

28<sup>th</sup> September 2020

**Arkle Resources PLC**

**("Arkle" or the "Company")**

**Interim Statement for the period ended 30 June 2020**

## **Highlights**

- **Drilling ongoing on the Stonepark zinc project**
- **Trenching of newly discovered gold anomalies at Mine River to proceed**
- **Good results from soil sampling in Donegal. New area identified**
- **Corporate interest in the Stonepark zinc project**
- **Over £500,000 raised during the period and £600,000 raised in August to fund ongoing exploration and working capital**

## **Chairman's Statement**

The lifeblood of a mineral exploration company is exploration. Currently we are drilling our zinc discovery in Stonepark, Limerick, completing a tightly spaced soil sampling programme on our Glentogher gold licence in Donegal and preparing to trench our Mine River gold licences in Wicklow after completing an extensive soil sampling programme and analysing the results.

### **Zinc**

The Irish lockdown cost us four months. It was not possible to get on the ground. It is a tribute to the staff and field crews that they were ready to move once permissions were granted. The drilling at the Stonepark zinc project will produce results within weeks. Two carefully targeted holes, in total 800 metres, are designed to test the continuity of mineralisation around the Stonepark North pod and to extend the Stonepark South pod.

The Stonepark project, with a current resource in excess of 5m tonnes, is a joint venture between Arkle (23.44%) and Group Eleven (76.56%) who is the operator. In recent months there has been significant interest in the zinc potential in the Limerick area. Glencore, who own the huge Pallas Green zinc discovery, 45 million tons plus, continue to drill their licences. Pallas Green adjoins our Stonepark licence. In recent weeks Group Eleven have announced a very good drill hole result from their Carrickittle licence, adjacent to the South Eastern border of Arkle's ground. Our successful drill hole in 2019 at Kiltelly, on Arkle ground, is close to the border with the Carrickittle licence and shares similar geology to the discovery hole. It is also noteworthy that Glencore have purchased shares and subsequently increased their shareholding in Group Eleven.

## **Gold**

Gold has had an outstanding price rise in the past year, touching \$2,000 an ounce and remaining around \$1,900. This rise has filtered through to the share prices of gold mining shares and onwards to the share prices of many gold prospecting companies. Arkle, with prospective gold ground in Ireland, has not to date, benefitted from rising prices but was able to raise new money for exploration.

We are very active on our Wicklow / Wexford gold licences and on our gold ground in Donegal. No one has ever found the source of the extensive gold discovered in Wicklow. It was mined over 200 years ago and has seen numerous explorers spend money in the area. Arkle has a huge database on the ground. There is a swarm of gold bearing veins running down the Wicklow hills. The veins are often narrow, but can be very high grade, in excess of 25gms, per tonne of rock. In recent years we have focused on two areas, Tombreen and Knocknalour. In both areas we found high grade gold. We have drilled between and around the two areas, to date with limited success. Following an extensive 2019 review of our gold database, a tight soil sampling programme was undertaken just south of Carnew. A 5km square area was surveyed using XRF handheld technology taking soil samples every 20 metres along 100 metre spaced grid lines. The results were good, five new anomalies were identified. The next stage of exploration at Mine River is trenching to see the extent of the gold. This work is ready to start once approvals are obtained from the authorities. We are hoping to undertake this before winter closes in.

Our Donegal gold sampling has produced good results. We were sampling on a tight grid along a trend where we had previously obtained some good gold grades. We found what we were looking for but were delighted to discover strong gold indicator mineral levels to the southwest on our licence, stretching outside of the sampling area. We are immediately sampling this new area to identify drill targets.

## **Corporate Activity**

During the past year we have looked at a number of corporate strategies. There has been significant interest in Stonepark but most options require the approval of both parties in the joint venture. The option of selling the Company's subsidiary which owns the Stonepark interest is under consideration.

As is to be expected there is interest in our gold assets. Some early stage proposals have been received by the Company but nothing that the board thought valued the potential.

During the period, the lack of investor interest in our Irish assets prompted us to look abroad for other opportunities. We have looked at opportunities in Europe, Northern Canada and Africa. We have dropped all, bar some battery metal projects in Africa where we are examining possible licences. However this is at an early stage.

## **Funding and the Future**

The company raised £502,000 in the period, a further £600,000 was raised in August 2020. This covers expenditures for the next eighteen months.

The board believes that we hold prime gold and zinc exploration ground in Ireland, certainly better than the opportunities presented from abroad. We have a very loyal shareholder base but have not

succeeded in spreading our beliefs to the wider investing public. This we will try to do in the immediate future.

