



ACN 123 668 717

Annual Report

For the year ended 30 June 2021

CORPORATE DIRECTORY

Directors	Antony B Corel Roger A Jackson Ian B Mitchell
Company Secretary	Ian B Mitchell
Registered office	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: 9232 5444
Principal Place of Business	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: 9232 5444
Share Register	Next Registries Level 16 No 1 Market Street Sydney NSW 2000 Telephone: 9276 1700
Auditor	Moores Australia Audit (WA) Level 15 exchange Tower 2 The Esplanade Perth WA 6000
Solicitors	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
Bankers	National Australia Bank Level 15 Ernst and Young Centre 680 George Street Sydney NSW 2000
Accounting Services	Professional Edge Pty Ltd Level 7 1 Margaret Street Sydney NSW 2000
Securities Exchange Listing	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
Website Address	www.arkmines.com



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For the year ended 30 June 2021

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Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") for the financial year ended 30 June 2021.

Review of Operations

On 25 September 2019, Richard Scott Tucker and Craig Peter Shepard ("Administrators") were appointed Company administrators pursuant to section 436 C of the Corporations Act ("Appointment").

The Appointment was made by Chan Investments Ltd ("Chan") as a consequence of Chan and the Company not agreeing terms following the Company's decision to defer commencement of gold mining at Mt. Porter in the Northern Territory.

On 28 January 2020 the Company's directors ("Directors") entered into a Deed of Company Arrangement with the Company and the Administrators ("DOCA"), pursuant to which the Directors agreed to make certain payments upon certain terms and conditions to procure the termination of the DOCA. The Administrators then became the DOCA Administrators.

The DOCA was complex and took much longer to resolve than expected. The complexity and delay was mainly attributed to the sale and purchase of the Company's assets, the agreement for which ("ASA") required two variations and significant renegotiations amongst relevant parties.

On 10 June 2021 the DOCA Administrators completed the ASA, receiving agreed payments and transferring the assets previously owned by the Company ("Completion Date"). Prior to the Completion Date the Directors satisfied all their obligations under the DOCA. On the same date the Directors were informed the managerial control of the Company had been returned to them.

With effect from the Completion Date, the Company's liabilities up to that date had been extinguished, including the derivative gold loan liability to Chan.

On 11 June 2021 the DOCA Administrators settled 100% of unsecured creditor claims, excluding the amounts owed to the Directors, or their associates, in the sum of \$70,149.

The Company has now signed a binding heads of agreement ("HoA") with Bmax Holdings Pty Limited ("Bmax") to acquire 100% of the issued shares ("Acquisition") in MIJ Holdings Pty Ltd ("MIJ"). Bmax currently holds (and is in the process of transferring to MIJ) three granted Exploration Permits; EPM26560 (Gunnawarra); EPM26464 (Mt. Jesse); and EPM26883 (Pluton), all located in the prolific Mt Garnet and Greenvale mineral field, northern Queensland. Further details of these EPMS are included in the Company's ASX announcement of 25 August 2021.

Consideration for the Acquisition is \$1.8m, to be satisfied through an exchange of shares with Bmax, the vendor of MIJ. Pursuant to the share exchange the Company plans to issue new fully paid ordinary shares, at a deemed issue price of \$0.20 per share (post a 1 for 20 consolidation).

Completion of the Acquisition is conditional upon, amongst other things:

- Ark obtaining all regulatory approvals in order to undertake the Acquisition, including re-complying with the admission requirements of the ASX;
- Ark and Bmax each being reasonably satisfied with the due diligence performed on the other party, and / or the EPMS;
- Ark obtaining all necessary shareholder approvals prior to 25 September 2021 (or such later date as agreed by the ASX); and
- Ark raising at least \$4.5m in new capital by the issue of new ordinary shares ("Capital Raising").

The Company is now in the process of seeking shareholder approval to:

- consolidate its fully paid ordinary shares on a 1 for 20 basis;
- issue up to 25,000,000 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.20 per share to raise up to \$5m new capital;
- issue 7,486,250 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.10 with one free attaching option exercisable at \$0.20 and expiring 2 years after issue, to repay the DOCA contribution Balance of \$748,625 included in these financial statements; and
- issue 2,000,000 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.10 repay loan the loan of \$14,000 included in these financial statements, plus a further loan of \$186,000 made to the Company post 30 June 2021, to fund the Company prior to the Capital Raising.

Further details of the Acquisition, the EPMS and the Capital Raising are included in the Company's ASX announcement of 25 August 2021.

The profit after income tax for the full year ended 30 June 2021 was \$6,891,159 (2020: Loss of \$2,445,761).

Principal Activity

The principal activity of the Company for the financial year was the disposal of its assets by the Deed Administrator for the benefit of creditors, and the execution of a Deed of Company Arrangement seeking to recapitalise the Company and secure a new exploration project.

