



**Annual Report & Accounts**  
**Year ended 31 December 2018**

*Cover image: Gold in quartz (17-TB-01 74.46-74.60 m), field of view approximately 2.5 mm.*

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Chairman's Statement**

**for the financial year ended 31 December 2018**

Arkle Resources, formerly Connemara Mining, is an active zinc and gold grassroots explorer in Ireland. We have a zinc discovery on 6 licences in Stonepark, Limerick with an Inferred Mineral Resource Estimate of more than 5 million tonnes and further potential to grow. We also have interesting zinc licences in the Irish Midlands where we are searching at depth for large zinc ore bodies. The Limerick licences are in a joint venture with Group Eleven (76.56%), Arkle holds 23.44%, while the Midlands licences are held in joint venture with Teck Resources (75%) Arkle (25%). In gold we are active in Wicklow / Wexford where we hold 8 licences over choice ground and in the Inishowen peninsula where we hold 2 licences.

We have made the transition from Connemara Mining to Arkle Resources. It was done for the best of reasons: a new dawn, new shareholders, new directors and management, and a new focus on gold exploration. We think it is a good brand, but the exercise has not been without its challenges with some shareholders in nominee accounts not receiving notifications. On the other hand, we have made the move into social media with an active Twitter presence and new website.

### **Zinc**

The Zinc industry remains stable. Demand is strong, prices are high and, in general, zinc mines are making good profits. This is yet to filter down to early stage explorers and investors are scarce and fund raising is difficult in a challenging market for junior explorers. The result is less exploration which ultimately means fewer discoveries which will lead to shortages but we must survive in the meantime.

Ireland has one of the best, if not the best, record in the world for zinc discoveries and major exploration companies are active here. Currently Glencore is drilling out the big Pallas Green discovery in Limerick containing at least 42 million tons of zinc resources. This is adjacent to our Stonepark discovery.

The world class Tara Mine which lies 20 kilometres east of our Midland licences is adding tens of millions of tons of resources from a new discovery at depth. Teck, a world leading base metal miner, holds a substantial block of licences in Ireland. They have spent €1.35 million to farm into the Arkle licences around Oldcastle in the Irish Midlands. In the past year they fully funded three more deep holes on our licences with limited success though traces of zinc were found. Arkle has the right to participate in further exploration or to dilute.

Stonepark has been the flagship project for Arkle for many years. Over €8 million has been spent on exploration and three separate zones containing zinc ore have been discovered. Over 180 holes have been drilled to date. The zinc orebodies are estimated to contain over 5 million tons grading over 11 per cent combined zinc and lead. The ore is flat lying at relatively shallow depths.

Our joint venture partners Group Eleven Resources Corp., a Canadian listed explorer, acquired the Teck interest in Stonepark. They have extensively studied the large body of data on zinc in Ireland and in particular in the Limerick Basin. They believe that significant potential exists for large world class discoveries at depth. They drilled four more exploratory holes in Stonepark with very encouraging results in the Kiltelly hole in particular.

The established resource and potential at Stonepark has been noted by other parties. Their interest is welcomed and encouraged.

### **Gold**

At over \$1,300 per troy ounce, gold is an attractive investment. Many gold miners are achieving positive results and there has been an increase in exploration. Gold exists all over the world but rarely in commercial quantities. It is hard to find. At more than \$40 a gram, two grams of gold per tonne or \$80 of value per tonne of rock in the ground, could be mined at a profit. Most of the gold in Ireland is in narrow veins often only centimetres wide. Veins swell, narrow, twist, turn and disappear, making it very difficult for drilling to estimate, with any confidence, just how much gold is in a deposit making it hard to reach an investment decision. Planning applications are in progress to mine gold in County Tyrone and a small gold mine is actively producing concentrates nearby.

Gold exploration has been active in counties Wicklow and Wexford for many years. There have been a number of high grade discoveries, including from our own drilling, particularly around Tombreen and Knocknalour at our Mine River Gold project. Overall we have gold showings over 15 kilometres. In the past year we drilled the Tombreen and Knocknalour areas, testing the geological model and trying to connect the two. The results were inconclusive. Following a detailed review of all previous drilling, geophysics and soil sampling data, we are trying a new approach. New technology, using advanced handheld equipment and faster computing methods give rapid feedback enabling more focused exploration. Initial results are promising.

We have reduced our licences at our Inishowen Gold Project in Donegal following detailed analyses of drilling and other exploration data. We are confident that we maintain the essential core of a gold system first discovered by Arkle in 2016. The geology on the Inishowen licences is similar to that in the Dalradian gold deposit in Tyrone and bears similarities to areas being explored for gold in Scotland.

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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## **Chairman's Statement** *(continued)*

**for the financial year ended 31 December 2018**

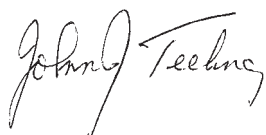
### **Future**

In the near future we expect results from the ongoing work on the gold licences in Wicklow. We anticipate new drilling targets will be identified in and around our existing discoveries at Tombreen and Knocknalour.

The renewed interest in the Limerick basin is very welcome. Our partner at the Stonepark Zinc project, Group Eleven, is examining a range of options for Stonepark and their other surrounding licences. All activity is good for Arkle. We have the option to participate in ongoing expenditure and maintain our 23.44% interest or we can dilute. Given that over €8 million has been spent to date, dilution rates are low unless there is a large agreed exploration spend. Such a spend would be good news for the potential of the block.

At present, the principal concern for the board of Arkle is the low share price giving the Company a current market capitalisation of just above £1 million which we believe significantly undervalues the potential of our exploration portfolio.

We raised €230 thousand in March 2019 to fund ongoing operations. Good results from Mine River could lead to an enhanced drilling campaign. Arkle has enjoyed the support of the funding shareholders for many years and I am confident that this will continue.



John Teeling  
Chairman  
21 June 2019



## Operations Review

for the financial year ended 31 December 2018

### Licensing Activity

2018 was a busy year for Arkle Resources PLC in terms of licensing. New fieldwork and an ongoing review and interpretation of existing data has enabled rationalisation of an extensive licence package, focussing on the key target trend across counties Wicklow and Wexford at the Mine River Gold Project and areas of discovery at the Inishowen Gold Project in County Donegal. The joint venture projects with Group Eleven Corporation and Teck Ireland Ltd. have been maintained at their pre-existing boundaries. Arkle currently holds interests in 28 prospecting licences across Ireland (37 at end 2018), covering approximately 1,000 km<sup>2</sup> of highly prospective ground, with demonstrated base metal and gold mineralisation.

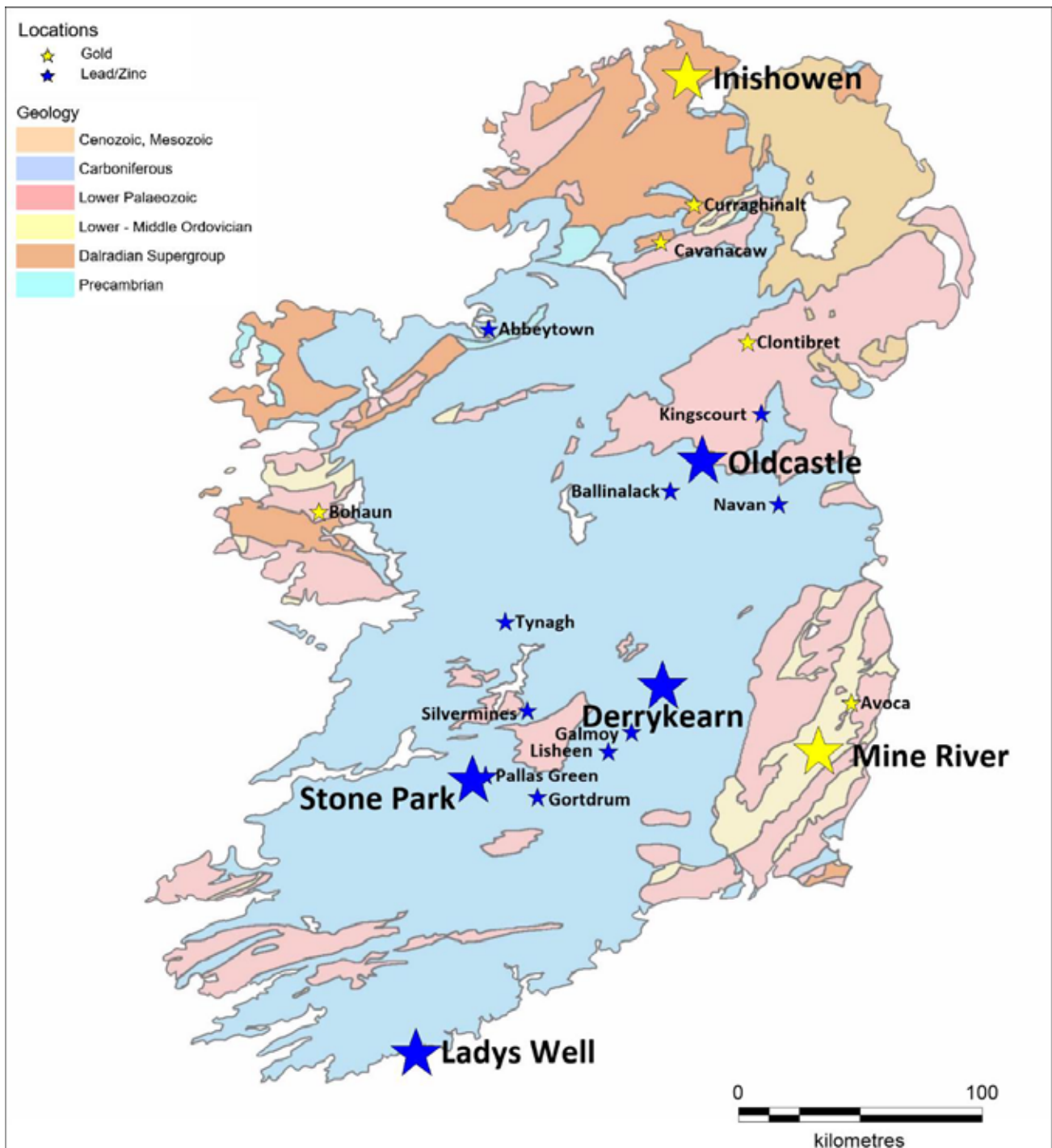


Figure 1: Project locations including other significant metal deposits

# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Operations Review** *(continued)*

**for the financial year ended 31 December 2018**

The Company has maintained its 23.44% stake in the six licence block (184 km<sup>2</sup>) that makes up the Stonepark Zinc Project in joint venture with Group Eleven Resources Corp. in Limerick. This block of licences has been renewed for a further two years.

Arkle now holds a 25% stake in the Oldcastle Zinc Project in joint venture with Teck Ireland Ltd. in the West Midlands. This block of five contiguous licences covering 172 km<sup>2</sup> has been renewed for a further two years.

The Derrykearn Zinc Project in County Laois was reduced to a block of five contiguous licences which lie along a significant mineralised trend extending north-east from the former Lisheen and Galmoy zinc mines. Maintenance of the block is under review.

The Mine River Gold Project covers a 15 km mineralised trend based on current and historic drill intersections, abundant historic soil and stream data and airborne geophysics. One further licence has been relinquished in the reporting period, bringing the total number to eight licences, covering 343 km<sup>2</sup> and the project remains Arkle's most extensive licence position.

In Donegal, the Inishowen Gold Project has re-focussed on the key discovery licence covering the Meeneragh discovery prospect and the historic Glentogher base metal mine. This follows a review of the initial targeting model. One other licence has been retained covering the Cloncha target area which has demonstrated potential for copper mineralisation as well as limited historical drilling.

Arkle continues to hold two licences in County Cork at Ladyswell (43 km<sup>2</sup>). The Tellus airborne geophysical survey over West Cork covering these two licences was completed in May.

### **Exploration Activity**

#### **Stonepark Zinc Project (23.44% Arkle)**

This joint venture with Group Eleven Resources Corp. in County Limerick, contains a maiden Inferred Mineral Resource totalling 5.1 million tonnes at 11.3% zinc and lead combined (8.7% Zn and 2.6% Pb), occurring at depths from 190m to 395m below surface. The project lies adjacent to Glencore's Pallas Green deposit.

Four diamond drill holes, totalling approximately 1,900m, were completed on the Stonepark Zinc Project from November 2018 to April 2019, see Figure 2 below. The primary aim of this drill program was to advance Group Eleven's ongoing 'Big Think' exploration strategy by providing important 3D geological information ahead of an anticipated 'Big Drill' exploration programme later this year.

