not have any other contingent liabilities at 30 June 2021 and 31 December 2020.

The consolidated entity had total commitment totalling \$2,188,176 in relation to its exploration tenements in Gabon. These costs must be incurred before July 2022.

Note 15. Related party transactions

Parent entity

Armada Exploration Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 15. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	June 2021	December
	\$AU	2020
		\$AU
Current receivables:		
Promissory notes from shareholders	957,721	-
Non-current receivables:		
Receivable from Armada Metals Limited	84,847	-
Current borrowings:		
Loan - RED Capital Limited (an entity related to Ross McGowan *)	-	84,394

* Loan due to RED Capital Limited (Formerly known as Armada Resource Capital Ltd) is unsecured, interest free and repayable on demand. This loan was repaid in full during the current half-year.

Note 16. Events after the reporting period

On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	June 2021	June 2020
	\$AU	\$AU
Loss after income tax attributable to the owners of Armada Exploration Limited	<u>(607,320)</u>	<u>(497,893)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>21,198,895</u>	<u>10,245,055</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>21,198,895</u>	<u>10,245,055</u>
	Cents	Cents
Basic earnings per share	(2.86)	(4.86)
Diluted earnings per share	(2.86)	(4.86)

Armada Exploration Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Naeem Sadagur
Director

3 November 2021

Independent auditor's review report to the members of Armada Exploration Limited

Conclusion

We have reviewed the accompanying interim financial report of Armada Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial report does not present fairly, in all material respects, the Group's financial position as at 30 June 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ISRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

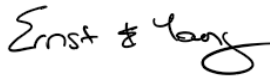
Directors' responsibilities for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with IAS 134 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error.

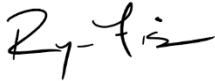
Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial report does not present fairly, in all material respects, the Group's financial position as at 30 June 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 134 *Interim Financial Reporting*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Ryan Fisk
Partner
Sydney
3 November 2021

Armada Exploration Limited

Reissued Annual Report - 31 December 2019

Armada Exploration Limited

Contents

31 December 2019

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Directors' declaration	21
Independent auditor's report to the members of Armada Exploration Limited	22

General information

The financial statements cover Armada Exploration Limited as a consolidated entity consisting of Armada Exploration Limited (the company) and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is the consolidated entity's presentation currency. Armada Exploration Limited's functional currency is US dollars.

Armada Exploration Limited is a company limited by shares, incorporated and domiciled in Mauritius. Its registered office and principal place of business is:

C/o ADANSONIA MANAGEMENT SERVICES LIMITED
Suite 1, PERRIERI OFFICE SUITES
C2 302, Level 3, Office Block C La Croisette
Grand Baie, 30517 Mauritius

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 November 2021. The directors have the power to amend and reissue the financial statements.

Armada Exploration Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 2019 \$AU	2018 \$AU
Other income		9,786	1,787
Expenses			
Administration expenses		(294,622)	(157,498)
Employee benefits expense		(532)	(3,680)
Depreciation and amortisation expense		(10,949)	(15,951)
Impairment of exploration and evaluation assets	6	-	(3,151,042)
Other expenses		-	(49,360)
Loss before income tax expense		(296,317)	(3,375,744)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of Armada Exploration Limited		(296,317)	(3,375,744)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(82,460)	498,175
Other comprehensive income for the year, net of tax		(82,460)	498,175
Total comprehensive income for the year attributable to the owners of Armada Exploration Limited		<u>(378,777)</u>	<u>(2,877,569)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of financial position
As at 31 December 2019

	Note	2019 \$AU	Consolidated 2018 \$AU	2017 \$AU
Assets				
Current assets				
Cash and cash equivalents	5	226,734	37,009	41,171
Trade and other receivables		9,745	9,058	148,878
Other		10,695	9,162	8,627
Total current assets		<u>247,174</u>	<u>55,229</u>	<u>198,676</u>
Non-current assets				
Property, plant and equipment		7,880	14,411	29,078
Exploration and evaluation	6	5,091,517	4,822,539	7,039,848
Other		5,493	6,330	5,974
Total non-current assets		<u>5,104,890</u>	<u>4,843,280</u>	<u>7,074,900</u>
Total assets		<u>5,352,064</u>	<u>4,898,509</u>	<u>7,273,576</u>
Liabilities				
Current liabilities				
Trade and other payables	7	164,918	53,004	82,200
Borrowings	8	2,529,885	-	-
Total current liabilities		<u>2,694,803</u>	<u>53,004</u>	<u>82,200</u>
Non-current liabilities				
Payables		5,436	5,522	5,211
Total non-current liabilities		<u>5,436</u>	<u>5,522</u>	<u>5,211</u>
Total liabilities		<u>2,700,239</u>	<u>58,526</u>	<u>87,411</u>
Net assets		<u>2,651,825</u>	<u>4,839,983</u>	<u>7,186,165</u>
Equity				
Issued capital	9	11,747,650	13,557,031	13,025,644
Reserves	10	508,701	591,161	92,986
Accumulated losses		<u>(9,604,526)</u>	<u>(9,308,209)</u>	<u>(5,932,465)</u>
Total equity		<u>2,651,825</u>	<u>4,839,983</u>	<u>7,186,165</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of changes in equity
For the year ended 31 December 2019

Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2018	13,025,644	92,986	(5,932,465)	7,186,165
Loss after income tax expense for the year	-	-	(3,375,744)	(3,375,744)
Other comprehensive income for the year, net of tax	-	498,175	-	498,175
Total comprehensive income for the year	-	498,175	(3,375,744)	(2,877,569)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	531,387	-	-	531,387
Balance at 31 December 2018	<u>13,557,031</u>	<u>591,161</u>	<u>(9,308,209)</u>	<u>4,839,983</u>
Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2019	13,557,031	591,161	(9,308,209)	4,839,983
Loss after income tax expense for the year	-	-	(296,317)	(296,317)
Other comprehensive income for the year, net of tax	-	(82,460)	-	(82,460)
Total comprehensive income for the year	-	(82,460)	(296,317)	(378,777)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	677,684	-	-	677,684
Exchange of ordinary shares for redeemable shares financial liability (note 8)	(2,487,065)	-	-	(2,487,065)
Balance at 31 December 2019	<u>11,747,650</u>	<u>508,701</u>	<u>(9,604,526)</u>	<u>2,651,825</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of cash flows
For the year ended 31 December 2019

