ARMADA
METALS

Armada Metals Limited
ACN 649 292 080

Financial Statements

For the year ended 31 December 2021

Corporate Directory

Board of Directors

Dr Ross McGowan
Managing Director and CEO

Mr Rick Anthon
Non-Executive Director and Chairman

Mr Martin C Holland
Non-Executive Director

Mr David Michael McNeilly
Non-Executive Director

Company Secretary

Ms Vanessa Chidrawi

ASX Code

AMM

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Registered Office

Level 12, 225 George Street
Sydney NSW 2000

T: 1300 737 760
E: vanessa.chidrawi@boardroomlimited.com.au

Principal Place of Business

Level 7, 151 Macquarie Street
Sydney NSW 2000

Australian Legal Advisor

Henry William Lawyers
Level 27, 420 George Street
Sydney NSW 2000

Auditor

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

Contents

Source: *AMM, Custom-built Zinex A5 diamond drill rig set-up at the first drill hole site at Libonga North*

Directors' Report

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 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

DIRECTORS

The following persons were directors of Armada Metals Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Ross McGowan – (Managing Director & CEO – appointed 8 April 2021)

Rick Anthon – (Non-Executive Director & Chairman – appointed 8 June 2021)

Martin Holland – (Non-Executive Director – appointed 8 April 2021)

David Michael McNeilly – (Non-Executive Director – appointed 8 April 2021)

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of:

- The company achieved a successful, oversubscribed IPO and commenced trading on the ASX on 15 December 2021 under the company code AMM, raising its maximum targeted amount of AUD $10M; and
- The consolidated entity commenced preparations for 2022 drill programs on its only project, the 100%-owned Nyanga Project in Gabon, comprising of two exploration licences totalling nearly 3,000km^2.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $3,091,371 (31 December 2020: $794,948).

During the half year, the company successfully listed on the Australian Securities Exchange (ASX) after an oversubscribed Initial Public Offer (IPO) and commenced preparations for its 2022 exploration programs at the Nyanga Project in Gabon. In particular, Boart Longyear was secured as the consolidated entity's drilling contractor and drill rigs were mobilized to site in early 2022. In addition, exploration and drilling camp sites were established shortly after listing in preparation for the phase one drilling program that commenced in March this year.

NYANGA PROJECT, GABON

The consolidated entity is advancing preparations to continue exploration of its prospective, 100%-owned, Nyanga Nickel-Copper (Ni-Cu) Project located in Southern Gabon. Covering a total of nearly 3,000km^2, the licence holding presents a district-scale, early-stage exploration opportunity for magmatic Ni-Cu sulphides.

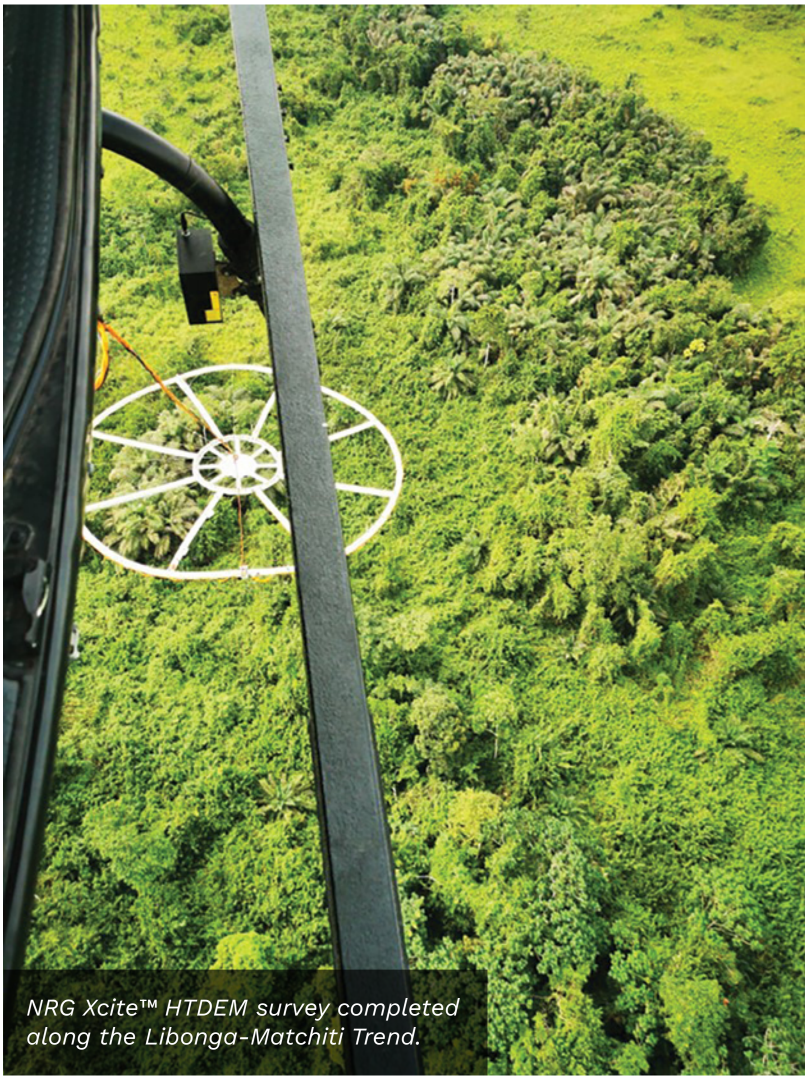
Following a successful NRG™ Xcite™ helicopter-borne time-domain electromagnetic (HTDEM) survey flown in Q1 2021, Armada plans to drill test high-priority electromagnetic conductors positioned along the 25km strike of the Libonga-Matchiti Trend, which has not previously been drill tested for nickel or copper.