G11-450-01 (the 'Kilteely hole') was positioned to test area 1.4 kilometres northwest of known high-grade zinc mineralisation at the Carrickkittle prospect where high historic intercepts are known (e.g. 2.4m of 26.8% zinc + lead and 61 g/t silver) along the Pallas Green Corridor.

G11-450-02 intersected a vertically extensive (230 metre) zone (downhole depth of 200-430 metres) containing varying amounts of extensive iron-sulphide (pyrite and possible marcasite), chert (suspected to be either volcanogenic and/or hydrothermal) and brecciation (mostly hydrothermal) - within a package of predominantly flat-flying and interlayered volcanics and limestones. Black cherts near the top of the Waulsortian unit contain local elevated zinc and other metals. This sequence is interpreted to represent the peripheral part of a hydrothermal system typical of southern Irish-Type zinc deposits. A historic (1998) hole 2840/4 drilled 1.6 kilometres to the east-northeast, reported similar stratigraphy, brecciation and widespread iron-sulphide mineralisation. The significance of this hole was not recognised at the time, given it was drilled years before the discovery of the Pallas Green zinc deposit (2002).

## Operations Review *(continued)*

for the financial year ended 31 December 2018

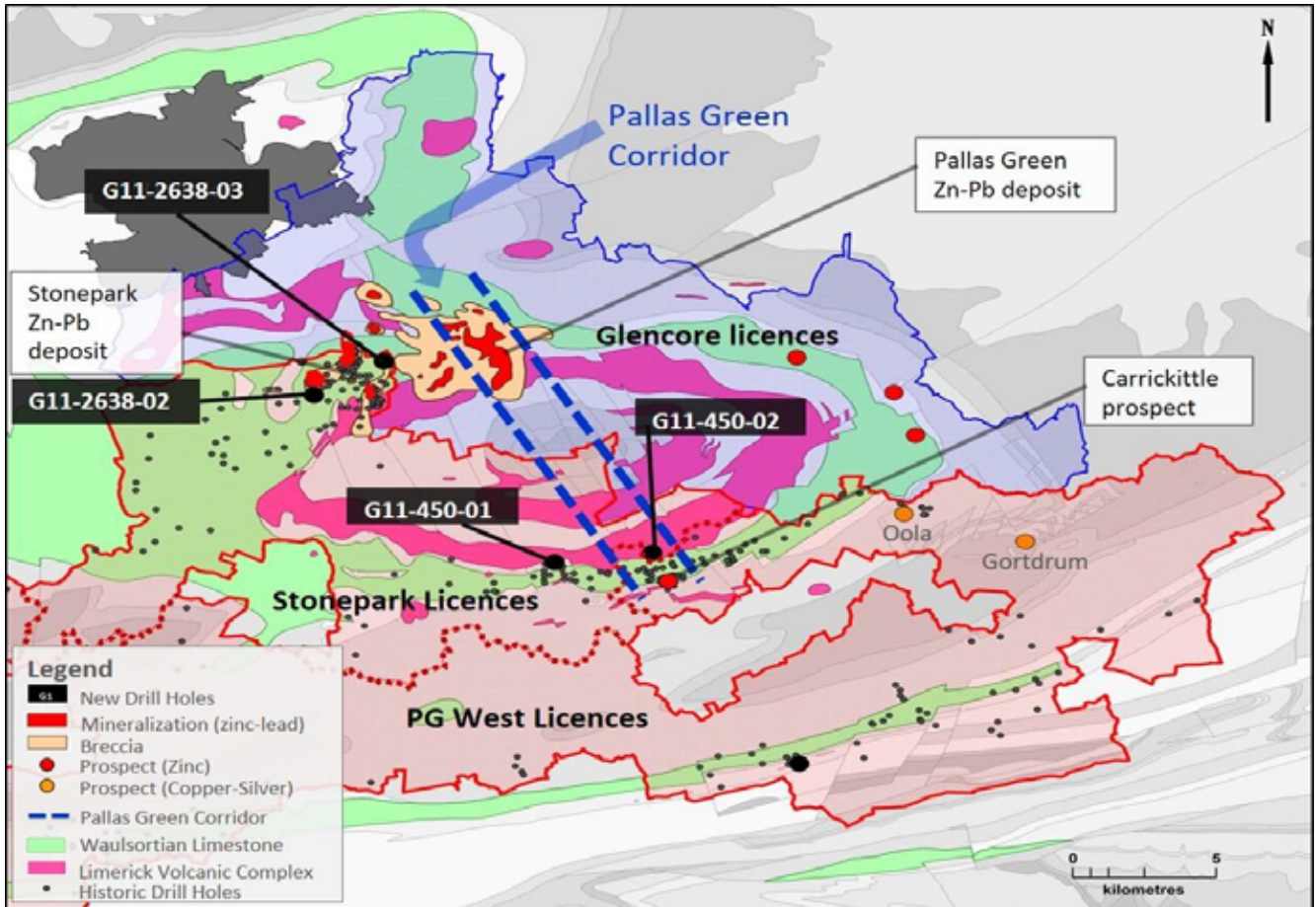


Figure 2: Location of drill holes in latest exploration phase at the Stonepark Zinc Project

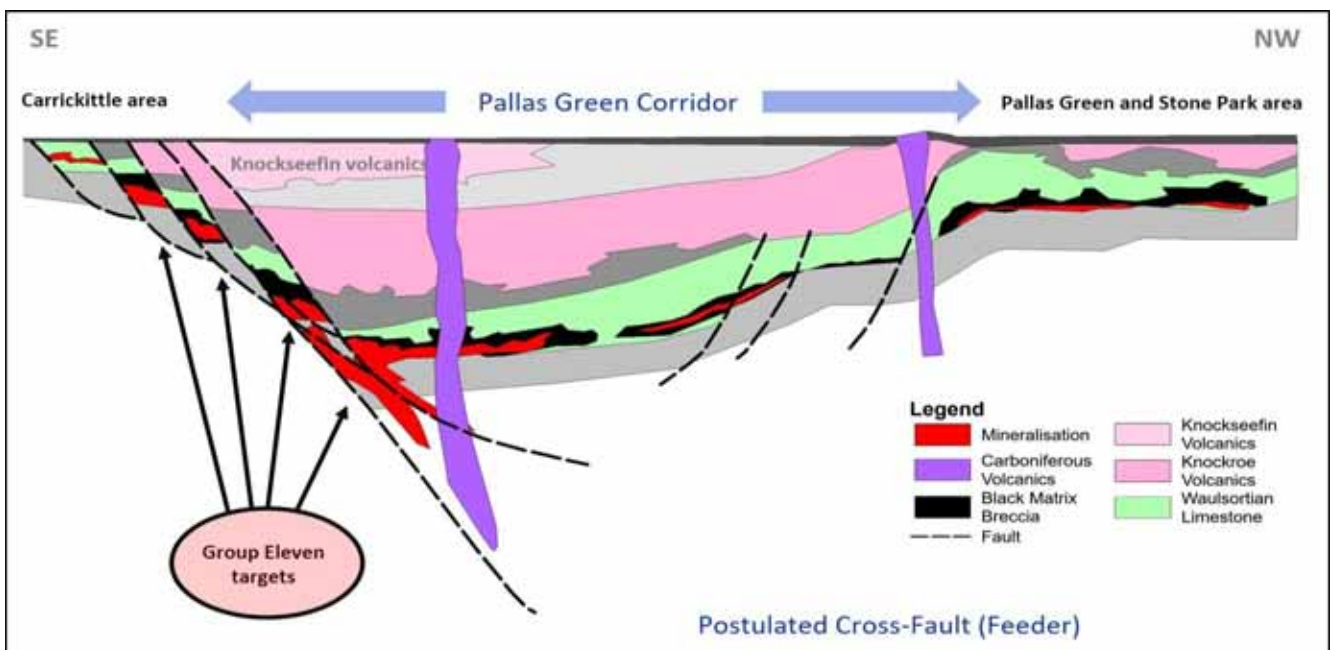


Figure 3: Conceptual cross-section of the Pallas Green Corridor



## Operations Review *(continued)*

for the financial year ended 31 December 2018

The hole gives support to the discovery of the outer margin (or periphery zone) of potential new Irish-Type zinc system located 10 kilometres southeast of Glencore's Pallas Green deposit, along the Pallas Green Corridor. The periphery zone appears extensive, covering at least 1.6 km horizontally from east west and 230 m vertically. A conceptual cross-section illustrating the model along the Pallas Green Corridor is shown above (Figure 3).

Group Eleven drilled three other holes within the Stonepark project. No high grade zinc intersections were intercepted; however each of these holes contain anomalous zinc grades, providing strong vectors towards further exploration.

The government sponsored Tellus Airborne Geophysics Survey over the Limerick and Silvermines Basins, covering the entire Stonepark Zinc Project, was now completed and data is expected to be available in Q3 2019.

### Mine River Gold Project (100% Arkle)

Arkle has begun trialling a new approach to soil sampling, which involves gathering small samples (typically 50 g to 100 g), taking near-time measurement of indicator elements with mobile XRF and subsequent gold assay of a fine fraction by laser ablation. The method, which is called multi-element fine fraction analysis or MEFFA, has been developed over a number of years by Mineral Exploration Networks, who have successfully demonstrated the method in Finland and Spain. The method allows for collection of a small samples (typically 50 g to 100 g), which allows for increased productivity during field sampling. The measurement of indicator elements by mobile XRF throughout sampling activities which allows 'on the fly' infill of areas where anomalies are noted. Gold in soils are expected to be of such low concentration to be below normal detection limits of the mobile XRF system. The gold content is analysed by laser ablation of a fine fraction produced from the original soil sample. The relative productivity and cost reduction allow for a much greater number of samples to be collected and for higher resolution.

The first trial survey at Tombreen, covered an area of approximately 3 km<sup>2</sup>, along 2.5 km of the target trend. Gold assay results by laser ablation are still awaited at the time of publication. The initial grid was sampled at 25 m intervals along lines 100 m apart. Infill sampling was completed over four areas.

The survey has been successful in confirming indicator element anomalies over known gold occurrences and extending to the south west of the existing drilling cluster. Additionally, three new anomalies have been identified approximately one km west. The 50 m spacing gives enough resolution to show that the geometry of the anomalies is consistent with geometries of the trends from airborne geophysics. Additionally, it is hoped that the data will assist in better interpretation of structures in the vicinity, notably at Mine Bridge prospect which lies 1 km south east of Tombreen.

Petrological work completed on 12 samples from drillhole 17-TB-01 demonstrates the association of gold with arsenopyrite, pyrite, and minor chalcopyrite and graphite. These mineral associations and the observed greenschist grade metamorphism, folding and shear deformation are characteristic of an orogenic style of gold mineralisation. Gold mineralisation is associated with arsenopyrite in quartz (+/- albite) veins.

Historic surface soil sampling and deep overburden sampling has proven a correlation between certain indicator elements and gold in sample, consistent with the petrological observations highlighted above. Deep overburden sampling completed by Riofinex (Rio Tinto) provided the highest density data to date. Subsequent soil sampling surveys by Hendrick Resources and others have generally varied in spacing from regional scale first pass at 1.5 km spacing to 300 m spacing. This has demonstrated presence of gold along the target trend to date. Now, it is envisaged the new approach will result in high resolution data leading to an improved mineralisation model and the identification of targets and associated structures.