		Consolidated	
	Note	2019	2018
		\$AU	\$AU
Cash flows from operating activities			
Other income		9,786	1,787
Payments to suppliers and employees		(185,460)	(218,565)
Net cash used in operating activities	20	(175,674)	(216,778)
Cash flows from investing activities			
Payments for exploration and evaluation	6	(346,244)	(322,685)
Net cash used in investing activities		(346,244)	(322,685)
Cash flows from financing activities			
Proceeds from issue of shares	9	677,684	531,387
Proceeds from borrowings		42,820	-
Net cash from financing activities		720,504	531,387
Net increase/(decrease) in cash and cash equivalents		198,586	(8,076)
Cash and cash equivalents at the beginning of the financial year		37,009	41,171
Effects of exchange rate changes on cash and cash equivalents		(8,861)	3,914
Cash and cash equivalents at the end of the financial year	5	<u>226,734</u>	<u>37,009</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

On 13 May 2021, the company signed its financial statements and lodged them with the Mauritian authorities. These financial statements were prepared on the basis that the company was an investment entity which therefore did not consolidate the operations of its 100% owned subsidiary Armada Exploration Gabon. These reissued financial statements have been prepared on a consolidated basis. Refer to note 3.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$296,317 for the period ended 31 December 2019 (2018 \$3,375,744), negative working capital of \$2,447,629 (2018: positive \$2,225) and had negative cash from operating activities of \$175,674 (2018: \$216,778).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 31 December 2019, the company has issued 17,500,000 fully paid ordinary shares and 9,990,000 options over ordinary shares raising US\$2,500,000 (\$AU3,283,323) in cash and promissory notes;
- On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis; and
- AML is currently in the process of listing on the Australian Securities Exchange to raise between \$AU 8,000,000 and \$10,000,000.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Armada Exploration Limited ('company' or 'parent entity') as at 31 December 2019 and the results of all subsidiaries for the year then ended. Armada Exploration Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the consolidated entity's presentation currency. Armada Exploration Limited's functional currency is US dollars. Armada Exploration Gabon's functional currency is African Franc.

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of the consolidated entity are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of consolidated entity are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

When the contractual terms of an equity instrument are amended to result in the instrument being classified as a financial liability, the financial liability is initially recognised at fair value and reclassified from equity. Any difference between the carrying amount of the financial liability and that of the previously recognised equity instrument is recognised in equity.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Indirect taxes

Revenues, expenses and assets are recognised net of the amount of associated indirect taxes, unless the indirect taxes incurred are not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of indirect taxes receivable or payable. The net amount of indirect taxes recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The indirect taxes components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of indirect taxes recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2019. Management have reviewed the accounting standards that are yet mandatory and do not believe that they apply to the consolidated entity and therefore they are expected to have a material impact on the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised in relation to tax losses as their utilisation has not been deemed probable.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

At each reporting date management review exploration assets for indicators of impairment in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Management have concluded that there were no indicators of impairment. An impairment was recognised in the prior year in relation to a relinquished tenement, refer to note 6.

Redeemable shares

The initial recognition at fair value and subsequent measurement of the redeemable shares financial liability requires significant judgement, with key judgements being the estimation of cash outflows and the expected term. Refer to note 8 for further details.

Note 3. Reissued and restated financial statements

On 13 May 2020, the company signed its financial statements and lodged them with the Mauritian authorities. These financial statements were prepared on the basis that the company was an investment entity, with its investment in the wholly-owned subsidiary, Armada Exploration Gabon, measured at fair value through profit or loss. Further, these financial statements were prepared with US dollar presentation currency, which was also the company's functional currency.

These reissued financial statements have been prepared on a consolidated basis, to incorporate the assets, liabilities and financial results of the company's single subsidiary. Further, these consolidated financial statements have been prepared with Australian dollar presentation currency. These reissued financial statements are included in the prospectus of Armada Metals Limited, which is seeking to list on the Australian Securities Exchange (see note 19). The company's board have therefore elected to use the Australian dollar as the presentation currency.

The key impacts of the correction are the:

- consolidation of the assets, liabilities and financial results of the subsidiary. The most significant asset of the subsidiary is exploration and evaluation assets (31 December 2019: \$5,091,517; 31 December 2018: \$4,822,539; 1 January 2018: \$7,039,848)
- elimination of the carrying amount of the company's investment in subsidiary
- elimination of intercompany transactions and balances
- recognition of a foreign currency reserve, which arises from translation of the company's and subsidiary's financial statements from their functional currency to Australian dollar presentation currency (31 December 2019: \$508,701; 31 December 2018: \$591,161; 1 January 2018: \$92,986).

In 2019, a number of ordinary shares held by a shareholder of the company was exchanged for a number of redeemable shares (see note 8). In the previously issued financial statements, this transaction was accounted for as an equity-for-equity exchange. The company has determined that the redeemable shares are a financial liability. The financial liability is initially recognised at fair value and reclassified from equity. There is no material difference between the carrying amount of the financial liability and that of the previously recognised equity instrument. The impact of the correction is:

- an increase in financial liability (31 December 2019: \$2,529,885; 31 December 2018: nil; 1 January 2018: nil)
- a decrease in equity – issued capital (31 December 2019: \$2,487,065; 31 December 2018: nil; 1 January 2018: nil)

Note 4. Income tax expense

	Consolidated	
	2019	2018
	\$AU	\$AU
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(296,317)	(3,375,744)
Tax at the statutory tax rate of 15%	(44,448)	(506,362)
Tax losses and temporary differences not recognised	44,448	506,362
Income tax expense	-	-

Note 4. Income tax expense (continued)

At reporting date the consolidated entity had the following unused tax losses and deductible temporary differences for which no deferred tax asset is recognised in the statement of financial position:

- Unused tax losses in Gabon at 31 December 2019 \$127,520 (2018: \$1,097,100)
- Unused tax losses in Mauritius at 31 December 2019 \$1,470,530 (2018: \$837,580)

	Consolidated	
	2019	2018
	\$AU	\$AU
Potential benefit in Mauritius (at corporate tax rate of 15%)	19,128	164,565
Potential benefit in Gabon at (at corporate tax rate of 30%)	441,159	251,274
	<u>460,287</u>	<u>415,839</u>

Tax losses in both Gabon and Mauritius expire after five years if not utilised.