Armada has planned an aggressive exploration program to explore its tenements covering the Nyanga Project, to include both drilling of the LMT and regional exploration of additional targets.

CORPORATE

On the corporate side, the Company successfully listed on the ASX, commencing trading on 15 December 2021. Armada raised its maximum targeted amount of AUD $10 million (before costs).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS



NRG Xcite™ HTDEM survey completed along the Libonga-Matchiti Trend.

The company was incorporated on 8 April 2021 and converted to a public company on 22 July 2021.

On 11 October 2021, in contemplation of the initial public offering, the company has undertaken a corporate restructure by acquiring all of the voting shares in Armada Exploration Limited (AEL) on a scrip-for-scrip basis and issued new fully paid ordinary shares in the company to the shareholders of AEL.

On 15 December 2021, the company was admitted to Australian Securities Exchange. The company issued 50,000,000 ordinary shares at an issue price of 20 cents per raising $10 million before costs.

During the year Armada Metals Limited issued 15,000,000 fully paid ordinary shares and 9,900,000 options over ordinary shares to investors raising $2,879,292 (US$2,250,000).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

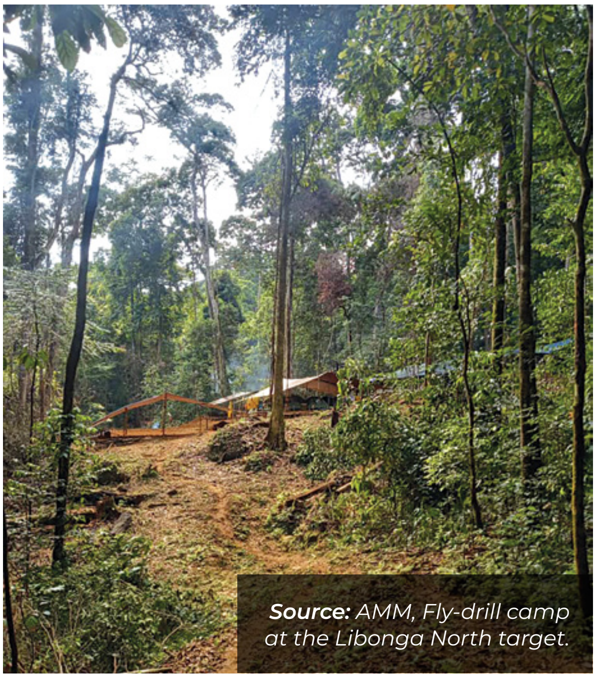
MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 February 2022, the renewal of permit G5-555 was granted and was received formally by the company on 28 February 2022. The permit is valid until February 2025.

No other matter or circumstance has arisen since 31 December 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity expects to pursue exploration activities in Gabon.



***Source:** AMM, Fly-drill camp at the Libonga North target.*

ENVIRONMENTAL REGULATION

The consolidated entity holds two exploration licences via its subsidiary Armada Exploration Gabon SARL. There have been no known breaches of the tenement conditions and no breaches have been notified by any government agency during the year ended December 2021.

INFORMATION ON DIRECTORS

Name:	Dr Ross McGowan
Title:	*Managing Director & CEO*
Qualifications:	MGeol, PhD and Dr McGowan is a Fellow of the Geological Society of London and a Fellow of the Society of Economic Geologists.
Experience and expertise:	Dr McGowan founded the Resource Exploration & Development Group and has over 20 years of academic, technical and corporate experience in mining exploration in Africa. Ross was a co-recipient of the 2015 PDAC Thayer Lindsley Award for an international Mineral Discovery for Kamoa.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	16,250,000 fully paid ordinary shares
Interests in options:	2,000,000 Options exercisable at $0.334 before 15 December 2026, and which are restricted for 24 months from the date of quotation on ASX.

Name:	**Rick Anthon**
Title:	*Non Executive Director & Chairman*
Qualifications:	BA, LLB
Experience and expertise:	Mr Anthon is a practicing lawyer with over 30 years' experience in both corporate and commercial law. Rick has extensive experience in the resource sector, as a director of a number of resource companies and as legal adviser, including project acquisition and development, capital raising and corporate governance.
Other current directorships:	Chairman of Greenwing Resources Ltd (ASX:GW1) and a Non-Executive director of Laneway Resources Ltd (ASX:LNY).
Former directorships (last 3 years):	Nil
Interests in shares:	250,000 fully paid ordinary shares
Interests in options:	500,000 unlisted options, exercisable at $0.334 before 15 December 2026, restricted 24 months from quotation.

