

26 September 2018

## **Connemara Mining Company plc**

(“Connemara” or the “Company”)

### **Interim Report**

Connemara Mining Company plc (LON:CON), the Irish gold and zinc exploration and development company, is pleased to provide an interim report and unaudited financial statements for the six months ended 30 June 2018.

#### **Highlights**

- High-grade Maiden Resource Estimate established at the Company’s Stonepark Zinc joint venture
- Active exploration and significant progress across four projects
- Capital raising to fund budgeted activities and joint venture commitments through to 2019

#### **Chief Executive Officer’s Statement**

It has been a busy period for Connemara, we are active and making progress on four of our assets and expect to see a steady flow of drilling and other assay results over the coming months. We are working on an updated exploration model at the Mine River Gold Project. Field mapping and sampling at the Inishowen Gold Project in the Dalradian rocks of Donegal has revealed fresh exposures in the Cloncha area with visible copper-bearing malachite.

At the Oldcastle Zinc Project, Teck Ireland Ltd. (“Teck”) has completed two drill holes and is currently drilling a third hole which is due to be completed later this month. Assay results are expected in October. Once completed, Teck’s share of the project will increase to 75%, and the licence expenditure commitments for the project block will also be met.

We are looking forward to drilling recommencing at the Stonepark Zinc Project, where our joint venture partner Group Eleven Resources Corp. (“Group Eleven”) has re-evaluated existing seismic and drill data. The high-grade (11.3% zinc and lead combined) Mineral Resource Estimate established earlier this year is open eastwards in the Stonepark North area where drill hole G11-2638-01 intersected 25.0% zinc and 7.2% lead over an estimated 4.9m. Other drill targets in the block have also been identified.

We have completed initial petrological studies, where thin sections of the drill core were examined under microscope, on samples from the recent drilling at the Mine River Gold Project. The observations are consistent with an orogenic style of gold mineralisation. There is also evidence of later enrichment. Our target trend over 15 kilometres long follows magnetic anomalies delineated from airborne geophysical data, which we believe are associated with sulphide mineralisation tied to the known gold trend, work is ongoing.

At the Inishowen Gold Project in Donegal we are working on developing further targets across the licence block with a view to establishing further drill targets beyond the Meeneragh gold discovery. Geologists are in the field performing further detailed mapping of structures and prospecting including sampling to the north of the existing drilling at Meeneragh. Elsewhere on the block, freshly exposed bedrock has been observed with notable copper-bearing mineralisation.

## **Operational Summary**

### **Oldcastle Zinc Project**

The project is comprised of a block of five contiguous licences covering 172 square kilometres in the counties of Meath and Cavan. Teck, who is the operator of the project, has earned a 65% interest in the block to date and has the option to increase that interest to 75% by spending total additional expenditures of €400,000 by 30 December 2018.

Teck has completed two drill holes for a total of 1,320 m and is currently drilling a third hole which is due to be completed this month. Thus far, minor mineralisation has been observed in core logging, assay results are expected in October.

### **Stonepark Zinc Project**

The Stonepark Zinc Project is a joint venture between Connemara (23.44% interest) and Group Eleven (76.56% interest). A maiden Inferred Mineral Resource Estimate at Stonepark (which has been updated) totaling 5.1 million tonnes at 11.3% zinc and lead combined (8.7% Zn and 2.6% Pb). The NI43-101 independent report on the Stonepark Resource has been uploaded to SEDAR by partner Group Eleven and a copy of this report is available on the Connemara website.

The most recent drill hole, G11-2638-01, intersected 5.4m of 25.0% zinc and 7.2% lead (32.2% Zn+Pb combined) and 12.2 g/t silver (true width is estimated at 4.9m), verifying one of the high-grade zones within the Stonepark Mineral Resource Estimate. Robust mineralisation is interpreted to be open eastwards toward Glencore's neighbouring Pallas Green deposit, 44.2 million tonnes of 7.2% zinc and 1.2% lead in the Inferred Category (Glencore; 31 December 2017).

### **Mine River Project**

The Block currently comprises nine contiguous Prospecting Licences with a total area of approximately 377 square kilometres, located in the counties of Wicklow and Wexford located in southeast Ireland. The area was the focus of the Wicklow Gold Rush of 1795 and gold mining continued on a small-scale until the mid-1800s.