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	\$AU	\$AU
Cash at bank	<u>226,734</u>	<u>37,009</u>

Note 6. Non-current assets - exploration and evaluation

	Consolidated	
	2019	2018
	\$AU	\$AU
Exploration and evaluation - at cost	<u>5,091,517</u>	<u>4,822,539</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation \$AU
Balance at 1 January 2018	7,039,848
Additions	322,685
Exchange differences	611,048
Impairment of assets	<u>(3,151,042)</u>
Balance at 31 December 2018	4,822,539
Additions	346,244
Exchange differences	<u>(77,266)</u>
Balance at 31 December 2019	<u>5,091,517</u>

During the 2018 the company relinquished tenement G5-531 and the carrying value of that area of interest has been impaired in full.

Note 6. Non-current assets - exploration and evaluation (continued)

On 17 October 2019 Tremont Master Holdings entered into a Share Purchase and Subscription Agreement with the Company (refer note 8 for further details) which gives them the right to receive a one and a half percent (1.5%) royalty on the gross revenue from the metal production from the G5-150 and G5-555 tenements held in Gabon.

This agreement represents a financial liability which, given the early stage of exploration, is deemed to have nominal value. It is required to be remeasured each reporting period.

Note 7. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	\$AU	\$AU
Trade payables	23,421	24,840
Other payables	141,497	28,164
	<u>164,918</u>	<u>53,004</u>

Refer to note 12 for further information on financial instruments.

Note 8. Current liabilities - borrowings

	Consolidated	
	2019	2018
	\$AU	\$AU
Loan - RED Capital Limited (note 17)	42,820	-
Redeemable shares	2,487,065	-
	<u>2,529,885</u>	<u>-</u>

In 2019, 1,158 Class A ordinary shares held by Tremont Master Holdings ('Tremont') were exchanged for a number of Class A redeemable shares ('redeemable shares'). As at reporting date, these redeemable shares remain on issue and are held by Tremont.

The company may redeem the redeemable shares in accordance with the following terms:

- On or before 17 October 2022, the company may redeem the redeemable shares by paying Tremont an amount of US\$2,500,000
- After 17 October 2022 and on or before 17 October 2024, the company may redeem the redeemable shares by paying Tremont an amount of US\$5,000,000
- After 17 October 2024, the company may redeem the redeemable shares by paying Tremont the full redemption amount, being US\$10,457,650. If the company exercises this right, it shall pay the full redemption amount before any dividend or other distribution is made to any other shareholder of the company.

In case of a 'change of control' (as defined under the Share Purchase and Subscription Agreement dated 17 October 2019) of Armada Exploration Gabon, the company must exercise its redemption options as described above, failing which Tremont may, at its option, request redemption of the redeemable shares at the redemption value relevant for that date in accordance with the above.

The redeemable shares financial liability is re-measured at each reporting date to reflect expected cash outflows, discounted at the original effective interest rate. The re-measurement is recognized in profit or loss as income or expense.

Note 8. Current liabilities - borrowings (continued)

The measurement of the redeemable shares financial liability on initial recognition is subject to significant judgement and estimation in relation to the expected timing and amount of cash outflows and the effective interest rate used. Subsequent measurement of the redeemable shares liability is subject to significant judgement and estimation in relation to the expected timing and amount of cash outflows and the expected term. Reasonably possible alternative assumptions could change measurement significantly, resulting in a difference in the carrying value of the financial liability.

Note 9. Equity - issued capital

	2019 Shares	Consolidated 2018 Shares	2019 \$AU	2018 \$AU
Ordinary shares - fully paid	<u>9,500,000</u>	<u>1,358</u>	<u>11,747,650</u>	<u>13,557,031</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$AU
Balance	1 January 2018	1,178		13,025,644
Issue of shares	12 January 2018	36	\$AU2,971.48	106,973
Issue of shares	15 March 2018	36	\$AU2,971.48	106,973
Issue of shares	13 June 2018	30	\$AU3,220.34	96,610
Issue of shares	14 June 2018	5	\$AU3,409.77	17,048
Issue of shares	7 August 2018	26	\$AU2,622.90	68,195
Issue of shares	8 August 2018	5	\$AU2,406.90	12,034
Issue of shares	27 November 2018	42	\$AU2,941.77	123,554
Balance	31 December 2018	1,358		13,557,031
Issue of shares	31 January 2019	12	\$AU3,164.73	37,977
Issue of shares	31 January 2019	11	\$AU3,164.73	34,812
Issue of shares	19 February 2019	11	\$AU3,164.73	34,812
Issue of shares	1 April 2019	4	\$AU3,164.73	12,659
Share split	17 October 2019	5,624,762	\$AU0.00	(0)
Issue of shares	20 November 2019	3,875,000	\$AU0.14	557,424
Exchange of ordinary shares for redeemable shares financial liability (Note 9)	12 December 2019	<u>(1,158)</u>	<u>\$AU0.14</u>	<u>(2,487,065)</u>
Balance	31 December 2019	<u>9,500,000</u>		<u>11,747,650</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 10. Equity - reserves

	Consolidated	
	2019	2018
	\$AU	\$AU
Foreign currency reserve	<u>508,701</u>	<u>591,161</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements to Australian dollars.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Currency Translation \$AU	Total \$AU
Balance at 1 January 2018	92,986	92,986
Foreign currency translation	<u>498,175</u>	<u>498,175</u>
Balance at 31 December 2018	591,161	591,161
Foreign currency translation	<u>(82,460)</u>	<u>(82,460)</u>
Balance at 31 December 2019	<u>508,701</u>	<u>508,701</u>

Note 11. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 12. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Risk management is carried by the Board of Directors ('the Board')

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2019	2018	2019	2018
	\$AU	\$AU	\$AU	\$AU
Central African Franc	<u>15,059</u>	<u>22,815</u>	<u>57,101</u>	<u>45,502</u>

Note 12. Financial instruments (continued)

Consolidated - 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Central African Franc	10%	<u>(4,204)</u>	<u>(4,204)</u>	10%	<u>4,204</u>	<u>4,204</u>
Consolidated - 2018	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Central African Franc	10%	<u>(2,269)</u>	<u>(2,269)</u>	10%	<u>2,269</u>	<u>2,269</u>

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant price risk.