Name:	**Martin Holland**
Title:	*Non-Executive Director*
Experience and expertise:	Mr Holland is a known mining executive with over 12 years' experience in M&A and corporate finance. Mr Holland was the founder and CEO of Lithium Power International (ASX:LPI) from 2015 to 2018. During this period, Mr Holland raised in excess of A$70m of new equity to progress LPI's projects from acquisition and further exploration to Definitive Feasibility Study (DFS). Mr Holland is the Chairman of Sydney based investment company Holland International Pty Ltd, which has strong working relationships with leading institutions and banks across the globe.
Other current directorships:	Executive Chairman and Managing Director of Cobre Limited (ASX:CBE) and Executive Director of OzAurum Resources Limited (ASX:OZM).
Former directorships (last 3 years):	Nil
Interests in shares:	15,000,000 fully paid ordinary shares
Interests in options:	1,300,000 options, exercisable at $0.334 before 15 December 2026 restricted for 24 months from quotation. 3,330,000 Options exercisable at $0.334 before 15 December 2026, and which are restricted for 24 months from the date of quotation on ASX. (Held indirectly)

Name:	**David Michael McNeilly**
Title:	*Non-Executive Director*
Qualifications:	He is a former Rhodes Scholar, has an Oxford University postgraduate degree in Management Studies and is a Fellow of the Australian Institute of Management
Experience and expertise:	Mr McNeilly has formerly been a non-executive director of Greatland Gold plc (AIM:GGP) and a non-executive director at Arkle Resources plc (AIM:ARK). Mr McNeilly serves as director on numerous of MTR's investment and subsidiary entities. Mr McNeilly previously worked as a corporate financier with both Allenby Capital and Arden Partners Limited (AIM:ARDN) as well as a corporate executive at Coinsilium (NEX:COIN) where he worked with early stage blockchain-focussed start-ups. Mr McNeilly studied Biology at Imperial College London and has a Bachelor in Economics from the American University of Paris.
Other current directorships:	Metal Tiger PLC. (ASX:MTR); Cobre Limited (ASX:CBE); and Southern Gold Limited (ASX:SAU)
Former directorships (last 3 years):	Nil
Interests in shares:	15,000,000 fully paid ordinary shares
Interests in options:	1,300,000 options, exercisable at $0.334 before 15 December 2026 restricted for 24 months from quotation. 3,330,000 Options exercisable at $0.334 before 15 December 2026, and which are restricted for 24 months from the date of quotation on ASX. (Held indirectly)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Vanessa Chidrawi is a highly experienced governance professional, with a portfolio of domestic and international clients across various sectors. She had 12 years' private practice experience in commercial law and litigation, practicing for her own account as a lawyer in Johannesburg. Over the past 15 years, she has acted as General Counsel and Company Secretary for ASX200 and TSX-listed companies and has held senior executive positions in the mining industry across Australia and South East Asia, including a role as Indonesian Country Manager for Intrepid Mines Limited.

Ms Chidrawi holds Bachelor of Law and Bachelor of Commerce qualifications and brings with her a wealth of experience in corporate governance, mergers and acquisitions, board advisory and capital raising in the listed company space. She currently acts as company secretary and governance advisor to six ASX-listed companies, including FINEOS Corporation plc and Wisr Limited and sits on the advisory board of UK-incorporated New Generation Minerals Limited.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Dr Ross McGowan	4	4
Rick Anthon	4	4
Martin Holland	4	4
David Michael McNeilly	4	4

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the board. The board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. Under clause 44 of the company's constitution has been set at $1,000,000 per annum.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- share-based payments

The combination of these comprises the executive's total remuneration.

Use of remuneration consultants

The company has not made use of remuneration consultants during the current period.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Rick Anthon	17,753	–	–	–	–	14,937	32,690
Martin Holland	13,315	–	–	–	–	37,124	50,439
David Michael McNeilly	13,315	–	–	–	–	37,124	50,439
Executive Directors:							
Dr Ross McGowan	126,116	–	–	–	–	75,195	201,311
	170,499	**–**	**–**	**–**	**–**	**164,380**	**334,879**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-Executive Directors:						
Rick Anthon	54%	–	–	–	46%	–
Martin Holland	26%	–	–	–	74%	–
David Michael McNeilly	26%	–	–	–	74%	–
Executive Directors:						
Dr Ross McGowan	63%	–	–	–	37%	–

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Dr Ross McGowan
Title:	Managing Director & CEO
Agreement commenced:	1 December 2021
Details:	Dr McGowan's annual remuneration package under the Employment Agreement is A$250,000.
Name:	Rick Anthon
Title:	Non-Executive Director & Chairman
Agreement commenced:	1 July 2021
Details:	An annual fee of $80,000 will be paid to Rick Anthon as the Chairperson and Non-Executive Director.
Name:	Martin Holland
Title:	Non-Executive Director
Agreement commenced:	1 July 2021
Details:	An annual fee of $60,000 will be paid to each of the other Non-Executive Directors.
Name:	David Michael McNeilly
Title:	Non-Executive Director
Agreement commenced:	1 July 2021
Details:	An annual fee of $60,000 will be paid to each of the other Non-Executive Directors.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090
11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Dr Ross McGowan	2,000,000	11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090
Martin Holland	1,300,000	11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090
David Michael McNeilly	1,300,000	11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090
Rick Anthon	500,000	11 October 2021	15 December 2021	15 December 2026	$0.3340	$0.090