The Company has identified a 15 kilometre long target by combining data from geochemical surveys in streams and soils completed across the Block with results from the airborne geophysical survey flown by Hendrick Resources in 2012 (and combined with the Tara Exploration survey of 2000).

### **Inishowen Project**

The Inishowen Project consists of eleven contiguous prospecting licences located on the Inishowen peninsula in County Donegal, Ireland. These licences cover the entire Green Bed Member of the Dalradian Supergroup on the peninsula which is considered by Connemara to be highly prospective for mesothermal gold mineralisation similar to that found at the Curraghinalt Project developed by Dalradian Resources Inc. and recently acquired by Orion Mine Finance.

Connemara is the first company to drill for gold in the area and has had encouraging results. The initial discovery in early 2016 of 3.05m grading at 5.8g/t Au was assayed in hole 16-MR-03 from 23.05m. In June 2016 another high-grade zone was intercepted in hole 16-MR-07 at 8.13m, grading 4.82m at 5.48g/t Au. Drilling in September 2017 intercepted gold mineralisation in hole 17-MR-08 from 21.5m grading at 14.25g/t gold over 0.5m.

This announcement has been reviewed and approved by Gavin Berkenheger (CGeol) in his capacity as the Qualified Person for the purposes of the AIM Note for Mining, Oil and Gas Companies issued by the London Stock Exchange.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

Further information can be sourced from the Company website: [www.connemaramc.com](http://www.connemaramc.com)

### **Information for Editors**

Connemara is a diversified exploration company with principal assets in gold and zinc exploration licences across Ireland. Connemara currently holds interests in a total of 39 licences, including joint ventures with Teck Ireland Ltd. at the Oldcastle Zinc Project and with Group Eleven Resources Corp. at the Stonepark Zinc Project.

**ENDS**

### **Enquiries:**

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**Connemara Mining Company plc**  
**Financial Information (Unaudited)**

	Six Months Ended		Year Ended
	30 June 18 unaudited €'000	30 June 17 unaudited €'000	31 Dec 17 audited €'000
<b><u>Condensed Consolidated Statement of Comprehensive Income</u></b>			
<b>Continuing Operations</b>			
Administrative expenses	(160)	(95)	(214)
<b>OPERATING LOSS</b>	(160)	(95)	(214)
Investment revenue	0	0	0
<b>LOSS BEFORE TAXATION</b>	(160)	(95)	(214)
Income tax expense	0	0	0
<b>LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME</b>	<u>(160)</u>	<u>(95)</u>	<u>(214)</u>
<b>LOSS PER SHARE - basic and diluted</b>	<u>(0.15c)</u>	<u>(0.13c)</u>	<u>(0.27c)</u>
<b><u>Condensed Consolidated Balance Sheet</u></b>			
	30 June 18 unaudited €'000	30 June 17 unaudited €'000	31 Dec 17 audited €'000
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	3,218	2,726	2,912
<b>CURRENT ASSETS</b>			
Other receivables	45	32	28
Cash and cash equivalents	366	94	123
	<u>411</u>	<u>126</u>	<u>151</u>
<b>TOTAL ASSETS</b>	<u>3,629</u>	<u>2,852</u>	<u>3,063</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(172)	(514)	(625)
<b>NET CURRENT LIABILITIES</b>	<u>239</u>	<u>(388)</u>	<u>(474)</u>
<b>NET ASSETS</b>	<u>3,457</u>	<u>2,338</u>	<u>2,438</u>
<b>EQUITY</b>			
Share Capital	1,139	758	874
Share Premium	6,077	5,064	5,163
Share based remuneration reserve	4	0	4
Reserves	(3,763)	(3,484)	(3,603)
<b>TOTAL EQUITY</b>	<u>3,457</u>	<u>2,338</u>	<u>2,438</u>

## Condensed Consolidated Statement of Changes in Shareholders Equity

	Called-up Share Capital €'000	Share Premium €'000	Share Based Reserves €'000	Retained Deficit €'000	Total €'000
<b>As at 1 January 2017</b>	758	5,064	0	(3,389)	2,433
Loss for the period				(95)	(95)
<b>As at 30 June 2017</b>	<u>758</u>	<u>5,064</u>	<u>0</u>	<u>(3,484)</u>	<u>2,338</u>
Shares issued	116	99	0		215
Share options issued			4		4
Loss for the period				(119)	(119)
<b>As at 31 December 2017</b>	<u>874</u>	<u>5,163</u>	<u>4</u>	<u>(3,603)</u>	<u>2,438</u>
Issue of shares	265	974	0		1,239
Share issue expenses		(60)	0		(60)
Loss for the period				(160)	(160)
<b>As at 30 June 2018</b>	<u>1,139</u>	<u>6,077</u>	<u>4</u>	<u>(3,763)</u>	<u>3,457</u>

