

# Arkle Resources PLC

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## John Teeling, Chairman of Connemara Mining speaks to Proactive Investors

Hello this is Harry Norman for Proactive Investors and welcome to another Proactive audio interview. Today I'm talking with John Teeling, Chairman of Connemara Mining listed on the AIM Market Mining Sector, Stock Ticker Con, shareprice 11.25p, Market Cap £1.71 million sterling. Web address Connemara c-o-n-n-e-m-a-r-a connemaramc.com.

So John, thank you very much for joining us for this interview.

A pleasure.

**Is Connemara Mining still entirely focused on zinc exploration and development in Ireland?**

Not entirely but almost entirely. Let me explain why. Our Stone Park discovery in Limerick is getting better and better and it looks to have great potential. We announced in the last couple of months that we have a further zinc discovery, a much earlier stage one at Castlemaine in Kerry and these are the areas where we naturally would focus if you have it. We have been looking at opportunities elsewhere and we have one that has moved along to the stage where we are actually looking at taking it on, it's outside of the country but the primary focus is on our discoveries in Ireland.

**How is the Teck Cominco and Connemara joint venture zinc discovery in Limerick coming along John?**

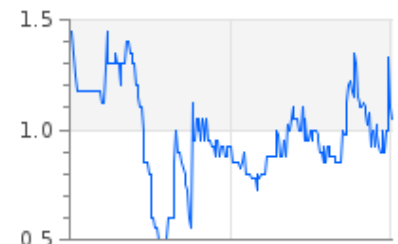
More discoveries and I can't really say anything more positive than that. In 2008 and early 2009 we drilled a further 17 holes. Now many of these were scouting holes because this is a 25 square kilometre area, it's a big area. The license block itself is 160 square kilometres and putting a one or two inch holedown here and there you have to be very lucky to hit something. Five of the 17 holes hit and this added to our understanding of the Stone Park discovery. It is very exciting in terms of technical and geological terms for a zinc company like TeckCominco.

Supporting that, a mile and a half to the north in a place called Stone Park North, we had a second discovery on a scouting hole which gives credence to the fact that this is looking more and more like a traditional Irish zinc mine which is a series of pods of zinc. Further support comes from the licence block across from us at Xstrata/Minco who have been reporting very positive results also in the form of pods, so it has been a very good year for Teck Cominco and

**Price:** 1.05

**Market Cap:** £3.1 m

### 1 Year Share Price Graph



December 2019 June 2020 November 20

### Share Information

**Code:** ARK

**Listing:** AIM

| 52 week | High   | Low     |
|---------|--------|---------|
|         | 1.6519 | 0.09985 |

**Sector:** General mining & base metals

**Website:** arkleresources.com

### Company Synopsis:

Arkle Resources PLC is an AIM listed company focussed on creating shareholder value through gold and zinc exploration and resource development in Ireland. The company was established in 2004 by veterans John Teeling and James Finn, with over 40 years' experience gained in the exploration and mining industry in Ireland and elsewhere.

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a very good year for us.

### **What are the terms of this joint venture with Teck Cominco and how is the relationship working out John?**

The terms are very explicit and were negotiated three or four years ago when neither side knew anything about anything. Teck agreed to spend \$3 million Canadian to earn into 75% of the licence block which has 16 licences in the Limerick area. They will have spent that \$3 million by any month now and we will then be liable for our 25% for drilling thereafter which we are pleased to put up. As a partner they are excellent but we would expect that, as they are the pre eminent zinc company in the world. They know Ireland. Their operation is headed by an Irish man who used to work for a small junior company so he knows what's involved and certainly they have been a top class partner to work with.

### **When we last spoke Connemara was planning a second phase of drilling at its Lough Sheelin block, are you pleased with progress there?**

We didn't do the drilling for a couple of reasons, I will refresh you on what Lough Sheelin is, Lough Sheelin is we hope a Tara mines look alike which is the biggest zinc discovery in the world in the 20th century until the late 1990's. It's still producing at the rate of 10,000 tonnes of ore a day and it's about 20 kilometres from Lough Sheelin. In this area, you are looking for a different type of thing to the Stone Park discovery, you are looking for a very large block of zinc. We have found good indications of that.

We have to prioritise because the company is small. We identified the additional drill locations and we want to drill it. We have a couple of options. One was to drill it ourselves but the zinc price needs to be in excess of 1200 and wouldn't be viable and, secondly, we were dallying with a potential partner who also disappeared when exploration budgets were cut. So our focus for the last six to nine months has been on our other licences because we have to commit minimum requirements on each of them so we are leaving Lough Sheelin alone.

Now that the price of zinc is back to 1,600, which would be viable in Ireland we will be looking at drilling it again. It's an earlier stage target with good potential. What has happened is where we are like a child in a sweet shop; we have 38 licences, we have opportunities on a large number of them and we have to do certain work commitments anyway to hold them, but we cannot do it all.

