



QUARTERLY REPORT

For Quarter ended 30 September 2021

(ASX:AHK)

In this quarter Ark continued to complete the steps required for reinstatement to trading of its shares on ASX which is scheduled for early December 2021. Reinstatement to trading is at ASX's discretion. Ark has signed a binding heads of agreement (**HOA**) with Bmax Holdings Pty Limited (Bmax) to acquire 100% of the issued shares in MIJ Holdings Pty Ltd (MIJ), a wholly owned subsidiary of Bmax which values such shares at 20 cents each (**Acquisition**). Bmax is an unrelated privately-owned Australian company which currently holds 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

- Consideration for the Acquisition is 9,000,000 fully paid shares in Ark Mines Limited.
- ✓ **Gunnawarra Nickel-Cobalt Project (EPM 26560):**
 - located ~40kms south from the town of Mount Garnet in far-north Queensland.
 - The project is close to existing infrastructure, including grid power, water and access to port facilities.
 - EPM 26560 surrounds the Bell Creek resource, a component of the Sconi cobalt project owned by Australian Mines Limited (ASX:AUZ).
 - Strong coincidental Geophysics pervades the tenement from the Bell Creek Resource.
- ✓ **Mt Jesse Iron Project (EPM 26464):**
 - located ~25km west of Mt Garnet and 176km from Cairns in far-north Queensland.
 - The project is centered on an Iron rich magnetite skarn with copper which potentially is associated with porphyry style copper mineralisation within a granodiorite. The iron is exposed as low-lying outcrops knobs in three locations surrounding the quaternary cover.
- ✓ **Pluton Porphyry Gold Project (EPM 26883):**
 - Located ~ 90km Southwest of Cairns near Mareeba Queensland.
 - Identified gold target with other by-product credits (Ag, Cu, Mo)
 - Initial field inspection has located a porphyry outcrop, which coincides with regional scale geophysical interpretation.
- The Acquisition constitutes a change in nature and scale of the Company's activities and necessitated shareholder approval (which has been obtained).
- Ark has lodged a prospectus with ASIC to raise up to \$5,000,000 by issue of shares at 20 cents each (before costs) (**Capital Raising**).



- The required general meeting to obtain shareholder approval for, amongst other things, the acquisition of MIJ and the projects, a consolidation of the Company's securities, and the Capital Raising was held on the 24th September 2021. All shareholder votes and proxy votes were cast in favour of the resolution.
- Following completion, MIJ nominee, Benjamin Emery, will join the Board as an executive director.

Proposed MIJ Acquisition

In consideration for the purchase of all of the issued share capital in MIJ, Ark Mines Limited will issue and allot to Bmax (the vendor of MIJ) 9,000,000 fully paid ordinary shares at 20 cents (which values the MIJ assets at \$1.8 million).

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

- Ark obtaining all regulatory approvals (as required) in order to undertake the Acquisition, including re-complying with ASX requirements;
- each party to the HoA must be reasonably satisfied with the due diligence performed on any other party, and/or the assets of MIJ;
- obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Acquisition prior to 25 September 2021; and
- Ark Mines Limited raising at least \$4,500,000 by the issue of new AHK shares (**Public Offer**).

Share Consolidation

At the General Meeting shareholders approved the consolidation of the Company's securities. The Consolidation is on a 20:1 basis (i.e., every 20 existing shares will consolidate into 1 share (**Consolidation**)).

Capital Raising

The Company raised \$200,000 through loans that will convert to ordinary shares at \$0.10 per share. These funds will be used to meet the costs of completing the transaction and re-complying with Chapters 1 and 2 of the Listing Rules.

As part of the conditions for the Company being returned to the ASX official list shareholders approved the issue of up to 25 million new ordinary shares (on a post consolidation basis, see above), at an issue price of \$0.20 per share to raise up to \$5 million (**Capital Raising**) in general meeting.



The Company also sought shareholder approval to satisfy outstanding debts by the issue and allotment of ordinary shares at \$0.10 per share (on a post consolidation basis), with two attaching options (\$0.20, expiring 2 years from issue) for every share so issued:

Director Appointment

Conditional on completing the proposed Acquisition and the Company re-complying with Chapters 1 and 2 of the Listing Rules, the Company will appoint a nominee of Bmax, Mr Benjamin Emery, to the board of Ark Mines Limited.

Mr Emery has been primarily involved in the mining sector for over a decade accumulating extensive experience and skill in locating, developing and monetising varied and diversified mining projects. He has successfully developed several exploration projects into financially successful producing mines, including the Tablelands Iron project, at Mt Garnet.

Mr Emery has been appointed to numerous Board positions over the years and is currently Chairman of Franklin Exchange Pty Ltd, a dynamic and growing commodity trading house operating across various global markets whilst assisting international companies to develop new strategic partners for growth.

Competent Persons Statement

The Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Roger Jackson, who is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Jackson is a director of the Company. Mr Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Jackson consents to the inclusion of this information in the form and context in which it appears in this report.

A handwritten signature in black ink, appearing to read "Roger Jackson".

Roger Jackson
Managing Director
Ark Mines Limited