Directors

The names of the Directors, who held office from 1 July 2020 to date of this report, unless otherwise stated, are:

	<p>Antony B Corel – Non-Executive Independent Chairman</p> <p>Dip Law, LLM</p> <p>Mr Corel is a solicitor with significant corporate and managerial experience gained within and outside Australia. He has extensive legal experience advising both public and private sector organisations and managing significant commercial, corporate, regulatory and litigious matters. Since 2006 Mr Corel has, in addition to continuing his practice as a solicitor, accepted managerial roles in various private ventures, including Ark, with a view to sharing his experience in law, governance, compliance and management.</p> <p>Mr Corel was appointed a Director of Ark in 2008 and was instrumental in positioning the Company for public listing and was appointed Chairman of Directors.</p> <ul style="list-style-type: none"> • Appointed. 22 September 2008 • Committee memberships. Audit & Risk, Remuneration & Nomination • Other listed Board memberships. Nil • Previous listed Board memberships. Nil for the last three years
	<p>Roger A Jackson – Managing Director</p> <p>BSc (Geol), Dip Ed, Grad Dip Fin Man, FAusIMM, AICD, MAIG, FGS</p> <p>Mr Jackson been actively involved in the Mining industry for 26 years as a Mine Operator, in Mine Services and in Mineral Exploration. He has been a founding director of a number of private and public mining and mine service companies.</p> <p>Mr Jackson has maintained a Geological and Mining Consulting business for the past 11 years whilst holding several executive roles. He has strong knowledge of gold exploration and mining. He also has a sound knowledge of base metal mining and exploration. He has developed several mining and ore processing operations in Australia and abroad. He has had significant experience in marketing gold and base metal concentrate across the globe.</p> <ul style="list-style-type: none"> • Appointed. 21 October 2010 • Committee memberships. Nil • Other listed Board memberships. Nil • Previous listed Board memberships. QX Resources Limited, Pan Asia Metals Limited, Vertex Minerals Limited
	<p>Ian B Mitchell – Non-Executive Independent Director & Company Secretary</p> <p>BA, Dip Law</p> <p>Mr Mitchell is a practising solicitor of over 44 years standing. He is the Company Secretary of a number of ASX listed and non-listed public companies. He has over 32 years' experience as a Director and Secretary of listed mining, exploration and industrial companies. His legal expertise is in commercial law, contract law and ASIC and ASX compliance.</p> <p>Mr Mitchell was appointed Company Secretary on 16 November 2011.</p> <ul style="list-style-type: none"> • Appointed. 29 December 2010 • Committee memberships. Audit & Risk (Chairman), Remuneration & Nomination • Other listed Board memberships. Pan Asia Metals Ltd. • Previous listed Board memberships. Reliance Resources Ltd., Medical Australia Ltd.

DIRECTORS' REPORT

For the year ended 30 June 2021

Environmental Regulations

The Company is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Company aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the Company's contracts or licences.

Dividends

No dividends have been declared in respect of the financial year ended 30 June 2021 (2020: Nil).

Events Subsequent to Reporting Date

Events subsequent to reporting date are included in Note 24 to the financial statements and within the Directors Report under Review of Operations. The Directors are not aware of any matter or circumstance not otherwise dealt with in this Annual Report or in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of the Company. There are no Executives of the Company.

Directors' Interests

The Directors' beneficial interests in shares as at 30 June 2021 are shown in the following table. The Company had not issued any options to Directors as remuneration as at this date.

Director	Holding type	Shares			
		1 July 2020	Acquired	Disposed	30 June 2021
Antony B Corel	Direct	208,010	-	-	208,010
	Indirect	333,333	-	-	333,333
	Total	541,343	-	-	541,343
Roger A Jackson	Direct	706,262	-	-	706,262
	Indirect	1,810,333	-	-	1,810,333
	Total	2,516,595	-	-	2,516,595
Ian B Mitchell	Direct	3,317,424	-	-	3,317,424
	Indirect	2,530,000	-	-	2,530,000
	Total	5,847,424	-	-	5,847,424

Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Company. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee and approved by the Board. All executives receive remuneration based on factors such as length of service and experience. The Remuneration & Nomination Committee reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the consolidated entities strategic objectives. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities.

The Company currently has no employees, including women. When the Company reaches a suitable size, it will endeavour to employ suitably qualified women to fill at least one third of its employment positions.

The Remuneration & Nomination Committee determines payments to the Non-Executive Directors and reviews their remuneration, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to a limit of \$300,000 set by shareholders when the Company was first floated. Directors' remuneration is fixed and no element of that remuneration is dependent on the satisfaction of a performance condition.

There were no bonuses paid or proposed to be paid for the year ended 30 June 2021 (2020: Nil).

There were no share options issued as remuneration during the year ended 30 June 2021 (2020: Nil).

Over page, is a table summarising key performance and shareholder wealth indicators for the Company For the year ended 30 June 2021 and the previous 4 financial years.

Remuneration Policy (Cont.)

Period	Profit (Loss) after Tax	EPS (cents per share)	Share Price
Year ending 30 June 2021	\$6,891,159	13.17	NA
Year ending 30 June 2020	(\$2,445,761)	(4.68)	NA
Year ending 30 June 2019	(1,569,887)	(3.14)	\$0.01
Year ending 30 June 2018	(\$647,007)	(1.32)	\$0.07
Year ending 30 June 2017	(\$3,918,034)	(8.08)	\$0.12

Directors and Key Management Remuneration

Details of the remuneration of the Directors, other Key Management Personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Company) and specified executives are set out in the following table.

	Short- term	Post-employment	Total
	Base fee / salary \$	Superannuation \$	\$
2021			
Executive Directors			
Roger A Jackson	-	-	-
Non-Executive Directors			
Antony B Corel	-	-	-
Ian B Mitchell	-	-	-
Total Non-Executive	-	-	-
Total Remuneration	-	-	-
2020			
Executive Directors			
Roger A Jackson	8,500	-	8,500
Non-Executive Directors			
Antony B Corel	23,610	2,243	25,853
Ian B Mitchell	14,167	-	14,167
Total Non-Executive	37,777	2,243	40,020
Total Remuneration	46,277	2,243	48,520

Contracts of Senior Executives

The Company does not have a contract with its Executive Director and no Directors' fees were paid during the year.

This concludes the Remuneration Report, which has been audited.