## Operations Review *(continued)*

for the financial year ended 31 December 2018

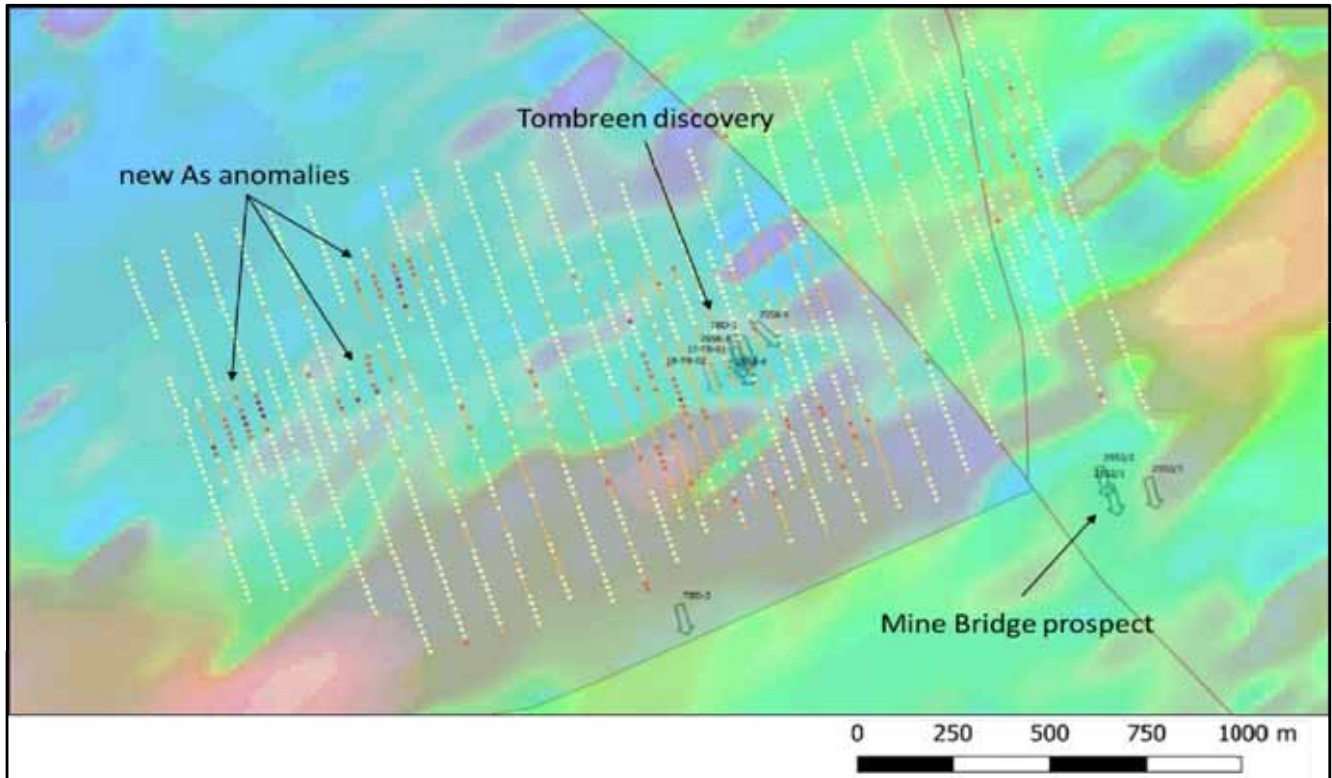


Figure 4:  $\text{Log}_{10}(\text{As})$  anomalies from mobile XRF west of Tombreen

The relative mobile XRF readings indicate anomalies ranging from 200 – 450 ppm As, in line with previous ranges noted in previous surveys, and these data are viewed as being useful in terms of relative magnitude.

Areas where elements appear to be depleted (anomalously low in Fe, As and Ag), which may be associated with leaching activity of fluids active along fault structures, coincide with an interpreted northwest-southeast striking fault in the east of the survey area. The fault was originally extrapolated from field mapping. The survey sampling allows more accurate positioning of the fault and also raises the potential significance of the structure relating to the Mine Bridge prospect, which lies to the south east of Tombreen. Geochemical anomalies were first identified at Mine Bridge by Riofinex. In the late 1990s, Ormonde Mining PLC drilled three holes with disappointing results, and no new mineralising model was tested. The new data offers an opportunity to revisit this significant anomaly, which lies only 1 km to the south east of the original Tombreen discovery hole.

### Oldcastle Zinc Project (25% Arkle)

The Oldcastle Zinc Project is a joint venture between the Company and Teck Ireland Ltd. is comprised of a block of five contiguous licences covering 172 square kilometres in Counties Meath and Cavan. Teck has carried out extensive exploration on the Oldcastle Block since its acquisition in mid-2012, and now holds a 75% stake in the project. Three further holes were drilled during 2018 for a total of 2,003.8 m.

Minor Zn-Pb mineralisation was intersected throughout units within the target Pale Beds with the highest value in the Pale Beds being 1m @ 0.4% Zn and 0.05% Pb at 532m in hole TC-1991-004. The units within which this mineralisation has been encountered is also host to the U-lens orebody at the Navan Deposit.

## Operations Review *(continued)*

for the financial year ended 31 December 2018

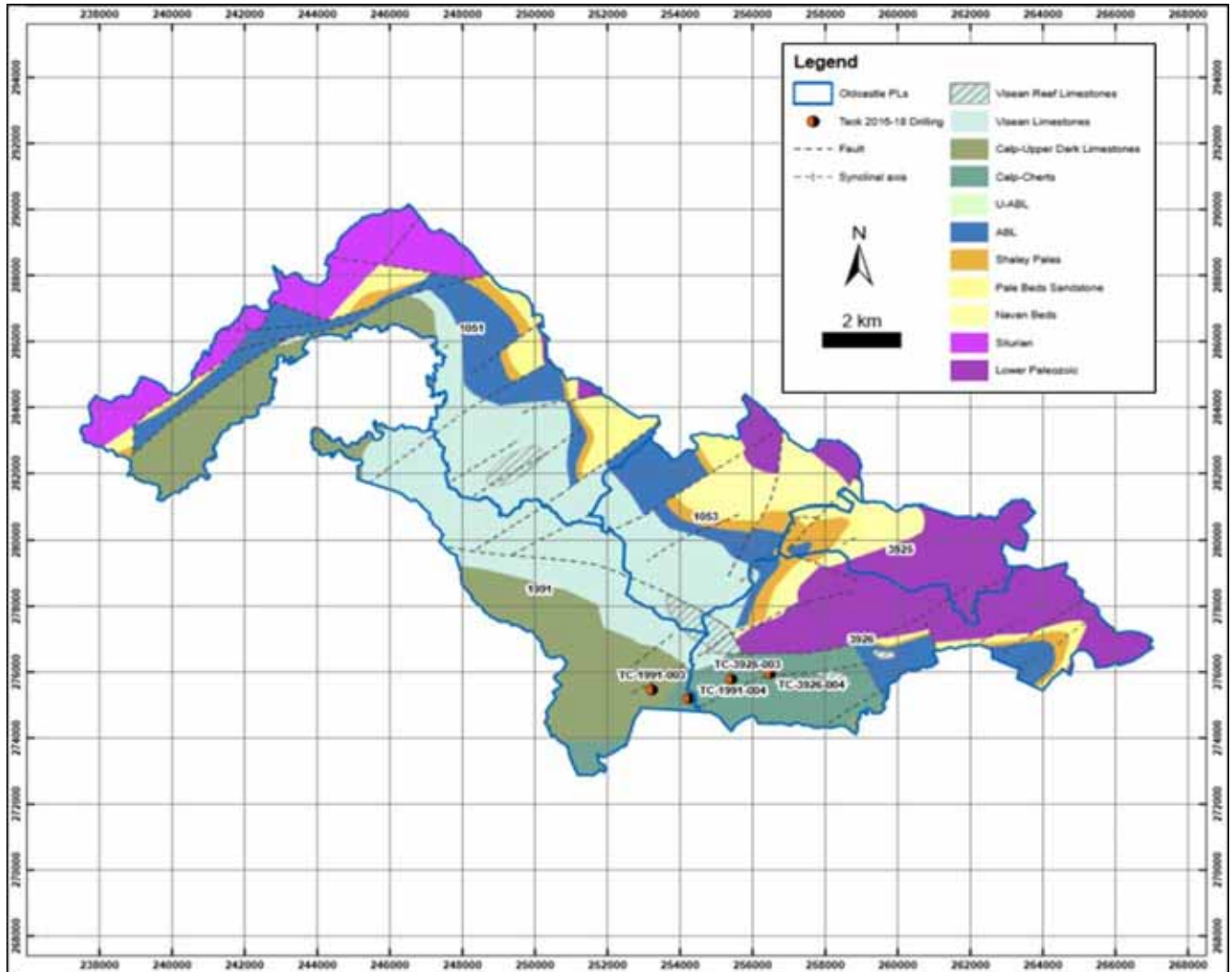


Figure 5: Oldcastle drilling 2016-2018

Teck will continue to review the data and assess the potential and options following evaluation of the historic data and work carried out in this reporting period.

### Inishowen Gold Project (100% Arkle)

Prospecting activities across the block has led to a review of the initial targeting model. Sampling along the green Bed Member north of Meeneragh did not provide encouraging results and the decision has been taken to re-focus on the Glentogher Fault structure related to the discovery at Meeneragh. Further work is planned along the fault system between the discovery at Meeneragh and the historic mine at Glentogher.

The licence covering the Cloncha target area has also been retained. This area has demonstrated potential for copper and base metal mineralisation and has been subject to limited historical drilling.

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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## **Operations Review** *(continued)*

for the financial year ended 31 December 2018

### **Derrykearn Zinc Project (100% Arkle)**

The project consists of six licences in total, five contiguous licences in County Laois. The licences lie along the Rathdowney Trend, which runs north-east from Galmoy (mined by Lundin) and Lisheen Mine (mined by Vedanta). Arkle completed a compilation of historic data over the licences. The geophysical data includes electromagnetic induction and induced polarisation surveys. The geochemical data from soils and deep overburden sampling includes over 900 data points with a full suite of geochemical assays, plus another 5100 plus Zn-Pb-Cu assays from older generations of surveys. The lithological and sampling data from more than 80 holes representing a total meterage of over 9,000 metres of diamond drilling was re-modelled. A number of drill targets have emerged focused on the lowest non-argillaceous carbonate unit in the stratigraphy, the Lisduff Oolite which remains untested by diamond drilling. At Lisheen mine, resource-grade mineralisation was hosted within the Lisduff Oolite.

### **Ladyswell Project (100% Arkle)**

The project consists of two adjacent licences in West County Cork. The local geology comprises a series of Old Red Sandstone/Lower Carboniferous folded units, associated barite and the regional setting with Copper potential. Barite production from the Ladyswell Mine area at 50,000 tons (1876-1902) with a total of up to 100,000 tons produced to the present, including mine workings in the Mountain Common area to the south west. A State Mining Lease (M32) was held by Milchem in the late 1970- early 1980s when further exploratory works were completed on the Clonakilty Barite Mines in the Ladyswell area, including extraction of up to 20,000 tons/annum high grade barite. In 1987-1991 Dana Exploration completed geological mapping, geochemical soil traverses (targeting Cu/Pb/Zn with no mention of barite) and some IP traverses.

Arkle has completed a review of historic data, prospected over the entire area, and has a series of limited soil sampling lines. The Geological Survey of Ireland have recently completed a Tellus airborne geophysical survey over the area and data is expected to be received in Q3/Q4 of 2019.



# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Directors' Report**

**for the financial year ended 31 December 2018**

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2018.

### **CHANGE OF NAME**

At an Extraordinary General Meeting held on 12 March 2019, the shareholders approved the change of name of the company from Connemara Mining Company plc to Arkle Resources PLC.

### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The main activity of Arkle Resources PLC ("Arkle") is exploration for and development of mineral resources in Ireland. The Group holds interests in 37 exploration licences mainly for zinc and lead in known mineralised trends. During the financial year, €402,694 (2017: €213,304) was spent on exploration on the mineral licences.

Further information concerning the activities of the Group during the financial year and its future prospects is contained in the Chairman's Statement and Technical Review.

### **RESULTS FOR THE YEAR**

The consolidated loss for the year after taxation was €337,306 (2017: €214,331).

The directors do not recommend that a dividend be declared for the financial year ended 31 December 2018 (2017: €Nil) and no interim payments were made during the financial year (2017: €Nil).

### **DIRECTORS' COMPLIANCE STATEMENT**

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

- (a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- (b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and
- (c) tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- the Company has drawn up a statement setting out the Company's policies that are in the opinion of the directors appropriate with respect to the Company complying with its relevant obligations;
- there are appropriate arrangements and structures in place designed to secure material compliance with the Company's relevant obligations;
- review of these structures has been performed during the year.

The directors confirm that the above sections have been complied with.

### **RISKS AND UNCERTAINTIES**

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation.

