Armada Metals Limited

ABN 75 649 292 080

Annual Report

For the year ended 31 December 2022

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

Mr Justin Clyne

ASX Code

AMM

Share Registry

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

Registered Office

Level 7, 151 Macquarie Street
Sydney NSW 2000

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E: info@armadametals.com.au

Principal Place of Business

Level 7, 151 Macquarie Street
Sydney NSW 2000

Australian Legal Advisor

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

Auditor

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

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Source: *AMM, image of Gabon forest taken from a Helicopter*

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors of Armada Metals Limited (Armada or Company) it is with great pleasure that I present to you Armada's Annual Report for the 2022 Financial Year.

Armada has had a highly successful year, exceeding several milestones during its first year as a listed company. Our exploration efforts in Gabon continue to leverage the latest techniques and advanced technologies, with the aim of delivering potentially game-changing technical possibilities to our valued shareholders at our belt-scale Nyanga Project.

During the year, Armada delivered exciting initial technical results from its maiden drill program at the Nyanga Project. These results have demonstrated the potential of the project to host magmatic nickel-copper sulphides and could potentially unlock the entire Libonga-Matchiti Trend (LMT), as well as other targets within our larger ground holding.

Shortly after, Armada completed a ground-based Natural Source Audio-Magnetotelluric (NSAMT) survey over key targets along the LMT. The survey achieved its objective of directly detecting discrete conductive bodies with recognisable geometries which will be used to generate priority drill targets. The modelling and technical review yielded better-than-expected results and will significantly impact the next drill program in 2023.

In November, the Company executed the first-ever fully integrated MobileMT survey on the African continent. The successful completion of this survey, which started on time and finished ahead of schedule, is a testament to Armada's commitment to increasing our knowledge base, understanding, and confidence in the regional geological framework at Nyanga.

In February 2022, Armada received notice of the renewal of exploration permit G5-555 which is valid for an additional three years and, subsequent to the end of the year in January 2023, the Company was pleased to announce the renewal of exploration permit G5-150, also for an additional three years. The renewal of both permits until 2025 allows the Company to continue to explore the complete extent of the potential along the Libonga-Matchiti and Ngongo-Yoyo Trends, which extends for over 60km. These areas will the focus of the 2023 exploration programs.

Looking forward, Armada Metals remains committed to advancing its exploration at the Nyanga Project throughout 2023. With a discovery-focused program, a favourable commodity price environment, a team of experienced professionals, and supportive shareholders, Armada is well positioned to seize opportunities in the expanding nickel and copper markets. Future exploration success on previously uncharted areas will also bolster the Company's strategy of capitalising on these and new opportunities that arise in the near, medium, and long-term.

Finally, I would like to take this opportunity to thank the Company's loyal shareholders and key stakeholders for their ongoing support in contributing towards delivering success, with the ultimate aim of making a major discovery. I would also like to thank my fellow directors, technical and operations teams on the ground for their tremendous efforts during what has been a very exciting and rewarding year.

Rick Anthon
Chairman and Non-Executive Director
30 March 2023

Source: *AMM, Helicopter in forest plate*

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**', '**Armada**' or '**Parent Entity**') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

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)

Rick Anthon - (Non-Executive Director & Chairman)

Martin Holland – (Non-Executive Director)

David Michael McNeilly - (Non-Executive Director)

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Consolidated Entity consisted of the continued advanced exploration programs on its only project, the 100%-owned, Nyanga Magmatic Nickel Copper Project (the '**Project**') in Gabon, comprising of two exploration licences totalling 2,725km^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 $4,791,584 (31 December 2021: $3,091,371).

During the year, the Company continued to advance exploration on its prospective, 100%-owned, Nyanga Magmatic Nickel Copper Project located in Southern Gabon. Covering a total area of 2,725km^2, the licence holding presents a potential belt-scale, early-stage exploration discovery opportunity for magmatic Ni-Cu sulphides.

Work continues to focus on the Libonga-Matchiti Trend ('**LMT**') and the Ngongo-Yoyo Trend ('**NYT**'), which stretches for over 60km within Armada's two exploration licences. During the financial year, the Company completed its Phase 1 diamond drilling program along the LMT. All ten diamond drill holes, drilled for a total of 3,240m at three high-priority targets, intersected magmatic sulphides.

Assay results from this initial program were received over the reporting period, with data being incorporated with the total geochemical characterisation results (including essential sulphur analyses) and petrological studies to provide important data on source magmas, system fertility and lithological and alteration characterisation.

Core logging observations confirm the LMT to host a complex, dynamic multi-phased magma conduit system, with crustal contamination having caused extensive sulphur saturation.

Surface grab samples, collected along the NYT within permit G5-555, confirmed the presence of high-MgO ultramafic intrusive rocks with magmatic sulphide mineralisation. These results confirm the Company's prospective trend, incorporating the LMT and NYT, extends more than 60km.

During the year, a series of Natural Source Audio-Magnetotelluric ('**NSAMT**') surveys were completed along the LMT at the Libonga North, Libonga South, and Matchiti Central Targets. A total of 77.25-line kilometres of survey were completed over a two-month period.

Early observations from the NSAMT and updated inversions of the Company's magnetic datasets indicate that the anticipated intrusion and associated mineralisation geometries are like those within the Mid Continental Rift ('**MCR**') characteristic of the USA and Canada. These include keels of differentiated sills, subvertical dyke-like bodies, and tubular chonoliths.

Untested apparent conductors, that have favourable geometries, have been interpreted at all targets along the LMT using preliminary field data.

In November 2022, Armada launched and completed the first ever Mobile Magnetotellurics ('**MobileMT**') survey on the African Continent. This latest innovation in airborne electromagnetics was completed along the LMT and NYT to rapidly test potential concealed portions of both trends, with an additional coastal target, Doumvou, also being surveyed. A total of 1,453-line kilometers of survey were completed.