Significant Changes in State of Affairs

Prior to the end of the financial year the Deed of Administration was concluded and control of the Company was returned to the Directors on 10 June 2021.

DIRECTORS' REPORT

For the year ended 30 June 2021

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors of Ark Mines Ltd (including by way of circular resolution) held during the year ended 30 June 2021 and the numbers of meetings attended by each Director are as follows.

Director	Board		Audit & Risk Committee		Rem. & Nom. Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Antony B Corel	4	4	-	-	-	-
Roger A Jackson	4	4	-	-	-	-
Ian B Mitchell	4	4	-	-	-	-

As well as formal Directors' meetings, Executive and Non-Executive Directors are in frequent communication by telephone, email and fax.

Likely Developments

It is anticipated that the Company will now raise additional capital and acquire a minerals exploration project, following which it proposes to apply to ASX for resumption of trading of its shares.

Please see Note 23 - Going Concern and Note 24 – Subsequent Events for further details.

Indemnifying Officers and Auditor

The Company has indemnified Directors and staff to the extent possible under the Corporations Law against any liabilities incurred by the person as an officer of the Company. The Company has also provided an indemnity to its contracted accounting staff for liabilities incurred in acting in this capacity. The Company has not indemnified the auditor.

Non-Audit Services

The Auditor provided no other services during the financial year ended 30 June 2021.

Officers of the Company who are former Audit Partners of Moores Australia Audit (WA)

There are no officers of the Company who are former Partners of Moores Australia Audit (WA).

Auditor Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2021 has been received and a copy is reproduced on page 7. Moores Australia Audit (WA) continues office in accordance with section 327 of the Corporations Act 2001.

Proceedings on Behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any of those proceedings. The Company was not a party to any such proceedings during the year.

Corporate Governance

The Company's Corporate Governance Statement can be found on its web-site at www.arkmines.com.

Signed in accordance with a resolution of the Board of Directors.



Antony B Corel

Chairman

Sydney, 23 September 2021



Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ARK MINES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Wen-Shien Chai'.

WEN-SHIEN CHAI
PARTNER

A handwritten signature in blue ink, appearing to read 'Moore Australia'.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd day of September 2021.

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ACN 123 668 717

Financial Statements

For the year ended 30 June 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Other Income			
Creditor funding of Administration process		-	60,000
Interest income		-	147
Total income		-	60,147
Less: Expenses			
Accounting and secretarial expenses		15,871	38,356
Administration costs		668,530	223,051
ASX listing fees		34,295	8,920
Audit fees	18	52,609	46,330
Computer and communications		-	3,471
Depreciation		2,989	3,985
Directors' fees		-	48,520
Insurance		-	28,153
Printing and stationery		-	388
Share registry costs		-	3,243
Title management and tenement reporting		-	4,028
Travel and accommodation expenses		-	8,240
Other expenses from ordinary activities		1,641	2,117
Total expenses		(775,935)	(418,802)
Loss from operating activities		(775,935)	(358,655)
Net gain from Deed of Company Arrangement	5	7,114,581	-
Fair value movement on derivative liability	13	552,513	(2,065,450)
Finance costs		-	(21,683)
Net foreign exchange loss		-	27
Loss before income tax		6,891,159	(2,445,761)
Income tax expense	4	-	-
Loss from continuing operations after income tax		6,891,159	(2,445,761)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		6,891,159	(2,445,761)
Earnings per share			
Basic - cents per share	22	13.17	(4.68)
Diluted - cents per share	22	13.17	(4.68)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021	2020
		\$	\$
Current assets			
Cash and cash equivalents	6	1,216	40,481
Trade and other receivables	7	4,283	44,469
Exploration and evaluation expenditure	8	-	3,134,640
Environmental bonds	9	-	122,259
Plant and equipment	10	-	2,989
Total current assets		5,499	3,344,838
Total assets		5,499	3,344,838
Current liabilities			
DOCA Contribution		748,625	100,000
Trade and other payables	11	60,500	1,133,491
Borrowings	12	14,000	750,000
Liability to secured creditor	13	-	8,920,132
Asset Sale Agreement deposit		-	150,000
Total current liabilities		823,125	11,053,623
Total liabilities		823,125	11,053,623
Net assets		(817,626)	(7,708,785)
Equity			
Contributed equity	14	9,976,683	9,976,683
Accumulated losses	15	(10,794,309)	(17,685,468)
Total equity		(817,626)	(7,708,785)

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Note	Issued capital	Acc. losses	Total
		\$	\$	\$
2021				
Balance at 1 July 2020		9,976,683	(17,685,468)	(7,708,785)
Total comprehensive income for the year		-	6,891,159	6,891,159
Total		9,976,683	(10,794,309)	(817,626)
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	14	-	-	-
Balance at 30 June 2021		9,976,683	(10,794,309)	(817,626)
2020				
Balance at 1 July 2019		9,940,247	(15,239,707)	(5,299,460)
Total comprehensive income for the year		-	(2,445,761)	(2,445,761)
Total		9,940,247	(17,685,468)	(7,745,221)
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	14	36,436	-	36,436
Balance at 30 June 2020		9,976,683	(17,685,468)	(7,708,785)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,177,910)	(255,345)
Interest received		-	147
Interest, finance costs and exchange losses		-	(21,683)
Net cash used in operating activities	17	(1,177,910)	(276,881)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure	8	(45,807)	(43,422)
Proceeds of security deposit released		-	10,000
Net cash used in investing activities		(45,807)	(33,422)
Cash flows from financing activities			
Proceeds from DOCA contribution	5	648,625	100,000
Proceeds from asset sales	5	3,425,000	150,000
Payment to secure release of tenement Royalty	5	(60,000)	-
Payment for dividend to secured creditor	5	(2,843,173)	-
Proceeds from borrowings	12	14,000	-
Proceeds from Administration funding		-	60,000
Proceeds from short term advance	11	-	3,000
Proceeds from share issue	14	-	41,000
Capital raising costs	14	-	(4,564)
Net cash provided by financing activities		1,184,452	349,436
Net (decrease) increase in cash held		(39,265)	39,133
Cash at beginning of financial year		40,481	1,348
Cash at end of financial year	17	1,216	40,481

