

Armada Metals Limited

ABN 75 649 292 080

Interim Report - 30 June 2024

Armada Metals Limited
Corporate directory
30 June 2024

Directors

Dr Ross McGowan - Managing Director & CEO
Rick Anthon - Non-Executive Director & Chairman
Martin Holland - Executive Director
David Michael McNeilly - Non-Executive Director

Company secretary

Mr Justin Clyne

Registered office

Level 10, Kyle House, 27 Macquarie Place,
Sydney NSW 2000

Principal place of business

Level 10, Kyle House, 27 Macquarie Place,
Sydney NSW 2000

Share register

Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000

Auditor

Ernst & Young
Level 34, 200 George Street
Sydney NSW 2000

Solicitors

HWL Ebsworth
Level 14, Australia Square 264-278 George Street
Sydney NSW 2000

Stock exchange listing

Armada Metals Limited shares are listed on the Australian Securities Exchange (ASX code: AMM)

Website

<https://armadametals.com.au>

Armada Metals Limited
Directors' report
30 June 2024

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the '**Consolidated Entity**') consisting of Armada Metals Limited (referred to hereafter as the '**Armada**' or the '**Company**') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

The following persons were directors of Armada Metals Limited during the whole of the financial half-year and up to the date of this report:

Dr Ross McGowan - Managing Director & CEO
Rick Anthon - Non-Executive Director & Chairman
Martin Holland - Executive Director
David Michael McNeilly - Non-Executive Director

Principal activities

During the financial half-year, the main activities of the Consolidated Entity involved continuing exploration at the Bend Nickel Project ('**Bend**') in Zimbabwe. This project covers approximately 12km² along the eastern margin of the Zimbabwean Craton. Additionally, the Consolidated Entity continued to advance exploration on its project Nyanga Magmatic Nickel-Copper Project (the '**Nyanga Project**') in Gabon. This project consists of two exploration licences totalling 2,725km². Once the acquisition of Midwest Lithium Limited ('**Midwest**') is completed refer to note 7, the company will focus its exploration efforts on Midwest's US lithium projects and its existing assets in Zimbabwe. For this reason, the company's Gabon assets have been impaired in full during the current year.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$18,578,859 (30 June 2023: \$1,531,291).

The loss for the current financial half year includes a loss recognised in relation to remeasurement of the redeemable shares financial liability of \$6,222,328, and an impairment expense of \$11,541,104 in relation to the Company's Gabon exploration and evaluation assets. On 22 August, the Company announced that it had entered into a long form share purchase agreement in connection with the acquisition of a 100% interest in Midwest Lithium Limited (**Midwest**), refer to note 3. Once the acquisition is completed the Company will focus its exploration efforts on Midwest's US lithium projects and its existing assets in Zimbabwe. For this reason, the Company's Gabon assets have been impaired in full during the current half-year.

Refer to the separate review of operations that directly follow this Directors' Report.

Significant changes in the state of affairs

On 27 May 2024, Armada announced the signing of a binding term sheet for the acquisition of 100% of interests in Midwest Lithium Limited (Midwest). As part of the decision to enter into the Midwest transaction, the Company has reevaluated its exploration strategy, shifting focus from the Gabon project to the Nickel and lithium under the Bend Nickel Project in Zimbabwe and the prospective Midwest Lithium Project in the USA respectively. This has resulted in the full impairment of the Gabon project's exploration and evaluation assets due to a change in strategic intent and no further plans for expenditure on the Gabon project.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 22 August, the company announced that it had entered into a long form share purchase agreement in connection with the acquisition of a 100% interest in Midwest Lithium Limited (**Acquisition**). The consideration for the acquisition will be approximately 343,000,000 fully paid ordinary shares in itself to Midwest Lithium Limited securityholders, equivalent to 50% of the Company's enlarged capital on completion. The completion of the acquisition is subject to shareholder approval at an Extraordinary General Meeting (**EGM**) to be held in or around mid-October. The company has paid a deposit of \$327,682 (US\$217,941), the deposit was used to pay renewal fees for Midwest's existing tenements.