The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage risk.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Directors' Report *(continued)*

for the financial year ended 31 December 2018

### RISKS AND UNCERTAINTIES *(continued)*

The following risk factors, which are not exhaustive, are the principal risks relevant to the Group's activities:

Risk	Nature of risk and mitigation
<b>Licence obligations</b>	<p>Operations must be carried out in accordance with the terms of each licence, agreed with the relevant ministry for natural resources in the host country. Typically, operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such agreements or fails to make timely payments of relevant levies and taxes, or provide the required geological information or meet other reporting requirements.</p> <p>The group has regular communication and meetings with relevant bodies to discuss future work plans and receive feedback from those bodies. The group has regular meetings with its operating partners to discuss planned work programmes. Compliance with licence obligations is monitored by the Board.</p>
<b>Requirement for further funding</b>	<p>The Group may require additional funding to implement its exploration and development plans as well as finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy and may dilute its interest in existing projects.</p> <p>The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through its website and regulatory reporting.</p>
<b>Geological and development risks</b>	<p>Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves.</p> <p>The Group activities in Ireland are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.</p>
<b>Financial risk management</b>	<p>Details of the Group's financial risk management policies are set out in Note 19.</p>

In addition to the above there can be no assurance that current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values of the Group's assets.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Directors' Report *(continued)*

for the financial year ended 31 December 2018

### KEY PERFORMANCE INDICATORS

The two main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

	2018 €	2017 €
<b>KPI</b>		
Exploration and evaluation costs capitalised during the year	<b>402,694</b>	213,304
Ability to raise finance on the alternative investment market	<b>900,000</b>	200,000

In addition the group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 3, the directors expect that adequate resources will be available to meet the Group's committed obligations as they fall due. Further details are set out in the Review of Operations and Chairman's Statement.

### DIRECTORS

On 26 February 2018 Vivion Byrne, Danesh Varma and Gavin Berkenheger resigned as directors. On 26 February 2018 Michael McNeilly, David Cockbill and Patrick Cullen were appointed directors.

The directors, who served at any time during the financial year except as noted, were as follows:

J. Teeling  
J. Finn  
V. Byrne (resigned 26 February 2018)  
D. Varma (resigned 26 February 2018)  
G. Berkenheger (resigned 26 February 2018)  
Michael McNeilly (appointed 26 February 2018)  
David Cockbill (appointed 26 February 2018)  
Patrick Cullen (appointed 26 February 2018)

The current directors are:

John Teeling (Chairman)  
James Finn  
Michael McNeilly (appointed 26 February 2018)  
David Cockbill (appointed 26 February 2018)  
Patrick Cullen (appointed 26 February 2018)

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Directors' Report *(continued)*

for the financial year ended 31 December 2018

### DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES OF THE COMPANY

The directors and secretary held the following beneficial interests in the shares of the company:

	Ordinary Shares Of 1c each 31/12/2018 Number	Warrants Of 1c each 31/12/2018 Number	Share Options Of 1c each 31/12/2018 Number	Ordinary Shares Of 1c each 01/01/2018 Number	Warrants Of 1c each 01/01/2018 Number	Share Options Of 1c each 01/01/2018 Number
John Teeling	10,875,773	5,605,772	-	8,176,978	2,906,977	-
James Finn	9,063,527	2,980,526	-	6,155,094	872,093	-
Patrick Cullen	800,000	800,000	1,667,000	-	-	-
David Cockbill	935,408	444,444	-	-	-	-
Michael McNeilly**	-	-	-	-	-	-

\*\* Michael McNeilly is also a director of Metal Tiger plc, who have notified the company that they are the holders of 9,669,902 shares in Arkle.

There have been changes to the directors' interests in shares between the year end and the date of this report. Further details are outlined in Note 22.

### SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders excluding the directors, held 3% or more of the issued share capital of the company as at 13 June 2019 and 31 December 2018.

	13 June 2019 Number of shares	%	31 December 2018 Number of shares	%
JIM Nominees Limited (JARVIS)	16,372,895	12.37%	13,678,124	12.01%
CGWL Nominees Limited (GC1)	9,769,952	7.38%	-	-
Barclays Direct Investing Nominees Ltd	8,301,247	6.27%	8,293,104	7.28%
Peel Hunt Holdings Ltd	7,204,015	5.44%	5,740,203	5.04%
State Street Nominees Ltd	6,060,000	4.58%	6,060,000	5.32%
Hargreave Hale Nominees Ltd (LON)	-	-	4,869,952	4.28%
Interactive Investor Services Nominee Ltd	5,495,836	4.15%	4,229,571	3.71%
Redmayne (Nominees) Limited	5,020,000	3.79%	3,490,000	3.06%
Hargreaves Lansdown (Nominees) Limited	4,323,269	3.27%	4,228,903	3.71%
Pershing International Nominees Limited	3,186,600	2.41%	3,446,600	3.03%

### CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The company's securities are traded on the AIM Market of the London Stock exchange ("AIM"). In line with recent amendments to the AIM rules for companies which took effect from 28 September 2018 the company has adopted the QCA Corporate Governance Code 2018 published by the Quoted Companies Alliance ("the QCA Code"), to the extent they consider it appropriate having regard to the size and resources of the Company.

The Board is committed to maintaining high standards of corporate governance and to managing the company in an honest and ethical manner.

The Board approves the Group's strategy, investment plans and regularly reviews operational and financial performance, risk management, health and safety, environment and community (HSEC) matters.



# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Directors' Report** *(continued)*

**for the financial year ended 31 December 2018**

The Chairman is responsible for the leadership of the Board, whilst the Executive Directors are responsible for formulating strategy and delivery, once agreed by the Board.

The Audit Committee, which has been set up in accordance with Section 167 of the Companies Act 2014, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit.

The group aims to maximise the use of natural resources such as energy and water, and is committed to full reinstatement as part of environmental obligations, where applicable. The Group works toward positive and constructive relationships with governance and the public, ensuring fair treatment of those affected by the Group's operations. In particular, the Group aims to provide employees with a healthy and safe working environment whilst receiving payment that enables them to maintain a reasonable lifestyle for themselves and their families.

### **FINANCIAL RISK MANAGEMENT**

Details of the Group's financial risk management policies are set out in Note 19.

### **GOING CONCERN**

Information in relation to going concern is outlined in Note 3.

### **ACCOUNTING RECORDS**

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, is the engagement of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 162 Clontarf Road, Dublin 3, Ireland.

### **CHARITABLE AND POLITICAL DONATIONS**

The company made no political or charitable contributions during the year (2017: €Nil).

### **SUBSEQUENT EVENTS**

Refer to Note 22 for details of Post Balance Sheet Events.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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## **Directors' Report** *(continued)*

for the financial year ended 31 December 2018

### **AUDITORS**

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

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John Teeling  
Director

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James Finn  
Director

Date: 21 June 2019

# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Corporate Governance Report**

**for the financial year ended 31 December 2018**

The directors of Arkle Resources PLC (“Arkle Resources” or the “Company”) recognise the importance of sound corporate governance and have adopted the QCA Corporate Governance Code 2018 published by the Quoted Companies Alliance (“the QCA Code”), to the extent they consider it appropriate having regard to the size and resources of the Company.

John Teeling, in his capacity as Non-Executive Chairman, with assistance from Chief Executive Officer Patrick Cullen, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are communicated and applied.

The Board currently consists of five directors: Non-Executive Chairman; Chief Executive Officer; Financial Director (and Company Secretary); and two Non-Executive Directors. The Board considers that appropriate oversight of the Company is provided by the currently constituted Board. This view will continue to be reviewed by the Board. The Board has a Chairman, with the CEO being excluded from taking on this role.

The 10 principles set out in the QCA Code are listed below, with an explanation of how Arkle Resources applies each of the principles:

### **1. Establish a strategy and business model which promote long-term value for shareholders**

Our vision is for Arkle Resources to be regarded as the leading junior base and precious metals explorer in Ireland, as a preferred investment and as a preferred joint venture partner. Our objective is to create shareholder value by exploring in Ireland, one of the most prospective countries in the world for zinc and lead (as well as Europe's largest producer) and where gold projects have recently attracted major investment. Arkle Resources will also seek opportunities in safe jurisdictions beyond Ireland as long as those jurisdictions are attractive in terms of mineral prospectivity, security of tenure and overall political stability.

Additionally, our objective is to be joint venture partner of choice for larger mining companies and investment funds, and enter into such agreements when this is beneficial to our shareholders while maintaining focus on our core competencies.

We will: maintain a flat, low-cost organisational structure; maintain a balance of 100% owned and joint venture projects; use our reputation and knowledge to continue to access ground prospective for both base and precious metals; and be alert to emerging opportunities, adapting our strategies accordingly.

### **2. Seek to understand and meet shareholder needs and expectations**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website ([www.arkleresources.com](http://www.arkleresources.com)) and through Patrick Cullen, CEO who is available to answer investor relations enquiries. The Company provides regulatory, financial and business news updates through the Regulatory News Service. The Company also provides access to news releases and general news related to our business through various media channels such as twitter (@ArkleResources) and the Company page on LinkedIn ([linkedin.com/company/arkle-resources-plc/](https://www.linkedin.com/company/arkle-resources-plc/)).

### **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board is committed to having the highest degree possible of corporate social responsibility in how the Company undertakes its activities. We aim to have an uncompromising stance on health, safety, environment and community relations. The Company policy is that all activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. Arkle Resources will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

## Corporate Governance Report *(continued)*

for the financial year ended 31 December 2018

### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. The principal risks facing the Company and the measures taken to mitigate them are set out in the latest Company Annual Report.

The Company also faces a number of financial risks such as interest rate risk and liquidity risk. The Company's financial risk management policies are set out on pages 11 and 12 in this Annual Report.

The latest Company Annual Report can be viewed at: <https://arkleresources.com/investor-center/reports/>

### **5. Maintain the board as a well-functioning, balanced team led by the chair**

The Board's role is to agree the Group's long-term direction and strategy and monitor achievement of its business objectives. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the audit, remuneration and nomination committees, as further detailed under Principle 9 below.

The Board comprises non-executive Chairman. John Teeling, Chief Executive Officer Patrick Cullen, Executive Director and Company Secretary, James Finn, and two non-executive directors, Michael McNeilly and David Cockbill. Currently Patrick Cullen is the Company's only full time employee. Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. The Non-Executive Chairman and Non-Executive Directors receive a fee for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The Non-Executive Chairman and Non-Executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business.

The Board consider both Michael McNeilly and David Cockbill to be independent Non-Executive Directors, notwithstanding their share interests disclosed in Principle 9 below.

### **6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The Board currently consists of five Directors. The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional Directors are required. The Directors are satisfied that the skills and experience represented through the Company's Board comprises an appropriate range of expertise.

The biographies of the Directors are as follows:

#### **Patrick Cullen – Chief Executive Officer**

Patrick Cullen is chief executive officer of Arkle Resources PLC and his career in the resources industry spans more than 20 years. During this time he has had experience at various majors including Schlumberger, AngloGold, Placer Dome (now part of Barrick), Anglo American Platinum, and exploration companies such as African Energy Resources (ASX), Montero Mining and Exploration (TSX-V) and Kodal Norway (UK) Ltd. Patrick has leadership and technical experience across a range of commodities and mineralization styles in brownfield and greenfield exploration as well as mining expansion projects. He holds a BSc. from University College Cork (1992), a BSc. (Hons) Geology from the University of Portsmouth (1994) and an MBA from the University of Southern Queensland, Australia (2008).

#### **John Teeling – Non-Executive Chairman**

John Teeling is non-executive chairman of Arkle Resources PLC and has 40 years' resources experience. Teeling is also involved in a number of other AIM exploration companies and has been a serial entrepreneur in the resource sector having founded African Diamonds and created Pan Andean Resources, Minco, African Gold, Persian Gold and West African Diamonds, all listed on AIM. He is also the founder and a former director of Kenmare Resources, former director of Arcon and holds interests in a number of industrial ventures. Mr. Teeling holds degrees in Economics and Business from University College Dublin, an MBA from Wharton and a Doctorate in Business Administration from Harvard. He lectured for 20 years in business and finance at University College Dublin.



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Corporate Governance Report *(continued)*

for the financial year ended 31 December 2018

### **James Finn – Financial Director/Company Secretary**

James Finn is finance director of Arkle Resources PLC and has over 20 years' experience in working with exploration companies. Mr. Finn has extensive experience in the administration of oil and gas and minerals companies. He has been responsible for listing several resource sector companies on AIM in London, including two of the first companies ever listed on AIM, Pan Andean Resources and African Gold. He holds a degree in Management and an Association of Chartered Certified Accountants (ACCA) qualification.