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Number of options granted during the year 2021	Number of options granted during the year 2020	Number of options vested during the year 2021	Number of options vested during the year 2020
Dr Ross McGowan	2,000,000	–	2,000,000	–
Martin Holland	1,300,000	–	1,300,000	–
David Michael McNeilly	1,300,000	–	1,300,000	–
Rick Anthon	500,000	–	500,000	–

Additional information

The earnings of the consolidated entity are summarised below:

	2021 $
Loss after income tax	(3,091,371)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021 $
Share price at financial year end ($)	0.14
Basic loss per share (cents per share)	(5.77)
Diluted loss per share (cents per share)	(5.77)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Received as part of remuneration	Additions	Other *	Balance at the end of the year
Ordinary shares					
Dr Ross McGowan	–	–	16,250,000	–	16,250,000
Martin Holland	–	–	15,000,000	–	15,000,000
David McNeilly	–	–	15,000,000	–	15,000,000
Rick Anthon	–	–	250,000	–	250,000
	–	–	46,500,000	–	46,500,000

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Received as part of remuneration	Exercised	Other *	Balance at the end of the year
Options over ordinary shares					
Dr Ross McGowan	–	2,000,000	–	–	2,000,000
Martin Holland	–	1,300,000	–	3,330,000	4,630,000
David McNeilly	–	1,300,000	–	3,330,000	4,630,000
Rick Anthon	–	500,000	–	–	500,000
	–	5,100,000	–	6,660,000	11,760,000

* *Held indirectly through related parties.*

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Armada Metals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
11 October 2021	15 January 2023	$0.2500	5,200,000
11 October 2021	15 December 2026	$0.3340	13,060,000
11 October 2021	15 December 2026	$0.3340	3,330,000
11 October 2021	15 December 2026	$0.3340	1,750,000
			23,340,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Armada Metals Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The company has not indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST AND YOUNG

There are no officers of the company who are former partners of Ernst and Young.

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.

AUDITOR

Ernst and Young was appointed in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Ross McGowan
Managing Director and CEO
31 March 2022

Source: *AMM, Helicopter <ZS-RSS> transporting a diamond rig to the Libonga North target*

Auditor's Independence Declaration

EY
Building a better working world

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of the financial report of Armada Metals Limited for the financial year ended 31 December 2021, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
31 March 2022

Financial Report

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 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 are:

Registered office	**Principal place of business**
Level 12, 225 George Street Sydney NSW 2000	Level 7, 151 Macquarie Street 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 31 March 2022. The directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Other income	5	1,369	483
Expenses			
Administration expenses		(1,825,505)	(219,810)
Fair value loss on derivatives	14	(75,294)	-
Employee benefits expense		(26,278)	(2,205)
Depreciation and amortisation expense		(2,349)	(5,812)
Share based payment expense		(244,811)	-
Expenses related to initial public offering		(301,911)	-
Other expenses		(43,804)	-
Finance costs	6	(572,788)	(567,604)
Loss before income tax expense		(3,091,371)	(794,948)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Armada Metals Limited		(3,091,371)	(794,948)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(224,493)	305,699
Other comprehensive income/(loss) for the year, net of tax		(224,493)	305,699
Total comprehensive loss for the year attributable to the owners of Armada Metals Limited		(3,315,864)	(489,249)
		Cents	**Cents**
Basic loss per share	28	(5.77)	(2.09)
Diluted loss per share	28	(5.77)	(2.09)

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

Statement of financial position

As at 31 December 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	8	8,863,201	11,697
Trade and other receivables	9	153,928	12,457
Other	10	571,720	10,118
Total current assets		9,588,849	34,272
Non-current assets			
Property, plant and equipment		6,115	4,152
Exploration and evaluation	11	6,020,956	5,470,902
Other		5,354	5,499
Total non-current assets		6,032,425	5,480,553
Total assets		15,621,274	5,514,825
Liabilities			
Current liabilities			
Trade and other payables	12	456,680	125,081
Borrowings	13	3,534,794	2,859,721
Total current liabilities		3,991,474	2,984,802
Non-current liabilities			
Payables		5,299	5,443
Total non-current liabilities		5,299	5,443
Total liabilities		3,996,773	2,990,245
Net assets		11,624,501	2,524,580
Equity			
Issued capital	14	23,006,770	12,109,654
Reserves	15	2,108,576	814,400
Accumulated losses		(13,490,845)	(10,399,474)
Total equity		11,624,501	2,524,580

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

Statement of changes in equity

For the year ended 31 December 2021

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
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/(loss) for the year	-	305,699	(794,948)	(489,249)
Contributions of equity, net of transaction costs (note 14)	362,004	-	-	362,004
Balance at 31 December 2020	12,109,654	814,400	(10,399,474)	2,524,580

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2021	12,109,654	814,400	(10,399,474)	2,524,580
Loss after income tax expense for the year	-	-	(3,091,371)	(3,091,371)
Other comprehensive loss for the year, net of tax	-	(224,493)	-	(224,493)
Total comprehensive loss for the year	-	(224,493)	(3,091,371)	(3,315,864)
Contributions of equity, net of transaction costs (note 14)	10,897,116	-	-	10,897,116
Share-based payments	-	741,270	-	741,270
Transfer from derivative financial liability upon completion of IPO	-	777,399	-	777,399
Balance at 31 December 2021	23,006,770	2,108,576	(13,490,845)	11,624,501