Credit risk

The consolidated entity is not exposed to significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	Weighted average interest rate %	1 year or less \$AU	Between 1 and 2 years \$AU	Between 2 and 5 years \$AU	Over 5 years \$AU	On Demand \$AU	Total \$AU
Non-derivatives							
<i>Non-interest bearing</i>							
Trade and other payables	-	164,918	-	-	5,436	-	170,354
Interest free loan	-	-	-	-	-	42,820	42,820
Redeemable shares *	-	-	-	-	-	2,487,065	2,487,065
Total non-derivatives		<u>164,918</u>	<u>-</u>	<u>-</u>	<u>5,436</u>	<u>2,529,885</u>	<u>2,700,239</u>
Consolidated - 2018	Weighted average interest rate %	1 year or less \$AU	Between 1 and 2 years \$AU	Between 2 and 5 years \$AU	Over 5 years \$AU		Total \$AU
Non-derivatives							
<i>Non-interest bearing</i>							
Trade and other payables	-	53,004	-	-	5,522		58,526
Total non-derivatives		<u>53,004</u>	<u>-</u>	<u>-</u>	<u>5,522</u>		<u>58,526</u>

Note 12. Financial instruments (continued)

- * The redeemable shares financial liability has been presented in the above tables as on demand because the 'change of control' event that requires redemption (see Note 8) is not within the company's control. However, the company reasonably expects settlement of the redeemable shares between 2 and 3 years.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 13. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	2018
	\$AU	\$AU
Short-term employee benefits	69,048	64,183

Note 14. Remuneration of auditors

	Consolidated	
	2019	2018
	\$AU	\$AU
<i>Audit services - Ernst and Young</i>		
Audit of the financial statements	25,000	-
<i>Audit services - network firms</i>		
Audit of the financial statements	30,000	-

Note 15. Contingent liabilities

In April 2021, Armada Exploration Gabon received a Formal Notice of a Demand to Pay, of approximately \$80,000, from the Directorate-General of Taxes in Gabon in relation to the 2013-2015 fiscal period. The Company has written to the Directorate-General of Taxes in Gabon and disputed this tax liability, on the basis that the Company does not believe there is a tax liability, and has not received any further correspondence in relation to this matter. Armada Exploration Gabon intends to defend its position if required, if the Directorate-General of Taxes in Gabon seeks to enforce this and impose additional interest and penalties. A liability in excess of \$80,000 may exist, but has not been recognised in relation to this amount.

The consolidated entity did not have any other contingent liabilities at 31 December 2019 and 31 December 2018.

Note 16. Commitments

The consolidated entity had total commitment totalling \$3,097,247 (2018: \$1,162,257) in relation to its exploration tenements in Gabon. These costs must be incurred before July 2022 (2018 : April 2021).

Note 17. Related party transactions

Parent entity

Armada Exploration Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 18.

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year, other than those disclosed below and note 19.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019	2018
	\$AU	\$AU
Current borrowings:		
Loan - RED Capital Limited (an entity related to company director Ross McGowan) *	42,820	-
* Loan due to RED Capital Limited (Formerly known as Armada Resource Capital Ltd) is unsecured, interest free and repayable on demand.		

Note 18. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019	2018
		%	%
Armada Exploration Gabon	Gabon	100.00%	100.00%

Note 19. Events after the reporting period

Since 31 December 2019, the company has issued 17,500,000 fully paid ordinary shares and 9,999,000 option over ordinary shares raising US\$2,500,000 (\$AU3,283,323) in cash and promissory notes.

On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis.

The company and Armada Exploration Gabon entered into a mineral royalty deed with RCF Opportunities Fund LP (**RCF**) on 24 December 2020 (the **Mineral Royalty Deed**) under which Armada Gabon has agreed to pay royalty to RCF in respect of the production, and Armada Mauritius has agreed to guarantee the performance of Armada Gabon's obligations pursuant to the terms of the Mineral Royalty Deed. Under the agreement the royalty payable on 0.5% of production from Armada Gabon's mining area.

Note 19. Events after the reporting period (continued)

This agreement represents a financial liability which, given the early stage of exploration, is deemed to have nominal value. It is required to be remeasured each reporting period.

During the year ended 31 December 2020, the COVID-19 pandemic has continued to affect the global economy. The pandemic has adversely affected the global economy resulting in an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Gabonese operations

Gabon has been impacted by COVID at different times since the onset of the pandemic with government imposed restrictions having some impact on the consolidated entity's exploration activities. Given the stage of the exploration program the impact has been minimal and only resulted in minor delays.

The board have reviewed the carrying value of the exploration and evaluation assets and are satisfied that COVID has not led to any indicators of impairment.

Mauritian operations

The impact of COVID-19 on the consolidated entity's Mauritian operations has not been material due to their scale and nature of operations as a holding company.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 20. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019	2018
	\$AU	\$AU
Loss after income tax expense for the year	(296,317)	(3,375,744)
Adjustments for:		
Depreciation and amortisation	10,949	15,951
Impairment of exploration and evaluation assets	-	3,151,042
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(687)	139,820
Increase in other operating assets	(1,533)	(535)
Increase/(decrease) in trade and other payables	111,914	(147,312)
Net cash used in operating activities	<u>(175,674)</u>	<u>(216,778)</u>

Armada Exploration Limited
Notes to the financial statements
31 December 2019

Note 21. Changes in liabilities arising from financing activities

Consolidated	Redeemable Shares \$AU	RED Capital Loan \$AU	Total \$AU
Balance at 1 January 2018	-	-	-
Balance at 31 December 2018	-	-	-
Net cash from financing activities	-	42,820	42,820
Initial recognition	2,487,065	-	2,487,065
Balance at 31 December 2019	<u>2,487,065</u>	<u>42,820</u>	<u>2,529,885</u>