### **Michael McNeilly – Non-Executive Director**

Michael is an experienced public company director and corporate advisor having advised several private, Main Market listed, AIM quoted and NEX listed companies on a variety of corporate transactions during his tenure at Arden Partners (LON:ARDN) and Allenby Capital respectively. He is the Chief Executive Officer of Metal Tiger plc (LON:MTR) and was also previously a director of Greatland Gold plc (LON:GGP), as well as a Corporate Executive at Coinsilium (NEX:COIN) where he worked with early stage blockchain focussed start-ups. Michael studied Biology at Imperial College London and has BA in Economics from the American University of Paris (2009).

### **David Cockbill – Non-Executive Director**

David Cockbill is an experienced corporate financier and public capital markets executive. Born in Northern Ireland, he studied accountancy at Manchester University before commencing a 35 year career in the City of London at various leading investment banks as a proprietary trader. David has been a Financial Conduct Authority (FCA) regulated person, for the last five years, focusing on opportunities within the micro-cap sector and raising capital for public companies in the natural resources and technology sectors.

### **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Review of the Company's progress against the long terms strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held at least four times a year. The CEO's performance is reviewed once a year by the rest of the Board, and measured against a definitive list of short, medium and long-term strategic targets set by the Board. The Board has been reconfigured in 2018; the internal evaluation of the Board, together with its Committees, is seen as an important step in the Company's development along with succession planning.

### **8. Promote a corporate culture that is based on ethical values and behaviours**

The corporate culture of the Company is promoted throughout its employees and contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies, including Share Dealing Policy, Privacy Policy and Social Media Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that employees behave. The exploration for, and development, of mineral resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this is reflected in all the Company does. The Company has an established code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

The Companies Act 2014 (Ireland) permits the directors of public companies to authorise director's conflicts and potential conflicts of interest, where appropriate, and the Company's Articles of Association contain provisions to this effect.

### **9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on all operational and financial matters. The Chairman has overall responsibility for corporate governance matters in the Company and chairs the Nomination Committee. The CEO has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Company. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Corporate Governance Report** *(continued)*

**for the financial year ended 31 December 2018**

The Nomination Committee comprises the non-executive Chairman (Committee Chair), CEO, Company Secretary and the Non-Executive Directors and meets at least once per year to examine Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations.

The Audit Committee, chaired by Non-Executive Director, Michael McNeilly, and including CEO, Patrick Cullen, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditors taking account of any non-audit services provided by them.

The Remuneration Committee is comprised of Non-Executive Directors, David Cockbill (Committee Chair) and Michael McNeilly. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Company. The Company has a share option scheme and also issues warrants to subscribe for shares to executive directors and employees.

### **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website [www.arkleresources.com](http://www.arkleresources.com) and through Patrick Cullen, CEO who is available to answer investor relations enquiries. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

The Company's financial reports can be found here: <https://arkleresources.com/investor-center/reports/>

A complete history of Investor Notices can be found here: <https://arkleresources.com/rns-regulatory-news/>

The Company also communicates through social media on twitter: [www.twitter.com/ArkleResources](https://twitter.com/ArkleResources) and LinkedIn: [www.linkedin.com/company/arkle-resources-plc](https://www.linkedin.com/company/arkle-resources-plc)

## **Directors' Responsibilities Statement**

**for the financial year ended 31 December 2018**

The directors are responsible for preparing the directors' report and the financial statements in accordance with Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company and the group as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Group and Parent Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website (<https://arkleresources.com>). Irish legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Independent auditor's report to the members of Arkle Resources PLC

for the financial year ended 31 December 2018

### Report on the audit of the financial statements

#### Opinion on the financial statements of Arkle Resources Plc (formerly Connemara Mining Company Plc) (the 'company')

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In our opinion the group and parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2018 and of the loss of the group and parent company for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the group financial statements:
  - the Consolidated Statement of Comprehensive Income;
  - the Consolidated Balance Sheet;
  - the Consolidated Statement of Changes in Equity;
  - the Consolidated Cash Flow Statement; and
  - the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.
- the parent company financial statements:
  - the Balance Sheet;
  - the Statement of Changes in Equity;
  - the Cash Flow Statement; and
  - the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting frameworks that have been applied in their preparation are the Companies Act 2014, International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union ("the relevant financial reporting framework").

### Basis for opinion

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We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty relating to going concern

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In forming our opinion on the financial statements, we draw your attention to:

Note 3 to the group's Consolidated Financial Statements concerning the group's ability to continue as a going concern. As at 31 December 2018, the group incurred a loss for the financial year of €337,306 and had net current liabilities of €7,493 at the balance sheet date.

Post year end, the group successfully raised £230,000 through an equity fundraising. Cash flow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the group for a period of at least twelve months from the date of approval of the financial statements.



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Independent auditor's report to the members of Arkle Resources PLC *(continued)*

for the financial year ended 31 December 2018



The directors have prepared the financial statements of the group on the basis that the group is a going concern.

In response to this, we:

- obtained an understanding of the group's controls over the development and approval of the projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and determined the implementation of these controls;
- challenged the key assumptions used in the cash flow forecasts by agreement to expenditure commitments and other supporting documentation;
- performed sensitivity analysis on the cash flow forecasts to assess the amount of headroom;
- tested the clerical accuracy of the cash flow forecast model;
- obtained supporting documentation for the share fundraising amounts received post year end; and
- assessed the adequacy of the disclosures in the financial statements.



As stated in Note 3, these events and conditions, along with the other matters as set forth in Note 3 to the financial statements, indicate the existence of a material uncertainty on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• <i>Realisation of Assets – group and parent</i></li> <li>• <i>Going concern (see material uncertainty relating to going concern section)</i></li> </ul> <p>Within this report, any new key audit matters are identified with  and any key audit matters which are the same as the prior year identified with .</p>
<b>Materiality</b>	The materiality that we used in the current year was €99,000 for the group which was determined on the basis of the carrying value of intangible assets. The materiality that we used for the parent was €84,000 which was determined on the basis of net assets.
<b>Scoping</b>	Four significant components being Arkle Resources Plc, Connemara Mining Company of Ireland Limited, Limerick Zinc Limited and Oldcastle Zinc Limited were identified and full scope audits were performed on all.
<b>Significant changes in our approach</b>	No significant changes in our audit approach.

### Key Audit Matters



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Realisation of Assets – group and parent 	
<b>Key audit matter description</b> 	As at 31 December 2018, the carrying value of intangible assets included in the consolidated balance sheet amounted to €3,314,312 (2017: €2,911,618), investments in subsidiaries included in the company balance sheet amounted to €180,398 (2017: €180,398) and amounts due from subsidiary undertakings included in the company balance sheet amounted to €3,324,670 (2017: €2,751,727). As disclosed in notes 11, 12 and 13 to the financial statements, the realisation of these assets is dependent on the

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Independent auditor's report to the members of Arkle Resources PLC *(continued)*

for the financial year ended 31 December 2018

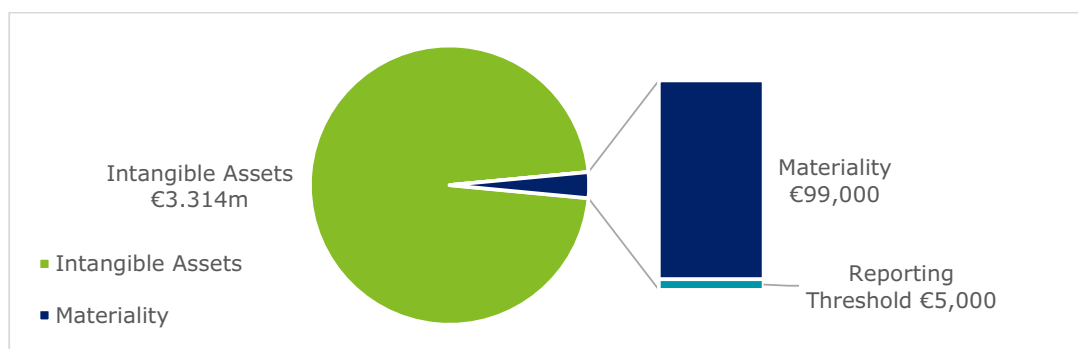
	<p>discovery and the successful development of economic mineral reserves and therefore we have included the realisation of assets as a key audit matter.</p> <p>Refer to the accounting policies included within note 1 to the financial statements and the disclosures included within notes 11, 12 and 13.</p>
<p><b>How the scope of our audit responded to the key audit matter</b></p> 	<p>We inspected the documentation around the licences, we tested an annual impairment control in place to determine whether it was appropriate to address the risk of impairment in accordance with IFRS 6 and considered and challenged the directors' assessment of indicators of impairment and assumptions in relation to these exploration and evaluation assets, which could impact the realisation of the intangible assets, investments in subsidiaries and amounts due from subsidiary undertakings.</p> <p>We performed a review of the board of directors' minutes of meetings and press releases in relation to the status of the exploration activities and funding strategies, including a review of the budgeted expenditure for the next 12 months. We also considered the adequacy of the disclosures included in the financial statements.</p>
<p><b>Key observations</b></p> 	<p>An inherent uncertainty exists in relation to the ability of the group to realise the exploration and evaluation assets capitalised as intangible assets, which could also impact the recoverability of the investments in subsidiaries and amounts due from subsidiary undertakings. As noted above, the realisation of these assets is dependent on the discovery and the successful development of economic mineral resources and reserves and the ability of the group to raise sufficient finance to develop the projects. The financial statements do not include any adjustments relating to this uncertainty and the ultimate outcome cannot, at present, be determined. Our opinion is not modified in respect of this matter.</p>

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

### Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be €99,000 which is approximately 3% of the carrying value of intangible assets. We have considered the carrying value of intangible assets to be the critical component for determining materiality because intangible assets equate to 95% of the group's total assets. We determined materiality for the parent company to be €84,000 which is approximately 90% of the value of group materiality and represents approximately 3% of net assets. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of misstatements, complexity of the company and reliability of control environment.



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Independent auditor's report to the members of Arkle Resources PLC *(continued)*

for the financial year ended 31 December 2018

We agreed with the Board of Directors that we would report to them any audit differences in excess of €5,000, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### An overview of the scope of our audit

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In approaching the audit, we considered how the group is organised and managed. Four significant components being Arkle Resources Plc, Connemara Mining Company of Ireland Limited, Limerick Zinc Limited and Oldcastle Zinc Limited were identified and full scope audits were performed on all by Deloitte Ireland.

Component materiality levels applicable to each component were lower than group materiality.

### Other information

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The directors are responsible for the other information. The other information comprises the information included in the Reports and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, 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 directors

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As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (Ireland) 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 these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Independent auditor's report to the members of Arkle Resources PLC *(continued)*

for the financial year ended 31 December 2018

- 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 Group and parent company'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 or conditions that may cast significant doubt on the group and parent company'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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on other legal and regulatory requirements

#### Opinion on other matters prescribed by the Companies Act 2014

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Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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## **Independent auditor's report to the members of Arkle Resources PLC** *(continued)*

for the financial year ended 31 December 2018

### **Matters on which we are required to report by exception**

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Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Sinéad McHugh  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2  
Date: 21 June 2019

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2018

	Notes	2018 €	2017 €
<b>CONTINUING OPERATIONS</b>			
Administrative expenses	4	(337,306)	(214,331)
<b>OPERATING LOSS</b>		<b>(337,306)</b>	<b>(214,331)</b>
<b>LOSS BEFORE TAXATION</b>	4	<b>(337,306)</b>	<b>(214,331)</b>
Income tax expense	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<b>(337,306)</b>	<b>(214,331)</b>
Loss per share – basic and diluted	10	<b>(0.31c)</b>	<b>(0.27c)</b>



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Consolidated Balance Sheet

as at 31 December 2018

	Notes	2018 €	2017 €
<b>ASSETS:</b>			
<b>FIXED ASSETS</b>			
Intangible assets	11	<b>3,314,312</b>	2,911,618
<b>CURRENT ASSETS</b>			
Other receivables	13	<b>23,353</b>	28,596
Cash and cash equivalents	14	<b>106,031</b>	122,716
		<b>129,384</b>	151,312
<b>TOTAL ASSETS</b>		<b>3,443,696</b>	3,062,930
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>(136,877)</b>	(625,298)
<b>NET CURRENT LIABILITIES</b>		<b>(7,493)</b>	(473,986)
<b>NET ASSETS</b>		<b>3,306,819</b>	2,437,632
<b>EQUITY:</b>			
Called-up share capital	16	<b>1,139,116</b>	874,176
Share premium	16	<b>6,136,298</b>	5,162,527
Share based remuneration reserve	17	<b>31,631</b>	4,343
Retained deficit		<b>(4,000,226)</b>	(3,603,414)
<b>TOTAL EQUITY</b>		<b>3,306,819</b>	2,437,632

The financial statements were approved by the Board of Directors on 21 June 2019 and signed on its behalf by:

\_\_\_\_\_  
John Teeling  
Director

\_\_\_\_\_  
James Finn  
Director

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Company Balance Sheet

as at 31 December 2018

	Notes	2018 €	2017 €
<b>ASSETS:</b>			
<b>FIXED ASSETS</b>			
Investment in subsidiaries	12	<b>180,398</b>	180,398
		<b>180,398</b>	180,398
<b>CURRENT ASSETS</b>			
Other receivables	13	<b>3,153,068</b>	2,757,179
Cash and cash equivalents	14	<b>105,230</b>	120,361
		<b>3,258,298</b>	2,877,540
<b>TOTAL ASSETS</b>		<b>3,438,696</b>	3,057,938
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>(131,877)</b>	(620,306)
<b>NET CURRENT ASSETS</b>		<b>3,126,421</b>	2,257,234
<b>NET ASSETS</b>		<b>3,306,819</b>	2,437,632
<b>EQUITY:</b>			
Called-up share capital	16	<b>1,139,116</b>	874,176
Share premium	16	<b>6,136,298</b>	5,162,527
Share based remuneration reserve	17	<b>31,631</b>	4,343
Retained deficit		<b>(4,000,226)</b>	(3,603,414)
<b>TOTAL EQUITY</b>		<b>3,306,819</b>	2,437,632

The loss for the financial year ended 31 December 2018 was €337,306 (2017: €214,331).