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

Statement of cash flows

For the year ended 31 December 2021

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Other income		676	483
Payments to suppliers and employees		(2,017,012)	(263,987)
Net cash used in operating activities	26	(2,016,336)	(263,504)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,312)	-
Payments for exploration and evaluation		(1,253,332)	(413,827)
Net cash used in investing activities		(1,257,644)	(413,827)
Cash flows from financing activities			
Proceeds from issue of shares and options		12,879,293	362,004
Proceeds from borrowings		-	41,574
Share issue transaction costs		(783,613)	-
Repayment of borrowings		(84,394)	-
Net cash from financing activities		12,011,286	403,578
Net increase/(decrease) in cash and cash equivalents		8,737,306	(273,753)
Cash and cash equivalents at the beginning of the financial year		7,630	226,734
Effects of exchange rate changes on cash and cash equivalents		118,265	54,649
Cash and cash equivalents at the end of the financial year	8	8,863,201	7,630

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

Notes to the financial statements
For the year ended 31 December 2021

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.

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. The impact of their adoption has not been material.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Armada Metals Limited (**Company** or **Armada Metals**) was incorporated on 8 April 2021. On 11 October 2021, in contemplation of the initial public offering, the Company has undertaken a corporate restructure (**Restructure**) by acquiring all of the voting shares in Armada Exploration Limited (**Armada Mauritius**) on a scrip-for-scrip basis and issued new fully paid ordinary shares in the Company to the shareholders of Armada Mauritius. The Company further transferred all of the shares it held in Armada Mauritius to Armada Metals Germany GmbH (**Armada Germany**) (a wholly owned subsidiary of the Company) by way of capital contribution.

Following completion of the Restructure, Armada Metals holds 100% of the issued share capital in Armada Germany which, in turn, holds 100% of the voting shares in Armada Mauritius. Armada Mauritius continues to hold 100% of the issued share capital in Armada Exploration Gabon SARL (**Armada Gabon**). The principles of reverse acquisition have been applied by analogy such that the consolidated financial statements of Armada Metals are effectively a continuation of Armada Mauritius.

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.

Parent entity information
These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Armada Metals Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Armada Metals 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.

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 carrying value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

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.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Employee benefits

Share-based payments
Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Armada Metals Limited , excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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.

Note 1. Significant accounting policies (continued)

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 2021. Management have reviewed the accounting standards that are not yet mandatory and they are not 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.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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 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 13 for further details.

Equity financial instruments
During the financial year the company has recognised an equity financial instruments in relation to options issued to investors. These options have been valued using a Black-Scholes model with significant judgment need in relation to the key inputs including volatility and spot price.

Note 3. Impact of COVID 19 pandemic

During the year ended 31 December 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.

Other jurisdictions
The impact of COVID-19 on the consolidated entity's other jurisdictions has not been material due to scale and nature of their operations.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segement, being the exploration for metals in Gabon. 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 5. Other income

	Consolidated	
	2021	**2020**
	$	**$**
Net foreign exchange gain	693	-
Other revenue	676	483
Other income	1,369	483

Note 6. Finance costs

	Consolidated	
	2021	**2020**
	$	**$**
Loss before income tax includes the following specific expenses:		
Finance costs		
Redeemable share costs	572,788	567,604

Note 7. Income tax expense

	Consolidated 2021 $	Consolidated 2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,091,371)	(794,948)
Tax at the statutory tax rate of 30% (2020: 15%)	(927,411)	(119,242)
Tax losses and temporary differences not recognised	456,272	34,102
Non deductible expenses	471,139	85,140
Income tax expense	-	-

	Consolidated 2021 $	Consolidated 2020 $
Australian tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	698,426	-
Potential tax benefit @ 30%	209,528	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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 2021 $1,514,365 (2020: 1,531,946)
- Unused tax losses in Mauritius at 31 December 2021 $499,651 (2020: 232,033)

	Consolidated 2021 $	Consolidated 2020 $
Potential benefit in Mauritius (at corporate tax rate of 15%)	74,947	34,805
Potential benefit in Gabon at (at corporate tax rate of 30%)	454,309	459,584
	529,256	494,389

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

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	$	$
Cash at bank and on hand	8,863,201	11,697

Reconciliation to cash and cash equivalents at the end of the financial year
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:

	2021	2020
Balances as above	8,863,201	11,697
Bank overdraft (note 13)	-	(4,067)
Balance as per statement of cash flows	8,863,201	7,630

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	$	$
Other receivables (including indirect taxes)	153,928	12,457

Note 10. Current assets - other

	Consolidated	
	2021	2020
	$	$
Prepayments	571,720	10,118

Prepayments includes an amount of $551,267 (US$400,000) in relation to exploration activities in Gabon.

