

27 September 2019

Arkle Resources PLC

("Arkle" or the "Company")

Interim Statement for the period ended 30 June 2019

Arkle Resources PLC (LON: ARK), formerly Connemara Mining Company plc, 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 2019.

Chairman's Statement

World stock markets are at or near all-time highs. Gold and zinc prices are high. World economies are growing and unemployment is low. Gold and Zinc mines have finite lives and without active exploration shortfalls in output will occur. Yet all of this good news is not reflected in the share prices of mining exploration ventures.

Arkle, formerly Connemara Mining, is an active explorer in Ireland with four ongoing projects;

- Zinc in Stonepark, Limerick
- Zinc in Oldcastle, Meath
- Gold in Mine River, Wicklow / Wexford
- Gold in Inishowen, Donegal

The two zinc projects are joint ventured, Stonepark with Group Eleven a Toronto based explorer. Arkle holds a 23.44% participating interest, Oldcastle is joint ventured with Teck Resources a world leading base metal producer. Arkle holds a 25% participating interest in this project.

Stonepark remains the flagship project with over 150 holes drilled to date and an independent Inferred Resource of 5.1 million tons. Stonepark lies adjacent to the very big (45.1m tons) zinc deposit at Pallas Green.

Group Eleven, our partner, believes that there is a highly prospective geological structure running across the southern part of both the Stonepark and Pallas Green discoveries. Drilling conducted during the year was inconclusive but one hole, at Killeely, produced good results. Additional drilling is required. Arkle has the right to participate in all agreed expenditure up to 23.44% or it can elect to dilute depending on the proposed programme.

The zinc price, in excess of US\$2,000 is very profitable for Irish zinc miners. This makes the Stonepark discovery an attractive asset and some external interest has been shown. We do not believe that the value of Stonepark is reflected in the Arkle price.

The Oldcastle block of five licences has attractive geology for base metal discoveries. We joint ventured the blocks with Teck in 2012 who hold substantial ground in the Midlands of Ireland. Teck have spent sufficient sums to earn into a 75% stake in the block. Further spending will require Arkle to participate or dilute. Results over the years, including recent drilling have found trace zinc mineralisation, but nothing exciting. Teck are reviewing the latest data.

Gold at US\$1,500 an oz should make gold exploration an attractive proposition. Development of the large gold deposit in Tyrone, owned by Dalradian, moves forward at a glacial pace. A decision to begin development would be a major boost for the sector.

Arkle sought to replicate the Tyrone gold discoveries on ground with similar geology at the Inishowen project in Donegal. Very strong commercial grade results were found in the Meeneragh area but not elsewhere. Using a fresh set of eyes, we have reviewed our database and completed fieldwork leading to the identification of a new target area between Meeneragh and the former silver-lead mine at Glentogher. We will refine the analysis and do some more work before drilling.

The rivers running through Wexford / Wicklow have been known to contain gold for hundreds of years. However, finding the source has proven elusive. At Mine River, we hold a significant block of ground but our focus has been on the area around Tombreen. There is a lot of scope for expansion. In recent months we have sampled some of the ground on a tighter grid using an innovative and cost-effective technique. The results are encouraging. More work needs to be done to identify further drill targets. Some outside interest is being shown in the results.

Where do we go from here? We will continue to refine drill targets in Mine River and in Inishowen. We are in active discussions with our partner in Stonepark, Group Eleven, on how to proceed. A number of exciting options exist. The coming months will be busy and I hope will enhance shareholder value.

John Teeling

Chairman

26 September 2019

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Arkle Resources PLC
Financial Information (Unaudited)

	Six Months Ended		Year Ended
	30 June 19 unaudited €'000	30 June 18 unaudited €'000	31 Dec 18 Audited €'000
<u>Condensed Consolidated Statement of Comprehensive Income</u>			
Continuing Operations			
Administrative expenses	(170)	(160)	(337)
OPERATING LOSS	(170)	(160)	(337)
Investment revenue	0	0	0
LOSS BEFORE TAXATION	(170)	(160)	(337)
Income tax expense	0	0	0
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME	<u>(170)</u>	<u>(160)</u>	<u>(337)</u>
LOSS PER SHARE - basic and diluted	<u>(0.14c)</u>	<u>(0.15c)</u>	<u>(0.31c)</u>
<u>Condensed Consolidated Balance Sheet</u>			
	30 June 19 unaudited €'000	30 June 18 unaudited €'000	31 Dec 18 Audited €'000
NON-CURRENT ASSETS			
Intangible Assets	3,362	3,218	3,314
CURRENT ASSETS			
Other receivables	15	44	24
Cash and cash equivalents	147	366	106
	<u>162</u>	<u>410</u>	<u>130</u>
TOTAL ASSETS	<u>3,524</u>	<u>3,628</u>	<u>3,444</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(130)	(172)	(137)
NET CURRENT LIABILITIES	<u>32</u>	<u>238</u>	<u>(7)</u>
NET ASSETS	<u>3,394</u>	<u>3,456</u>	<u>3,307</u>
EQUITY			
Share Capital	1,323	1,139	1,139
Share Premium	6,209	6,077	6,136
Share based remuneration reserve	32	4	32
Reserves	(4,170)	(3,764)	(4,000)
TOTAL EQUITY	<u>3,394</u>	<u>3,456</u>	<u>3,307</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
As at 1 January 2018	874	5,163	4	(3,604)	2,438
Issue of shares	265	973	0		1,238
Share issue expenses	0	(59)	0		(59)
Loss for the period				(160)	(160)
As at 30 June 2018	<u>1,139</u>	<u>6,077</u>	<u>4</u>	<u>(3,764)</u>	<u>3,456</u>
Share issue expenses	0	59	0	(59)	0
Share options issued			28		28
Loss for the period				(177)	(177)
As at 31 December 2018	<u>1,139</u>	<u>6,136</u>	<u>32</u>	<u>(4,000)</u>	<u>3,307</u>
Issue of shares	184	73	0		257
Loss for the period				(170)	(170)
As at 30 June 2019	<u>1,323</u>	<u>6,209</u>	<u>32</u>	<u>(4,170)</u>	<u>3,394</u>