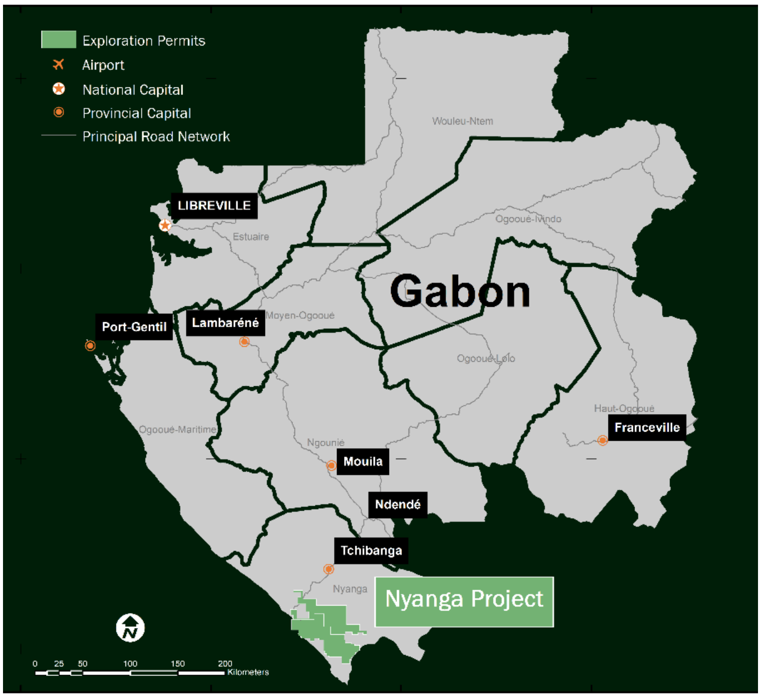
Subsequent to the end of the financial year, on 2 February 2023, Armada announced that preliminary modelling of the MobileMT datasets has identified multiple new preliminary targets which are consistent with the Company's regional mapping of the intrusions. These exciting new targets will be used to design future ground based NSAMT surveys at the Project (*refer announcement on 2 February 2023*).

NYANGA PROJECT, GABON

The belt-scale Nyanga Project, which covers an area of 2,725 km^2, is focused on exploration and discovery of magmatic nickel-copper deposits. This project offers a first-mover advantage by drilling untested Ni-Cu (Co-PGE) sulphide targets in Gabon.

The Nyanga Project has a strategic land holding (100% ownership) in a stable country with a solid mining code. Combined with a discovery-focused technical team which has a proven track record of discovery in Africa, the Nyanga Project offers a multi-project opportunity on a belt scale.

Proof of concept drilling has been completed, and key surface and sub-surface indicators of magmatic Ni-Cu ore formation are supported by geophysical modelling. Further drilling of priority targets is planned for 2023.

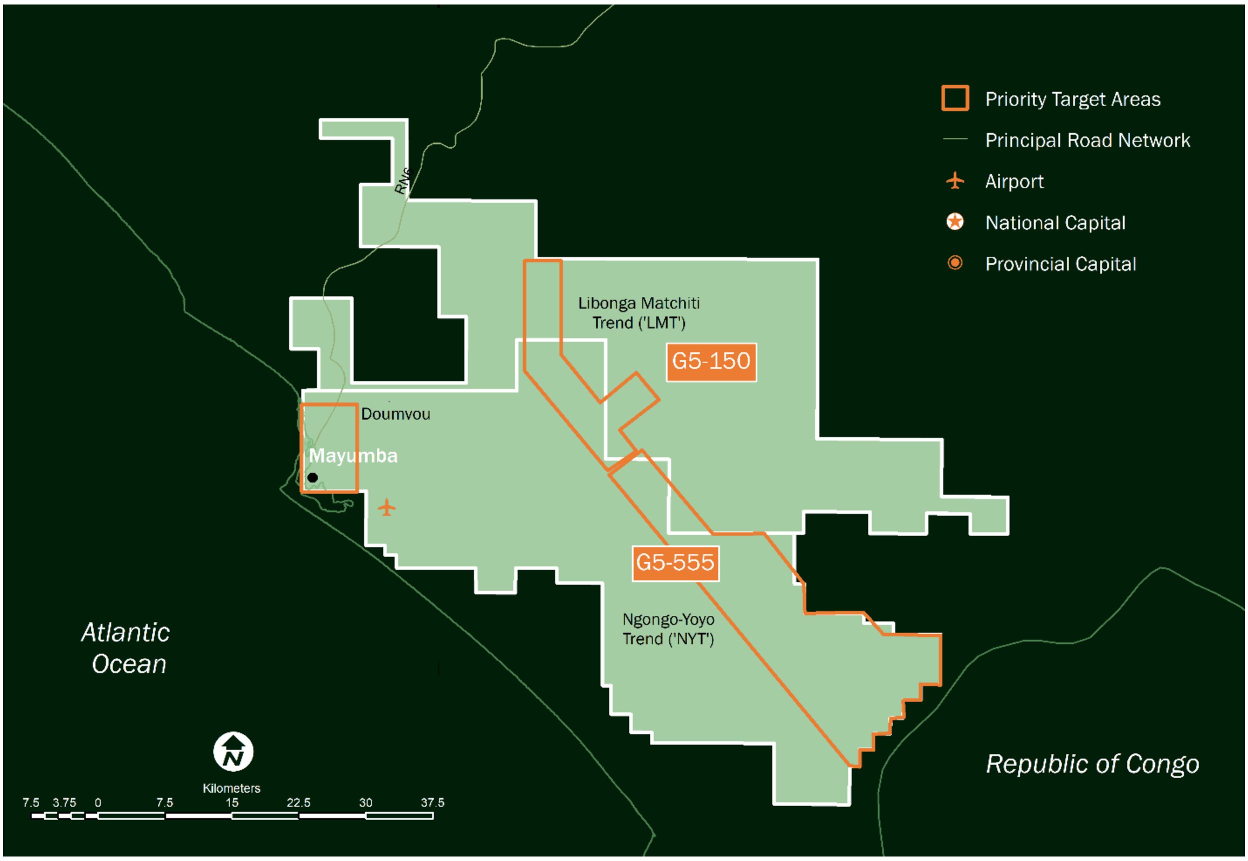


Diamond Drilling at the Nyanga Project, Gabon

The Company has developed a multi-target exploration pipeline. Advanced exploration has so far been focused on the 25km-long LMT where a number of targets are located. This trend is marked by gabbro to peridotite fractionation suite units outcropping at surface.