Note 11. Non-current assets - exploration and evaluation

	Consolidated	
	2021	2020
	$	$
Exploration and evaluation - at cost	6,020,956	5,470,902

Note 11. Non-current assets - exploration and evaluation (continued)

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 $
Balance at 1 January 2020	5,091,517
Additions	413,827
Exchange differences	(34,442)
Balance at 31 December 2020	5,470,902
Additions	702,065
Exchange differences	(152,011)
Balance at 31 December 2021	6,020,956

On 17 October 2019 Tremont Master Holdings entered into a Share Purchase and Subscription Agreement with the Company (refer note 13 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 12. Current liabilities - trade and other payables

	Consolidated	
	2021 **$**	**2020** **$**
Trade payables	268,798	17,347
Other payables	187,882	107,734
	456,680	125,081

Refer to note 17 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	Consolidated	
	2021 **$**	**2020** **$**
Bank overdraft	-	4,067
Loan - RED Capital Limited (refer to note 22)	-	84,394
Redeemable shares	3,534,794	2,771,260
	3,534,794	2,859,721

Note 13. Current liabilities - borrowings (continued)

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 2021, resulting in a difference in the carrying value of the financial liability. The range of the carrying value of the financial liability is $2,983,304 (2020: $2,466,279) at the low end of the range and $4,555,787 (2020: $3,766,242) at higher end of the range.

Note 14. Equity - issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 $**	**2020 $**
Ordinary shares - fully paid	104,000,001	12,000,000	23,006,770	12,109,654

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2020	9,500,000		11,747,650
Issue of shares	9 March 2020	1,200,000	$0.1450	173,762
Issue of shares	22 July 2020	1,300,000	$0.1450	188,242
Balance	31 December 2020	12,000,000		12,109,654
Issue of shares - RCF	15 January 2021	5,000,000	$0.1451	725,729
Issue of shares - MTR	17 March 2021	5,000,000	$0.1451	725,729
Issue of shares - Cobre	29 April 2021	5,000,000	$0.1451	725,729
Change in number of shares upon completion of restruture	11 October 2021	27,000,001	$0.0000	-
IPO shares issued	13 December 2021	50,000,000	$0.2000	10,000,000
Less costs of capital raised		-	$0.0000	(1,280,071)
Balance	31 December 2021	104,000,001		23,006,770

Note 14. Equity - issued capital (continued)

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 - 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.

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 payable on 0.5% of revenues from Armada Exploration Gabon's mining area.

Issue of shares - Metal Tiger PLC (MTR)
MTR 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.

Issue of shares - Cobre Limited (Cobre)
Cobre 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.

Treatment of equity financial instruments
A financial liability of $702,105 was initially recognised in Armada Mauritius relating to the fair value of the share options previously issued to Cobre, MTR and RCF by Armada Mauritius which were originally accounted for as a derivative financial instrument due to both the number of options and exercise price being variable under the terms of the respective Investment Agreements. Upon completion of the Restructure the said share options in Armada Mauritius have been cancelled and replaced with Unlisted Options in Armada Metals in accordance with the terms of the Share Sale Deed. The terms of the Unlisted Options are such that upon completion of the IPO the number of Unlisted Options become fixed at 3,330,000 (per recipient entity) and exercise price fixed at $0.334. In accordance with the Company's accounting policy, the company elected to reclassify the derivative financial liability to equity upon the fixing of the conversion option. Upon derecognition of the financial liability and recognition of equity financial instrument, a fair value loss of $75,294 has recognised through the profit and loss. Refer to note 15.

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

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.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 15. Equity - reserves

	Consolidated 2021 $	2020 $
Foreign currency reserve	589,907	814,400
Share-based payments reserve	741,270	-
Other reserves	777,399	-
	2,108,576	814,400

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.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Other reserves
The reserve is used to recognise the value of equity financial instruments reclassified from derivative financial liabilities upon completion of the company's listing on the ASX. Refer to note 14.

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

Consolidated	Other $	Share based payments $	Currency Translation $
Balance at 1 January 2020	-	-	508,701
Foreign currency translation	-	-	305,699
Balance at 31 December 2020	-	-	814,400
Foreign currency translation	-	-	(224,493)
Share based payments	-	741,270	-
Transfer from derivative financial liability upon completion of IPO	777,399	-	-
Balance at 31 December 2021	777,399	741,270	589,907

Note 16. Equity - dividends

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

Note 17. 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.

Note 17. Financial instruments (continued)

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	
Consolidated	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Central African Franc	130,412	11,645	195,004	79,266

	AUD strengthened			AUD weakened		
Consolidated - 2021	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Central African Franc	10%	(6,459)	(4,659)	10%	6,459	6,459

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

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 - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	On Demand $	Remaining contractual maturities $
Non-interest bearing							
Trade and other payables	-	443,587	-	5,299	-	-	448,886
Redeemable shares *	-	-	-	-	-	3,534,794	3,534,794
Total non-derivatives		443,587	-	5,299	-	3,534,794	3,983,680

Note 17. Financial instruments (continued)

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	On Demand $	Remaining contractual maturities $
Non-interest bearing							
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
Interest-bearing - variable							
Bank overdraft	-	4,067	-	-	-	-	4,067
Total non-derivatives		129,148	-	5,443	-	2,855,654	2,990,245

* 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 13) is not within the company's control. However, the company reasonably expects settlement of the redeemable shares to take place between within 1 year as at 31 December 2021 (31 December 2020: between 1 and 2 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 18. 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 2021 $	2020 $
Short-term employee benefits	170,499	69,504
Share-based payments	164,380	-
	334,879	69,504

Note 19. Remuneration of auditors

	Consolidated 2021 $	2020 $
Audit services - Ernst and Young		
Audit or review of the financial statements	67,500	20,000
Other services - Ernst and Young		
Investigating accountant's report	183,280	-
	250,780	20,000
Audit services - network firms		
Audit or review of the financial statements	31,140	25,000

Note 20. 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. No amount has been provided for in relation to this matter.