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. Reporting Entity

The financial report is for the entity Ark Mines Ltd. (referred herein also as the "Company" or "Ark") as an individual entity. Ark Mines Ltd is a company limited by shares incorporated and domiciled in Australia with its registered address at Level 9, 19 – 29 Martin Place Sydney NSW 2000. Ark Mines Ltd is listed on the ASX.

The principal activity of the Company for the financial year was the disposal of its assets by the Deed Administrator for the benefit of creditors, and the execution of a Deed of Company Arrangement seeking to recapitalise the Company and secure a new exploration project.

2. Basis of Preparation

Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for-profit oriented entities. The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorised for issue by a resolution of the Board dated 23 September 2021.

Basis of measurement

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

The financial report has been presented in Australian Dollars (\$) which is the functional currency of the Company.

Use of estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Information about critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Note 23 – Going Concern.

Comparative figures

When required by accounting standards comparative figures have been adjusted to changes in presentation for the current financial year.

3. Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Items of equipment have limited lives and are depreciated on a straight-line basis over their estimated useful lives.

Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed to the statement of profit or loss and other comprehensive income.

Office furniture and fittings and motor vehicles are depreciated at the rate of 20% per annum. Computer equipment is depreciated at the rate of 33⅓% per annum.

3. Significant Accounting Policies (cont.)**De-recognition and disposal**

An item of office equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the asset is de-recognised.

Capitalised exploration and evaluation expenditure

Capitalised exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Once an area of interest enters a development phase, historical capitalised exploration expenditure is transferred to capitalised development expenditure.

Accumulated costs in relation to an abandoned area are written off in the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Expenditure relating to pre-exploration activities is written-off to the statement of profit or loss and other comprehensive income during the period in which the expenditure is incurred.

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at the reporting date.

Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Financial instruments**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally settled between 7 days and 30 days terms.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis.

3. Significant Accounting Policies (cont.)

Interest income

Interest revenue is recognised using the effective interest rate method taking into account rates applicable to the financial assets.

Foreign currency transactions and balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in the statement of profit or loss and other comprehensive income as they arise.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction net of tax, from the proceeds.

Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value through the profit and loss.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

New, revised or amending accounting standards and interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

New, revised or amending accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021.

These standards are not expected to have an impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
4. Income Tax Expense		
The prima facie tax benefit on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax benefit on loss before income tax at 26.0% (2020: 27.5%)	1,791,701	(672,584)
<u>Add tax effect of:</u>		
Income on DOCA not assessable	(1,727,737)	(16,500)
Non allowable expenses	-	79
<u>Add/(deduct) temporary differences not brought to account:</u>		
Capital raising expenses	(2,983)	(4,894)
Tax gain on sale of mining tenements	1,031,613	-
Derivative fair value adjustment	(143,653)	567,999
Exploration expenditure	(11,910)	(22,637)
Other temporary differences	(115,554)	11,676
Tax losses not recognised	(821,477)	136,861
Income tax expense	-	-

Opening	Movement	Closing
\$	\$	\$

Deferred income tax – 2021			
Deferred tax assets have not been recognised in respect of the following items:			
Capital raising expenses	3,891	(3,018)	873
Provisions	131,285	(116,160)	15,125
Fair value derivative liability	1,501,728	(1,501,728)	-
Tax losses	3,926,733	(944,020)	2,982,713
Total deferred tax assets	5,563,637	(2,564,926)	2,998,711
Deferred tax liabilities have not been recognised in respect of the following items:			
Exploration and evaluation expenditure	815,006	(815,006)	-
Total deferred tax liabilities	815,006	(815,006)	-

Deferred income tax – 2020

Deferred tax assets have not been recognised in respect of the following items:

Capital raising expenses	7,754	(3,863)	3,891
Provisions	127,183	4,102	131,285
Fair value derivative liability	1,020,367	481,361	1,501,728
Tax losses	4,016,414	(89,681)	3,926,733
Total deferred tax assets	5,171,718	391,919	5,563,637

Deferred tax liabilities have not been recognised in respect of the following items:

Exploration and evaluation expenditure	839,388	(24,382)	815,006
Total deferred tax liabilities	839,388	(24,382)	815,006

The tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
5. Net Gain from Deed of Company Arrangement		
Proceeds from sale of tenements	4,150,000	-
De-recognition of liabilities as a result of the DOCA	10,145,460	-
	14,295,460	-
<u>Less:</u>		
Proceeds from asset sale collected and distributed by Administrator directly *	(975,000)	-
Dividend paid to secured creditor	(2,843,173)	-
Book value of capitalised tenement exploration and evaluation	(3,180,447)	-
Tenement bonds transferred on sale of tenements	(122,259)	-
Payment to secure release of tenement Royalty	(60,000)	-
	(7,180,879)	-
Net gain from Deed of Company Arrangement	7,114,581	-

* Includes a GST amount of \$400,000.

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha (“Administrators”) were appointed Voluntary Administrators of the Company by Chan Investments Ltd (“Chan”). On appointment, the Company’s Board of Directors’ powers were suspended and the Administrators assumed control of the Company’s affairs and assets.