**John Teeling**  
**Chairman**  
**25<sup>th</sup> September 2020**

### **Market Abuse Regulation (MAR) Disclosure**

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

#### **Enquiries:**

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**Arkle Resources plc**  
**Financial Information (Unaudited)**

	Six Months Ended		Year Ended
	30 June 20	30 June 19	31 Dec 19
	unaudited	unaudited	audited
	€'000	€'000	€'000
<b><u>Condensed Consolidated Statement of Comprehensive Income</u></b>			
<b>Continuing Operations</b>			
Administrative expenses	(226)	(170)	(314)
<b>OPERATING LOSS</b>	(226)	(170)	(314)
Investment revenue	-	-	-
<b>LOSS BEFORE TAXATION</b>	(226)	(170)	(314)
Income tax expense	-	-	-
<b>LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME</b>	<u>(226)</u>	<u>(170)</u>	<u>(314)</u>
<b>LOSS PER SHARE - basic and diluted</b>	<u>(0.14c)</u>	<u>(0.14c)</u>	<u>(0.24c)</u>
<b><u>Condensed Consolidated Balance Sheet</u></b>			
	<b>30 June 20</b>	<b>30 June 19</b>	<b>31 Dec 19</b>
	unaudited	unaudited	audited
	€'000	€'000	€'000
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	3,607	3,362	3,446
<b>CURRENT ASSETS</b>			
Other receivables	11	15	4
Cash and cash equivalents	252	147	40
	<u>263</u>	<u>162</u>	<u>44</u>
<b>TOTAL ASSETS</b>	<u>3,870</u>	<u>3,524</u>	<u>3,490</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	(198)	(130)	(227)
<b>NET CURRENT LIABILITIES</b>	<u>65</u>	<u>32</u>	<u>(183)</u>
<b>NET ASSETS</b>	<u>3,672</u>	<u>3,394</u>	<u>3,263</u>
<b>EQUITY</b>			
Share Capital - Deferred Shares	992	-	-
Share Capital - Ordinary Shares	540	1,323	1,323
Share Premium	6,557	6,209	6,209
Share based remuneration reserve	123	32	45
Reserves	(4,540)	(4,170)	(4,314)
<b>TOTAL EQUITY</b>	<u>3,672</u>	<u>3,394</u>	<u>3,263</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 2019</b>	1,139	6,136	32	(4,000)	3,307
Issue of shares	184	73	-	-	257
Loss for the period	-	-	-	(170)	(170)
<b>As at 30 June 2019</b>	<u>1,323</u>	<u>6,209</u>	<u>32</u>	<u>(4,170)</u>	<u>3,394</u>
Share options vested	-	-	13	-	13
Loss for the period	-	-	-	(144)	(144)
<b>As at 31 December 2019</b>	<u>1,323</u>	<u>6,209</u>	<u>45</u>	<u>(4,314)</u>	<u>3,263</u>
Share options granted	-	-	78	-	78
Issue of shares	209	348	-	-	557
Loss for the period	-	-	-	(226)	(226)
<b>As at 30 June 2020</b>	<u>1,532</u>	<u>6,557</u>	<u>123</u>	<u>(4,540)</u>	<u>3,672</u>

	Six Months Ended		Year Ended
	30 June 20 unaudited €'000	30 June 19 unaudited €'000	31 Dec 19 audited €'000
<b>Condensed Consolidated Cash Flow</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year	(226)	(170)	(314)
Share based payments charge	35	-	7
Fair value of warrants issued	-	-	19
Foreign exchange	-	-	(1)
	<u>(191)</u>	<u>(170)</u>	<u>(289)</u>
Movements in working capital	<u>(36)</u>	<u>12</u>	<u>90</u>
<b>CASH USED BY OPERATIONS</b>	<u>(227)</u>	<u>(158)</u>	<u>(199)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(227)</u>	<u>(158)</u>	<u>(199)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation	<u>(118)</u>	<u>(58)</u>	<u>(125)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(118)</u>	<u>(58)</u>	<u>(125)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of shares	<u>557</u>	<u>257</u>	<u>257</u>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<u>557</u>	<u>257</u>	<u>257</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>212</u>	<u>41</u>	<u>(67)</u>
Cash and Cash Equivalents at beginning of the period	40	106	106
Effects of exchange rate changes on cash held in foreign currencies	<u>0</u>	<u>0</u>	<u>1</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>252</u>	<u>147</u>	<u>40</u>

**Notes:**

**1. INFORMATION**

The financial information for the six months ended 30 June 2020 and the comparative amounts for the six months ended 30 June 2019 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 2019.

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 2019, which are available on the Company's website [www.arkleresources.com](http://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 20	30 June 19	31 Dec 19
	€	€	€
Loss per share – Basic and Diluted	<u>(0.14c)</u>	<u>(0.14c)</u>	<u>(0.24c)</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>(226)</u>	<u>(170)</u>	<u>(314)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>166,401,091</u>	<u>125,707,757</u>	<u>129,085,292</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 20	30 June 19	31 Dec 19
	€'000	€'000	€'000
<b>Exploration and evaluation assets:</b>			
Cost at 1 January	3,446	3,314	3,314
Additions	<u>161</u>	<u>48</u>	<u>132</u>
Closing Balance	<u><b>3,607</b></u>	<u><b>3,362</b></u>	<u><b>3,446</b></u>

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 had 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 2019 Teck had completed €1.35 million 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. On 10 December 2019 the balance of 377,140 shares were issued to Teck to give them a total 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 30 June 2020 was owned 23.44% (2019: 23.44%) by Limerick Zinc Limited (subsidiary of Arkle Resources plc) and 76.56% (2019: 76.56%) by Group Eleven Resources Corp (third party).