The NYT extends for up to approximately 40km from the LMT in a south-easterly direction with evidence of more evolved to primitive fractionation suite rocks interpreted as part of the same complex and dynamic system as the LMT.

The Doumvou Target is one of six regional targets mapped along a structural corridor parallel to the coastline (refer to Company Prospectus dated 9 November 2021 and lodged with the ASX on 14 December 2021).



CORPORATE

- In February 2022, Armada received notice of the renewal of exploration permit G5-555 which is valid for an additional three years supporting the belt-scale potential of the Nyanga Project (see ASX announcement on 2 March 2022) and subsequent to the end of the financial year, as announced to the ASX on 9 January 2023, the Company announced the extension of permit G5-150 also for an additional three years until 29 November 2025. It was announced at the time that "… In addition, the permit has been reduced from an area of 1497km^2 to 1230km^2, a reduction of 18%, on which the Company remains in discussion with the Ministry of Mines. The renewal of permit G5-150 allows the Company to continue exploring the northern extension of the 25 km long LMT… within which the high priority Libonga North, Central and South exploration targets fall. These targets will remain a focus, alongside other priority targets, in upcoming 2023 exploration programs…";

- The Company appointed Justin Clyne as Company Secretary effective 4 July 2022 (refer announcement on 5 July 2022) and changed its principal place of business and registered address to Level 7, 151 Macquarie Street, Sydney NSW 2000;

- On 8 May 2022, Armada sadly announced that an employee was fatally injured in an off-duty accident which occurred while he was onsite at the Nyanga Project in Gabon (refer announcement on 9 May 2022). The Company continued to provide appropriate support to the family and relatives of the deceased;

- On 31 May 2022, the Company held its first Annual General Meeting as a listed company with all resolutions passed including the re-election of Michael McNeilly as a director for a further three years;

- Armada's Managing Director and CEO, Dr Ross McGowan, attended the 121 Mining Conference and Africa Indaba Conferences which both took place in Cape Town, South Africa in early May 2022. Dr McGowan attended over 30 investor meetings to provide an update on the Company;

- In September 2022, Dr McGown attended the Africa Down Under Conference held in Perth, Western Australia; and

- Subsequent to the end of the financial year, Dr McGowan attended the 121 Mining Investment Conference in February 2023 held in Cape Town, South Africa.

MobileMT Survey flown over the Nyanga Project, Gabon

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no 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 2 February 2023, Armada announced that preliminary modelling of the MobileMT datasets has identified multiple new preliminary targets which are consistent with the Company's regional mapping of the intrusions. These exciting new targets will be used to design future ground based NSAMT surveys at the Project (*refer announcement on 2 February 2023*).

No other matter or circumstance has arisen since 31 December 2022 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.

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 2022.