On 6 January 2020, the Administrators reported that they had agreed terms for an asset sale agreement (“Asset Sale Agreement”) with Ausgold Trading Pty Ltd (“Ausgold”) for the sale of the Company’s mining tenements (“Tenements”) and associated assets. The Company would then be recapitalised via a Deed of Company Arrangement (“DOCA”) with the Administrators becoming the Deed Administrators at this point.

As part of the DOCA, the Directors and their associates agreed to forego amounts owing to them by the Company in exchange for Ausgold agreeing to pay to the Directors and their associates a net smelter royalty on any gold produced from the Tenements of 1.5% up to a maximum of \$2.0m.

Under the terms of the DOCA, control of the Company was to be returned to the Directors following satisfaction of certain conditions, one of which was the payment of a Contribution Balance of \$588,000 to be paid to the Deed Administrators by 28 February 2020.

The Directors paid the Contribution Balance to the Deed Administrators on 15 February 2021.

The Deed Administrator settled the claims of unsecured creditors, excluding the amounts owed to the Directors, or their associates, in full in the sum of \$70,149 on 11 June 2021.

The Deed Administrators completed the Asset Sale Agreement (including two variations) and received the sale proceeds, following which the tenements were transferred to the purchaser on 10 June 2021.

The Deed Administrator transferred \$2,843,173 to the secured creditor (Chan) on 15 June 2021 and the balance of settlement on 20 July 2021 in full satisfaction of the Company’s derivative gold loan liability.

On 10 June 2021 the Deed Administrators notified the Directors that the completion of the DOCA had occurred and in accordance with clause 5.2(c) of the DOCA, managerial control of the Company was transferred back to the Directors.

As a consequence of the DOCA process, the Company de-recognised liabilities of \$10,145,460 made up as follows:

De-recognition of liabilities as a result of the DOCA	Note		
De-recognition of amounts owing to Directors	11	1,008,259	-
De-recognition of borrowings	13	750,000	-
De-recognition of derivative liability	12	8,367,619	-
De-recognition of other		19,582	-
		10,145,460	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
6. Cash and Cash Equivalents		
Cash at bank	1,216	40,481
7. Trade and Other Receivables		
GST recoverable	4,283	10,678
Other receivables	-	33,791
Total trade and other receivables	4,283	44,469
8. Capitalised Exploration and Evaluation Expenditure		
Balance at the beginning of the year	3,134,640	3,052,323
Capitalised during the year	45,807	82,317
Disposed of during the year	(3,180,447)	-
Balance at the end of the year	-	3,134,640
<p>Capitalised Exploration and Evaluation formed part of the assets sold by the Administrator to satisfy the claim of the secured creditor. Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of this sale.</p>		
9. Environmental Bonds		
EL 23237 Frances Creek	-	5,223
ML 23139 Mt Porter Mining Management Plan bonds	-	80,329
ML 29679 Glencoe	-	36,707
Total environmental bonds	-	122,259
<p>Environmental Bonds formed part of the assets sold by the Administrator to satisfy the claim of the secured creditor. Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of this sale.</p>		
10. Plant and Equipment		
<u>At cost</u>		
Balance at the beginning of the year	21,727	21,727
Additions	-	-
Disposals	(21,727)	-
Balance at the beginning of the year	-	21,727
<u>Accumulated depreciation</u>		
Balance at the beginning of the year	(18,738)	(14,753)
Charge for the year	(2,989)	(3,985)
Disposals	21,727	-
Balance at the beginning of the year	-	(18,738)
Total plant and equipment	-	2,989
<p>Plant and equipment formed part of the assets sold by the Administrator to satisfy the claim of the secured creditor. Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of this sale.</p>		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
11. Trade and Other Payables		
Accruals	60,500	55,084
Trade creditors	-	67,148
Other payables – Directors’ fees	-	558,404
Deferred Directors' fees	-	449,855
Other payables	-	3,000
Total trade and other payables	60,500	1,133,491

Trade creditors were paid in full as part of the Deed of Company Arrangement.

Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of the settlement of amounts payable to Directors for Directors’ fees.

12. Borrowings

Interest bearing loan from related party	-	750,000
Non-interest bearing shareholder loan	14,000	-
Total borrowings	14,000	750,000

Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of the settlement of the interest bearing loan from a related party.

13. Derivative Liability

Balance at the beginning of the year	8,920,132	6,854,682
Fair value movement	(552,513)	2,065,450
De-recognised as part of DOCA process	(8,367,619)	-
Balance at the end of the year	-	8,920,132

On 4 August 2016 the Company entered into a Gold Loan Facility Agreement (“Facility”) with Chan Investments Ltd (“Chan”) to fund its Mt. Porter gold mining project and surrounding exploration.

The Facility was secured by all of the current and future assets of the Company including its Mt Porter mining tenement (ML 23839) but excluding its Glencoe tenement (ML29679).

The carrying value for the Facility of \$8,367,619 as at 10 June 2021 represented the fair value of the gold to be delivered to satisfy this liability at the date of the settlement of the claim by the secured creditor less an amount of \$250,000 repaid in the 2019 financial year.

The movement of (\$552,513) from the 30 June 2020 carrying value of \$8,920,132 has been charged to profit and loss as a fair value adjustment.

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha were appointed Voluntary Administrators of the Company by Chan and later Deed Administrators following the acceptance of a Deed of Company Arrangement.

On 6 January 2020, the Administrators reported that they had agreed terms for an asset sale agreement with Ausgold Trading Pty Ltd for the sale of the Company’s mining tenements.