On 22 August 2024, the company also announced that it has successfully completed a conditional institutional placement and has received firm commitments raising A\$1.35 million in additional funds (**Placement**). The equity raising, which is also subject to shareholder approval at the EGM to be held in mid-October, involves the issuance of 135 million new fully paid ordinary shares in the company at an issue price of A\$0.01 per share, together with one free attaching option for every two new shares subscribed. The attaching options will be exercisable at \$0.017 and expire three years from their date of issue.

The full terms of the Acquisition and the Placement are contained within the Company's announcement to the ASX dated 22 August 2024.

Armada Metals Limited
Directors' report
30 June 2024

No other matter or circumstance has arisen since 30 June 2024 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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Ross McGowan
Managing Director & CEO

13 September 2024

During the period, Armada's primary focus was on advancing exploration at the Bend Nickel Project in Zimbabwe (**Bend Project**) with significant results reported to the market on several occasions. The Company also signed a binding term sheet with Midwest Lithium Limited (**Midwest**), a mineral explorer targeting the exploration and development of hard rock lithium projects in the USA (**Acquisition**). Subsequent to the end of the reporting period, Armada announced that it has entered into a Share Purchase Agreement with Midwest in relation to the Acquisition (*refer Subsequent Events*).

Bend Nickel Project

In the first half of the reporting period, Armada received assay results from the exploration program at the Bend Project which was aimed at targeting high-grade nickel and copper. Assay results for nickel ('Ni'), copper ('Cu'), cobalt ('Co'), platinum ('Pt'), palladium ('Pd'), gold ('Au') and rhodium ('Rh') were all reported (Figs. 1 – 3).

Drilling results demonstrated promising Rh grades which increase proportionally in the highest-grade zones alongside copper, nickel, platinum, and palladium as shown in Figs. 1-3.

The results from the assaying program and geophysical data modelling support the geological model for the Bend Nickel Deposit (*refer to Company's Quarterly Report, December 2023*). Importantly:

- The Bend Nickel Deposit is a primary Ni-Cu-PGE-sulphide deposit related to a high-level intrusive-extrusive komatiitic lava flow field;
- The target horizons are both zones of disseminated and blebby mineralisation within channelised lava flows located near or above the basal contact of the komatiitic flows (Type-2 – refer to Appendix 4 Glossary for additional explanation) and massive sulphide accumulations, typically at the basal contact (Type-1);
- Mineralisation intersected to date is analogous in potential scale and genesis to Kambalda Dome Type-2 deposits. Type-1 deposit potential is considered high at Bend;
- Near-surface mineralisation has been confirmed by recent work programs. This is aligned with historical data that reported grades from surface. Mineralisation has been observed to vertical depths of up to 380m; and
- Mineralisation is open to the east, south and north of Bend. Initial geological and geophysical modelling indicates several drill holes (e.g. BNDDD002) remain open at depth where the primary contact was not reached (Fig. 3).

Full exploration results including relevant JORC table information is contained within the Company's announcements to the ASX on 15 January 2024, 30 January 2024, 5 February 2024 and 13 March 2024.