Armada Exploration Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Naeem Sadagur
Director

3 November 2021

Independent auditor's report to the members of Armada Exploration Limited

Opinion

We have audited the financial report of Armada Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Financial Reporting Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

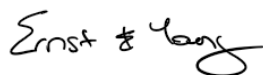
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

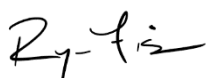
As part of an audit in accordance with the International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Ryan Fisk
Partner
Sydney
3 November 2021

Armada Exploration Limited

Reissued Annual Report - 31 December 2020

Armada Exploration Limited

Contents

31 December 2020

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Directors' declaration	21
Independent auditor's report to the members of Armada Exploration Limited	22

General information

The financial statements cover Armada Exploration Limited as a consolidated entity consisting of Armada Exploration Limited (the company) and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is the consolidated entity's presentation currency. Armada Exploration Limited's functional currency is US dollars.

Armada Exploration Limited is a company limited by shares, incorporated and domiciled in Mauritius. Its registered office and principal place of business is:

C/o ADANSONIA MANAGEMENT SERVICES LIMITED
Suite 1, PERRIERI OFFICE SUITES
C2 302, Level 3, Office Block C La Croisette
Grand Baie, 30517 Mauritius

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 November 2021. The directors have the power to amend and reissue the financial statements.

Armada Exploration Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	Consolidated 2020 \$AU	2019 \$AU
Other income		483	9,786
Expenses			
Administration expenses		(219,810)	(294,622)
Employee benefits expense		(2,205)	(532)
Depreciation and amortisation expense		(5,812)	(10,949)
Finance costs		(567,604)	-
Loss before income tax expense		(794,948)	(296,317)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Armada Exploration Limited		(794,948)	(296,317)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		305,699	(82,460)
Other comprehensive income for the year, net of tax		305,699	(82,460)
Total comprehensive income for the year attributable to the owners of Armada Exploration Limited		<u>(489,249)</u>	<u>(378,777)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of financial position
As at 31 December 2020

	Note	2020 \$AU	Consolidated 2019 \$AU	2018 \$AU
Assets				
Current assets				
Cash and cash equivalents	6	11,697	226,734	37,009
Trade and other receivables		12,457	9,745	9,058
Other		10,118	10,695	9,162
Total current assets		<u>34,272</u>	<u>247,174</u>	<u>55,229</u>
Non-current assets				
Property, plant and equipment		4,152	7,880	14,411
Exploration and evaluation	7	5,470,902	5,091,517	4,822,539
Other		5,499	5,493	6,330
Total non-current assets		<u>5,480,553</u>	<u>5,104,890</u>	<u>4,843,280</u>
Total assets		<u>5,514,825</u>	<u>5,352,064</u>	<u>4,898,509</u>
Liabilities				
Current liabilities				
Trade and other payables	8	125,081	164,918	53,004
Borrowings	9	2,859,721	2,529,885	-
Total current liabilities		<u>2,984,802</u>	<u>2,694,803</u>	<u>53,004</u>
Non-current liabilities				
Payables		5,443	5,436	5,522
Total non-current liabilities		<u>5,443</u>	<u>5,436</u>	<u>5,522</u>
Total liabilities		<u>2,990,245</u>	<u>2,700,239</u>	<u>58,526</u>
Net assets		<u>2,524,580</u>	<u>2,651,825</u>	<u>4,839,983</u>
Equity				
Issued capital	10	12,109,654	11,747,650	13,557,031
Reserves	11	814,400	508,701	591,161
Accumulated losses		(10,399,474)	(9,604,526)	(9,308,209)
Total equity		<u>2,524,580</u>	<u>2,651,825</u>	<u>4,839,983</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of changes in equity
For the year ended 31 December 2020

Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2019	13,557,031	591,161	(9,308,209)	4,839,983
Loss after income tax expense for the year	-	-	(296,317)	(296,317)
Other comprehensive income for the year, net of tax	-	(82,460)	-	(82,460)
Total comprehensive income for the year	-	(82,460)	(296,317)	(378,777)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	677,684	-	-	677,684
Exchange of ordinary shares for redeemable shares financial liability (note 9)	(2,487,065)	-	-	(2,487,065)
Balance at 31 December 2019	<u>11,747,650</u>	<u>508,701</u>	<u>(9,604,526)</u>	<u>2,651,825</u>
Consolidated	Issued capital \$AU	Reserves \$AU	Accumulated losses \$AU	Total equity \$AU
Balance at 1 January 2020	11,747,650	508,701	(9,604,526)	2,651,825
Loss after income tax expense for the year	-	-	(794,948)	(794,948)
Other comprehensive income for the year, net of tax	-	305,699	-	305,699
Total comprehensive income for the year	-	305,699	(794,948)	(489,249)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 10)	362,004	-	-	362,004
Balance at 31 December 2020	<u>12,109,654</u>	<u>814,400</u>	<u>(10,399,474)</u>	<u>2,524,580</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Armada Exploration Limited
Statement of cash flows
For the year ended 31 December 2020

		Consolidated	
	Note	2020	2019
		\$AU	\$AU
Cash flows from operating activities			
Other income		483	9,786
Payments to suppliers and employees		(263,987)	(185,460)
Net cash used in operating activities	21	(263,504)	(175,674)
Cash flows from investing activities			
Payments for exploration and evaluation	7	(413,827)	(346,244)
Net cash used in investing activities		(413,827)	(346,244)
Cash flows from financing activities			
Proceeds from issue of shares	10	362,004	677,684
Proceeds from borrowings		41,574	42,820
Net cash from financing activities		403,578	720,504
Net increase/(decrease) in cash and cash equivalents		(273,753)	198,586
Cash and cash equivalents at the beginning of the financial year		226,734	37,009
Effects of exchange rate changes on cash and cash equivalents		54,649	(8,861)
Cash and cash equivalents at the end of the financial year	6	7,630	226,734