The Deed Administrators completed the Asset Sale Agreement and received sale proceeds of \$4,150,000 and the tenements were transferred to the purchaser on 10 June 2021.

The Deed Administrator transferred \$2,843,173 to Chan on 15 June 2021 and the balance of settlement to Chan on 20 July 2021, in full satisfaction of the Company’s derivative liability.

Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of the settlement of this liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
14. Contributed Equity		
52,321,175 (2020: 52,321,175) ordinary shares fully paid		
Ordinary Shares Number	No.	No.
Balance at the beginning of the year	52,321,175	51,129,509
<u>Shares issued during the period</u>		
Issued 15 August 2019	-	525,000
Issued 31 July 2019	-	666,666
Balance at the end of the year	52,321,175	52,321,175
Ordinary Shares Value	\$	\$
Balance at the beginning of the year	9,976,683	9,940,247
<u>Shares issued during the period</u>		
15 August 2019 - 525,000 ordinary shares @ \$0.04	-	21,000
31 July 2019 - 666,666 ordinary shares @ \$0.03	-	20,000
Share issue costs	-	(4,564)
Balance at the end of the year	9,976,683	9,976,683
15. Accumulated Losses		
Balance at the beginning of the year	(17,685,468)	(15,239,707)
Net loss attributable to members of the entity	6,891,159	(2,445,761)
Balance at the end of the year	(10,794,309)	(17,685,468)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
16. Related Party Transactions		
Interest on related party loan	-	21,250
Total related party transactions	-	21,250

Interest on related party loans was interest previously paid on the borrowings referred to at Note 12.

Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of the settlement of these borrowings.

17. Cash Flow Information

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position

	2021	2020
Cash at bank	1,216	40,481
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from continuing operations after income tax	6,891,159	(2,445,761)
<u>Less: investment amounts included in profit and loss</u>		
Creditor funding of Administration	-	(60,000)
<u>Less: non-cash items</u>		
Depreciation	2,989	3,985
Fair value movement of derivative liability	(552,513)	2,065,450
Carrying value of tenement bonds transferred on sale of tenements	122,259	-
Carrying value of borrowings	(750,000)	-
Fair value of derivative liability	(8,367,619)	-
Carrying value of tenement expenditure	3,180,447	-
<u>Less: Investing amounts included in profit and loss</u>		
Proceeds from asset sales	(3,575,000)	-
Payment to secure release of tenement Royalty	60,000	-
Payment for derivative liability	2,843,173	-
<u>Less: investment amounts included in working capital</u>		
Exploration and evaluation expenditure	-	(38,895)
Security deposit recovered	-	(10,000)
Short term advance received	-	(3,000)
<u>Add: movements in working capital</u>		
(Increase) / decrease in prepayments	-	19,953
(Increase) / decrease in trade and other receivables	40,186	3,174
Increase / (decrease) in trade payables	(1,072,991)	188,213
Cash flow from operations	(1,177,910)	(276,881)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	2021	2020
	\$	\$
18. Auditor's Remuneration		
Audit and review of the financial reports – Moores Australia Audit (WA)	30,000	-
Audit and review of the financial reports – BDO East Coast Partnership	22,609	46,330
Total auditor's remuneration	52,609	46,330

19. Directors and Key Management Personnel Disclosures

Directors

Antony B Corel

Roger A Jackson

Ian B Mitchell

Position
Chairman – Non-Executive
Managing Director
Director - Non-Executive and Company Secretary

Directors' equity holdings including holdings of their personally related entities as at 30 June 2021

Fully Paid Ordinary Shares	Opening	Acquired	Disposed	Closing
Antony B Corel	541,343	-	-	541,343
Roger A Jackson	2,516,595	-	-	2,516,595
Ian B Mitchell	5,847,424	-	-	5,847,424

	2021	2020
	\$	\$
Short-term employee benefits compensation		
Directors		
<u>Executive</u>		
Roger A Jackson	-	8,500
<u>Non-Executive</u>		
Antony B Corel	-	23,610
Ian B Mitchell	-	14,167
Total remuneration	-	46,277

The Directors received no remuneration during the period of the Administration and Deed of Company Arrangement.

In addition to the above, Mr Corel accrued superannuation entitlements of \$2,243 in the prior year.

20. Commitments

Within 1 year	-	34,000
More than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	-	34,000

The Company's tenements were disposed of as part of the Administration process.

Refer to Note 5 – Net Gain from Deed of Company Arrangement, for details of these disposals.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

21. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

Exposure to currency risk, interest rate risk, commodity price risk, and liquidity risk arises in the normal course of the business. The Company's overall financial risk management strategy is to seek to ensure that the Company is able to fund its business plans.

The Company uses various measures dependent on the types of risk to which it is exposed. These methods include cash flow at risk analysis in the case of interest rate and foreign exchange risk. Financial risk management is carried out by the Managing Director under policies approved by the Directors. The Directors provide written principles for overall risk management.

	Note	Current Interest rate	Fixed Interest rate	Floating Interest rate	Non-Interest Bearing	Total
			\$	\$	\$	\$
Financial assets						
Cash held bank accounts	6	0.0%	-	1,216	-	1,216
GST recoverable	7	0.0%	-	-	4,283	4,283
Financial liabilities						
Trade creditors and accruals	11	0.0%	-	-	60,500	60,500
Shareholder loan	12	0.0%	-	-	14,000	14,000
DOCA Contribution		0.0%	-	-	748,625	748,625

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk exposure is limited to cash and cash equivalents. Management have reduced this risk by depositing cash with financial institutions with a credit rating of AAA or higher.