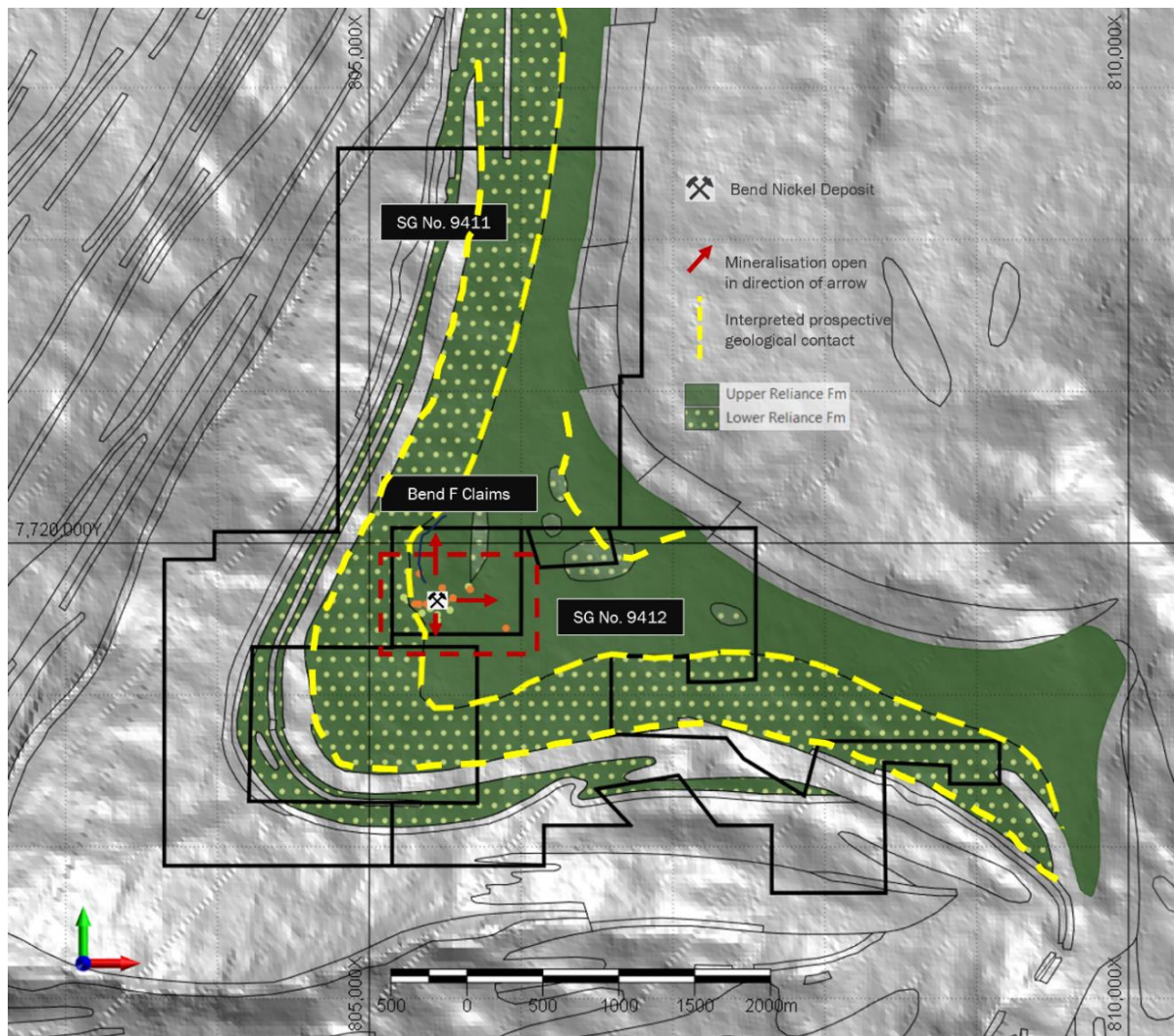


Figure 1: The Bend Nickel Project is defined by the permit boundaries (black solid outlines). The Bend Nickel Deposit ('Bend') is displayed in the central permit (Bend F Claims). A simplified geological map displays the position of the Bend Nickel Deposit on an interpreted prospective geological contact - broken yellow line. The potential to discover further mineralisation along the prospective geological contacts is considered high. Outline of the area displayed in Fig. 2 is shown as a red broken line polygon. The Lower Reliance Formation is coloured in stippled green colours. The Upper Reliance Formation is coloured in a solid green. Historical drill hole collars are coloured light green and Armada drill hole collars are displayed orange (refer to Figs. 2 and 3).