The financial statements were approved by the Board of Directors on 21 June 2019 and signed on its behalf by:

\_\_\_\_\_  
John Teeling  
Director

\_\_\_\_\_  
James Finn  
Director

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Statement of Changes in Equity

for the financial year ended 31 December 2018

### Group and Company

	Called up Share Capital €	Share Premium €	Share Based Payment Reserve €	Retained Deficit €	Total €
At 1 January 2017	757,897	5,063,806	-	(3,389,083)	2,432,620
Shares issued	116,279	98,721	-	-	215,000
Share issue expenses	-	-	4,343	-	4,343
Loss for the year	-	-	-	(214,331)	(214,331)
At 31 December 2017	874,176	5,162,527	4,343	(3,603,414)	2,437,632
Shares issued	<b>264,940</b>	<b>973,771</b>	-	-	<b>1,238,711</b>
Share issue expenses	-	-	-	<b>(59,506)</b>	<b>(59,506)</b>
Share options issued	-	-	<b>27,288</b>	-	<b>27,288</b>
Loss for the year	-	-	-	<b>(337,306)</b>	<b>(337,306)</b>
<b>At 31 December 2018</b>	<b>1,139,116</b>	<b>6,136,298</b>	<b>31,631</b>	<b>(4,000,226)</b>	<b>3,306,819</b>

### Share premium

The share premium reserve comprises of the excess of monies received in respect of share capital over the nominal value of shares issued.

### Share based payment reserve

The share based payment reserve arises on the grant of share options to directors and consultants under the share options plan.

### Retained deficit

Retained deficit comprises accumulated losses in the current and prior financial years.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Consolidated Cash Flow Statement

for the financial year ended 31 December 2018

	Notes	2018 €	2017 €
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Adjusted for:			
Loss for the financial year		(337,306)	(214,331)
Share options issued		13,644	-
Foreign exchange		2,570	(4,818)
		<b>(321,092)</b>	<b>(219,149)</b>
<b>MOVEMENTS IN WORKING CAPITAL</b>			
(Decrease)/Increase in trade and other payables		(264,889)	183,178
Decrease/(Increase) in other receivables		5,243	(14,964)
		<b>(580,738)</b>	<b>(50,935)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		(389,050)	(208,961)
		<b>(389,050)</b>	<b>(208,961)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		1,015,179	215,000
Share issue costs		(59,506)	-
		<b>955,673</b>	<b>215,000</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
		<b>(14,115)</b>	<b>(44,896)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of financial year		122,716	162,794
Effect of exchange rate changes on cash held in foreign currencies		(2,570)	4,818
Cash and cash equivalents at end of financial year	14	<b>106,031</b>	<b>122,716</b>

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Company Cash Flow Statement

for the financial year ended 31 December 2018

	Notes	2018 €	2017 €
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the financial year		(337,306)	(214,331)
Share options issued		13,644	-
Foreign exchange		2,570	(4,822)
		<b>(321,092)</b>	<b>(219,153)</b>
<b>MOVEMENTS IN WORKING CAPITAL</b>			
(Decrease)/Increase in trade and other payables		(264,897)	183,186
Increase in other receivables		(382,245)	(214,654)
		<b>(968,234)</b>	<b>(250,621)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in subsidiaries		-	(8,000)
		<b>-</b>	<b>(8,000)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		1,015,179	215,000
Share issue costs		(59,506)	-
		<b>955,673</b>	<b>215,000</b>
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(12,561)</b>	<b>(43,621)</b>
Cash and cash equivalents at beginning of the financial year		120,361	159,160
Effects of exchange rate changes on cash held in foreign currencies		(2,570)	4,822
Cash and cash equivalents at end of the financial year	14	<b>105,230</b>	<b>120,361</b>

## Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2018

### 1. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by the group and company are as follows:

#### (i) Basis of preparation

The financial statements have been prepared on a historical cost basis.

#### (ii) Statement of compliance

The financial statements of Arkle Resources PLC and all its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements are prepared in accordance with the Companies Act 2014.

The financial statements of Arkle Resources PLC ("the company") have been prepared in accordance with IFRS as applied in accordance with the Companies Act 2014.

The company is a public limited company incorporated and domiciled in Ireland, the number under which it is registered is 417725. The address of its registered office is 162 Clontarf Road, Dublin 3.

#### (iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### (iv) Intangible assets

##### ***Exploration and evaluation assets***

Exploration expenditure relates to the initial search for mineral deposits with economic potential in Ireland.

Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classified to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management.

Prior to reclassification to property, plant and equipment exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of comprehensive income.



## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (iv) Intangible assets *(continued)*

##### ***Impairment of intangible assets***

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The company reviews for impairment on an ongoing basis and specifically if any of the following occurs:

- (a) the period for which the Group has a right to explore in the specific area has expired or is expected to expire;
- (b) further expenditure on exploration and evaluation in the specific area is neither budgeted or planned;
- (c) the exploration and evaluation has not led to the discovery of economic reserves;
- (d) sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

#### (v) Foreign currencies

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, the functional currency of the Company.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies), are recognised at the rate of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

#### (vi) Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

## **Notes to the Consolidated Financial Statements *(continued)***

for the financial year ended 31 December 2018

### **1. PRINCIPAL ACCOUNTING POLICIES *(continued)***

#### **(vi) Taxation *(continued)***

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **(vii) Share-based payments**

Equity settled share-based payments are measured at fair value at the date of grant. The fair value excludes the effect of non market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Where the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of a Black-Scholes model.

#### **(viii) Operating loss**

Operating loss comprises general administrative costs incurred by the Group and company, which are not specific to evaluation and exploration projects. Operating loss is stated before investment revenue, finance costs and other gains and losses.

#### **(ix) Investments in subsidiaries**

Investments in subsidiaries are held at cost less any accumulated impairment losses.

#### **(x) Financial Instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### Financial assets

All recognised financial assets are measured subsequently in their entirety at amortised cost.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (x) Financial Instruments *(continued)*

##### *Financial assets subsequently measured at amortised cost*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group includes in this category cash and other short-term receivables.

##### *Impairment of financial assets*

The Group only holds receivables at amortized cost, with no significant financing component and which have maturities of less than 12 months and as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. Therefore, the Group does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date.

The carrying value of interest receivable, receivables on unsettled trades and other short-term receivables, measured at amortized cost less any expected loss, is an approximation of fair value given their short-term nature.

The Group recognized an impairment during the year ended 31 December 2018. See details in Note 13.

##### Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

##### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The Group includes in this category trade payables and other short-term payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### **Warrants**

Warrants will be transferred to share capital once the warrants are exercised in accordance with IFRS. The warrants are classified separately as equity or as a liability at FVTPL in accordance with the substance of the contractual arrangement. Warrants classified as liabilities at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the profit & loss.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (xi) Critical accounting judgements and key sources of estimation uncertainty

##### ***Critical judgements in applying the Group and Company accounting policies***

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

##### ***Exploration and evaluation expenditure***

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management consider the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets.

Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to prospecting, exploration and related expenditure in Ireland.

The Group's exploration activities are subject to a number of significant and potential risks including:

- uncertainties over development and operational risks;
- compliance with licence obligations;
- liquidity risks; and
- going concern risks;

The recoverability of intangible assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off to the statement of comprehensive income.

##### ***Going Concern***

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the group's projects becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible assets, to their realisable values. Further information in relation to going concern is outlined in Note 3.

##### ***Key sources of estimation uncertainty***

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### ***Impairment of intangible assets***

The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount.

Recoverable amount is determined as the higher of fair value less costs to sell and value in use. The assessment requires judgements as to the likely future commerciality of the assets and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### (xi) Critical accounting judgements and key sources of estimation uncertainty *(continued)*

##### ***Deferred tax assets***

The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

### 2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements. The principal accounting policies adopted are set out below.

#### **New and amended IFRS Standards that are effective for the current year**

##### ***Impact of initial application of IFRS 9 Financial Instruments***

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

The Group's accounting policies for financial instruments are disclosed above. IFRS 9 has not resulted in changes in the carrying amounts of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be measured at amortised cost.

In addition, the application of the ECL model under IFRS 9 has not changed the carrying amounts of the Group's financial assets. The carrying amounts of financial assets continued to approximate their fair values on the date of transition to IFRS 9.

#### **Standards in issue but not yet effective**

As at 31 December 2018, the following standards, amendments to the existing standards and a new interpretation, were not endorsed for use in EU and cannot be therefore applied by the entities preparing their financial statements in accordance with IFRS as adopted by EU.

- IFRIC 17 Insurance Contracts
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The following standards have been adopted by the EU but are not yet mandatorily effective and have not been early adopted by the company.

- IFRS 16 Leases (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group. However, at this point they do not believe they will have a significant impact on the financial statements of the Group in the period of initial application.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 3. GOING CONCERN

The Group incurred a loss for the financial year of €337,306 (2017: €214,331) and had net current liabilities of €7,493 (2017: €473,986) at the balance sheet date leading to concern about the Group's and Company's ability to continue as a going concern.

The Group had a cash balance of €106,031 (2017: €122,716) at the balance sheet date.

Cash flow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the group for a period of at least 12 months from the date of approval of these financial statements.

On 5 March 2019, the Group raised £230,000 from the issue of shares and warrants. Further details are outlined in note 17.

Accordingly, the directors are satisfied that it is appropriate to continue to prepare the financial statements of the Group and Company on the going concern basis as there will be sufficient funds in place to continue operations for the foreseeable future. The financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, if the Group or Company was unable to continue as a going concern.

### 4. LOSS BEFORE TAXATION

The loss before taxation is stated after charging/(crediting) the following items included in administrative expenses:

	2018 €	2017 €
Professional fees	147,220	122,910
Foreign exchange (gain)/loss	2,570	(4,818)
Directors' remuneration	83,764	70,000
Printing and stationery	8,030	6,396
Other administrative expenses	82,078	19,843
Share options	13,644	-
	<b>337,306</b>	<b>214,331</b>

Details of auditors' and directors' remuneration are set out in Note 5 and 8 respectively.

Directors and employees' remuneration for the year comprises of:

The average monthly number of employees was:

	2018 Number	2017 Number
Executive Directors	5	5
Their aggregate remuneration comprised:	€	€
Wages and salaries	115,927	156,458
Social security costs	-	-
Other pension costs	-	-
	<b>115,927</b>	<b>156,458</b>



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 5. AUDITORS' REMUNERATION

Auditors' remuneration for work carried out for the group and company in respect of the financial year is as follows:

	2018 €	2017 €
<b>Group</b>		
Audit of group accounts	13,125	12,000
Other assurance services	6,300	6,000
Tax advisory services	1,575	1,500
Other non-audit services	-	-
<b>Total</b>	<b>21,000</b>	<b>19,500</b>
<b>Company</b>		
Audit of individual company accounts	7,875	7,500
Other assurance services	6,300	6,000
Tax advisory services	1,575	1,500
Other non-audit services	-	-
<b>Total</b>	<b>15,750</b>	<b>15,000</b>

### 6. INCOME TAX EXPENSE

	2018 €	2017 €
Current tax	-	-
Deferred tax	-	-
	-	-
<b>Factors affecting the tax expense:</b>		
Loss on ordinary activities before tax	(337,306)	(214,331)
Income tax calculated at 12.5%	(42,163)	(26,791)
<b>Effects of:</b>		
Expenses not allowable	3,110	5,186
Tax losses carried forward	39,053	46,233
Capital Allowances	-	(24,628)
Tax charge	-	-

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 6. INCOME TAX EXPENSE *(continued)*

No charge to corporation tax arises in the current financial year or the prior financial year primarily due to losses brought forward.

