
QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2022

HIGHLIGHTS FOR QUARTER

- ✓ Ark engaged Ultramag Geophysics to undertake a detailed drone Magnetic survey across its Gunnawarra Ni Co project which commenced in late January.
 - High spatial resolution drone magnetic survey completed across 36km² at Ark's 100% owned Gunnawarra Nickel-Cobalt project
 - Substantial magnetic highs and lows are shown to coincide exceedingly well with the Nickel-Cobalt laterite deposits at surface and in the underlying ultramafic geology
 - Several high priority drill targets were identified

- ✓ Ark signed a Memorandum of Understanding with R3D Resources Limited (ASX: R3D) aimed at enabling Ark to fast-track commercialization of its copper oxide mineralisation at its Mt Jesse project by potentially selling ore to R3D at a price based on the prevailing copper price as well as other material factors.
 - MOU provides for Ark to sell oxide copper ore to R3D Resources Limited for treatment in R3D's heap leach – solvent extraction – crystallisation plant located on its Tartana mining leases near Chillagoe.
 - MOU also provides for Ark and R3D to collaboratively work together enabling Ark to commence resource drilling.

- ✓ In late March Ark undertook a 1500m Reverse Circulation (RC) drilling program at the highly prospective Gunnawarra nickel cobalt project in the Mount Garnet NQ area
 - Targeting the Ni Co laterites within the tenement
 - Nickel and Cobalt mineralisation intersected up to 60 metres in depth – decision taken to extend drill program given extent of intersections

- ✓ Ark expects assay results mid to later May.

Queensland-focused exploration and project development company **Ark Mines Limited (ASX: AHK) ('Ark' 'the Company')** is pleased to provide this Quarterly Activities Report for the period ended 31 March 2022 (the 'quarter').

Reinstatement to ASX official quotation

On the 16 December 2021, the Company announced that the public offer for its shares pursuant to its Prospectus dated 27 September 2021 had been closed. Following the successful completion of its public offer and re-compliance with Chapters 1 and 2 of the ASX Listing Rules, Ark resumed trading on the ASX on 24 December 2021.

The number of shares subscribed for under the Public Offer was 23,513,500 ordinary post consolidated shares raising \$4,702,700.

Memorandum of Understanding (MOU)

The MOU provides an opportunity for Ark to fast track the evaluation of its Mt Jesse oxide copper project which could potentially lead to early commercialization and cash flow from the project through the sale of copper ore to R3D.

Subject to conditions in the MOU, R3D has agreed to purchase copper ore at a price that is based on the LME copper price in relation to the copper grade as well as metallurgical considerations such as copper recovery and acid consumption.

R3D can potentially treat the Mt Jesse copper ore through its heap leach – solvent extraction – crystallization plant located at its Tartana mine site. This plant has been on care and maintenance since 2014, following a decade of operation producing copper sulphate for sales into the mining and stockfeed industries. R3D has announced that it expects first production in the September Quarter 2022 following a 6-month refurbishment period.

The MOU's purpose is to provide the framework for the potential sale and purchase of oxide copper ore between Ark and R3D with both parties working towards this outcome. The MOU provides for the exchange of confidential information by both parties and following resource evaluation, negotiation of a definitive and binding agreement.

It is expected that the following activities will be required to formalize the MOU:

- i) Resource and Reserve definition
- ii) Metallurgical test work
- iii) Trial mining
- iv) Trial processing
- v) Regulatory approval

Under the MOU each party grants the other party legally binding pre-emptive rights for the placement and acceptance of oxide copper ore subject to conditions in the MOU for a period of 9 months from the signing of the MOU.

Summary of Drone Magnetic Results

Ark undertook a high spatial resolution drone magnetic survey across Gunnawarra's 36km² tenure in February. The Company used unmanned aerial vehicles which provides comparable resolution at 10x the speed and a quarter of the cost of traditional methods.

