

# ARK MINES LTD.

ACN 123 668 717

## *Financial Report*

*For the Half-Year Ended 31 December 2021*

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## CORPORATE DIRECTORY

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<b>Directors</b>	Antony B Corel Roger A Jackson Ian B Mitchell Benjamin P Emery
<b>Company Secretary</b>	Ian B Mitchell
<b>Registered office</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
<b>Principal Place of Business</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
<b>Share Register</b>	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford Victoria 3067 GPO Box 3224 Melbourne Victoria 3001
<b>Auditor</b>	Moore Australia (WA) Pty Ltd Level 15 Exchange Tower 2 The Esplanade, Perth WA 6000
<b>Solicitors</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
<b>Bankers</b>	National Australia Bank Level 15 Ernst and Young Centre 680 George Street Sydney NSW 2000
<b>Securities Exchange Listing</b>	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
<b>Website Address</b>	<a href="http://www.arkmines.com">www.arkmines.com</a>

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") for the financial half-year ended 31 December 2021.

**Directors**

The names of the Directors, who held office from 1 July 2021 to date of this report, unless otherwise stated, are:

- Antony B Corel
- Roger A Jackson
- Ian B Mitchell
- Benjamin P Emery (appointed 22 December 2021)

**Review of Operations**

On 25 August 2021, the Company signed a binding heads of agreement with Bmax Holdings Pty Limited ("Bmax") to acquire 100% of the issued shares in MIJ Holding Co Pty Ltd ("MIJ"). The agreed consideration for the purchase of all of the issued share capital in MIJ was \$1.8 million payable by the issue of 9,000,000 new fully paid ordinary shares in Ark, at an issue price of \$0.20 per share.

On 24 September 2021, the Company held an EGM at which Shareholder approval was received for the consolidation of the Company's shares on a 1 for 20 basis as well as other capital raising initiatives to be included in a capital raising Prospectus.

On 27 September 2021, the Company issued its Prospectus for a public offer of 25,000,000 shares at an issue price of \$0.20 to raise up to \$5.0 million cash ("Public Offer"), an offer of 9,000,000 shares to Bmax for the acquisition of MIJ and a further offer of shares and attaching options to satisfy certain DOCA contributions and other advances made to fund the Company prior to the Public Offer.

On the 16 December 2021, the Company announced that the Public Offer had closed, following which and in accordance with the actions included in its Prospectus, the Company:

- consolidated its fully paid ordinary shares on a 1 for 20 basis on 1 December 2021;
- issued 23,513,500 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021, at an issue price of \$0.20 per share to raise \$4,702,700 in new capital;
- issued 9,000,000 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021 to complete the acquisition of MIJ;
- issued 7,486,250 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021, at an issue price of \$0.10, with one free attaching option exercisable at \$0.20 and expiring on 20 December 2023, to repay the DOCA contributions of \$748,625; and
- issued 2,000,000 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021 at an issue price of \$0.10 to repay loans of \$200,000 made to the Company to fund the Company prior to the Public Offer.

Following the acquisition of MIJ, and the approval of Shareholders at the Shareholders Meeting held on 24 September 2021, Mr Benjamin Emery was appointed to the Board on 22 December 2021. Mr Emery was the vendor of MIJ.

Following the successful completion of its Public Offer, the Company now holds 100% of the issued shares in MIJ, and through MIJ's subsidiary companies, 3 granted Exploration Permits ("EPMs");

- EPM 26560 (Gunnawarra);
- EPM 26464 (Mt Jesse); and
- EPM 26883 (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. Summary details of these tenements are included on page 18 of these Financial Statements.

Plans to begin maiden drill programs at the Company's two priority projects, Mt Jesse and Gunnawarra, were completed during December with the Company set to commence drilling in the first quarter of CY22.

The Mt Jesse Copper-Iron Project (EPM 26464) is located approximately 25km west of Mt Garnet and 176km from Cairns in far-north Queensland. The Project is centred 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.

The maiden drill program at Mt Jesse will include a 1,000m shallow angled holed reverse circulation drilling program targeting the Southwest trending magnetic anomaly targeting the Jesse Iron Formation.

# DIRECTORS' REPORT

For the half-year ended 31 December 2021

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In addition, Ark will undertake infill sampling around anomalous copper zones, detailed geophysical interpretation, and a first pass drilling program across the copper target.