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 carrying 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;
- Ability to raise finance to develop assets;
- 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 carrying value of exploration and evaluation of assets at 30 June 2020, the directors are satisfied that the value of the intangible asset is not less than carrying value.

	<b>30 June 20</b>	<b>30 June 19</b>	<b>31 Dec 19</b>
<b>Segmental Analysis</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Limerick	1,600	1,538	1,538
Oldcastle	330	330	330
Rest of Ireland	1,677	1,494	1,578
Closing Balance	<u><b>3,607</b></u>	<u><b>3,362</b></u>	<u><b>3,446</b></u>

## 5. SHARE CAPITAL AND SHARE PREMIUM

On 22 April 2020 the Group converted the 132,311,593 existing ordinary shares of 1c each into 132,311,593 ordinary shares of 0.25c each and 132,311,593 deferred shares of 0.75c each.

	Number	Share Capital €'000	Share Premium €'000
<b>Allotted, Called Up and Fully Paid:</b>			
<b><u>Deferred Shares of 0.75c</u></b>			
132,311,593 deferred shares of 0.75c each	<u>132,311,593</u>	<u>992</u>	<u>-</u>
<b><u>Ordinary Shares of 0.25c</u></b>			
<b>Balance at 1 January 2019</b>	113,911,593	1,139	6,136
Issued during the period	18,400,000	184	73
<b>Balance at 30 June 2019</b>	<u>132,311,593</u>	<u>1,323</u>	<u>6,209</u>
Issued during the period	-	-	-
<b>Balance at 31 December 2019</b>	<u>132,311,593</u>	<u>1,323</u>	<u>6,209</u>
Shares subdivided	-	(992)	-
Issued during the period	83,733,333	209	-
<b>Balance at 30 June 2020</b>	<u>216,044,926</u>	<u>540</u>	<u>6,209</u>

### Movement in shares

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

On 27 March 2020, a total of 50,400,000 shares were issued at a price of 0.5p 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 0.5p per share until 27 March 2022.

On 18 May 2020, a total of 33,333,333 shares were issued at a price of 0.75p per share to provide additional working capital and fund development costs.

## 6. SHARE BASED PAYMENTS – OPTIONS

	30 June 20 '000	30 June 19 '000	31 Dec 19 '000
Outstanding at beginning of period	2,800	2,800	2,800
Granted during the period	9,000	-	-
Expired during the period	-	-	-
Closing Balance	<u>11,800</u>	<u>2,800</u>	<u>2,800</u>

On 18 May 2020 a total of 9,000,000 options were granted to directors with a fair value of €78,192. The fair value was calculated using the Black-Scholes valuation model. These options vest immediately.



The inputs into the Black-Scholes valuation model were as follows:

Weighted average share price at date of grant (in pence)	0.95p
Weighted average exercise price (in pence)	0.95p
Expected volatility	98.95%
Expected life	7 years
Risk free rate	1.1%
Expected dividends	none

Expected volatility was determined by management based on their cumulative experience of the movement in share prices over the financial year.

The terms of the options granted do not contain any market conditions within the meaning of IFRS 2.

The Group capitalised expenses of €43,440 and expensed costs of €34,752 relating to equity-settled share-based payment transactions during the financial year.

#### SHARE BASED PAYMENTS - WARRANTS

	30 June 20 '000	30 June 19 '000	31 Dec 19 '000
Outstanding at beginning of period	46,203	39,431	39,431
Granted during the period	50,400	18,400	18,400
Expired during the period	(27,803)	-	(11,628)
Closing Balance	<u>68,800</u>	<u>57,831</u>	<u>46,203</u>

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.

On 27 March 2020, a total of 50,400,000 shares were issued at a price of 0.5p 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 0.5p per share until 27 March 2022.

On 8 March 2020, a total of 27,803,312 warrants at a price of 7p per warrant expired.

#### 7. POST BALANCE SHEET EVENTS

On 17 August 2020 the Company announced that it had raised £600,000 via a placing of 75,000,000 new ordinary shares at a price of 0.8p 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 1.2p per share at any time over a two year period.

8. The Interim Report for the six months to 30 June 2020 was approved by the Directors on 25<sup>th</sup> September 2020.

9. The Interim Report will be available on Arkle Resources PLC's website [www.arkleresources.com](http://www.arkleresources.com)