Interest rate risk

The Company's main interest rate risk arises from interest earnings on its surplus cash. The Company is exposed to interest rate risk to the extent its interest earnings may fluctuate. The impact of a 1% movement in the interest rate on the funds invested when all other variables are held constant is immaterial.

Exchange rate risk

The Company's exchange rate risk arises from its cash deposited in a US dollar bank account and any requirement to repay its Chan Finance Facility in US dollars. The Company is exposed to exchange rate risk to the extent that the exchange rate between US dollars and Australian dollars may fluctuate. The Company's objective is to minimise this risk through careful monitoring of the exchange rate and to draw down sufficient funds when the rate is favourable.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to meet ongoing operational requirements, exploration expenditure, and small to medium sized opportunistic projects and investments, by keeping surplus cash available.

The Company's objective is to safeguard its ability to continue as a going concern and to maintain a conservative capital structure so that management can focus on running its core business together with being an attractive company for shareholders and potential investors. The Company will consider the most appropriate use of debt and equity to maximise its returns while maintaining a low risk capital structure.

21. Financial Risk Management (cont.)

The following is a maturity analysis of the Company's financial liabilities:

Note	Total	Less than one year	Greater than one year	Maturity Details
	\$	\$	\$	
Financial liabilities				
Accruals	11	60,500	60,500	- Usually payable each 30 days
Shareholder loan	12	14,000	14,000	- By equity on 25 October 2021
DOCA Contribution		748,625	748,625	- By equity on 25 October 2021

Fair values

The Company has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. The fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

22. Earnings Per Share

	No	No
	Weighted Av.	
Ordinary share number 2021 financial year		
Balance at the beginning of the year	52,321,175	52,321,175
Balance at end of the year	52,321,175	52,321,175
Ordinary share number 2020 financial year		
Balance at the beginning of the year	51,129,509	51,129,509
<u>Shares issued during the period</u>		
Issued 31 July 2019	666,666	613,698
Issued 15 August 2019	525,000	461,712
Balance at end of the year	52,321,175	52,204,919
	2021	2020
	\$	\$
Total comprehensive income for the year	6,891,159	(2,445,761)
Earnings per share		
Basic - cents per share	13.17	(4.68)
Diluted - cents per share	13.17	(4.68)

23. Going Concern

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha ("Administrators") were appointed Voluntary Administrators of the Company by Chan Investments Ltd ("Chan"). As part of this process, on 28 January 2020 the Directors entered into a Deed of Company Arrangement ("DOCA") with the Company and the Administrators.

Under the terms of the DOCA, control of the Company was returned to the Directors on 10 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

23. Going Concern (cont.)

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis as:

- the DOCA concluded on 10 June 2021 has extinguished all previous liabilities of the Company;
- since the end of the financial year the Company has announced that subject to shareholder approval, it will equity settle certain post-administration liabilities, including the \$748,765 DOCA Contribution Balance and \$14,000 shareholder loan included in these financial statements;
- since the end of the financial year Company has also announced that it has entered into a binding heads of agreement to acquire three gold and other mineral projects located in Queensland (“Acquisition”) for \$1.8m to be funded by the issue of 9 million ordinary shares, subject to shareholder approval; and
- the Company expects to raise additional capital of at least \$4.5million (“Capital Raising”), subject to shareholder approval, by 25 October 2021.

Further details of the post year end events above are included in Note 24 – Subsequent Events, and the ASX releases made by the Company on 25 August 2021.

Directors have commenced all actions necessary to ensure that the Acquisition and Capital Raising will be completed in accordance with the agreed terms and regulatory requirements and are confident that this can be achieved.

Directors also consider that a capital raising of \$4.5 million should be sufficient to fund the exploration and evaluation of these projects, and the working capital needs of the Company for the next two years.

On this basis, the Directors have prepared these Financial Statements on the going concern basis, however there remain significant risks that:

- ASX may delist the Company if it determines that the Company has failed to meet the requirements of the Listing Rules, including failure to lodge outstanding ASX reporting requirements within the time stipulated by ASX, and / or re-complying with Chapters 1 and 2 of the Listing Rules; and
- for whatever reasons the Acquisition and Capital Raising are not completed.

These risks give rise to a material uncertainty which may cast significant doubt over the Company’s ability to continue as a going concern.

24. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except as follows.

On 25 August 2021, the Company announced that it had signed a binding heads of agreement (“HoA”) with Bmax Holdings Pty Limited (“Bmax”) to acquire 100% of the issued shares (“Acquisition”) in MIJ Holdings Pty Ltd (“MIJ”). Bmax currently holds (and is in the process of transferring to MIJ) 3 granted Exploration Permits; EPM26560 (Gunnawarra); EPM26464 (Mt. Jesse); and EPM26883 (Pluton), all located in the prolific Mt Garnet and Greenvale mineral field, northern Queensland. Further details of these EPMS are included in the Company’s ASX announcement of 25 August 2021.

Consideration for the Acquisition is \$1.8m, to be satisfied through an exchange of shares with Bmax, the vendor of MIJ. Pursuant to the share exchange the Company plans to issue new fully paid ordinary shares, at a deemed issue price of \$0.20 per share (post a 1 for 20 consolidation).

Completion of the Acquisition is conditional upon, amongst other things:

- Ark obtaining all regulatory approvals in order to undertake the Acquisition, including re-complying with the admission requirements of ASX;
- Ark and Bmax each being reasonably satisfied with the due diligence performed on the other party, and / or the EPMS;
- Ark obtaining all necessary shareholder approvals prior to 25 September 2021 (or such later date as agreed by the ASX); and
- Ark raising at least \$4.5 million in new capital by the issue of new ordinary shares (“Capital Raising”).