The Gunnawarra Nickel-Cobalt project (EPM 26560) is located approximately 40kms south from Mount Garnet in far-north Queensland, Gunnawarra is close to existing infrastructure, including grid power, water and access to port facilities. The project surrounds the Bell Creek resource, a component of the Sconi cobalt project owned by Australian Mines Limited (ASX:AUZ), the most advanced Cobalt-Nickel Scandium project in Australia. Gunnawarra hosts strong coincidental geophysics and outcrop pervades the tenement from the Bell Creek Resource. Drilling of the Gunnawarra Nickel-Cobalt project is scheduled to follow the completion of the Mt Jesse programs.

The Company plans to carry out follow-up soil sampling and undertake an 800m shallow vertical holed RC drilling program along the strike of the Bell Creek resource, and on several other targets within the tenement. A component of the drilling will focus on the basement rocks for potential sulphide mineralisation.

The review of the Pluton Gold project by the Ark technical team remains ongoing, with the view of determining targets to drill later in the season.

Since the end of the half-year, Ark has commenced exploration activity at the Gunnawarra Nickel-Cobalt project and has engaged Ultramag Geophysics to undertake a detailed drone Magnetic survey ("Dronemag") across the project in early February. The high-resolution magnetic surveys using unmanned aerial vehicles ("UAVs") can rapidly identify geological structures and provide very high spatial resolution. New small features can be mapped and used to inform the geological modelling. UAVs can fly over hard to reach and hazardous areas eliminating the need for large crews, refuelling stations, and risks associated with aircraft.

Dronemag is approximately 10 times faster than ground mag whilst providing a comparable resolution, and a fraction of the cost.

Since the end of the half-year the Company has entered into an MOU to sell oxide copper ore to R3D Resources Limited ("R3D") for treatment in R3D's heap leach – solvent extraction – crystallisation plant located on R3D's Tartana mining leases near Chillagoe, Queensland. Under the MOU, the two companies have agreed to work together to fast track production and sales of copper oxide ore from the Mt Jesse Project subject to certain MOU conditions. Further details of this MOU can be found in the ASX announcements made by the Company and R3D on 16 February 2022.

The loss for the Company during the half-year was \$1,154,410 (2020: \$40,104 profit).

## Subsequent Events

The review of operations discussed above covers the period of the half-year ending 31 December 2021 and up to the date of this report. Details of all events that occurred specifically between 31 December 2021 and the date of this report are shown in note 18 to the financial statements.

## Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2021 has been received and a copy is reproduced on page 4.

## Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest dollar (where rounding is applicable) unless otherwise indicated.

This Report is made in accordance with a resolution of the Board of Directors and signed on behalf of the Board by:



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**Antony B Corel**

Chairman

Sydney, 14 March 2022

# AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 2021



## Moore Australia Audit (WA)

Level 15, Exchange Tower,  
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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ARK MINES LTD

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Wen-Shien Chai', written over a light blue grid background.

WEN-SHIEN CHAI  
PARTNER

A handwritten signature in blue ink, appearing to read 'Moore Australia', written over a light blue grid background.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 14<sup>th</sup> day of March 2022.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
<b>Revenue from ordinary activities</b>			
Interest income		2	-
<b>Total revenue</b>		<b>2</b>	<b>-</b>
<b>Less: Expenses</b>			
Accounting and secretarial expenses		14,361	5,000
Administrators costs		-	358,591
ASX listing costs		16,308	12,500
Audit fees		13,073	15,000
Consultants		38,500	-
Depreciation		-	2,989
Directors' fees		103,297	-
Insurance		40,210	-
Investor relations		17,123	-
Share registry costs		24,099	-
Other expenses from ordinary activities		7,947	-
<b>Total expenses</b>		<b>274,918</b>	<b>394,080</b>
<b>Loss from operating activities</b>		<b>(274,916)</b>	<b>(394,080)</b>
Acquisition costs of mineral exploration assets charged to profit or loss	9	(29,416)	-
Share based DOCA loan settlement	8	(850,015)	-
Net foreign exchange gains		(63)	-
Fair value movement of derivative liability		-	434,184
<b>(Loss) profit before income tax</b>		<b>(1,154,410)</b>	<b>40,104</b>
Income tax expense		-	-
<b>(Loss) profit from continuing operations after income tax</b>		<b>(1,154,410)</b>	<b>40,104</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) profit for the year</b>		<b>(1,154,410)</b>	<b>40,104</b>
<b>Earnings per share</b>			
Basic - cents per share		(0.22)	0.08
Diluted - cents per share		(0.22)	0.08