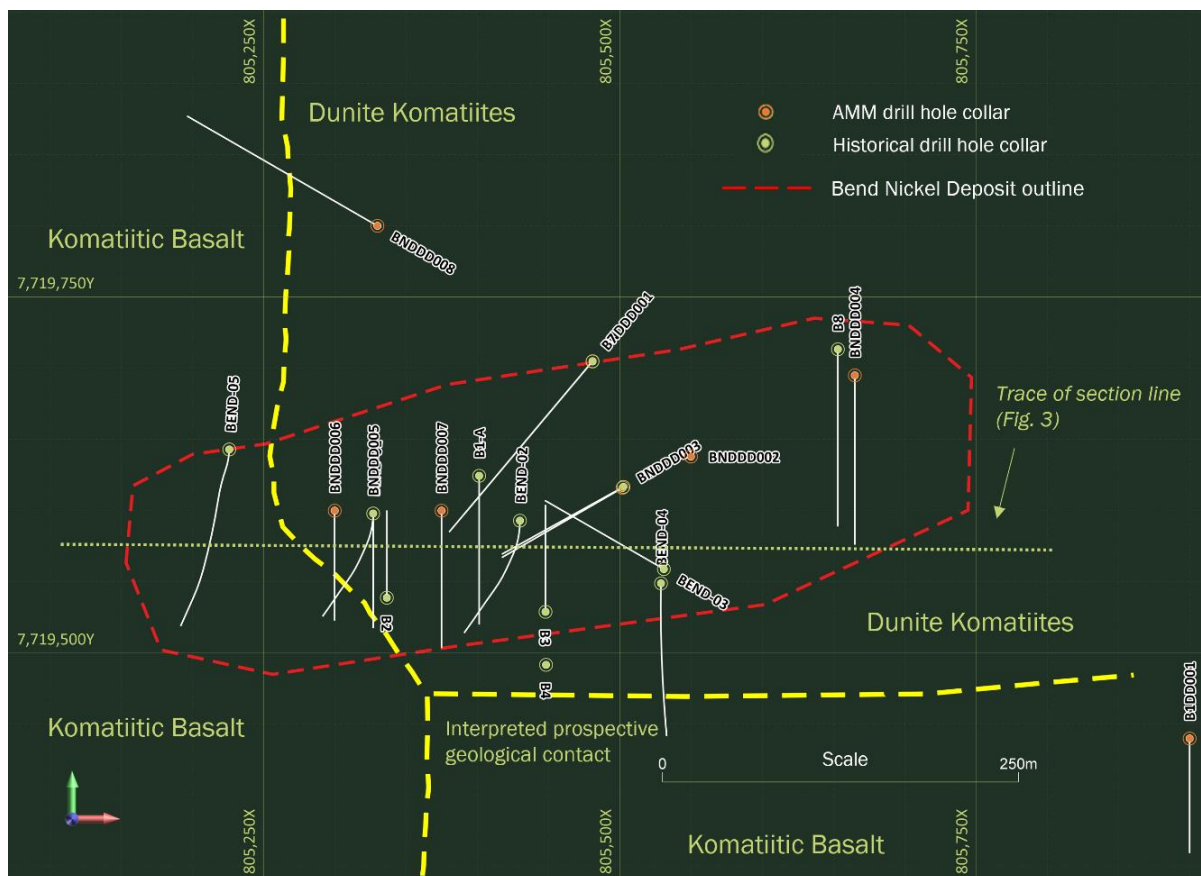


Figure 2: The drill holes completed as part of the Bend Nickel Deposit drill program are combined with historical drill hole collars. Prospective contact between mineralised dunite komatiite flows and a komatiitic basalt displayed by an interpreted yellow broken line at surface (refer to Figs. 1 and 3). Outline of Bend at surface displayed in red broken outline.