At the balance sheet date, the group has unused tax losses of €3,178,935 (2017: €2,844,739) which equates to a deferred tax asset of €397,367 (2017: €355,592). The deferred tax asset has not been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

### 7. SEGMENTAL ANALYSIS

Operating segments are identified on the basis of internal reports about the group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is organised into three segments, Limerick, Oldcastle and Rest of Ireland.

Segment information about the Group's activities is presented below:

#### 7A. Segment Revenue and Segment Result

	Segment Result	
	2018	2017
	€	€
Continuing operations in Limerick	-	-
Continuing operations in Oldcastle	-	-
Continuing operations in Rest of Ireland	-	-
Total continuing operations	-	-
Unallocated head office	(337,306)	(214,331)
	<b>(337,306)</b>	<b>(214,331)</b>

There was no revenue earned during the financial year and all expenses in the financial year were incurred by head office.

#### 7B. Segment assets and liabilities

##### Group

	Assets		Liabilities	
	2018	2017	2018	2017
	€	€	€	€
Limerick	1,537,931	1,412,861	-	-
Oldcastle	330,000	330,000	-	-
Rest of Ireland	1,446,381	1,168,757	-	102,925
Total continuing operations	3,314,312	2,911,618	-	102,925
Unallocated head office	129,384	151,312	136,877	522,373
	<b>3,443,696</b>	<b>3,062,930</b>	<b>136,877</b>	<b>625,298</b>

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 7. SEGMENTAL ANALYSIS *(continued)*

#### Company

	Assets		Liabilities	
	2018	2017	2018	2017
	€	€	€	€
Limerick	1,527,931	1,402,861	-	-
Oldcastle	330,000	330,000	-	-
Rest of Ireland	1,452,182	1,173,766	-	102,925
Total continuing operations	3,310,113	2,906,627	-	102,925
Unallocated head office	128,583	151,311	131,877	517,381
	3,438,696	3,057,938	131,877	620,306

### 7C. Other segmental information

#### Additions to exploration and evaluation assets

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Limerick	125,071	8,565	-	-
Oldcastle	-	-	-	-
Rest of Ireland	277,623	204,739	-	-
Total continuing operations	402,694	213,304	-	-
Unallocated head office	-	-	-	-
	402,694	213,304	-	-

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 8. RELATED PARTY AND OTHER TRANSACTIONS

#### Group and Company

#### • Directors' Remuneration and Key Management Compensation

The remuneration of the directors, whom are considered to be the key management personnel, is as follows:

	<b>2018 Fees: Services as director €</b>	<b>2018 Fees: Other services €</b>	<b>2018 Total €</b>	<b>2017 Fees: Services as director €</b>	<b>2017 Fees: Other services €</b>	<b>2017 Total €</b>
John Teeling	5,000	7,500	12,500	5,000	25,000	30,000
James Finn	5,000	7,500	12,500	5,000	25,000	30,000
Vivion Byrne	-	1,600	1,600	5,000	5,000	10,000
Patrick Cullen	5,000	59,327	64,327	-	16,667	16,667
David Cockbill	5,000	7,500	12,500	-	-	-
Michael McNeilly	5,000	7,500	12,500	-	-	-
Gavin Berkenheger	-	-	-	-	69,791	69,791
	<b>25,000</b>	<b>90,927</b>	<b>115,927</b>	<b>15,000</b>	<b>141,458</b>	<b>156,458</b>

All remuneration related to short term employee benefits. The number of directors to whom retirement benefits are accruing is nil. There were no entitlements to pension schemes or retirement benefits. Details of directors' interests in the shares of the company are set out in the Directors' Report.

Directors' remuneration of €32,164 was capitalised as exploration and evaluation expenditure in 2018 (2017: €Nil).

Any further required disclosures in Sections 305 and 306 of Companies Act 2014 are nil for both the current and prior financial year.

During the financial year, P. Cullen was awarded 1,667,000 share options with a fair value of €27,288. Further details are provided in note 17.

€50,000 of directors remuneration remains unpaid at year end.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 8. RELATED PARTY AND OTHER TRANSACTIONS *(continued)*

#### Group and Company

Arkle Resources PLC shares offices and overheads with a number of companies also based at 162 Clontarf Road. These companies have some common directors.

Transactions with these companies during the financial year are set out below:

	<b>Botswana Diamonds plc €</b>	<b>Clontarf Energy plc €</b>	<b>Petrel Resources plc €</b>	<b>Great Northern Distillery €</b>	<b>Total €</b>
Balance at 1 January 2017	-	-	-	-	-
Office and overhead costs recharged	24,166	28,736	28,729	94,953	176,584
Payments	(24,166)	(28,736)	(28,729)	(94,953)	(176,584)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	-	-	-	-	-
Office and overhead costs recharged	17,811	9,064	14,928	42,721	84,524
Payments	(17,811)	(9,064)	(14,928)	(42,721)	(84,524)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

At 31 December, the following amounts were due to the company by its subsidiary:

	<b>2018 €</b>	<b>2017 €</b>
Connemara Mining Company of Ireland Limited	<b>3,136,405</b>	2,751,727
	<hr/>	<hr/>

The increase in the amount due from Connemara Mining Company of Ireland Limited arises due to funds advanced by the company to fund exploration and evaluation expenditure by its subsidiary. The amount due from Connemara Mining Company Limited is net of an allowance of €188,265 (2017: €183,026) which has been recognised due to losses incurred by the subsidiary in current and prior financial years. The amount due is non-interest bearing, repayable on demand and is unsecured.

The recoverability of amounts due from Connemara Mining Company of Ireland Limited is dependent on the discovery and successful development of economic reserves which is subject to a number of potential risks as set out in Note 1(xi).

### 9. STAFF NUMBERS

The group did not have any employees other than the directors during the current year. Details of directors' remuneration are given in Notes 4 and 8.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 10. LOSS PER SHARE

	2018 €	2017 €
Loss per share - Basic and Diluted	<b>(0.31c)</b>	(0.27c)

#### 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:

	2018 €	2017 €
Loss for the year attributable to equity holders of the parent	<b>(337,306)</b>	(214,331)

	2018 No.	2017 No.
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>109,774,178</b>	80,186,016

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

### 11. INTANGIBLE ASSETS

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
<b>Exploration and Evaluation:</b>				
<b>Cost:</b>				
At 1 January 2018	<b>2,911,618</b>	2,698,314	-	-
Additions	<b>402,694</b>	213,304	-	-
At 31 December 2018	<b>3,314,312</b>	2,911,618	-	-
<b>Carrying amount:</b>				
At 31 December 2018	<b>3,314,312</b>	2,911,618	-	-

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 a total of 75% in the company.



# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 11. INTANGIBLE ASSETS *(continued)*

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.

On 19 October 2017 the company announced the acquisition of 100% of Hendrick Resources (Ireland) Limited. Arkle 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 Arkle Resources PLC prospecting licences in joint venture with HRI have been returned to Arkle Resources PLC. Though the primary focus is gold, lithium pegmatite targets are being developed adjacent to the western margin of the block and Arkle Resources PLC is reviewing potential targets within the expanded block.

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 in Note 1 (xi). Should this prove unsuccessful the value included in the balance sheet would be written off to the statement of comprehensive income.

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 31 December 2018, the directors are satisfied that the value of the intangible asset is not less than carrying value.

	2018 €	2017 €
<b>Segmental Analysis</b>		
Limerick	1,537,931	1,412,861
Oldcastle	330,000	330,000
Rest of Ireland	1,446,381	1,168,757
	<b>3,314,312</b>	<b>2,911,618</b>

### 12. INVESTMENT IN SUBSIDIARIES

	2018 €	2017 €
<b>Company</b>		
Shares at cost - unlisted:		
Opening balance	180,398	172,398
Additions	-	8,000
Closing balance	<b>180,398</b>	<b>180,398</b>

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 12. INVESTMENT IN SUBSIDIARIES *(continued)*

The value of the investment in subsidiary companies is dependent on the successful development of economic mineral reserves. See note 11 for further details.

On 19 October 2017 the company announced the acquisition of 100% of Hendrick Resources (Ireland) Limited ("HRI"). Arkle 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 and a cash consideration of €8,000.

The subsidiaries and associates of the company at 31 December 2018 were:

Name	Registered Office	Group Share	Nature of Business
Connemara Mining Company of Ireland Limited	162 Clontarf Road, Dublin 3, Ireland	100%	Mineral Exploration
Limerick Zinc Limited***	162 Clontarf Road, Dublin 3, Ireland	100%	Mineral Exploration
Oldcastle Zinc Limited***	162 Clontarf Road, Dublin 3, Ireland	35%	Mineral Exploration
Hendrick Resources (Ireland) Ireland Limited	Unit 8B, Block C, Athy Business Campus Kilkenny Road Athy, Co Kildare, Ireland	100%	Mineral Exploration

\*\*\*Indirectly held.

The directors are of the opinion that the value of the investments is not less than their balance sheet value.

The group also holds a 23.44% (2017: 23.44%) interest in TILZ Minerals Limited, a company incorporated in Ireland. The balance of 76.50% is held by Group Eleven Resources Corp. See Note 11 for further details.

### 13. OTHER RECEIVABLES

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
<b>Current assets:</b>				
VAT refund due	6,690	23,144	-	-
Other receivables	16,663	5,452	16,663	5,452
Due by group undertakings*	-	-	3,136,405	2,751,727
	<b>23,353</b>	28,596	<b>3,153,068</b>	2,751,179

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 13. OTHER RECEIVABLES *(continued)*

The value of the amounts due from group undertakings is dependent on the discovery and successful development of economic mineral reserves as outlined in Note 11.

Other receivables are non interest bearing and are generally receivable within 90 days. The carrying value of the receivables approximates to their fair value.

\*An allowance of €188,265 (2017: €183,026) has been provided for against the amount due by group undertakings. The gross amount due is €3,324,670 (2017: €2,934,753).

### 14. CASH AND CASH EQUIVALENTS

	<b>Group 2018 €</b>	<b>Group 2017 €</b>	<b>Company 2018 €</b>	<b>Company 2017 €</b>
Cash and cash equivalents	<b>106,031</b>	122,716	<b>105,230</b>	120,361

Cash at bank earns interest at floating rates based on daily bank rates. The fair values of cash and cash equivalents is €106,031 (2017: €122,716) for the group and €105,230 (2017: €120,361) for the company. The Group and Company only deposits cash surpluses with major banks of high quality credit standing.

### 15. TRADE AND OTHER PAYABLES

	<b>Group 2018 €</b>	<b>Group 2017 €</b>	<b>Company 2018 €</b>	<b>Company 2017 €</b>
Trade and other payables	<b>66,877</b>	140,498	<b>66,877</b>	140,006
Accruals	<b>70,000</b>	484,800	<b>65,000</b>	480,300
	<b>136,877</b>	625,298	<b>131,877</b>	620,306

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's policy that payment is made between 30 - 45 days.

Included in accruals are amounts due for directors remuneration of €50,000 accrued but not paid at year end.

The carrying value of trade and other payables approximates to their fair value.

### 16. SHARE CAPITAL AND SHARE PREMIUM

	<b>2018 €</b>	<b>2017 €</b>
<b>Authorised:</b>		
500,000,000 Ordinary shares of €0.01 each	<b>5,000,000</b>	2,000,000

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 16. SHARE CAPITAL AND SHARE PREMIUM *(continued)*

#### Allotted, Called-Up and Fully Paid:

	Number	Share Capital €	Share Premium €
At 1 January 2017	75,789,711	757,897	5,063,806
Issued during the financial year	11,627,907	116,279	98,721
At 31 December 2017	87,417,618	874,176	5,162,527
Issued during the financial year	<b>26,493,975</b>	<b>264,940</b>	<b>973,771</b>
<b>31 December 2018</b>	<b>113,911,593</b>	<b>1,139,116</b>	<b>6,136,298</b>

#### Movement in shares

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 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.