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	Consolidated	
		December 2021	June 2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,501,057	1,216
Trade and other receivables	3	72,007	4,283
Prepayments		136,817	-
<b>Total current assets</b>		<b>4,709,881</b>	<b>5,499</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation expenditure	4, 9	1,791,000	-
Environmental bonds and security deposits	5, 9	9,000	-
<b>Total non-current assets</b>		<b>1,800,000</b>	<b>-</b>
<b>Total assets</b>		<b>6,509,881</b>	<b>5,499</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	748,471	60,500
DOCA contribution		-	748,625
Borrowings		-	14,000
<b>Total current liabilities</b>		<b>748,471</b>	<b>823,125</b>
<b>Total liabilities</b>		<b>748,471</b>	<b>823,125</b>
<b>Net assets</b>		<b>5,761,410</b>	<b>(817,626)</b>
<b>EQUITY</b>			
Contributed equity	7	16,860,114	9,976,683
Reserves	8	850,015	-
Accumulated losses		(11,948,719)	(10,794,309)
<b>Total equity</b>		<b>5,761,410</b>	<b>(817,626)</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

	Note	Consolidated	
		December 2021	December 2020
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(285,359)	(406,576)
Interest received		2	-
Interest and finance costs and exchange losses		(63)	-
<b>Net cash used in operating activities</b>		<b>(285,420)</b>	<b>(406,576)</b>
<b>Cash flows from investing activities</b>			
Payment to secure release of tenement Royalty		-	(60,000)
Payment for exploration and evaluation expenditure		-	(30,832)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(90,832)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues - net of share issue costs	7	4,702,700	-
Payments for share issue costs		(103,439)	-
Proceeds from loans		186,000	-
Proceeds from asset sale deposit		-	1,250,000
<b>Net cash provided by financing activities</b>		<b>4,785,261</b>	<b>1,250,000</b>
Net increase in cash held		4,499,841	752,592
Cash at beginning of financial year		1,216	40,481
<b>Cash at end of financial year</b>		<b>4,501,057</b>	<b>793,073</b>

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

Consolidated					
	Note	Issued capital	Reserves	Acc. losses	Total
		\$	\$	\$	\$
<b>December 2021</b>					
Balance at 1 July 2021		9,976,683	-	(10,794,309)	(817,626)
Total comprehensive income for the year		-	-	(1,154,410)	(1,154,410)
<b>Total</b>		<b>9,976,683</b>	<b>-</b>	<b>(11,948,719)</b>	<b>(1,972,036)</b>
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs	7	6,883,431	-	-	6,883,431
Share based DOCA loan settlement		-	850,015	-	850,015
<b>Balance at 31 December 2021</b>		<b>16,860,114</b>	<b>850,015</b>	<b>(11,948,719)</b>	<b>5,761,410</b>
<b>December 2020</b>					
Balance at 1 July 2020		9,976,683	-	(17,685,468)	(7,708,785)
Total comprehensive income for the year		-	-	40,104	40,104
<b>Total</b>		<b>9,976,683</b>	<b>-</b>	<b>(17,645,364)</b>	<b>(7,668,681)</b>
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs		-	-	-	-
<b>Balance at 31 December 2020</b>		<b>9,976,683</b>	<b>-</b>	<b>(17,645,364)</b>	<b>(7,668,681)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

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## 1. Corporate Information

Ark Mines Ltd ("Ark Mines" or the "Company") is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The Company and its subsidiaries' operations comprise exploration for and evaluation of mineral resources.

## 2. Significant Accounting Policies

These financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. This financial report covers Ark Mines Ltd and its wholly owned subsidiaries (the "Group") and was authorised for issue in accordance with a resolution of Directors on 14 March 2022. For the purpose of preparing the financial statements, Ark Mines is a for-profit entity.

These financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report. The half-year financial report should be read in conjunction with the annual financial report of Ark Mines Ltd as at 30 June 2021 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

a) Basis of preparation

The half-year financial report has been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

b) Significant accounting policies

c) The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2021, except for the following:

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Ark Mines Ltd. and its subsidiaries as at 31 December 2021. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Acquisition of MIJ Holding Co Pty Ltd

As at the acquisition date, neither the Company nor MIJ Holding Co Pty Ltd satisfied the definition of a business for the purposes of AASB 3. As a consequence of this, and in accordance with the requirements of AASB 3, the acquisition of MIJ Holding Co Pty Ltd has been treated as the acquisition of three mineral and exploration assets, in accordance with the provisions of AASB 6.

It is the Company's policy to charge amounts associated with the acquisition of mineral and exploration assets, including legal and other consulting fees to profit and loss.

See note 9 for further details of these acquisitions.

d) 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 Australian Accounting Standards Board that are mandatory for the current reporting period.

e) Fair value

Due to their short term nature, the Directors considered the carrying amounts of cash, current receivables and current payables to approximate their fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

	Consolidated	
	December 2021	June 2021
	\$	\$
<b>3. Trade and Other Receivables</b>		
GST recoverable	69,507	4,283
Other receivables	2,500	-
<b>Total</b>	<b>72,007</b>	<b>4,283</b>

<b>4. Capitalised Exploration and Evaluation Expenditure</b>		
Balance at the beginning of the year	-	3,134,640
Capitalised during the year	-	45,807
Capitalised tenement acquisition costs	1,791,000	-
Disposed of during the year	-	(3,180,447)
<b>Closing Balance</b>	<b>1,791,000</b>	<b>-</b>

Refer to Note 9 for details of the acquisition of MIJ Holding Co Pty Ltd and its subsidiaries.

See also the Company's Schedule of Tenements on Page 18.

<b>5. Environmental Bonds and Security Deposits</b>		
EPM26464 - Mt Jesse	3,000	-
EPM26560 - Gunnawarra	3,000	-
EPM26883 - Pluton	3,000	-
<b>Total</b>	<b>9,000</b>	<b>-</b>

Refer to Note 9 for details of the acquisition of MIJ Holding Co Pty Ltd and its subsidiaries.

<b>6. Trade and Other Payables</b>		
Trade and other creditors	703,186	-
Accruals	42,235	60,500
Other payable	3,050	-
<b>Total</b>	<b>748,471</b>	<b>60,500</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

	Consolidated	
	December 2021	June 2021
<b>7. Contributed Equity</b>		
<b>Ordinary Shares Number</b>	<b>No.</b>	<b>No.</b>
Balance at the beginning of the period	52,321,175	52,321,175
<u>Share consolidation</u>		
Shares consolidated on a 1 for 20 basis - 2 December 2021 (fractions rounded down)	2,615,998	-
<u>Shares issued during the period</u>		
Issued - 20 December 2021	23,513,500	-
Issued - 20 December 2021	7,486,250	-
Issued - 20 December 2021	2,000,000	-
Issued - 20 December 2021	9,000,000	-
<b>Balance at the end of the period</b>	<b>44,615,748</b>	<b>52,321,175</b>
<b>Ordinary Shares Value</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	9,976,683	9,976,683
<u>Shares issued during the period</u>		
20 December 2021 - 23,513,500 ordinary shares @ \$0.20	4,702,700	-
20 December 2021 - 7,486,250 ordinary shares @ \$0.10	748,625	-
20 December 2021 - 2,000,000 ordinary shares @ \$0.10	200,000	-
20 December 2021 - 9,000,000 ordinary shares @ \$0.20	1,800,000	-
Share issue costs	(567,894)	-
<b>Balance at the end of the period</b>	<b>16,860,114</b>	<b>9,976,683</b>
<b>Options exercisable at \$0.20 and expiring 24 December 2023</b>	<b>No.</b>	<b>No.</b>
Balance at the beginning of the period	-	-
<u>Options issued during the period</u>		
Issued 20 December 2021	14,972,500	-
<b>Balance at the end of the period</b>	<b>14,972,500</b>	<b>-</b>
<b>8. Reserves</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the period	-	-
Share-based payments expensed during the period	850,015	-
<b>Balance at the end of the period</b>	<b>850,015</b>	<b>-</b>

## 9. Acquisition of MIJ Holding Co Pty Ltd

On 20 December 2021, and following Shareholder approval at the meeting of Shareholders held on 27 September 2021, the Company acquired all of the issued shares of MIJ Holding Co Pty Ltd ("MIJ"). Consideration for this purchase was \$1,800,000 paid by the issue by the Company, of 9,000,000 fully paid ordinary shares at an issue price of \$0.20 to Bmax Pty Ltd, the vendor of MIJ.