The results from the survey were of excellent quality with high resolution data providing Ark with a clear and detailed aeromagnetic image of the project. The magnetic highs are shown to coincide exceedingly well with the Nickel-Cobalt laterite deposits at surface and in the underlying ultramafic geology.

With definitive outlines of the Nickel-Cobalt mineralisation surface and under surface locations confirmed, Ultramag has recommended several drill targets areas identified in *image two* below. In addition, serpentinites and ultra-mafic basement rocks have given a strong signature which provides Ark with further exploration opportunities.

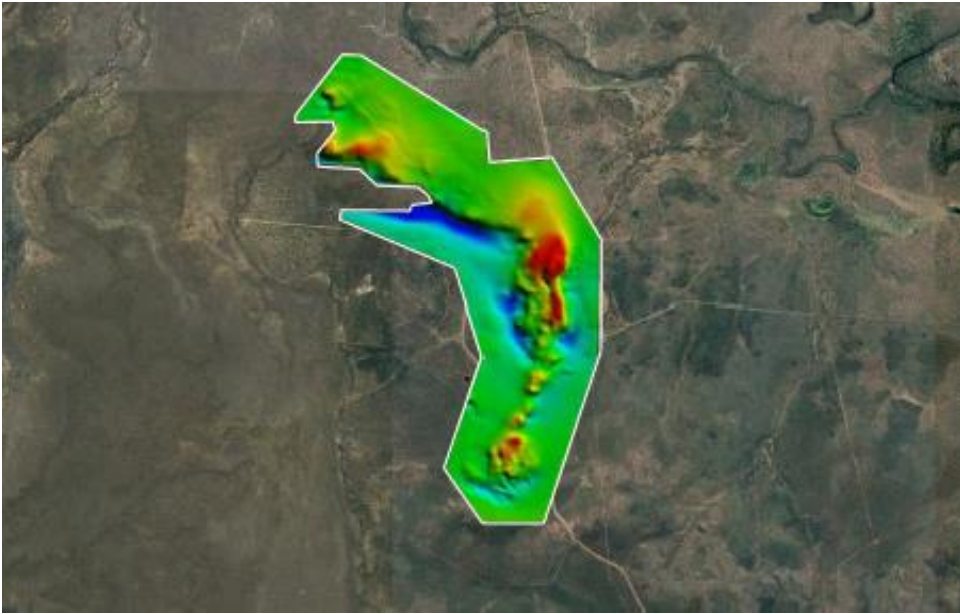


Figure 1 Drone Magnetics over Gunnawarra Ni Co project

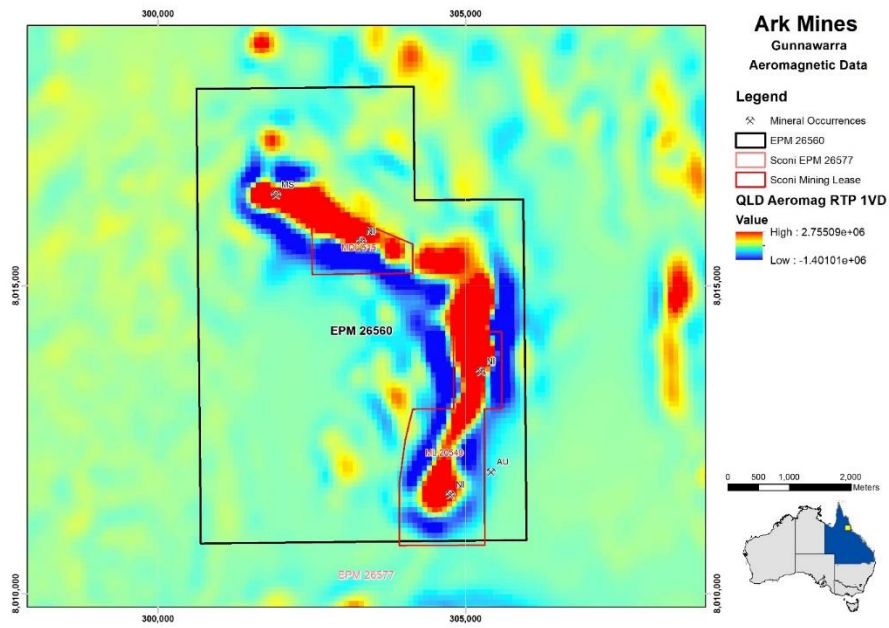


Figure 2 Regional magnetics over Gunnawarra

Maiden drilling programs

At the completion of first phase of drilling, Nickel and Cobalt mineralisation has been intersected up to 60 metres in depth in the targeted laterites. Given the encouraging results, the drill program was extended by at least another 400m to the west.

As previously announced, the 1,500m RC drill program was targeting known mineralisation in shallow laterites as well as other potential mineralisation in some step out locations (refer ASX announcement: 30 March 2022). The extensive nickel and cobalt mineralisation intersected adds to the lateritic material encountered from the initial 500 metres of drilling.

Mineralisation was identified using handheld XRF. However accurate grades will be determined by assaying at NAL in Pine Creek, with results expected in mid May.



Figure 3 Drill Hole locations at Gunnawarra Ni Co project