	Six Months Ended		Year Ended
	30 June 18	30 June 17	31 Dec 17
	unaudited	unaudited	audited
	€'000	€'000	€'000
<b>Condensed Consolidated Cash Flow</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year	(160)	(95)	(214)
Exchange movements	(2)	1	(5)
	<u>(162)</u>	<u>(94)</u>	<u>(219)</u>
Movements in working capital	(470)	54	168
<b>CASH USED BY OPERATIONS</b>	<u>(632)</u>	<u>(40)</u>	<u>(51)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(632)</u>	<u>(40)</u>	<u>(51)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation	(306)	(28)	(209)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(306)</u>	<u>(28)</u>	<u>(209)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of shares	1,239	0	215
Share issue expenses	(60)	0	0
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<u>1,179</u>	<u>0</u>	<u>215</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	241	(68)	(45)
Cash and Cash Equivalents at beginning of the period	123	163	163
Effects of exchange rate changes on cash held in foreign currencies	2	(1)	5
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>366</u>	<u>94</u>	<u>123</u>

**Notes:****1. INFORMATION**

The financial information for the six months ended 30 June 2018 and the comparative amounts for the six months ended 30 June 2017 are unaudited.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2017.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017, which are available on the Company's website [www.connemaramc.com](http://www.connemaramc.com)

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

**3. LOSS PER SHARE**

	<b>30 June 18</b>	<b>30 June 17</b>	<b>31 Dec 17</b>
	€	€	€
Loss per share – Basic and Diluted	<u>(0.15c)</u>	<u>(0.13c)</u>	<u>(0.27c)</u>

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Loss for the year attributable to equity holders of the parent	<u>(160)</u>	<u>(95)</u>	<u>(214)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>105,419,004</u>	<u>75,789,711</u>	<u>80,186,016</u>

Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive.

**4. INTANGIBLE ASSETS**

	<b>30 June 18</b>	<b>30 June 17</b>	<b>31 Dec 17</b>
	€'000	€'000	€'000
<b>Exploration and evaluation assets:</b>			
Cost at 1 January	2,912	2,698	2,698
Additions	306	28	214
Closing Balance	<u><b>3,218</b></u>	<u><b>2,726</b></u>	<u><b>2,912</b></u>

The above represents expenditure on projects in Ireland.

In 2012 the Group entered into an agreement with Teck Ireland Limited ("Teck"), a subsidiary of Teck Resources Limited, which gives Teck the option of earning a 75% interest in licences held by the Group in Cavan/Meath. Teck have to spend €1.35 million on the licences by 2018 in order to earn the option to acquire 75% interest. As per the agreement the licences have been transferred into a new company, Oldcastle Zinc Limited. As at 31 December 2017 Teck had completed €1,108,602 worth of expenditure. As per the agreement upon Teck completing €550,000 worth of expenditure 343,500 ordinary shares in Oldcastle Zinc Limited were to be issued to Teck. The shares were issued on 20 February 2015 giving Teck a 51% interest in the company. On completion of a further €400,000 worth of expenditure 269,360 ordinary shares in Oldcastle Zinc Limited were to be issued to Teck. The shares were issued on 22 December 2017 giving Teck a total 65% interest in the company.

In 2007 the Group entered into an agreement with Teck Cominco which gave Teck Cominco the option to earn a 75% interest in a number of other licences held by the Group. Teck Cominco had to spend CAD\$3m to earn the interest. During 2012 the relevant licences were transferred to a new company, TILZ Minerals Limited.

On 13 September 2017 the board of Connemara Mining Company plc were informed that Group Eleven Resources Corp. a private company, has acquired the 76.56% interest held by Teck Ireland in TILZ Minerals. Connemara Mining Company Plc owns the remaining 23.44%.

The Group's share of expenditure on the licences continues to be capitalised as an exploration and evaluation asset. The Group is subject to cash calls from Group Eleven Resources Corp. in respect of the financing of the ongoing exploration and evaluation of these licences. In the event that the Group decides not to meet these cash calls its interest in TILZ Minerals Limited may be diluted accordingly.