2022 Diamond Drill Program

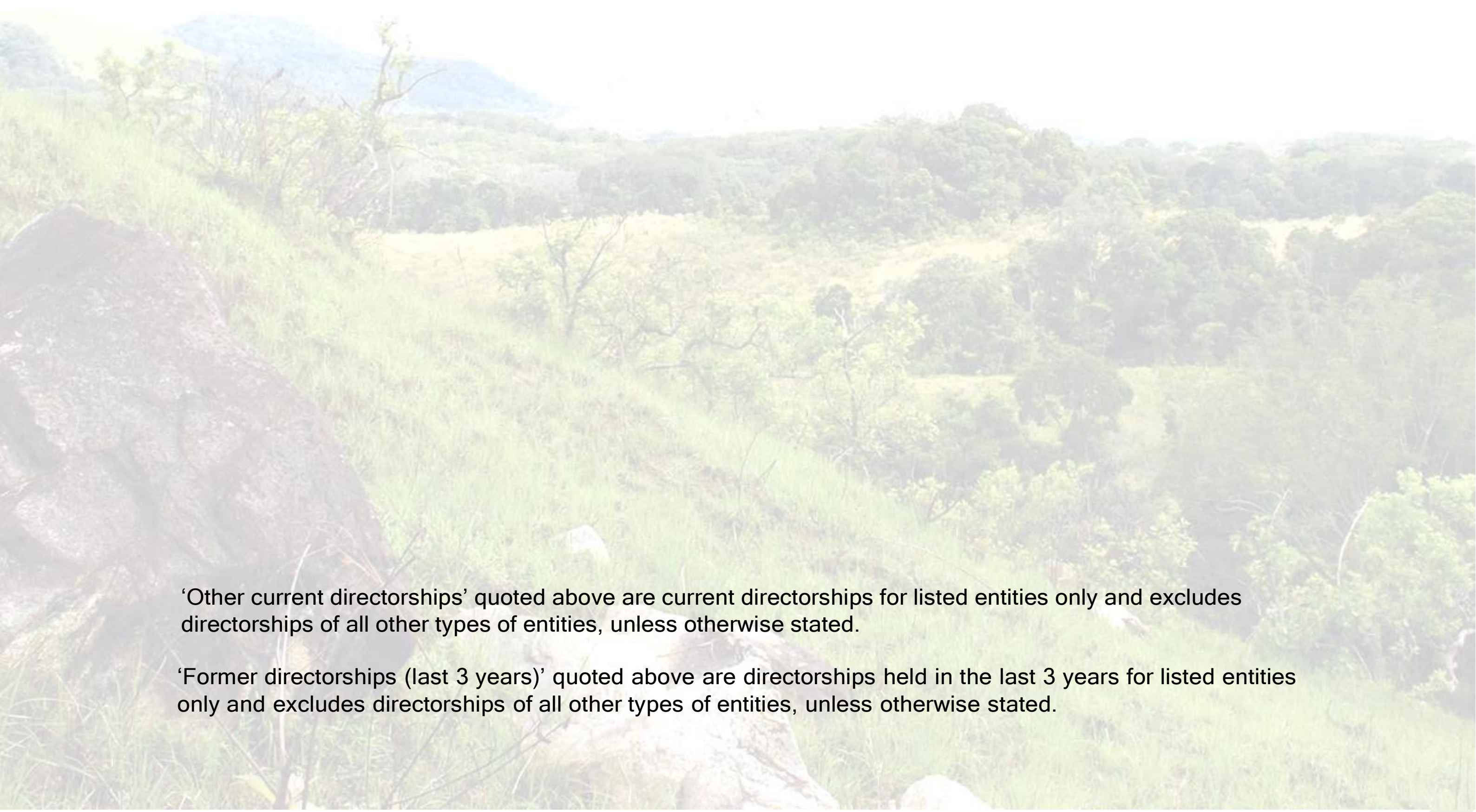
INFORMATION ON DIRECTORS

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:	Cobre Limited (ASX: CBE)
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 of Cobre Limited (ASX:CBE)
Former directorships (last 3 years):	Executive Director of OzAurum Resources Limited (ASX:OZM – resigned 30 December 2022)
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-focused 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

Justin Clyne is a qualified Chartered Company Secretary and Member of the Australian Institute of Company Directors. Justin Clyne was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. He had 15 years of experience in the legal profession acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services. Justin has been a director and/or secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Dr Ross McGowan	6	6
Rick Anthon	6	6
Martin Holland	6	6
David Michael McNeilly	4	6

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
- 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.

Voting and comments made at the Company's 31 May 2022 Annual General Meeting ('AGM')

At the 31 May 2022 AGM, 99.92% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Rick Anthon	80,000	–	–	–	–	–	80,000
Martin Holland	60,000	–	–	–	–	–	60,000
David Michael McNeilly	60,000	–	–	–	–	–	60,000
Executive Directors:							
Dr Ross McGowan	250,000	–	–	–	–	–	250,000
	450,000	–	–	–	–	–	450,000

	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	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
Rick Anthon	100%	54%	–	–	–	46%
Martin Holland	100%	26%	–	–	–	74%
David Michael McNeilly	100%	26%	–	–	–	74%
Executive Directors:						
Dr Ross McGowan	100%	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 2022.

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 2022 are set out below:

Name	Number of options granted during the year 2022	Number of options granted during the year 2021	Number of options vested during the year 2022	Number of options vested during the year 2021
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:

	2022 $	2021 $
Loss after income tax	(4,791,584)	(3,091,371)

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

	2022 $	2021 $
Share price at financial year end ($)	0.06	0.14
Basic loss per share (cents per share)	(4.61)	(5.77)
Diluted loss per share (cents per share)	(4.61)	(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	4,630,000	–	–	–	4,630,000
David McNeilly	4,630,000	–	–	–	4,630,000
Rick Anthon	500,000	–	–	–	500,000
	11,760,000	–	–	–	11,760,000

* *All options are vested and exercisable*

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
8 June 2021	15 December 2026	$0.3340	13,060,000
22 July 2021	15 December 2026	$0.3340	1,750,000
11 October 2021	15 December 2026	$0.3340	3,330,000
11 October 2021	15 January 2024	$0.2500	5,200,000
			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 2022 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 17 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 17 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
30 March 2023

Source: *iStock image, Road in Gabon, Africa*

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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 2022, 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

Ryan Fisk
Partner
30 March 2023

General Information

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

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

Level 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 30 March 2023. 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 2022

	Note	Consolidated 2022 $	2021 $
Other income		-	1,369
Interest revenue calculated using the effective interest method		3,792	-
Expenses			
Administration expenses		(1,498,059)	(1,825,505)
Fair value loss on derivatives		-	(75,294)
Employee benefits expense		(282,220)	(26,278)
Depreciation and amortisation expense		(18,887)	(2,349)
Share based payment expense		-	(244,811)
Expenses related to initial public offering		-	(301,911)
Other expenses		(3,872)	(43,804)
Finance costs	4	(2,992,338)	(572,788)
Loss before income tax expense		(4,791,584)	(3,091,371)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the owners of Armada Metals Limited		(4,791,584)	(3,091,371)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		77,380	(224,493)
Other comprehensive income/(loss) for the year, net of tax		77,380	(224,493)
Total comprehensive loss for the year attributable to the owners of Armada Metals Limited		(4,714,204)	(3,315,864)
		Cents	**Cents**
Basic loss per share	26	(4.61)	(5.77)
Diluted loss per share	26	(4.61)	(5.77)

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 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current assets			
Cash and cash equivalents	6	2,830,157	8,863,201
Trade and other receivables	7	481,860	153,928
Other	8	82,009	571,720
Total current assets		3,394,026	9,588,849
Non-current assets			
Property, plant and equipment		9,020	6,115
Intangibles		4,767	-
Exploration and evaluation	9	11,148,058	6,020,956
Other		5,873	5,354
Total non-current assets		11,167,718	6,032,425
Total assets		14,561,744	15,621,274
Liabilities			
Current liabilities			
Trade and other payables	10	792,040	456,680
Borrowings	11	6,854,069	3,534,794
Total current liabilities		7,646,109	3,991,474
Non-current liabilities			
Payables		5,338	5,299
Total non-current liabilities		5,338	5,299
Total liabilities		7,651,447	3,996,773
Net assets		6,910,297	11,624,501
Equity			
Issued capital	12	23,006,770	23,006,770
Reserves	13	2,185,956	2,108,576
Accumulated losses		(18,282,429)	(13,490,845)
Total equity		6,910,297	11,624,501

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 2022

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 income/(loss) for the year	-	(224,493)	(3,091,371)	(3,315,864)
Contributions of equity, net of transaction costs (note 12)	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

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2022	23,006,770	2,108,576	(13,490,845)	11,624,501
Loss after income tax expense for the year	-	-	(4,791,584)	(4,791,584)
Other comprehensive income/(loss) for the year, net of tax	-	77,380	-	77,380
Total comprehensive income/(loss) for the year	-	77,380	(4,791,584)	(4,714,204)
Balance at 31 December 2022	23,006,770	2,185,956	(18,282,429)	6,910,297

