

ASX Announcement

31 January 2020

Ark Mines Limited (Subject to Deed of Company Arrangement)

ACN 123 668 717 ('the Company')

ASX Code: AHK

Update on Voluntary Administration

Mining Tenements

The Deed Administrators are pleased to announce that the Company executed an asset sale agreement with Ausgold Pty Ltd for the sale of the Company's mining tenements on 28 January 2020.

The secured creditor of the Company, Chan Investments Limited, will receive the proceeds from the sale of the mining tenements following payment of Administrators and Deed Administrators remuneration and expenses properly incurred by the Administrators and Deed Administrators in the care, preservation and realisation of the mining tenements.

Deed of Company Arrangement

The Deed Administrators are pleased to announce that the Company executed a Deed of Company Arrangement ('DOCA') with the Directors of the Company on 28 January 2020. This follows the creditors voting to accept the DOCA at the reconvened second meeting of creditors held on 6 January 2020.

Under the terms of the DOCA, the Directors of the Company will contribute \$663,000 to fund costs of the administration and facilitate a distribution to creditors.

The Deed Administrators shall apply the funds in the following order of priority:

- first, in payment to the Administrators and the Deed Administrators of the balance of their Remuneration and Expenses;
- second, in payment to Chan of \$350,000;
- third, in payment of the Admitted Claims of the Priority Creditors (if any);
- fourth, in payment of the Admitted Claims of Participating Creditors (currently estimated at 100c/\$); and
- fifth, the remaining balance, if any, shall be paid to the Company.

The DOCA extinguishes certain pre-administration related party creditor claims and converts a portion of those claims to a royalty deed arrangement for the mining tenements in the asset sale agreement with Ausgold Pty Ltd.

A copy of the DOCA can be accessed via the KordaMentha website.

The contact details of the Deed Administrators are:

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About KordaMentha

KordaMentha is an advisory and investment firm that helps clients to grow, protect and recover value. They have a team of almost 400 specialists across Asia-Pacific with diverse backgrounds – in finance and real estate through to agriculture, law enforcement and the c-suite. Specialists who combine their unique skills and experiences to deliver fresh solutions to the region's most complex commercial challenges.