Figure 4 drilling grid tracks at Gunnawarra



Figure 5 RC drilling at Gunnawarra

This announcement has been approved by the Board of Ark Mines Limited.

Further Information:

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About Ark Mines Limited

Ark Mines is an ASX listed Australian mineral exploration company focused on developing its 100% owned projects located in the prolific Mt Garnet and Greenvale mineral fields of Northern Queensland. The Company's exploration portfolio consists of three high quality projects covering 65km² of tenure that are prospective for copper, iron ore, nickel-cobalt and porphyry gold:

Mt Jesse Copper-Iron project

- Project covers a tenure area of 12.4km² located ~25km west of Mt Garnet
- Centered on a copper rich magnetite skarn associated with porphyry style mineralization
- Three exposed historic iron formations
- Potential for near term production via toll treat and potential to direct ship

Gunnawarra Nickel-Cobalt project

- Comprised of 11 sub-blocks covering 36km²
- Borders Australian Mines Limited Sconi project - the most advanced Cobalt-Nickel-Scandium project in Australia
- Potential synergies with local processing facilities with export DSO Nickel/Cobalt partnership options

Pluton Porphyry Gold project

- Located ~90km SW of Cairns near Mareeba, QLD covering 18km²
- Prospective for gold and associated base metals (Ag, Cu, Mo)
- Porphyry outcrop discovered during initial field inspection coincides with regional scale geophysical interpretation.

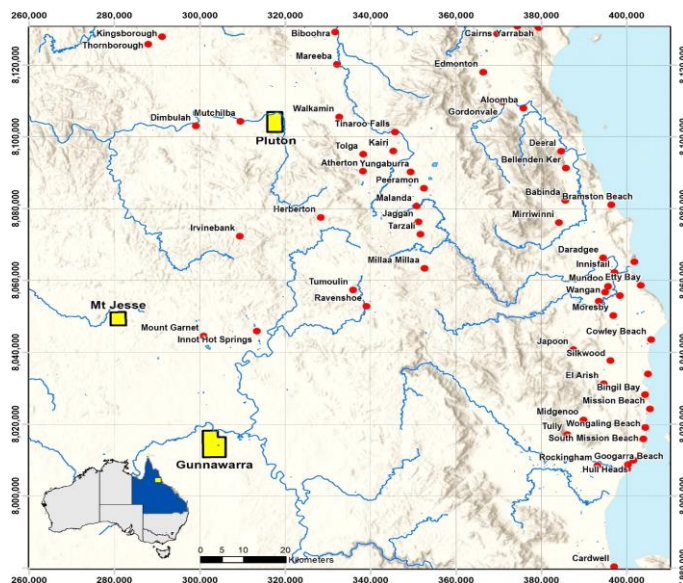


Figure 6 Ark tenement locations

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.