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 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Interest Received		93	-
Other Income		-	676
Payments to suppliers and employees		(1,691,653)	(2,017,012)
Net cash used in operating activities	24	(1,691,560)	(2,016,336)
Cash flows from investing activities			
Payments for property, plant and equipment		(14,773)	(4,312)
Payments for intangibles		(11,786)	-
Payments for exploration and evaluation		(4,338,514)	(1,253,332)
Net cash used in investing activities		(4,365,073)	(1,257,644)
Cash flows from financing activities			
Proceeds from issue of shares and options		-	12,879,293
Share issue transaction costs		(10,384)	(783,613)
Repayment of borrowings		-	(84,394)
Net cash from/(Used in) financing activities		(10,384)	12,011,286
Net increase/(decrease) in cash and cash equivalents		(6,067,017)	8,737,306
Cash and cash equivalents at the beginning of the financial year		8,863,201	7,630
Effects of exchange rate changes on cash and cash equivalents		33,973	118,265
Cash and cash equivalents at the end of the financial year	6	2,830,157	8,863,201

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 2022

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.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of $4,791,584 for the period ended 31 December 2022 (2021: $3,091,371), negative working capital of $4,252,083 (2021: positive $5,597,375) and had negative cash from operating activities of $1,691,560 (2021: $2,016,336).

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial report, have prepared a cash flow forecast through to March 2024 which indicates that due to the following factors, the Consolidated Entity will have sufficient cash to continue as a going concern;

- Current liabilities include an amount of $6,854,069 in relation to redeemable shares. As explained in note 11, the liability is disclosed as current due to the presence of a change in control clause. Whilst management believe the likelihood of the change in control clause being triggered in the next 12 months is low, it is ultimately beyond the control of the company. In the event this does occur the company will be dependent on ongoing support from the lender, be required to raise further equity from capital markets, or enter into alternative financing arrangements to repay the redemption amount;
- The Consolidated Entity has the ability to raise further equity funds from the capital markets; and
- The Consolidated Entity can defer discretionary operating and capital expenditures.

Accordingly, at the date of signing, the Directors have reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern.

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

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

Basis of preparation
These general purpose financial statements have been prepared in accordance 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 [AF1] [TDB2] 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. Armada Metals Limited listed on 15 December 2021.

Note 1. Significant accounting policies (continued)

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 21.

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 2022 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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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.

At each reporting date management review exploration assets for indicators of impairment in line with AASB 6 *Exploration for and Evaluation of Mineral Resources.*

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 2022. 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.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercialproduction 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 theextent 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 11 for further details.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, 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 4. Finance costs

	Consolidated	
	2022	**2021**
	$	**$**
Loss before income tax includes the following specific expenses:		
Finance costs		
Redeemable shares	2,992,338	572,788

Note 5. Income tax expense

	Consolidated 2022 $	Consolidated 2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,791,584)	(3,091,371)
Tax at the statutory tax rate of 30%	(1,437,475)	(927,411)
Tax losses and temporary differences not recognised	377,769	456,272
Non deductible expenses	1,059,706	471,139
Income tax expense	-	-

	Consolidated 2022 $	Consolidated 2021 $
Australian tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	2,416,145	1,156,918
Potential tax benefit @ 30%	724,844	347,075

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 2022 $5,848,453 (2021: $1,514,365)
- Unused tax losses in Mauritius at 31 December 2022 $1,697,772 (2021: $499,651)

	Consolidated 2022 $	Consolidated 2021 $
Potential benefit in Mauritius (at corporate tax rate of 15%)	254,665	74,947
Potential benefit in Gabon at (at corporate tax rate of 30%)	1,754,539	454,309
	2,009,204	529,256

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

Note 6. Current assets - cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Cash at bank and on hand	1,330,157	8,863,201
Cash on deposit	1,500,000	-
	2,830,157	8,863,201

The cash on deposit matures on 25 February 2023 and has an interest rate of 2.5%.

Note 7. Current assets – trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Other receivables (including indirect taxes)	478,161	153,928
Interest receivable	3,699	-
	481,860	153,928

Other receivables are predominantly made up of GST and VAT in Gabon.

Note 8. Current assets – other

	Consolidated 2022 $	Consolidated 2021 $
Prepayments	82,009	571,720

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

Note 9. Non-current assets - exploration and evaluation

	Consolidated 2022 $	Consolidated 2021 $
Exploration and evaluation – at cost	11,148,058	6,020,956

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 2021	5,470,902
Additions	702,065
Exchange differences	(152,011)
Balance at 31 December 2021	6,020,956
Additions	4,917,966
Exchange differences	209,136
Balance at 31 December 2022	11,148,058

During the year, the consolidated entity has incurred significant exploration expenditure on its exploration program in Gabon.

Note 10. Current liabilities - trade and other payables

	Consolidated 2022 $	Consolidated 2021 $
Trade payables	511,107	268,798
Other payables	280,933	187,882
	792,040	456,680

Refer to note 15 for further information on financial instruments.

Note 11. Current liabilities - borrowings

	Consolidated 2022 $	Consolidated 2021 $
Redeemable shares	6,854,069	3,534,794

Note 11. 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 2022, resulting in a difference in the carrying value of the financial liability. The range of the carrying value of the financial liability is $5,481,129 (2021: $2,983,304) at the low end of the range and $8,233,227 (2021: $4,555,787) at higher end of the range.

Note 12. Equity - issued capital

	Consolidated			
	2022 Shares	**2021 Shares**	**2022 $**	**2021 $**
Ordinary shares - fully paid	104,000,001	104,000,001	23,006,770	23,006,770

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2021	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 restructure	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
Balance	31 December 2022	104,000,001		23,006,770

Note 12. 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.

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.

The capital risk management policy remains unchanged from the 31 December 2021 Annual Report.

Note 13. Equity - reserves

	Consolidated	
	2022 $	2021 $
Foreign currency reserve	667,287	589,907
Share-based payments reserve	741,270	741,270
Other reserves	777,399	777,399
	2,185,956	2,108,576

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.