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

Note 21. Commitments

The consolidated entity had total commitment totalling $1,359,311 (2020: $2,545,862) in relation to its exploration tenements in Gabon. These costs must be incurred before July 2022.

Note 22. Related party transactions

Parent entity
Armada Metals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

Key management personnel
Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Payment for goods and services:		
Payment for services from those related to key management personnel	12,000	-
Fees paid to Red Technical, excluding those included in KMP remuneration (an entity related to Ross McGowan)	109,709	85,246

In addition to the above fees Martin Holland received consulting fees of $100,000 that related to work performed before completion of the restructure.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Current payables:		
Trade payable to Red Technical (an entity related to Ross McGowan)	67,319	48,830

Note 22. 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	
	2021 $	2020 $
Current borrowings:		
Loan - RED Capital Limited (an entity related to company director Ross McGowan) *	-	84,394

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

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Loss after income tax	(2,216,019)	-
Total comprehensive loss	(2,216,019)	-

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	8,400,698	-
Total assets	8,443,944	-
Total current liabilities	133,525	-
Total liabilities	709,225	-
Equity		
Issued capital	8,719,928	-
Share-based payments reserve	453,411	-
Other reserves	777,399	-
Accumulated losses	(2,216,019)	-
Total equity	7,734,719	-

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021.

Note 23. Parent entity information (continued)

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 24. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Armada Metals Germany GmbH	Germany	100.00%	-
Armada Exploration Limited	Mauritius	100.00%	-
Armada Exploration Gabon	Gabon	100.00%	-

Note 25. Events after the reporting period

On 14 February 2022, the renewal of permit G5-555 was granted and was received formally by the company on 28 February 2022. The permit is valid until February 2025.

No other matter or circumstance has arisen since 31 December 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 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax expense for the year	(3,091,371)	(794,948)
Adjustments for:		
Depreciation and amortisation	2,349	5,812
Share-based payments	244,811	-
Non cash finance costs in relation to redeemable shares	572,788	567,604
Fair value loss on derivatives	75,294	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(141,471)	(2,712)
Decrease/(increase) in other operating assets	(10,335)	577
Increase/(decrease) in trade and other payables	331,599	(39,837)
Net cash used in operating activities	(2,016,336)	(263,504)

Note 27. Changes in liabilities arising from financing activities

Consolidated	Redeemable Shares $	RED Capital Loan $	Total $
Balance at 1 January 2020	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	2,771,260	84,394	2,855,654
Net cash used in financing activities	-	(84,394)	(84,394)
Exchange differences	190,746	-	190,746
Accretion of liability	572,788	-	572,788
Balance at 31 December 2021	3,534,794	-	3,534,794

Note 28. Earnings per share

	Consolidated 2021 $	2020 $
Loss after income tax attributable to the owners of Armada Metals Limited	(3,091,371)	(794,948)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	53,589,041	38,053,424
Weighted average number of ordinary shares used in calculating diluted earnings per share	53,589,041	38,053,424
	Cents	**Cents**
Basic loss per share	(5.77)	(2.09)
Diluted loss per share	(5.77)	(2.09)

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.

Note 29. Share-based payments

Prior to listing the company issued options to key management personnel and other employees as remuneration for service rendered.

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	-	$0.0000	-	$0.0000
Granted	8,150,000	$0.3340	-	$0.0000
Outstanding at the end of the financial year	8,150,000	$0.0000	-	$0.0000
Exercisable at the end of the financial year	8,150,000	$0.3340	-	$0.0000

Note 29. Share-based payments (continued)

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11/10/2021	15/12/2026	$0.3340	-	4,400,000	-	-	4,400,000
11/10/2021	15/12/2026	$0.3340	-	3,750,000	-	-	3,750,000
			-	8,150,000	-	-	8,150,000
Weighted average exercise price			$0.0000	$0.3340	$0.0000	$0.0000	$0.3340

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.95 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
11/10/2021	15/12/2026	$0.1451	$0.3340	100.00%	-	0.68%	$0.090
11/10/2021	08/06/2026	$0.1451	$0.3340	100.00%	-	0.68%	$0.090

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 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 2021 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

On behalf of the directors

Ross McGowan
Managing Director & CEO

31 March 2022

Independent Auditor's Report

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

EY
Building a better working world

Independent Auditor's Report to the Members of Armada Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Armada Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial report, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian 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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards 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.