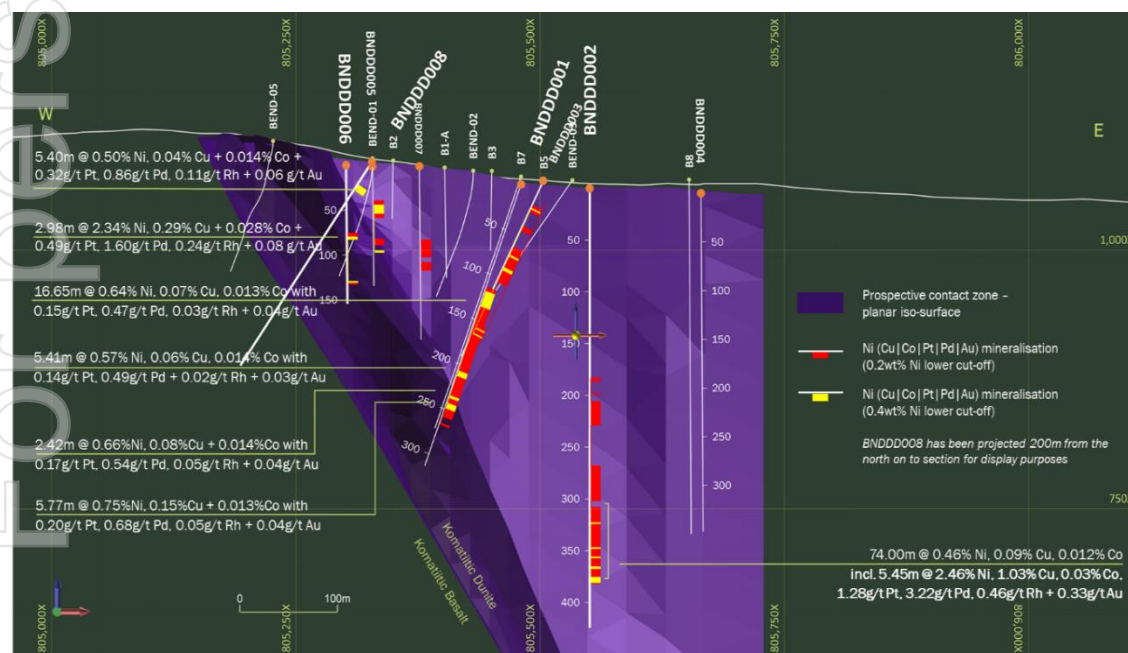


Figure 3: Bend Nickel Deposit – long section looking north with significant drill intercepts. The section views displays drill data projected on to the section line for display purposes. Prospective contact between mineralised dunite komatiite flows and a komatiitic basalt displayed by a planar iso-surface (coloured purple) modelled to depth. Mineralisation in drill hole BND0002 is open at depth – the principal interpreted basal contact (base of the purple planar iso-surface) has not been intersected at this location.

Acquisition of Midwest Lithium Limited

On 27 May 2024, the Company announced that it had entered into a binding term sheet with Midwest. The full terms of the Acquisition were announced to the market subsequent to the end of the Half-Year on 22 August 2024 with the Company entering into a long form Share Purchase Agreement (**SPA**) for the Acquisition.

The Acquisition remains subject to completion of a number of conditions, including approval by Armada shareholders at an Extraordinary General Meeting (**EGM**). A summary of the terms of the SPA are contained within the annexure to the Company's announcement of 22 August 2024.

At the same time as announcing the Acquisition, Armada also announced that it had successfully completed a conditional institutional placement and has received firm commitments raising A\$1.35 million in additional funds (**Equity Raising**). One of the Company's largest shareholders, Strata Investment Holdings plc (**Strata**), has agreed to underwrite A\$500,000 of the Equity Raising and will be allocated its full underwriting commitment.

The Equity Raising involves the issuance of approximately 135 million new fully paid ordinary shares in Armada (**New Shares**) at an issue price of A\$0.01 per New Share, together with one free attaching option for every two New Shares subscribed (**Attaching Option**). The Attaching Options will be exercisable at \$0.017 and expire three years from their date of issue.

Funds raised from the Equity Raising, together with existing cash, will be applied towards:

- Midwest project exploration and tenement acquisition (A\$1.07 million);
- exploration and maintenance across all of the Company's and Midwest's projects tenements and licences (A\$0.33 million); and
- general working capital and costs relating to the Proposed Transaction and Equity Raising (A\$0.50 million).

The Equity Raising is subject to shareholder approval pursuant to ASX Listing Rule 7.1. Additionally, New Shares and Attaching Options allocated to Strata pursuant to its underwriting commitment will also be subject to shareholder approval under ASX Listing Rule 10.11.

Nyanga Project

In the earlier part of the Half-Year period, a site visit was successfully complete to the Company's Nyanga Project with the Direction Générale de l'Environnement et du Développement Durable ('DGEDD', a department of the MECCHF). The purpose of the visit was to collaborate with the various Ministry Departments and extend the regulatory Notice d'Impact Environnemental et Social ('NIES') (Environmental and Social Impact study) for future exploration drill programs. Recommendations have been received from the DGEDD and will be incorporated into an updated NIES before submission by the Company.

On 27 May 2024, Armada announced the signing of a binding term sheet for the acquisition of 100% of interests in Midwest Lithium Limited (Midwest). As part of the decision to enter into the Midwest transaction, the Company has reevaluated its exploration strategy, shifting focus from the Gabon project to the Nickel and lithium under the Bend Nickel Project in Zimbabwe and the prospective Midwest Lithium Project in the USA respectively. This has resulted in the full impairment of the Gabon project's exploration and evaluation assets due to a change in strategic intent and no further plans for expenditure on the Gabon project, such that the asset will not be recovered through successful development or sale.