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

On 22 June 2021, the company signed its financial statements and lodged them with the Mauritian authorities. These financial statements were prepared on the basis that the company was an investment entity which therefore did not consolidate the operations of its 100% owned subsidiary Armada Exploration Gabon. These reissued financial statements have been prepared on a consolidated basis. Refer to note 4.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$794,948 for the period ended 31 December 2020 (2019: \$296,317), negative working capital of \$2,950,530 (2019: \$2,447,629) and had negative cash from operating activities of \$263,504 (2019: \$175,674).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

- Since 31 December 2020, the company has issued 15,000,000 fully paid ordinary shares and 9,990,000 options over ordinary shares raising US\$2,250,000 (\$2,921,319) in cash and promissory notes to be settled in the next 12 months;
- On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis;
- AML is currently in the process of listing on the Australian Securities Exchange seeking to raise between \$8,000,000 and \$10,000,000; and
- The loss for the year includes non cash finance costs of \$567,604 in relation to redeemable shares.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that consolidated entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the consolidated entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Armada Exploration Limited ('company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. Armada Exploration Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the consolidated entity's presentation currency. Armada Exploration Limited's functional currency is US dollars. Armada Exploration Gabon's functional currency is African Franc.

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of the consolidated entity are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of the consolidated entity are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

When the contractual terms of an equity instrument are amended to result in the instrument being classified as a financial liability, the financial liability is initially recognised at fair value and reclassified from equity. Any difference between the carrying amount of the financial liability and that of the previously recognised equity instrument is recognised in equity.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Indirect taxes

Revenues, expenses and assets are recognised net of the amount of associated indirect taxes, unless the indirect taxes incurred are not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of indirect taxes receivable or payable. The net amount of indirect taxes recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The indirect taxes components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of indirect taxes recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2020. Management have reviewed the accounting standards that are yet mandatory and do not believe that they apply to the consolidated entity and therefore they are expected to have a material impact on the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised in relation to tax losses as their utilisation has not been deemed probable.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

At each reporting date management review exploration assets for indicators of impairment in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Management have concluded that there were no indicators of impairment.

Redeemable shares

The initial recognition at fair value and subsequent measurement of the redeemable shares financial liability requires significant judgement, with key judgements being the estimation of cash outflows and the expected term. Refer to note 9 for further details.

Note 3. Impact of COVID 19 pandemic

During the year ended 31 December 2020, the COVID-19 pandemic has continued to affect the global economy. The pandemic has adversely affected the global economy resulting in an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Gabonese operations

Gabon has been impacted by COVID at different times since the onset of the pandemic with government imposed restrictions having some impact on the consolidated entity's exploration activities. Given the stage of the exploration program the impact has been minimal and only resulted in minor delays.

The board have reviewed the carrying value of the exploration and evaluation assets and are satisfied that COVID has not led to any indicators of impairment.

Mauritian operations

The impact of COVID-19 on the consolidated entity's Mauritian operations has not been material due to their scale and nature of operations as a holding company.

Note 4. Reissued and restated financial statements

On 22 June 2021, the company signed its financial statements and lodged them with the Mauritian authorities. These financial statements were prepared on the basis that the company was an investment entity, with its investment in the wholly-owned subsidiary, Armada Exploration Gabon, measured at fair value through profit or loss. Further, these financial statements were prepared with US dollar presentation currency, which was also the company's functional currency.

These reissued financial statements have been prepared on a consolidated basis, to incorporate the assets, liabilities and financial results of the company's single subsidiary. Further, these consolidated financial statements have been prepared with Australian dollar presentation currency. These reissued financial statements are included in the prospectus of Armada Metals Limited, which is seeking to list on the Australian Securities Exchange (see Note 20). The company's board have therefore elected to use the Australian dollar as the presentation currency.

The key impacts of the correction are the:

Note 4. Reissued and restated financial statements (continued)

- consolidation of the assets, liabilities and financial results of the subsidiary. The most significant asset of the subsidiary is exploration and evaluation assets (31 December 2020: \$5,470,902; 31 December 2019: \$5,091,517; 1 January 2019: \$4,822,539)
- elimination of the carrying amount of the company's investment in subsidiary
- elimination of intercompany transactions and balances
- recognition of a foreign currency reserve, which arises from translation of the company's and subsidiary's financial statements from their functional currency to Australian dollar presentation currency (31 December 2020: \$814,400; 31 December 2019: \$508,701; 1 January 2019: \$591,161).

In 2019, a number of ordinary shares held by a shareholder of the company was exchanged for a number of redeemable shares (see Note 9). In the previously issued financial statements, this transaction was accounted for as an equity-for-equity exchange. The company has determined that the redeemable shares are a financial liability. The financial liability is initially recognised at fair value and reclassified from equity. There is no material difference between the carrying amount of the financial liability and that of the previously recognised equity instrument. The impact of the correction is:

- an increase in financial liability (31 December 2020: \$2,859,721; 31 December 2019: \$2,529,885; 1 January 2019: nil)
- a decrease in equity – issued capital (31 December 2020: \$2,487,065 31 December 2019: \$2,487,065; 1 January 2019: nil)
- an increase in finance costs (year ended 31 December 2020: \$567,604; year ended 31 December 2019: nil), which correspondingly increased loss before tax.

Note 5. Income tax expense

	Consolidated	
	2020	2019
	\$AU	\$AU
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(794,948)	(296,317)
Tax at the statutory tax rate of 15%	(119,242)	(44,448)
Tax losses and temporary differences not recognised	34,102	44,448
Non deductible expenses	85,140	-
Income tax expense	-	-

At reporting date the consolidated entity had the following unused tax losses and deductible temporary differences for which no deferred tax asset is recognised in the statement of financial position:

- Unused tax losses in Gabon at 31 December 2020 \$232,033 (2019: \$127,520)
- Unused tax losses in Mauritius at 31 December 2020 \$1,470,996 (2019: \$1,470,530)

	Consolidated	
	2020	2019
	\$AU	\$AU
Potential benefit in Mauritius (at corporate tax rate of 15%)	34,805	19,128
Potential benefit in Gabon at (at corporate tax rate of 30%)	459,584	441,159
	494,389	460,287

Tax losses in both Gabon and Mauritius expire after five years if not utilised.