### 17. SHARE BASED PAYMENTS

Equity-settled share-based payments are measured at fair value at the date of grant.

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant.

OPTIONS	2018 Options	2018 Weighted average exercise price in cent	2017 Options	2017 Weighted average exercise price in cent
Outstanding at beginning of the financial year	300,000	1.45	-	-
Granted during the financial year	2,500,000	2.375	300,000	1.45
Exercised during the financial year	-	-	-	-
Outstanding at the end of the financial year	<b>2,800,000</b>	<b>2.276</b>	300,000	1.45
Exercisable at the end of the financial year	<b>1,967,000</b>	<b>2.276</b>	300,000	1.45

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 17. SHARE BASED PAYMENTS *(continued)*

On 15 August 2018 a total of 2,500,000 options were granted to Patrick Cullen with a fair value of €40,646. These fair values were calculated using the Black-Scholes valuation model. These options vest in three tranches with 834,000 having vested on 26 February 2018, 833,000 options vested on 14th August 2018 and 833,000 vesting on 14th August 2019. The options expire on 13th August 2024 and have exercise prices as follows:

Number of options	Exercise price
1,000,000	2p
750,000	2.5p
750,000	2.75p

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

Weighted average share price at date of grant (in pence)	2p/2.5p/2.75p
Weighted average exercise price (in pence)	1.72p
Expected volatility	111.26%
Expected life	7 years
Risk free rate	1.3%
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 €13,644 and expensed costs of €13,644 relating to equity-settled share-based payment transactions during the financial year.

WARRANTS	2018 Warrants	2018 Weighted average exercise price in pence	2017 Warrants	2017 Weighted average exercise price in pence
Outstanding at beginning of the financial year	31,637,907	4.41	20,010,000	5
Granted during the financial year	27,803,312	7	11,627,907	3.4
Expired during the financial year	(20,010,000)	5	-	-
Outstanding and exercisable at the end of the financial year	39,431,219	5.90	31,637,907	4.41

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.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 17. SHARE BASED PAYMENTS *(continued)*

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.

Warrants which have been issued for services rendered are considered share based payments and not a liability at FVTPL.

On 26 May 2018, a total of 20,010,000 warrants at a price of 5p per warrant expired.

The fair values of the warrants have been calculated using the Black-Scholes valuation model.

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

#### Grant 26 February 2018

Weighted average share price at date of grant (in pence)	4.15p
Weighted average exercise price (in pence)	7p
Expected volatility	111.26%
Expected life	2 years
Risk free rate	1.3%
Expected dividends	none

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

### 18. PARENT COMPANY INCOME STATEMENT

In accordance with Section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its individual profit and loss account in the annual report and from filing it with the Registrar of Companies. The loss after taxation as determined in accordance with IFRS for the parent company amounted to €337,306 (2017: €214,331).

### 19. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash, other receivables and trade payables which arise directly from exploration activities. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group does not enter into any derivative transactions, and it is the Group's policy that no trading in financial instruments shall be undertaken. The Board reviews and agrees policies for managing the risk and they are summarised below.

#### Interest rate risk

The Group has no outstanding bank borrowings and has no interest rate exposure, as the Group finances its operations primarily through equity finance.

#### Liquidity Risk

As regards liquidity, the Group's exposure is confined to meeting obligations under short term trade payable agreements. This exposure is considered significant. The Group's commitments have been fully met from cash flows generated from equity finance raised to date. In addition the majority of the Group's licences are the subject of agreements with third party operators, under which expenditure commitments in relation to the licences are met by third parties. The Group is subject to cash calls from Group Eleven Resources Corp. in relation to the licences held by TILZ Limited. Where the group cannot meet these cash calls its interest in TILZ Limited (and accordingly the licences) will be diluted. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development. See note 3 for further details on going concern. The Group's and Company's non derivative financial liabilities were payable on demand at 31 December 2018 and 31 December 2017.

# Arkle Resources PLC (Formerly Connemara Mining Company Plc)

## Notes to the Consolidated Financial Statements *(continued)*

for the financial year ended 31 December 2018

### 19. FINANCIAL RISK MANAGEMENT *(continued)*

#### Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency and are considered to be insignificant. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates, and restricting the buying and selling of currencies to predetermined exchange rates within specified bands.

The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

The carrying amounts of the Group and Company in foreign currency denominated assets and liabilities at the reporting dates are as follows:

Group	Assets 2018 €	Assets 2017 €	Liabilities 2018 €	Liabilities 2017 €
Sterling	98,470	30,977	5,564	48,730
US Dollars	58	70	-	-
Company	Assets 2018 €	Assets 2017 €	Liabilities 2018 €	Liabilities 2017 €
Sterling	98,428	30,977	5,564	48,730
US Dollars	51	64	-	-

#### Credit Risk

With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group controls this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions.

Credit risk arises on the financial assets of the company, which comprise receivables and amounts due from group undertakings, as a result of uncertainties set out in Note 1 (xi), surrounding the recoverability of the assets. The maximum exposure is equal to the carrying value of the asset at the balance sheet date.

As at 31 December 2018 the Group had amounts due from group undertakings of €3,136,405, all of which were current. An allowance of €188,265 (2017: €183,026) has been provided for against the amount due by group undertakings. The gross amount due is €3,324,670 (2017: €2,934,753)

#### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The capital structure of the Group consists of equity (comprising issued capital and reserves).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.



## **Notes to the Consolidated Financial Statements** *(continued)*

for the financial year ended 31 December 2018

### **20. COMMITMENTS AND CONTINGENCIES**

Arising under mining licences issued by the Department of Communications, Climate, Action and Environment there are commitments at 31 December 2018 to undertake exploration totalling €448,375 (2017: €465,750).

### **21. CONTINGENT LIABILITIES**

There are no contingent liabilities (2017: Nil).

### **22. POST BALANCE SHEET EVENTS**

On 5 March 2019 the company announced that it has raised £230,000 from directors and existing shareholders, by way of a placing of 18,400,000 new ordinary shares at a price of 1.25p per ordinary share. For each new share subscribed, the investor will be entitled to one warrant to subscribe for an additional ordinary share at a price of 1.8p per share at any time before 11 September 2020.

# **Arkle Resources PLC (Formerly Connemara Mining Company Plc)**

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## **Notice of Annual General Meeting**

**for the financial year ended 31 December 2018**

Notice is hereby given that an Annual General Meeting of Arkle Resources PLC will be held on 24 July 2019 at the Gresham Hotel, 23 O'Connell Street Upper, Dublin 1, D01 C3W7 at 12.30pm for the following purposes:

### **ORDINARY BUSINESS**

1. To receive and consider the Director's Report, Audited Accounts and Auditor's Report for the year ended 31st December, 2018.
2. To re-elect Director: John Teeling retires in accordance with Article 89 and seeks re-election.
3. To re-elect Director: David Cockbill retires in accordance with Article 89 and seeks re-election.
4. To re-appoint Deloitte Ireland LLP as auditors and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of an annual general meeting.

By order of the Board:

James Finn  
Secretary

Registered Office: 162 Clontarf Road, Dublin 3.

21 June 2019

### **Notes:**

- a. Any shareholder of the Company entitled to attend and vote may appoint another person (whether a member or not) as his/her proxy to attend, speak and on his/her behalf. For this purpose a form of proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. Lodgement of the form of proxy will not prevent the shareholder from attending and voting at the meeting.
- b. Only shareholders, proxies and authorised representatives of corporations, which are shareholders, are entitled to attend the meeting.
- c. To be valid, the form of proxy and, if relevant, the power of attorney under which it is signed, or a certified copy of that power of attorney, must be received by the Company's share registrar, Computershare Investor Services (Ireland), 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82 at not less than 48 hours prior to the time appointed for the meeting.
- d. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of member of the Company in respect of the joint holding.
- e. The Company, pursuant to Section 1095 of the Companies Act 2014 and regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulation 1996 (as amended) specifies that only those shareholders registered in the Register of Member of the Company (the "Register") at the close of business on the day which is 48 hours before the date of the Meeting, (or in the case of an adjournment at the close of business on the day which is 48 hours prior to the adjourned Meeting), shall be entitled to attend and vote at the Meeting or any adjournment thereof in respect only of the number of shares registered in their name at that time. Changes to entries in the Register after that time will be disregarded in determining the rights of any person to attend and/or vote at the Meeting.



## Form of Proxy

.....  
(BLOCK LETTERS)

of .....  
being (an) ordinary shareholder(s) of Arkle Resources PLC, hereby appoint the Chairman of the Meeting

.....  
of .....  
as my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 24 July 2019 at the Gresham Hotel, 23 O'Connell Street Upper, Dublin 1, D01 C3W7 at 12.30pm and at any adjournment thereof.

I/We direct my / our proxy to vote on the resolutions set out in the Notice convening the Meeting as follows:

ORDINARY BUSINESS OF THE MEETING	FOR	AGAINST
1. To receive and consider the report of the Directors, Financial Statements and auditors report for the year ended 31 December 2018	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Director: John Teeling retires in accordance with Article 89 and seeks re-election	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Director: David Cockbill retires in accordance with Article 89 and seeks re-election.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Deloitte Ireland LLP as auditors and to authorise the Directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
5. To transact any other ordinary business of an Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>

Dated this .....day of .....2019

Signature.....

### NOTES:

- (A) A shareholder must insert his, her or its full name and registered address in type or block letters. In the case of joint account, the names of all holders must be stated.
- (B) If you desire to appoint a proxy other than the Chairman of the Meeting, please insert his or her name and address in the space provided and delete the words "the Chairman of the Meeting or".
- (C) The proxy form must:
  - (i) in the case of an individual shareholder be signed by the shareholder or his or her attorney; and
  - (ii) in the case of a corporate shareholder be given either under its common seal or signed on behalf by an attorney or by a duly authorised officer of the corporate shareholder.
- (D) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of member of the Company in respect of the joint holding.
- (E) To be valid, the form of proxy and, if relevant, the power of attorney under which it is signed, or a certified copy of that power of attorney, must be received by the Company's share registrar, Computershare Investor Services (Ireland), 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland at not less than 48 hours prior to the time appointed for the meeting.
- (F) A proxy need not be a shareholder of the Company but must attend the Meeting in person to represent his/ her appointer.
- (G) The return of a proxy form will not preclude any shareholder from attending and voting at the Meeting.
- (H) Pursuant to Section 1095 of the Companies Act, 2014 and regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Member of the Company at close of business on the day which is two days before the date of the meeting (of in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

FOLD 2

AAFFIX  
STAMP  
HERE

**Computershare Investor Services (Ireland)**  
**3100 Lake Drive**  
**Citywest Business Campus**  
**Dublin 24**  
**D24 AK82**  
**Ireland**

FOLD 1

FOLD 3  
(then turn in)

# **Arkle Resources PLC** (Formerly Connemara Mining Company Plc)

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## **CURRENT DIRECTORS**

John Teeling (Chairman)  
Patrick Cullen (CEO)  
James Finn  
Michael McNeilly  
David Cockbill

## **SECRETARY**

James Finn

## **REGISTERED OFFICE**

162 Clontarf Road  
Dublin 3  
Ireland  
Telephone 353-1-8332833  
Fax 353-1-8333505  
Email [info@arkleresources.com](mailto:info@arkleresources.com)  
Website [www.arkleresources.com](http://www.arkleresources.com)

## **AUDITOR**

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

## **BANKERS**

Ulster Bank  
Unit 10/11 Raheny Shopping Centre  
Howth Road  
Raheny  
Dublin 5  
Ireland

## **SOLICITORS**

McEvoy Corporate Law  
22 Fitzwilliam Place  
Dublin 2  
Ireland

## **REGISTRATION NUMBER**

417725

## **CURRENT ISSUED CAPITAL**

132,311,593 Shares

## **NOMINATED ADVISOR & JOINT BROKER**

SP Angel Corporate Finance LLP  
Prince Frederick House  
35-39 Maddox Street  
London  
W1S 2PP  
UK

## **BROKER**

First Equity Limited  
Salisbury House,  
London Wall,  
London  
EC2M 5QQ  
UK

## **REGISTRARS**

Computershare Investor Services (Ireland) Limited  
3100 Lake Drive  
Citywest Business Campus  
Dublin 24  
D24 AK82



**Arkle Resources PLC**  
162 Clontarf Road,  
Dublin 3, Ireland  
[www.arkleresources.com](http://www.arkleresources.com)