On 19 October 2017 the company announced the acquisition of 100% of Hendrick Resources (Ireland) Limited. Connemara has acquired 100% control of twelve existing HRI prospecting licences in Ireland for a royalty agreement comprising a 2 per cent. Net Smelter Return on future production. In addition, the five Connemara Mining Company Plc prospecting licences in joint venture with HRI have been returned to Connemara Mining Company Plc.

The realisation of the intangible assets is dependent on the discovery and successful development of economic reserves which is subject to a number of risks as outlined below. Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

The group's activities are subject to a number of significant potential risks including;

- Uncertainties over development and operational risks;
- Compliance with licence obligations;
- Liquidity risks; and
- Going concern risks.

The directors are aware that by its nature there is an inherent uncertainty in such exploration and evaluation expenditure as to the value of the asset. Having reviewed the deferred development expenditure at 30 June 2018, the directors are satisfied that the value of the intangible asset is not less than carrying value.

## 5. SHARE CAPITAL AND SHARE PREMIUM

	30 June 18 €'000	30 June 17 €'000	31 Dec 17 €'000
<b>Authorised:</b>			
200,000,000 ordinary shares of €0.01 each	2,000	2,000	2,000
<b>Allotted, Called Up and Fully Paid:</b>		<b>Share Capital €'000</b>	<b>Share Premium €'000</b>
	<b>Number</b>		
<b>Balance at 1 January 2017</b>	75,789,711	758	5,064
Issued during the period	-	-	-
<b>Balance at 30 June 2017</b>	<b>75,789,711</b>	<b>758</b>	<b>5,064</b>
Issued during the period	11,627,907	116	99
<b>Balance at 31 December 2017</b>	<b>87,417,618</b>	<b>874</b>	<b>5,163</b>
Issued during the period	26,493,975	265	974
Share issue expenses	-	-	(60)
<b>Balance at 30 June 2018</b>	<b>113,911,593</b>	<b>1,139</b>	<b>6,077</b>

On 15 August 2017, a total of 11,627,907 shares were issued at a price of 1.72p per share to provide additional working capital and fund development costs. For each share subscribed for, the investors also received one warrant to subscribe for an additional ordinary share at a price of 3.4p per share at any time until 15 August 2019.

On 26 February 2018, a total of £900,000 was raised at a price of 4.15p per share through the issue of 21,686,747 new ordinary shares. For each share subscribed for, the investors also received one warrant to subscribe for an additional ordinary share at a price of 7p per share for a period of two years from admission of the original placing shares.

Should the volume weighted average share price of the Company exceed 20 (twenty) pence for five consecutive trading days the Company has the right to provide a written notice to warrant holders that they have one week to exercise the 7p warrants with a further two weeks thereafter for payment. Any then unexercised warrants could be cancelled by the Company. This acceleration condition is entirely at the volition of the Company should the 20 pence hurdle described above be triggered.

On 26 February 2018, John Teeling and James Finn, directors of Connemara, had their unpaid salaries owed to them totalling £199,500 settled via the issue of 4,807,228 new ordinary shares at the placing price of 4.15p. In addition, John Teeling and James Finn were granted 2,698,795 and 2,108,433 warrants respectively to subscribe for ordinary shares on the same terms as the placing warrants.

## 6. SHARE BASED PAYMENTS - WARRANTS

	<b>30 June 18</b>	<b>30 June 17</b>	<b>31 Dec 17</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Outstanding at beginning of period	31,638	20,010	20,010
Granted during the period	26,494	-	11,628
Expired during the period	(20,010)	-	-
Closing Balance	<u><b>38,122</b></u>	<u><b>20,010</b></u>	<u><b>31,638</b></u>

On 15 August 2017, a total of 11,627,907 shares were issued at a price of 1.72p per share. As part of the placing, for each share subscribed for, the investors also received one warrant to subscribe for an additional ordinary share at a price of 3.4p per share at any time until 15 August 2019.

On 26 February 2018, a total of 26,493,975 shares were issued at a price of 4.15p per share. As part of the placing, for each share subscribed for, the investors also received one warrant to subscribe for an additional ordinary share at a price of 7p per share with a two year exercise life.

## 7. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events for the period.

8. The Interim Report for the six months to 30 June 2018 was approved by the Directors on 25 September 2018.

9. The Interim Report will be available on Connemara Mining Company Plc's website [www.connemaramc.com](http://www.connemaramc.com)