### **What's happening on the rest of Connemara's licence blocks in Ireland John?**

We have 38 in total, we're the third largest licence holder in Ireland. These were cherry picked blocks because our people know what they're doing in that they have worked in the zinc industry in Ireland like myself for about 40 years. We would have been targeting licences that became available. So what we have tended to do is the advanced science of 'closeology' where licences have

become available which were adjacent to or over former mines or existing mines. We tend to take those because the best place to find a mine is where there is or was a mine. That's a well known fact in mining. So we have announced very recently on one of these blocks, Castlemaine on the Kerry border, we have found fairly high grade zinc. We are very pleased to do this. It is about 400 meters from an old 18th century and early 19th century lead mine which didn't mine zinc at that time and soil sampling. Geophysical work identified anomalies there. We are very active at the moment trying to refine that data.

Our other licences tend to be in the midlands in the Moate area and in the Mine River area, areas which are long known to be prospective for zinc and where people have a lot of work is done which we will build on. We are attempting to identify targets similar to what's been found in Limerick or similar to Lough Sheelin. As a very small company, we have a lot of work going on. Our own 100% focus over the next 6 months will be to make sure we maintain our 38 licences. We may decide to drop one or two but we will do further work on the Castlemaine discovery and have a look again at Lough Sheelin.

### **Given the price of zinc and the global financial situation do you still believe that it's possible to develop a commercially viable zinc mine in Ireland John?**

It has to be and it will be and there are good reasons for it; one because for world zinc the demand is rising. In the western world we don't see it but India, China, Brazil and Russia use zinc extensively in cars, in electrical appliances, in galvanising for roofs. There is a limitless number of new houses required. So world zinc demand is growing to about 4% annually.

Now there is plenty of zinc to be found in the world. It is not that scarce, but what you find in Ireland are zinc discoveries that are on average ten times larger in size than anywhere else in the world. The Tara mine was the biggest mine in the world and it's still the fifth biggest, the Lisheen mine owned by Anglo American still in operation, is the 12th biggest zinc mine in the world and what we are finding in the Limerick area, Stone Park and across the boundary in Xstrata/Minco is indicating that you are looking at a very large zinc discovery, certainly you are looking at in excess of 20 million tonnes of zinc. That gives you economies of scale and gives you a long life. Now Ireland has good title, relatively good mining terms and no state participation and good infrastructure. Being a developed economy in the western world is more expensive to operate but you don't find 20 million tonne zinc all bodies in the world very easily and I would be very sure that even with the current price of \$1600 zinc it will be cash positive and you will see over the next few years a new zinc mine in Ireland.

### **Are you in an acquisitive frame of mind John?**

Yes, because despite the wonderful ground that we have in Ireland which is our home base, exploration is by its nature risky. We have a lot of experience in other parts of the world and we see a flow of projects. I think we are competent with zinc but we've other opportunities. Over the last year projects have been presented to us in areas outside of Ireland and we are currently looking at one

project which is not in zinc but it's an opportunity presented to us where we could maybe use our expertise. It is not early stage exploration, there's been a lot of work done on it, the work would have to be re done. There is a discovery there, it is in a different metal and at this stage I don't want to identify it... I apologise for this but it's early stage. While we have agreed on the licence and paid the deposit it hasn't been signed up yet. I think we are likely to do it, it won't impact significantly in terms of cash on the company in the short term but it will be another string to our bow.

### **What is Connemara Mining's financial situation?**

We have in cash about STG£500,000 and that's enough to take us through with our existing operations to 2010. Remember we have at the moment we have no expense in our main operation with TeckCominco but we will be starting to pay 25% there from say the last quarter of the year if not slightly earlier. We have done our budget on what is required to maintain our existing licences through to 2010; we are covered on that including the overhead. If we have more success at Castlemaine or Stone Park and the drilling goes up substantially, or if we have a discovery elsewhere or take on this new project, then we may seek further finance, but funding this kind of success will not be a problem. It's not very big money we are talking about so I would be very comfortable with the financial position.

### **What can we expect from Connemara Mining over the next 12 to 18 months?**

Flow of drilling results from Stone Park and Limerick and they will be of two types. The drillholes will try to extend the existing Stone Park discovery and I believe that Teck Cominco will be trying to develop the Stone Park North discovery. Now not all of the holes will hit as we are extremely lucky to date but you would expect to see an expansion of our discovery in the Limerick area, that's the first thing.

Secondly you will see further results from Castlemaine and possibly one or two other licences in Ireland. Late next year if the world improves we will certainly drill Lough Sheelin again, but that sits there, we have work done, we don't need that and I would say that it's 50/50 if not 60/40 that we would announce this new acquisition.

**Thank you very much for joining us for this interview John.**

Thank you very much it's always a pleasure.

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