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 $	Total $
Balance at 1 January 2021	-	-	814,400	814,400
Foreign currency translation	-	-	(224,493)	(224,493)
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	777,399	741,270	589,907	2,108,576
Foreign currency translation	-	-	77,380	77,380
Balance at 31 December 2022	777,399	741,270	667,287	2,185,956

Note 14. Equity - dividends

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

Note 15. 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 is not exposed to any significant foreign currency risk other than translation risk, arising from the translation of results and financial position of foreign operations in Gabon, Germany and Mauritius.

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 interest rate 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.

Note 15. Financial instruments (continued)

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 - 2022	Weighted average interest rate %	On Demand $	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing							
Trade and other payables	-	-	792,040	-	5,338	-	797,378
Redeemable shares *	-	7,380,073	-	-	-	-	7,380,073
Total non-derivatives		7,380,073	792,040	-	5,338	-	8,177,451

* 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 11) is not within the company's control. However, the company reasonably expects settlement of the redeemable shares to take place between within 2 and 4 years as at 31 December 2022. The amount disclosed in the above table represents the undiscounted cash outflow that could be required to be paid as at reporting date (as described in note 11 to the financial statements), which differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows.

Consolidated - 2021	Weighted average interest rate %	On Demand $	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-interest bearing							
Trade and other payables	-	-	456,680	-	5,299	-	461,979
Redeemable shares *	-	3,534,794	-	-	-	-	3,534,794
Total non-derivatives		3,534,794	456,680	-	5,299	-	3,996,773

* 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 note 11) is not within the company's control. However, the company reasonably expects settlement of the redeemable shares to take place between within 1 and 5 years as at 31 December 2021. The amount disclosed in the above table represents the undiscounted cash outflow that could be required to be paid as at reporting date (as described in note 11 to the financial statements), which differ from the amount included in the statement of financial position because the amount in that statement is based on discounted cash flows.

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 16. 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 2022 $	Consolidated 2021 $
Short-term employee benefits	450,000	170,499
Share-based payments	-	164,380
	450,000	334,879

Note 17. Remuneration of auditors

	Consolidated 2022 $	Consolidated 2021 $
Audit services - Ernst and Young		
Audit or review of the financial statements	88,900	67,500
Other services - Ernst and Young		
Preparation of the tax return	7,500	-
Investigating accountant's report	-	183,280
	7,500	183,280
	96,400	250,780
Audit services - network firms		
Audit or review of the financial statements	38,145	31,140

Note 18. Contingent liabilities

In April 2021, Armada Exploration Gabon received a Formal Notice of a Demand to Pay, of approximately $80,000, from the Directorate-General of Taxes in Gabon in relation to the 2013-2015 fiscal period. The Company has written to the Directorate-General of Taxes in Gabon and disputed this tax liability, on the basis that the Company does not believe there is a tax liability, and has not received any further correspondence in relation to this matter. Armada Exploration Gabon intends to defend its position if required, if the Directorate-General of Taxes in Gabon seeks to enforce this and impose additional interest and penalties. A liability in excess of $80,000 may exist, but the Board do not believe that this is probable. No amount has been provided for in relation to this matter.

The consolidated entity did not have any other contingent liabilities at 31 December 2022 and 31 December 2021.

Note 19. Commitments

The consolidated entity had total commitment totalling $5,422,850 (2021: $1,359,311) in relation to its exploration tenements in Gabon. Of this amount $2,568,845 must be incurred before February 2025 and $2,854,005 must be incurred before November 2025.

Note 20. Related party transactions

Parent entity
Armada Metals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

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

	Consolidated	
	2022 $	**2021 $**
Payment for goods and services:		
Payment for services from those related to key management personnel	48,000	12,000
Fees paid to Red Technical, excluding those included in KMP remuneration (an entity related to Ross McGowan)	244,806	109,709

In addition to the above fees Martin Holland received consulting fees of $100,000 during the prior year that related to work performed before completion of the restructure on 17 October 2021.

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

	Consolidated	
	2022 $	**2021 $**
Current payables:		
Trade payable to Red Technical (an entity related to Ross McGowan)	37,118	67,319
Director's fees payable to Ross McGowan	20,833	-

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2022 $	Parent 2021 $
Loss after income tax	(896,409)	(2,216,019)
Total comprehensive loss	(896,409)	(2,216,019)

Statement of financial position

	Parent 2022 $	Parent 2021 $
Total current assets	2,623,798	8,400,698
Total assets	7,005,375	8,443,944
Total current liabilities	167,065	133,525
Total liabilities	167,065	709,225
Equity		
Issued capital	8,719,928	8,719,928
Share-based payments reserve	453,411	453,411
Other reserves	777,399	777,399
Accumulated losses	(3,112,428)	(2,216,019)
Total equity	6,838,310	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 2022 and 31 December 2021.

Contingent liabilities:
The parent entity had no contingent liabilities as at 31 December 2022 and 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 2022 and 31 December 2021.

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 22. 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 2022 %	2021 %
Armada Metals Germany GmbH	Germany	100.00%	100.00%
Armada Exploration Limited	Mauritius	100.00%	100.00%
Armada Exploration Gabon	Gabon	100.00%	100.00%

Note 23. Events after the reporting period

On 2 February 2023, Armada announced that preliminary modelling of the MobileMT datasets has identified multiple new preliminary targets which are consistent with the Company's regional mapping of the intrusions. These exciting new targets will be used to design future ground based NSAMT surveys at the Project (refer announcement on 2 February 2023).