Corporate Activities

In addition to the Equity Raising, on the corporate front, the Company held its Annual General Meeting on 28 May 2024 and welcomed the re-election of the Company's Independent Non-Executive Chairman, Rick Anthon.

The main activity for Armada in CY2024 has been the announcement subsequent to the end of the reporting period

Auditor's independence declaration to the directors of Armada Metals Limited

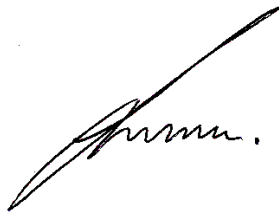
As lead auditor for the review of the half-year financial report of Armada Metals Limited for the half-year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Armada Metals Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young



James Johnson
Partner
13 September 2024

Armada Metals Limited

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30 June 2024

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General information

The financial statements cover Armada Metals Limited as a Consolidated Entity consisting of Armada Metals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Armada Metals Limited's functional and presentation currency.

Armada Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, Kyle House, 27 Macquarie Place,
Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2024.

Armada Metals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Consolidated June 2024 \$	June 2023 \$
Revenue			
Other income		101	1,647
Interest revenue calculated using the effective interest method		-	5,753
Expenses			
Administration expenses		(518,790)	(670,342)
Employee benefits expense		(258,963)	(268,270)
Depreciation and amortisation expense		(4,062)	(9,443)
Impairment of exploration and evaluation assets	3	(11,541,104)	-
Other expenses		(33,713)	-
Finance costs	5	(6,222,328)	(590,636)
Loss before income tax expense		(18,578,859)	(1,531,291)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Armada Metals Limited		(18,578,859)	(1,531,291)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(334,490)	483,941
Other comprehensive income for the half-year, net of tax		(334,490)	483,941
Total comprehensive income for the half-year attributable to the owners of Armada Metals Limited		(18,913,349)	(1,047,350)
		Cents	Cents
Basic earnings per share	8	(8.93)	(1.47)
Diluted earnings per share	8	(8.93)	(1.47)

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

Armada Metals Limited
Statement of financial position
As at 30 June 2024

		Consolidated	
	Note	June 2024	December 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		500,789	1,858,069
Trade and other receivables		32,555	14,760
Other		31,648	63,818
Total current assets		<u>564,992</u>	<u>1,936,647</u>
Non-current assets			
Property, plant and equipment		603	3,506
Intangibles		1,525	2,667
Exploration and evaluation	3	2,558,343	14,002,786
Other	4	222,433	6,057
Total non-current assets		<u>2,782,904</u>	<u>14,015,016</u>
Total assets		<u>3,347,896</u>	<u>15,951,663</u>
Liabilities			
Current liabilities			
Trade and other payables		560,573	741,499
Borrowings	5	15,787,514	9,297,006
Total current liabilities		<u>16,348,087</u>	<u>10,038,505</u>
Total liabilities		<u>16,348,087</u>	<u>10,038,505</u>
Net assets/(liabilities)		<u>(13,000,191)</u>	<u>5,913,158</u>
Equity			
Issued capital		24,996,017	24,996,017
Reserves		2,264,514	2,599,004
Accumulated losses		(41,409,755)	(22,830,896)
Equity/(deficiency) attributable to the owners of Armada Metals Limited		(14,149,224)	4,764,125
Non-controlling interest		1,149,033	1,149,033
Total equity/(deficiency)		<u>(13,000,191)</u>	<u>5,913,158</u>

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

Armada Metals Limited
Statement of changes in equity
For the half-year ended 30 June 2024