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2020	2019
	\$AU	\$AU
Cash at bank	<u>11,697</u>	<u>226,734</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	11,697	226,734
Bank overdraft (note 9)	<u>(4,067)</u>	<u>-</u>
Balance as per statement of cash flows	<u>7,630</u>	<u>226,734</u>

Note 7. Non-current assets - exploration and evaluation

	Consolidated	
	2020	2019
	\$AU	\$AU
Exploration and evaluation - at cost	<u>5,470,902</u>	<u>5,091,517</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & Evaluation \$AU
Balance at 1 January 2019	4,822,539
Additions	346,244
Exchange differences	<u>(77,266)</u>
Balance at 31 December 2019	5,091,517
Additions	413,827
Exchange differences	<u>(34,442)</u>
Balance at 31 December 2020	<u>5,470,902</u>

On 17 October 2019 Tremont Master Holdings entered into a Share Purchase and Subscription Agreement with the Company (refer note 9 for further details) which gives them the right to receive a one and a half percent (1.5%) royalty on the gross revenue from the metal production from the G5-150 and G5-555 tenements held in Gabon.

In addition, the company and Armada Exploration Gabon entered into a mineral royalty deed with RCF Opportunities Fund LP (**RCF**) on 24 December 2020 (the **Mineral Royalty Deed**) under which Armada Gabon has agreed to pay royalty to RCF in respect of the production, and the company has agreed to guarantee the performance of Armada Exploration Gabon's obligations pursuant to the terms of the Mineral Royalty Deed. Under the agreement the royalty is payable on 0.5% of revenues from Armada Exploration Gabon's mining area.

The two agreements above represent financial liabilities which, given the early stage of exploration, are deemed to have nominal value. They are required to be remeasured each reporting period.

Note 8. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	\$AU	\$AU
Trade payables	17,347	23,421
Other payables	107,734	141,497
	<u>125,081</u>	<u>164,918</u>

Refer to note 13 for further information on financial instruments.

Note 9. Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$AU	\$AU
Bank overdraft	4,067	-
Loan - RED Capital Limited (refer to note 18)	84,394	42,820
Redeemable shares	2,771,260	2,487,065
	<u>2,859,721</u>	<u>2,529,885</u>

In 2019, 1,158 Class A ordinary shares held by Tremont Master Holdings ('Tremont') were exchanged for a number of Class A redeemable shares ('redeemable shares'). As at reporting date, these redeemable shares remain on issue and are held by Tremont.

The company may redeem the redeemable shares in accordance with the following terms:

- On or before 17 October 2022, the company may redeem the redeemable shares by paying Tremont an amount of US\$2,500,000
- After 17 October 2022 and on or before 17 October 2024, the company may redeem the redeemable shares by paying Tremont an amount of US\$5,000,000
- After 17 October 2024, the company may redeem the redeemable shares by paying Tremont the full redemption amount, being US\$10,457,650. If the company exercises this right, it shall pay the full redemption amount before any dividend or other distribution is made to any other shareholder of the company.

In case of a 'change of control' (as defined under the Share Purchase and Subscription Agreement dated 17 October 2019) of Armada Exploration Gabon, the company must exercise its redemption options as described above, failing which Tremont may, at its option, request redemption of the redeemable shares at the redemption value relevant for that date in accordance with the above.

The redeemable shares financial liability is re-measured at each reporting date to reflect expected cash outflows, discounted at the original effective interest rate. The re-measurement is recognized in profit or loss as income or expense.

The subsequent measurement of the redeemable shares financial liability is subject to significant judgement and estimation in relation to the expected timing and amount of cash outflows and the expected term. Reasonably possible alternative assumptions could change measurement significantly at 31 December 2020, resulting in a difference in the carrying value of the financial liability.

Armada Exploration Limited
Notes to the financial statements
31 December 2020

Note 10. Equity - issued capital

	2020 Shares	Consolidated 2019 Shares	2020 \$AU	2019 \$AU
Ordinary shares - fully paid	<u>12,000,000</u>	<u>9,500,000</u>	<u>12,109,654</u>	<u>11,747,650</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$AU
Balance	1 January 2019	1,358		13,557,031
Issue of shares	31 January 2019	12	\$AU3,164.73	37,977
Issue of shares	19 February 2019	11	\$AU3,164.73	34,812
Issue of shares	1 April 2019	11	\$AU3,164.73	34,812
Issue of shares	20 August 2019	4	\$AU3,164.73	12,659
Share split	20 November 2019	5,624,762	\$AU0.00	0
Issue of shares	12 December 2019	3,875,000	\$AU0.14	557,424
Exchange of ordinary shares for redeemable shares financial liability (Note 9)	17 October 2019	<u>(1,158)</u>	\$AU0.00	<u>(2,487,065)</u>
Balance	31 December 2019	9,500,000		11,747,650
Issue of shares	9 March 2020	1,200,000	\$AU0.15	173,762
Issue of shares	22 July 2020	<u>1,300,000</u>	\$AU0.15	<u>188,242</u>
Balance	31 December 2020	<u>12,000,000</u>		<u>12,109,654</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 11. Equity - reserves

	Consolidated 2020 \$AU	2019 \$AU
Foreign currency reserve	<u>814,400</u>	<u>508,701</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the consolidated entity's financial statements to Australian dollars.

Note 11. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Currency Translation \$AU
Consolidated	
Balance at 1 January 2019	591,161
Foreign currency translation	(82,460)
Balance at 31 December 2019	508,701
Foreign currency translation	305,699
Balance at 31 December 2020	814,400

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 13. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Risk management is carried by the Board of Directors ('the Board')

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2020 \$AU	2019 \$AU	2020 \$AU	2019 \$AU
Consolidated				
Central African Franc	11,645	15,059	79,266	57,101

	% change	AUD strengthened Effect on profit before tax	Effect on equity	% change	AUD weakened Effect on profit before tax	Effect on equity
Consolidated - 2020						
Central African Franc	10%	(6,762)	(6,762)	10%	6,762	6,762

Note 13. Financial instruments (continued)

Consolidated - 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Central African Franc	10%	<u>(4,204)</u>	<u>(4,024)</u>	10%	<u>4,204</u>	<u>4,204</u>

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant price risk.