24. Subsequent Events (cont.)

The Company also announced that it would seek shareholder approval to:

- consolidate its fully paid ordinary shares on a 1 for 20 basis;
- issue up to 25,000,000 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.20 per share to raise up to \$5 million new capital;
- issue 7,486,250 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.10, with one free attaching option exercisable at \$0.20 and expiring 2 years after issue, to repay the DOCA the contribution balance of \$748,625, included in these financial statements; and
- issue 2,000,000 new ordinary shares (post the 1 for 20 consolidation) at an issue price of \$0.10 to repay the loan of \$14,000 included in these financial statements, plus a further loan of \$186,000 made to the Company post 30 June 2021 to fund the Company prior to the Capital Raising.

Further details of the Acquisition, the EPMs and the Capital Raising are included in the Company's ASX announcement of 25 August 2021.

DIRECTORS' DECLARATION

For the year ended 30 June 2021

In the Directors' opinion;

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the directors



Antony Corel

Director

Sydney, 23 September 2021

**Moore Australia Audit (WA)**

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARK MINES LIMITED****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Ark Mines Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter - Uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 23 to the financial statements concerning the Company's ability to continue as a going concern. As disclosed in Note 23 the Company is dependent on various funding initiatives in order to fund working capital and discharge its liabilities in the ordinary course of business. At this time we are uncertain as to whether or not the required funding can be raised and the timing of such, which may cast doubt as to the Company's ability to continue as a going concern. The financial statements do not include any adjustments that may be required if the Company were unable to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARK MINES LIMITED (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Gain from deed of company arrangement	
Refer to Note 5 Net Gain from Deed of Company Arrangement (DOCA)	
<p>On 10 June 2021, the completion of DOCA has occurred and resulted in a gain of \$7,114,581 being recognized on the back of the completion of the sale of the exploration assets and repayment (and derecognition) of all relevant liabilities under the DOCA.</p> <p>This is a key audit matter because of the complex nature of the transaction, the material impact to the Statement of Profit or Loss and Other Comprehensive Income, and the material balances of all relevant assets and liabilities involved.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Ensuring that DOCA and the asset sales agreement (of the exploration assets) including various deed of debt/loan subordination have been properly executed.• Confirming that the proceeds of the sale of the exploration assets have been received by the administrator and distributed as agreed under the DOCA; and• Ensuring that net gain arising from completion of DOCA including the profit from asset disposal, partial repayment of related liabilities and de-recognition of the remaining related liabilities have been accounted and disclosed properly in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARK MINES LIMITED (CONTINUED)****Auditor's Responsibility for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our audit report.

Report on the Remuneration Report**Opinion on the Remuneration Report**

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ark Mines Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Handwritten signature of Wen-Shien Chai in blue ink.

WEN-SHIEN CHAI
PARTNER

Handwritten signature of Moore Australia Audit (WA) Chartered Accountants in blue ink.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 23rd September 2021

ADDITIONAL ASX INFORMATION

As at 31 August 2021

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2021.

Distribution of Equity Securities

Range	Number of holders	Number of shares	%
1 - 1,000	20	6,084	0.01
1,001- 5,000	42	141,733	0.27
5,001 - 10,000	92	851,771	1.63
10,001 - 100,000	175	6,431,272	12.29
100,001 - 9,999,999	64	44,890,315	85.80
Total	393	52,321,175	100.00

Since listing the Company has issued 52,321,175 fully paid ordinary shares. The number of shareholders holding less than a marketable parcel is 177.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	Shareholder	Shares	%
1	Solo Resources Pty Limited	6,676,000	12.76
2	Cobungra Holdings Pty Ltd	6,327,742	12.09
3	Mr Ian Burnham Mitchell	3,294,984	6.30
4	Dr Rebecca Mitchell	2,510,000	4.80
5	John Wardman & Associates Pty Ltd	2,156,475	4.12
6	Patrick James Walsh	2,000,000	3.82
7	Ichiya Co Ltd	1,324,072	2.53
8	Chahen Pty Ltd <The BCS Super Fund A/C>	1,175,267	2.25
9	RJ Consolidated Pty Ltd <Roger Jackson S/Fund A/C>	1,073,333	2.05
10	Mr B L Franklin & Mrs J M Franklin <Franklin Family S/F A/C>	1,031,173	1.97
11	Mr James Rhodes Smith	1,023,960	1.96
12	Tempest Dawn Pty Limited <SWT Super Fund A/C>	999,790	1.91
13	Mr John Christopher Slade	904,648	1.73
14	Mr Stephen Roy Webster <Capitol Industries Ltd A/C>	879,298	1.68
15	Horizon Storm Pty Limited	854,189	1.63
16	RJ Consolidated Pty Ltd	800,000	1.53
17	Mr Roger Alan Jackson	697,000	1.33
18	Mr Paul Galbraith	626,262	1.20
19	AJM Super Co Pty Ltd <AJM Super Fund A/C>	563,500	1.08
20	Martin Place Securities Nominees Pty Ltd	537,650	1.03
Total		35,455,343	67.77

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Shares	%
Solo Resources Pty Limited	6,676,000	12.76
Cobungra Holdings Pty Ltd	6,327,742	12.09
Mr Ian Burnham Mitchell	5,847,424	11.18

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

There are no restricted securities or securities subject to voluntary Escrow.

On market buy-back

There is no current on-market buy back.

Mineral Resources and Ore Reserves

The Company is a mining exploration entity and as at the date of this ASX information, has no mineral resources or ore reserves.