Condensed Consolidated Cash Flow

	Six Months Ended		Year Ended
	30 June 19	30 June 18	31 Dec 18
	unaudited	unaudited	Audited
	€'000	€'000	€'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	(170)	(160)	(337)
Share options issued	0	0	14
Exchange movements	0	(2)	2
	<u>(170)</u>	<u>(162)</u>	<u>(321)</u>
Movements in working capital	12	(247)	(260)
CASH USED BY OPERATIONS	<u>(158)</u>	<u>(409)</u>	<u>(581)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(158)</u>	<u>(409)</u>	<u>(581)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation	(48)	(306)	(389)
NET CASH USED IN INVESTING ACTIVITIES	<u>(48)</u>	<u>(306)</u>	<u>(389)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares	257	1,015	1,015
Share issue expenses	(10)	(59)	(59)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>247</u>	<u>956</u>	<u>956</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	41	241	(14)
Cash and Cash Equivalents at beginning of the period	106	123	122
Effects of exchange rate changes on cash held in foreign currencies	0	2	(2)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>147</u>	<u>366</u>	<u>106</u>

Notes:**1. INFORMATION**

The financial information for the six months ended 30 June 2019 and the comparative amounts for the six months ended 30 June 2018 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 2018.

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 2018, which are available on the Company's website www.arkleresources.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

	30 June 19	30 June 18	31 Dec 18
	€	€	€
Loss per share – Basic and Diluted	<u>(0.14c)</u>	<u>(0.15c)</u>	<u>(0.31c)</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:

	€'000	€'000	€'000
Loss for the year attributable to equity holders of the parent	<u>(170)</u>	<u>(160)</u>	<u>(337)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>125,707,757</u>	<u>105,419,004</u>	<u>109,774,178</u>

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

4. INTANGIBLE ASSETS

	30 June 19	30 June 18	31 Dec 18
	€'000	€'000	€'000
Exploration and evaluation assets:			
Cost at 1 January	3,314	2,912	2,912
Additions	<u>48</u>	<u>306</u>	<u>402</u>
Closing Balance	<u>3,362</u>	<u>3,218</u>	<u>3,314</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 2018 Teck had completed €1,460,797 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 2018 giving Teck a total 65% interest in the company. 377,140 shares are due to be issued to Teck to give it a total interest of 75% 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, which at 31 December 2018 was owned 23.44% (2017: 23.44%) by Limerick Zinc Limited and 76.56% (2017: 76.56%) by Group Eleven Resources Corp.

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

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 2019, the directors are satisfied that the value of the intangible asset is not less than carrying value.

Segmental Analysis	30 June 19	30 June 18	31 Dec 18
	€'000	€'000	€'000
Limerick	1,538	1,538	1,538
Oldcastle	330	330	330
Rest of Ireland	1,494	1,350	1,446
Closing Balance	<u>3,362</u>	<u>3,218</u>	<u>3,314</u>

5. SHARE CAPITAL AND SHARE PREMIUM

	30 June 19	30 June 18	31 Dec 18
	€'000	€'000	€'000
Authorised:			
500,000,000 ordinary shares of €0.01 each	<u>5,000</u>	<u>2,000</u>	<u>5,000</u>
Allotted, Called Up and Fully Paid:			
	Number	Share Capital	Share Premium
		€'000	€'000
Balance at 1 January 2018	87,417,618	874	5,163
Issued during the period	26,493,975	265	973
Share issue expenses	-	-	(59)
Balance at 30 June 2018	<u>113,911,593</u>	<u>1,139</u>	<u>6,077</u>
Share issue expenses	-	-	59
Balance at 31 December 2018	<u>113,911,593</u>	<u>1,139</u>	<u>6,136</u>
Issued during the period	18,400,000	184	73
Balance at 30 June 2019	<u>132,311,593</u>	<u>1,323</u>	<u>6,209</u>

Movement in shares

On 26 February 2018, a total of 21,686,747 shares were issued at a price of 4.15p 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 7p per share for a period of two years.

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 Arkle Resources Plc, 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.

On 5 March 2019, a total of £230,000 was raised at a price of 1.25p per share through the issue of 18,400,000 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 1.8p per share at any time before 11 September 2020.

6. SHARE BASED PAYMENTS - WARRANTS

	30 June 19	30 June 18	31 Dec 18
	'000	'000	'000
Outstanding at beginning of period	39,431	31,638	31,638
Granted during the period	18,400	27,803	27,803
Expired during the period	-	(20,010)	(20,010)
Closing Balance	<u>57,831</u>	<u>39,431</u>	<u>39,431</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 at any time until 8 March 2020. The fair value of those warrants are immaterial as at 31 December 2018.

On 26 February 2018, a total of 1,059,337 warrants with an exercise price of 7p were issued to the broker First Equity Limited for work done on the above placing.

On 20 July 2018, a total of 250,000 warrants with an exercise price of 7p were issued to the broker First Equity Limited for services provided.

On 5 March 2019, a total of 18,400,000 shares were issued at a price of 1.25p 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 1.8p per share at any time until 11 September 2020.

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 2019 was approved by the Directors on 26 September 2019.

9. The Interim Report will be available on Arkle Resources PLC's website www.arkleresources.com