Credit risk

The consolidated entity is not exposed to significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	Weighted average interest rate %	1 year or less \$AU	Between 1 and 2 years \$AU	Between 2 and 5 years \$AU	Over 5 years \$AU	On Demand \$AU	Total \$AU
<i>Non-interest bearing</i>							
Trade and other payables	-	125,081	-	5,443	-	-	130,524
Interest free loan	-	-	-	-	-	84,394	84,394
Redeemable shares *	-	-	-	-	-	2,771,260	2,771,260
<i>Interest-bearing - variable</i>							
Bank overdraft	-	4,067	-	-	-	-	4,067
Total non-derivatives		<u>129,148</u>	<u>-</u>	<u>5,443</u>	<u>-</u>	<u>2,855,654</u>	<u>2,990,245</u>
Consolidated - 2019	Weighted average interest rate %	1 year or less \$AU	Between 1 and 2 years \$AU	Between 2 and 5 years \$AU	Over 5 years \$AU	On Demand \$AU	Total \$AU
<i>Non-interest bearing</i>							
Trade and other payables	-	164,918	-	5,436	-	-	170,354
Interest free loan	-	-	-	-	-	42,820	42,820
Redeemable shares *	-	-	-	-	-	2,487,065	2,487,065
Total non-derivatives		<u>164,918</u>	<u>-</u>	<u>5,436</u>	<u>-</u>	<u>2,529,885</u>	<u>2,700,239</u>

* The redeemable shares financial liability has been presented in the above tables as on demand because the 'change of control' event that requires redemption (see Note 9) is not within the company's control. However, the company reasonably expects settlement of the redeemable shares to take place between 1 and 2 years as at 31 December 2020 (31 December 2019: between 2 and 3 years).

Note 13. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 14. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	2019
	\$AU	\$AU
Short-term employee benefits	69,504	69,048

Note 15. Remuneration of auditors

	Consolidated	
	2020	2019
	\$AU	\$AU
<i>Audit services - Ernst and Young</i>		
Audit of the financial statements	20,000	25,000
<i>Audit services - network firms</i>		
Audit of the financial statements	25,000	30,000

Note 16. Contingent liabilities

In April 2021, Armada Exploration Gabon received a Formal Notice of a Demand to Pay, of approximately \$80,000, from the Directorate-General of Taxes in Gabon in relation to the 2013-2015 fiscal period. The Company has written to the Directorate-General of Taxes in Gabon and disputed this tax liability, on the basis that the Company does not believe there is a tax liability, and has not received any further correspondence in relation to this matter. Armada Exploration Gabon intends to defend its position if required, if the Directorate-General of Taxes in Gabon seeks to enforce this and impose additional interest and penalties. A liability in excess of \$80,000 may exist, but has not been recognised in relation to this amount.

The consolidated entity did not have any other contingent liabilities at 31 December 2020 and 31 December 2019.

Note 17. Commitments

The consolidated entity had total commitment totalling \$2,545,862 (2019: \$3,097,247) in relation to its exploration tenements in Gabon. These costs must be incurred before July 2022.

Note 18. Related party transactions

Parent entity

Armada Exploration Limited is the parent entity.

Note 18. Related party transactions (continued)

Subsidiaries

Interests in subsidiaries are set out in note 19.

Key management personnel

Disclosures relating to key management personnel are set out in note 14.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year, other than those disclosed below, and note 20.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2020	2019
	\$AU	\$AU
Current borrowings:		
Loan - RED Capital Limited (an entity related to company director Ross McGowan) *	84,394	42,820
* Loan due to RED Capital Limited (Formerly known as Armada Resource Capital Ltd) is unsecured, interest free and repayable on demand.		

Note 19. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020	2019
		%	%
Armada Exploration Gabon	Gabon	100.00%	100.00%

Note 20. Events after the reporting period

On 15 January 2021, the company has issued 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares raising US\$750,000 (\$AU959,764) in cash and promissory notes to be settled in the next 12 months.

On 17 March 2021, the company has issued 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares raising US\$750,000 (\$AU959,764) in cash and promissory notes to be settled in the next 12 months.

On 29 April 2021, the company has issued 5,000,000 fully paid ordinary shares and 3,330,000 options over ordinary shares raising US\$750,000 (\$AU959,764) in cash and promissory notes to be settled in the next 12 months.

On 11 October 2021, the corporate restructure of the Armada Group undertaken prior to, and in connection with, the initial public offering of shares in Armada Metals Limited (AML) was completed. All voting shares of the company were acquired by AML on a scrip-for-scrip basis.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Armada Exploration Limited
Notes to the financial statements
31 December 2020

Note 21. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2020	2019
	\$AU	\$AU
Loss after income tax expense for the year	(794,948)	(296,317)
Adjustments for:		
Depreciation and amortisation	5,812	10,949
Non cash finance costs in relation to redeemable shares	567,604	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,712)	(687)
Decrease/(increase) in other operating assets	577	(1,533)
Increase/(decrease) in trade and other payables	(39,837)	111,914
Net cash used in operating activities	<u>(263,504)</u>	<u>(175,674)</u>

Note 22. Changes in liabilities arising from financing activities

Consolidated	Redeemable Shares \$AU	RED Capital Loan \$AU	Total \$AU
Balance at 1 January 2019	-	-	-
Net cash from financing activities	-	42,820	42,820
Initial recognition	2,487,065	-	2,487,065
Balance at 31 December 2019	2,487,065	42,820	2,529,885
Net cash from financing activities	-	41,574	41,574
Exchange differences	(283,409)	-	(283,409)
Accretion of liability	567,604	-	567,604
Balance at 31 December 2020	<u>2,771,260</u>	<u>84,394</u>	<u>2,855,654</u>

Armada Exploration Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Naeem Sadagur
Director

3 November 2021

Independent auditor's report to the members of Armada Exploration Limited

Opinion

We have audited the financial report of Armada Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubts about the entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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

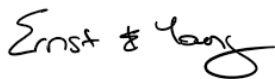
Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the International Financial Reporting Standards will always detect a material misstatement when it exists. 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 this financial report.

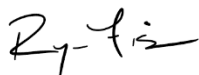
As part of an audit in accordance with the International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Ryan Fisk
Partner
Sydney
3 November 2021