Building a better working world

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying Value of Exploration and Evaluation Assets

Why significant	How our audit addressed the key audit matter
The Group's exploration assets of $6.0m as at 31 December 2021 represents 38% of the total assets of the Group. Exploration assets are initially recognised at cost and any additional expenditure is capitalised to the exploration asset in accordance with the Group's accounting policy as outlined in Note 1. At each reporting date the Directors' assess the Group's exploration assets for indicators of impairment. The decision as to whether there are indicators that require the Group's exploration assets to be assessed for impairment in accordance with AASB 6 involved judgment, including whether; the rights to tenure for the areas of interest are current; the Group's ability and intention to continue to evaluate and develop the area of interest and whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the area of interest. We have therefore considered this a Key Audit Matter due to the value of the exploration assets relative to total assets and the significant judgments involved in the assessment of indicators of impairment.	Our procedures to address the Group's assessment of impairment indicators for exploration assets included: ▶ Understanding the current exploration program and any associated risks. ▶ Considering the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements. ▶ Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest, which included an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. ▶ Agreeing a sample of costs capitalised for the period to supporting documentation and considering whether these costs meet the requirements of Australian Accounting Standards and the Group's accounting policy. ▶ Assessing whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards. ▶ Evaluating the adequacy of the related disclosures in the financial report.

Information other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and 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 related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or 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 Australian 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 Australian 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 entity'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 and 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.

Building a better working world

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the Directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Armada Metals Limited for the year ended 31 December 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

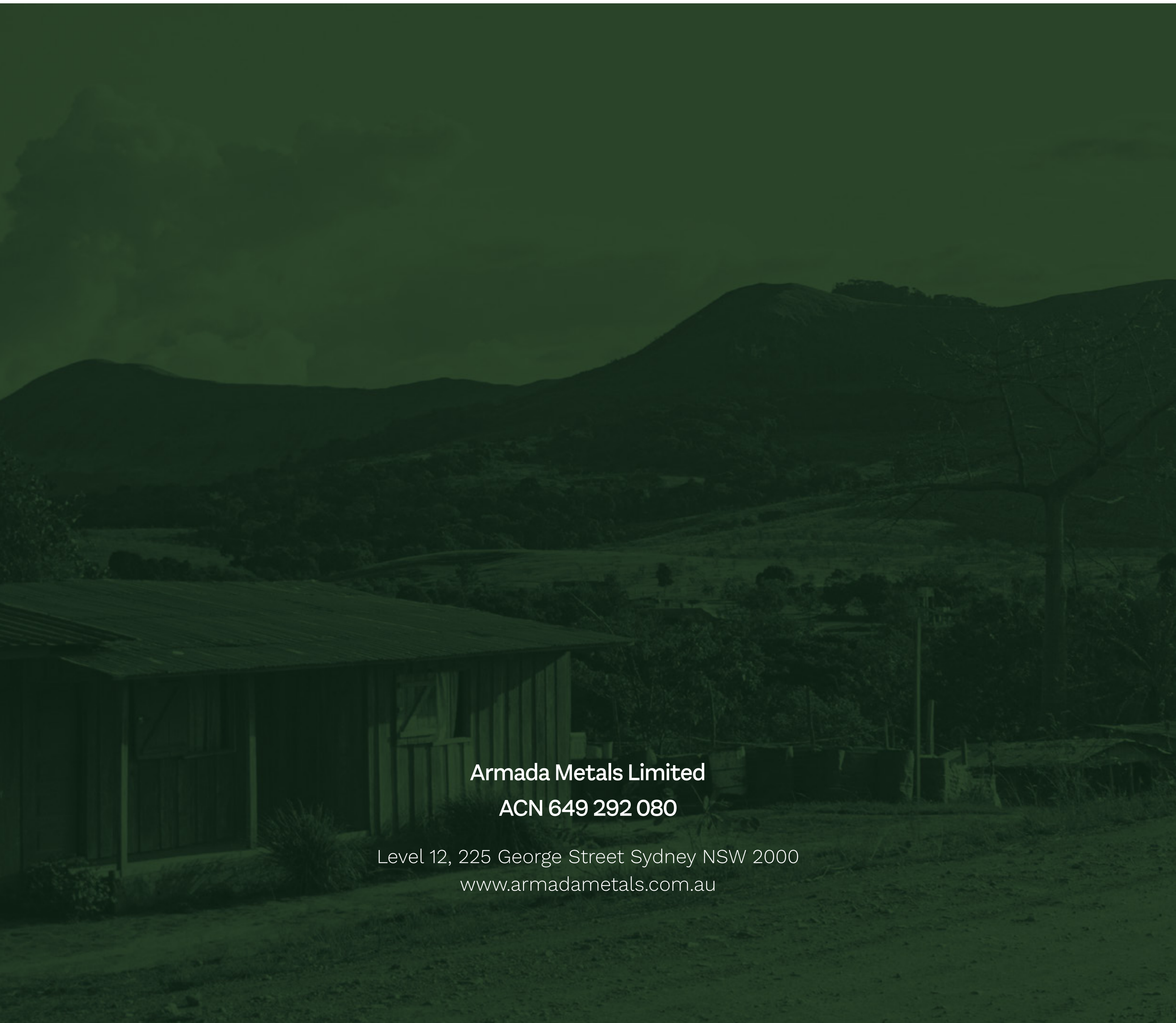
Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
31 March 2022

ARMADA
METALS



Armada Metals Limited
ACN 649 292 080

Level 12, 225 George Street Sydney NSW 2000
www.armadametals.com.au