As the Company successfully undertook a Public Offer of its shares at an issue price of \$0.20 at the same time as the acquisition of MIJ, the Directors determined that fair value of the consideration transferred was \$1,800,000.

MIJ had been incorporated on 1 July 2021. At the date of acquisition MIJ had no liabilities and its only assets were its investments in its three subsidiary companies; Mt Jesse Pty Ltd, Gunnawarra Pty Ltd and Mt Pluton Base Pty Ltd (together the "Subsidiaries"). Each of these Subsidiaries had been incorporated on 1 July 2021. As at the date of acquisition, the subsidiaries had no liabilities and the only assets of each was a single Exploration Permit and related Security Deposit and Environment Bond. Neither MIJ nor the Subsidiaries had undertaken any other business activities between incorporation and the date of acquisition.

Summary details of the Exploration Permits held by each Subsidiary are included in the Company's list of tenements on page 18 of this report, and more detailed explanations can be found in the Prospectus lodged by the Company with ASX on 27 September 2021.

The purpose of this acquisition was to provide the Company with three mineral and exploration assets to facilitate its development as a multi-commodity exploration company, and allow the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, and be restored to official quotation on the ASX.

As a consequence of the transaction, the Company acquired the following mineral exploration assets:

EPM	Project	Area (HA)	Cost of EPM \$	Security Deposit \$	Environment Bond \$	Total \$
EPM 26464	Mt Jesse	12.4	339,857	500	2,500	342,857
EPM 26560	Gunnawarra	34.1	939,857	500	2,500	942,857
EPM 26883	Pluton	18.6	511,286	500	2,500	514,286
			<b>1,791,000</b>	<b>1,500</b>	<b>7,500</b>	<b>1,800,000</b>

The mineral exploration assets have been measured at cost and no adjustments have been deemed necessary to the carrying value of any of the assets since the date of acquisition.

The acquisition transaction was conducted by knowledgeable and willing counterparties acting at arm's length. As the Subsidiaries had no other assets or liabilities at the time of acquisition, other than the Exploration Permits and cash denominated bonds and deposits, the Directors have determined that the cost of MIJ represents the fair value of the mineral exploration assets in total.

The Directors have further determined that after deducting the cash denominated assets, it was reasonable to allocate the remaining consideration across each of the Exploration Permits in proportion to their relative Exploration Permit areas.

In determining this, Directors have had regard to the Independent Technical Assessment Report and Independent Tenement Report included in the Prospectus issued by the Company on 27 September 2021.

Acquisition related costs of \$29,416 have been recognised in the half year and charged to profit and loss in accordance with the Company's accounting policy on the acquisition of mineral exploration assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

## 10. Related Party Transactions

During the half-year, and following the approval of Shareholders at the General Meeting of Shareholders held on 24 September 2021, the Company issued the following securities to Related Parties:

Related Party	Fully Paid Ordinary Shares	Unlisted Options Exercisable @ \$0.20 expiring 24 December 2023
Antony B Corel	911,230	1,882,460
Roger A Jackson	952,000	1,904,000
Ian B Mitchell	148,020	296,040
Benjamin P Emery	8,000,000	-
	<b>10,011,250</b>	<b>4,082,500</b>

Shares issued to Messer's Corel, Mitchell and Jackson were in satisfaction of amounts owed to these Directors totalling \$173,925 for DOCA contributions and \$27,200 for reimbursement of pre Public Offer expenses.

In addition to the above, and in addition to Directors fees, an amount of \$27,500 was paid to Mr Corel for legal services in connection with the acquisition of MIJ Holding Co Pty Ltd and an amount of \$27,500 was paid to a Company controlled by Mr Emery, prior to Mr Emery's appointment as a Director, for consulting fees in connection with the acquisition of MIJ Holding Co Pty Ltd.