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2023	23,006,770	2,185,956	(18,282,429)	6,910,297
Loss after income tax expense for the half-year	-	-	(1,531,291)	(1,531,291)
Other comprehensive income for the half-year, net of tax	-	483,941	-	483,941
Total comprehensive income for the half-year	-	483,941	(1,531,291)	(1,047,350)
Balance at 30 June 2023	<u>23,006,770</u>	<u>2,669,897</u>	<u>(19,813,720)</u>	<u>5,862,947</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total deficiency in equity \$
Balance at 1 January 2024	24,996,017	2,599,004	(22,830,896)	1,149,033	5,913,158
Loss after income tax expense for the half-year	-	-	(18,578,859)	-	(18,578,859)
Other comprehensive income for the half-year, net of tax	-	(334,490)	-	-	(334,490)
Total comprehensive income for the half-year	-	(334,490)	(18,578,859)	-	(18,913,349)
Balance at 30 June 2024	<u>24,996,017</u>	<u>2,264,514</u>	<u>(41,409,755)</u>	<u>1,149,033</u>	<u>(13,000,191)</u>

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

Armada Metals Limited
Statement of cash flows
For the half-year ended 30 June 2024

	Consolidated	
	June 2024	June 2023
	\$	\$
Cash flows from operating activities		
Interest received	3,699	9,452
Other income	101	-
Payments to suppliers and employees	(844,429)	(570,593)
Net cash used in operating activities	(840,629)	(561,141)
Cash flows from investing activities		
Payments for exploration and evaluation	(529,939)	(511,311)
Capitalised transaction costs	-	(54,236)
Net cash used in investing activities	(529,939)	(565,547)
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(1,370,568)	(1,126,688)
Cash and cash equivalents at the beginning of the financial half-year	1,858,069	2,830,157
Effects of exchange rate changes on cash and cash equivalents	13,288	15,583
Cash and cash equivalents at the end of the financial half-year	<u>500,789</u>	<u>1,719,052</u>

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

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose 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 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 Australian Accounting Standards Board ('AASB') 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 \$18,578,559 for the half year ended 30 June 2024 (2023: \$1,531,291). It also had negative cash flows from operating activities of \$840,629 (2023: \$561,141) and had a net working capital deficiency of \$15,783,095 (2023: \$8,101,858) at that date.

The Directors have reviewed the management prepared cashflow forecasts through to 31 October 2025 which indicates the following measures are necessary for the Consolidated Entity to have sufficient cash to continue as a going concern:

- On 22 August 2024, the company announced that it has successfully completed a conditional institutional placement and has received firm commitments raising A\$1.35 million in additional funds subject to shareholder approval in October 2024.
- As an ASX listed entity, the Consolidated Entity has the ability to access equity capital markets and has a history of being able to raise additional capital as and when the Directors consider appropriate, however there is no guarantee and is based on prevailing market conditions. The company will seek to raise additional capital to finance its exploration activities in the United States and Zimbabwe, and further capital raises are anticipated to be required in December 2024 and April 2025;
- Continued and ongoing support from related parties and other creditors to defer payment terms of amounts currently owing;
- Alternative short-term funding arrangements being in place to settle amounts owing should creditors demand payment on amounts due and payable;
- Current liabilities include an amount of \$15,787,514 in relation to redeemable shares. As disclosed in note 5, the liability is current due to the presence of a change in control clause. Whilst management believe the likelihood of the change in control clause being triggered in the next 12 months is low, it is ultimately beyond the control of the Consolidated Entity. In the event this does occur the Consolidated Entity will be dependent on; ongoing support from the lender, ability to raise further equity from capital markets or enter into alternative financing arrangements to repay the Redemption Amount;
- The loss for the year includes a non-cash impairment expense of \$11,541,104 (refer to note 3); and
- The consolidated entity can defer discretionary operating and capital expenditures.

Accordingly, the Directors believe at the date of signing this half year financial report 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 half year financial report. In the event that the Consolidated Entity is unsuccessful in implementing the above-stated matters, a material uncertainty would exist 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.

Note 1. Material accounting policy information (continued)

The half year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Consolidated Entity not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into one operating segment, being the exploration for metals in Africa. This is based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 3. Non-current assets - exploration and evaluation

	Consolidated	
	June 2024	December
	\$	2023
		\$
Exploration and evaluation - at cost	14,099,447	14,002,786
Less: Impairment	(11,541,104)	-
	<u>2,558,343</u>	<u>14,002,786</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 \$
Balance at 1 January 2024	14,002,786
Additions	169,504
Exchange differences	(72,843)
Impairment of assets *	(11,541,104)
Balance at 30 June 2024	<u>2,558,343</u>

* On 27 May 2024, Armada announced the signing of a binding term sheet for the acquisition of 100% of interests in Midwest Lithium Limited (Midwest). As part of the decision to enter into the Midwest transaction, the Company has reevaluated its exploration strategy, shifting focus from the Gabon project to the Nickel and lithium under the Bend Nickel Project in Zimbabwe and the prospective Midwest Lithium Project in the USA respectively. This has resulted in the full impairment of the Gabon project's exploration and evaluation assets due to a change in strategic intent and no further plans for expenditure on the Gabon project, such that the asset will not be recovered through successful development or sale.