No other matter or circumstance has arisen since 31 December 2022 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 24. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2022 $	2021 $
Loss after income tax expense for the year	(4,791,584)	(3,091,371)
Adjustments for:		
Depreciation and amortisation	18,887	2,349
Share-based payments	-	244,811
Non cash finance costs in relation to redeemable shares	2,992,338	572,788
Fair value loss on derivatives	-	75,294
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,699)	(141,471)
Increase in other operating assets	(61,556)	(10,335)
Increase in trade and other payables	154,054	331,599
Net cash used in operating activities	(1,691,560)	(2,016,336)

Note 25. Changes in liabilities arising from financing activities

Consolidated	Redeemable Shares $	RED Capital Loan $	Total $
Balance at 1 January 2021	2,771,260	84,394	2,855,654
Net cash from 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
Exchange differences	326,937	-	326,937
Accretion of liability	2,992,338	-	2,992,338
Balance at 31 December 2022	6,854,069	-	6,854,069

Note 26. Earnings per share

	Consolidated	
	2022 $	**2021 $**
Loss after income tax attributable to the owners of Armada Metals Limited	(4,791,584)	(3,091,371)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	104,000,001	53,589,041
Weighted average number of ordinary shares used in calculating diluted earnings per share	104,000,001	53,589,041
	Cents	**Cents**
Basic loss per share	(4.61)	(5.77)
Diluted loss per share	(4.61)	(5.77)

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 27. 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 2022	Weighted average exercise price 2022	Number of options 2021	Weighted average exercise price 2021
Outstanding at the beginning of the financial year	8,150,000	$0.3340	-	$0.0000
Granted	-	$0.0000	8,150,000	$0.3340
Outstanding at the end of the financial year	8,150,000	$0.3340	8,150,000	$0.0000
Exercisable at the end of the financial year	8,150,000	$0.3340	8,150,000	$0.3340

Note 27. Share-based payments (continued)

2022

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	$0.0000	4,400,000	-	-	-	4,400,000
11/10/2021	15/12/2026	$0.0000	3,750,000	-	-	-	3,750,000
			8,150,000	-	-	-	8,150,000
Weighted average exercise price			$0.3340	$0.0000	$0.0000	$0.0000	$0.3340

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 3.95 years (2021: 4.95 years).

For the options granted during the prior 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	15/12/2026	$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 2022 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

30 March 2023

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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 2022, 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 2022 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubts about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. 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 $11.1m as at 31 December 2022 represents 77% 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 disclosed 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 Australian Accounting Standards involved significant 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.	Our procedures to address the Group's assessment of impairment indicators for exploration assets included: ▶ Obtaining an understanding the current exploration program and any associated risks. ▶ Evaluating the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements. ▶ Assessing the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest. This 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 assessing 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.

We assessed this to be 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.

- Evaluating the adequacy of the related disclosures in the Notes to the financial statements.

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 2022 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

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

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- 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.

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 12 to 18 of the Directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Armada Metals Limited for the year ended 31 December 2022, 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
30 March 2023

Shareholder Information

Additional information required pursuant to ASX Listing Rule 4.10 and not disclosed elsewhere in this report is set out below. The information is effective as at 21 March, 2023.

INFORMATION PURSUANT TO LISTING RULE 5.20

In accordance with ASX Listing Rule 5.20, Armada Metals advises that it holds the following tenements, each which is 100% owned by the Company's wholly owned subsidiary, Armada Exploration Gabon SARL.

Permit[1]	Area (km^2)	Granted	Term	End Date	Registered Holder	Interest
G5-150	1,230	29 November 2022	3yrs	29 November 2025	Armada Exploration Gabon Sarl	100%
G5-555	1,495	14 February 2022	3yrs	13 February 2025	Armada Exploration Gabon Sarl	100%

[1]. *Exploration permit translates from French 'Permis de Recherche Minière'*

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the financial year ended 31 December 2023 can be found at:

Armada Metals 2023 Corporate Governance Statement

SUBSTANTIAL HOLDERS

The names of substantial shareholders in Armada Metals Limited and the number of equity securities to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholder notices given to the Company, are set out below.

Name of Substantial Holder within the meaning of section 671B of the Corporations Act	Date	Number of Shares in which the substantial holder holds a relevant interest held	% of total shares issued
RED CAPITAL LIMITED	16 Dec, 2021	15,996,932	15.38%
METAL TIGER PLC	17 Dec, 2021	15,000,000	14.41%
RCF OPPORTUNITIES FUND L.P	17 Dec, 2021	13,750,000	13.2%
COBRE LIMITED	15 Dec, 2021	15,000,000	14.423%

NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Category	Number of Holders
Fully Paid Ordinary Shares	303
Options exercisable at $0.25 expiring 15 January 2024 (not quoted on ASX)	5
Options exercisable at $0.334 expiring 15 December 2026 (not quoted on ASX)	11

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below.

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. Additional voting rights are set out in paragraphs 34 and 35 of the Company's Constitution lodged with the ASX on 14 December 2021.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

	Total Holders	Shares	% of Shares
100,001 and Over	75	96,834,318	93.10
10,001 to 100,000	148	6,579,401	6.33
5,001 to 10,000	59	550,267	0.53
1,001 to 5,000	9	33,194	0.03
1 to 1,000	12	2,820	0.01
Total	303	104,000,000	100.00

UNMARKETABLE PARCELS

There are 82 shareholders with an unmarketable parcel of shares being a holding of less than 10,638 shares each for a combined total of 606,573 shares. This is based on a closing price of $0.047 per share as at 20 March, 2023 and represents 0.58324% of the shares on issue on that day.

TOP 20 SHAREHOLDERS

	Number of Holders	% of shares
CITICORP NOMINEES PTY LIMITED	16,911,205	16.261%
RED CAPITAL LIMITED	15,431,932	14.838%
COBRE LIMITED	15,000,000	14.423%
METAL TIGER PLC	10,000,000	9.615%
METAL TIGER PLC	5,000,000	4.808%
MR PHILIP JOHN CAWOOD	2,820,000	2.712%
INMOB HOLDINGS LTD	2,400,000	2.308%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,178,697	2.095%
BRENDON JONES & ZAIN MADARUN <THE UPSIDE A/C>	2,000,000	1.923%
LHC MINE FINANCE LTD	1,750,000	1.683%
MR MICHAEL PAUL JOSEPH	1,600,000	1.538%
MR BACHAR OUBID	1,060,000	1.019%
CH TRUSTEES SA <THE KOOL A/C>	1,000,000	0.962%
MRS BELINDA POZNIK	978,325	0.941%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	937,063	0.901%
MR PETER DALLAS CHECKLEY & MS NIOMIE ESTHER VARADY <CHECKLEY FAMILY S/F A/C>	864,794	0.832%
RED CAPITAL LIMITED	818,068	0.787%
THE UPSIDE TRUST	817,000	0.786%
MR ENOCH SHAO ERN TAY	765,409	0.736%
ARMA INVESTMENTS PTY LTD	750,000	0.721%
Total Top 20	83,082,493	79.887%
Total Balance of Holders	20,917,507	20.113%
Total Shares	104,000,000	100.000%