All related party transactions have to receive Board approval in advance. All payments to related parties also receive Board approval. All transactions with Directors and their associates are conducted on an arms-length basis and in the ordinary course of business.

The Board is sufficiently knowledgeable and experienced to ensure that amounts paid for these services is in line with commercial expectations.

## 11. Subsidiaries

### a) Ultimate Controlling Entity

Ark Mines Ltd. is the ultimate controlling entity for the Group. On 20 December 2021, the Company completed its acquisition of MIJ Holding Co Pty Ltd ("MIJ") and its wholly owned subsidiaries. The former shareholders of MIJ now control 19.6% of the issued shares of the Company and are represented by one member of the four member Board.

### b) Subsidiaries

Company	Country of Incorporation	% Ownership
MIJ Holding Co Pty Ltd	Australia	100%
Mt Jesse Pty Ltd	Australia	100%
Gunnawarra Pty Ltd	Australia	100%
Mt Pluton Base Pty Ltd	Australia	100%

## 12. Commitments

### Exploration Expenditure Commitments

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

	Consolidated	
	December 2021	June 2021
Within 1 year	400	-
More than 1 year but not later than 5 years	400	-
More than 5 years but not later than 10 years	-	-
<b>Total</b>	<b>800</b>	<b>-</b>

## 13. Going Concern

The Financial Statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

On 20 December 2021, and following a Public Offer, the Company raised a total of \$4,702,700 in cash through the issue of 23,513,500 fully paid ordinary shares at an issue price of \$0.20 per share. As at 31 December 2021, the Company had \$4,501,057 in cash (2020: \$793,073) and all of the activities of the Company during the half year, up to the conclusion of the Public Offer, were funded by the provision of loans by shareholders and related parties.

The Company estimates that its working capital needs for at least 12-months from the date of this report will be satisfied from its currently available cash resources. On this basis, these accounts have been prepared on a going concern basis.

## 14. Fair Value Measurement

The estimated fair value of the Company's cash and cash equivalents, trade and other receivables and trade and other payables, approximate fair value, because of the short maturity and nature of these instruments, and therefore fair value information is not included in this note.

Refer to Note 9 for the estimated fair value of the Company's capitalised exploration and evaluation expenditure and Environmental bonds and security deposits.

## 15. Segment Information

The Company has identified its operating segment based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Management has identified exploration and evaluation of mineral resources as the Company's only operating segment as this is its principal activity.

## 16. Dividends

The Company has not declared or paid a dividend during the half-year.

## 17. Seasonality

The Company's activities have not been subject to seasonal trends.

## 18. Subsequent Events

No matters or circumstances have arisen since the end of the half-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 for the following:

On 16 February 2022, the Company announced to the ASX that it had entered into an MOU to sell oxide copper ore to R3D Resources Limited ("R3D") for treatment in R3D's heap leach – solvent extraction – crystallisation plant located on R3D's Tartana mining leases near Chillagoe, Queensland. Under the MOU, the two companies have agreed to work together to fast track production and sales of copper oxide ore from the Mt Jesse project subject to certain MOU conditions.

## **DIRECTORS' DECLARATION**

*For the half-year ended 31 December 2021*

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### **The Directors of the Company declare that:**

In their opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.



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**Antony Corel**

Director

Sydney, 14 March 2022





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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARK MINES LTD

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Ark Mines Ltd (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the Directors for the Half-Year Financial Report

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

# INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 2021

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARK MINES LTD (CONTINUED)

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the Corporations Act 2001 including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 14<sup>th</sup> day of March 2022.

## SCHEDULE OF TENEMENTS

As at 31 December 2021

Licence	Title name	Interest	Holder	Mineral	Location	Grant date	Expiry date	Status
EPM 26464	Mt Jesse	100%	Mt Jesse Pty Ltd	Iron	25km west of Mt Garnet and 176km from Cairns in far-north Queensland.	5 October 2017	4 October 2023	Current
EPM 26560	Gunnawarra	100%	Gunnawarra Pty Ltd	Nickel-Cobalt	40km south from the town of Mount Garnet in far-north Queensland.	23 November 2017	22 November 2023	Current
EPM 26883	Pluton	100%	Mt Pluton Base Pty Ltd	Porphyry Gold	90km Southwest of Cairns near Mareeba Queensland.	7 March 2019	6 March 2023	Current