Note 4. Non-current assets - other

	Consolidated	
	June 2024	December
	\$	2023
		\$
Security deposits	6,000	6,057
Capitalised acquisition transactions costs	216,433	-
	<u>222,433</u>	<u>6,057</u>

Note 4. Non-current assets - other (continued)

Other non-current assets relate to capitalised transaction costs in relation to the company's investment in the Midwest Lithium Limited. Refer to note 7, for further details.

Note 5. Current liabilities - borrowings

	Consolidated	December
	June 2024	2023
	\$	\$
Redeemable shares	<u>15,787,514</u>	<u>9,297,006</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 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 the 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.

In June 2024, due to changes in the operational strategy to discontinue further exploration activities in Gabon, the liability was accreted to the full amount payable of \$15,787,514 (US\$10,457,650). This is due to management's assessment there is 0% likelihood the 2nd early redemption option being exercised in October 2024, and therefore US\$10,457,650 will be the amount required to be paid to settle the redeemable share financial liability. The amount is recognised at its face value as it remains subject to change in control clause and there is no genuine, realistic term by which Armada expects it will have cash flow (either through production or some alternative source of funding) to repay the loan for the foreseeable future. An expense of \$6,222,328 has been recognised in current financial half-year.

Note 6. Equity - dividends

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

Note 7. Events after the reporting period

On 22 August, the company announced that it had entered into a long form share purchase agreement in connection with the acquisition of a 100% interest in Midwest Lithium Limited (**Acquisition**). The consideration for the acquisition will be approximately 343,000,000 fully paid ordinary shares in itself to Midwest Lithium Limited securityholders, equivalent to 50% of the Company's enlarged capital on completion. The completion of the acquisition is subject to shareholder approval at an Extraordinary General Meeting (**EGM**) to be held in or around mid-October. The company has paid a deposit of \$327,682 (US\$217,941), the deposit was used to pay renewal fees for Midwest's existing tenements.

Note 7. Events after the reporting period (continued)

On 22 August 2024, the company also announced that it has successfully completed a conditional institutional placement and has received firm commitments raising A\$1.35 million in additional funds (**Placement**). The equity raising, which is also subject to shareholder approval at the EGM to be held in mid-October, involves the issuance of 135 million new fully paid ordinary shares in the company at an issue price of A\$0.01 per share, together with one free attaching option for every two new shares subscribed. The attaching options will be exercisable at \$0.017 and expire three years from their date of issue.

The full terms of the Acquisition and the Placement are contained within the Company's announcement to the ASX dated 22 August 2024.

No other matter or circumstance has arisen since 30 June 2024 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 8. Earnings per share

	Consolidated	
	June 2024	June 2023
	\$	\$
Loss after income tax attributable to the owners of Armada Metals Limited	<u>(18,578,859)</u>	<u>(1,531,291)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>208,000,000</u>	<u>104,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>208,000,000</u>	<u>104,000,000</u>
	Cents	Cents
Basic earnings per share	(8.93)	(1.47)
Diluted earnings per share	(8.93)	(1.47)

Options that could potentially dilute basic earnings per share in the future, were not included in the calculation of diluted earnings per share because they are antidilutive.

Armada Metals Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ross McGowan
Managing Director & CEO

13 September 2024

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

Conclusion

We have reviewed the accompanying condensed half-year financial report of Armada Metals Limited (the Company) and its subsidiaries (collectively the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of the Consolidated Entity does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Consolidated Entity as at 30 June 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 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 Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

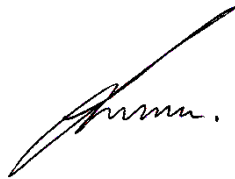
Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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

Ernst & Young



James Johnson
Partner
Sydney
13 September 2024