UNQUOTED SECURITIES

Category	Number of Units	Number of Holders
Options exercisable at $0.25 expiring 15 January 2024	5,200,000	5
Options exercisable at $0.334 expiring 15 December 2026	18,140,000	11

Distribution of Optionholders – exercisable at $0.25 expiring 15 January 2024

Holding Ranges	Holders	Total Units	Percentage
100,001 and Over	5	5,200,000	100.00%
10,001 to 100,000	0	0	0.00%
5,001 to 10,000	0	0	0.00%
1,001 to 5,000	0	0	0.00%
1 to 1,000	0	0	0.00%
Total	5	5,200,000	100.00%

Optionholders with more than 20% of the Class of Options:

Name	Number	Percentage
CG Nominees (Australia) Pty Ltd	2,600,000	50.00%

Distribution of Optionholders – exercisable at $0.334 expiring 15 Dec. 2026

Holding Ranges	Holders	Total Units	Percentage
100,001 and Over	11	18,140,000	100.00%
10,001 to 100,000	0	0	0.00%
5,001 to 10,000	0	0	0.00%
1,001 to 5,000	0	0	0.00%
1 to 1,000	0	0	0.00%
Total	11	18,140,000	100.00%

Between the date of the Company's admission to the Official List of the ASX on 13 December 2021 and the end of the reporting period on 31 December 2022 (as well as up to the date of this Annual Report), the Company used its cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

There is no current on-market buy back.

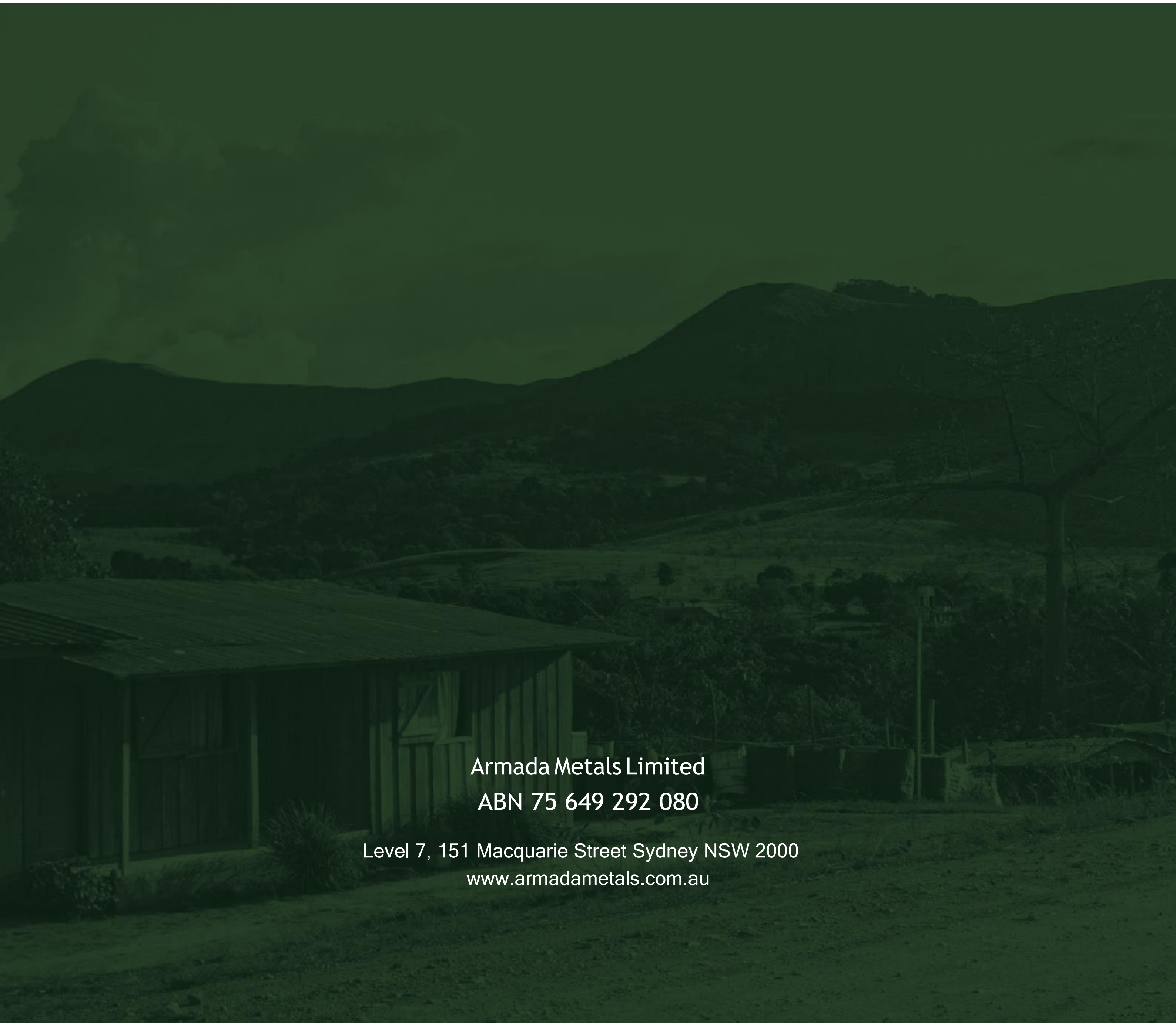
No securities were purchased on-market during the period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

There are 35,431,932 shares and 18,260,000 unlisted options subject to ASX escrow until 15 December 2023.

As at 20 March 2023, there are no issues of securities approved for the purposes of Item 7of section 611 of the *Corporations Act 2001 (Cth.*) which have not yet been completed.

The Company is listed on the Australian Securities Exchange under the code 'CBE'.

ARMADA
METALS



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