
QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

HIGHLIGHTS

- ❖ Reinstatement to official quotation on ASX following successful completion of re-compliance raising
- ❖ 23.5m shares subscribed for under the public offer raising \$4.7m
- ❖ Planning of maiden drilling programs completed
- ❖ Mount Jesse Copper-Iron project to be drilled in the first quarter of 2022, followed by drilling of the Gunnawarra Nickel-Cobalt project
 - Mount Jesse Copper-Iron Project (EPM 26464): First pass 1,000m relatively shallow angled holed reverse circulation ('RC') drilling program to be undertaken, stepping out from the exposed knobs
 - Gunnawarra Nickel-Cobalt project (EPM 26560): 800m shallow vertical holed RC drilling planned

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 December 2021 (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.

Maiden drilling programs

Plans to begin the maiden drill programs at the Company's two priority projects, Mt Jesse and Gunnawarra, were completed during the quarter with Ark set to commence drilling in the first quarter of 2022.

Mount Jesse Copper-Iron Project (EPM 26464):

Mount Jesse is located ~25km west of Mt Garnet and 176km from Cairns 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.

The maiden drill program at Mount Jesse includes a 1,000m shallow angled holed reverse circulation drilling program targeting the Southwest trending magnetic anomaly targeting the Jesse Iron Formation. In addition, Ark will undertake

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

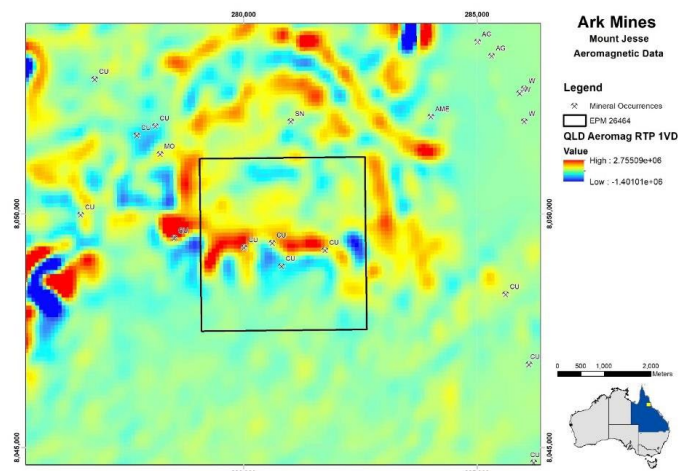


Image 1: Mount Jesse Aeromagnetic data

Gunnawarra Nickel-Cobalt project (EPM 26560)

Located ~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 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 Mount 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.

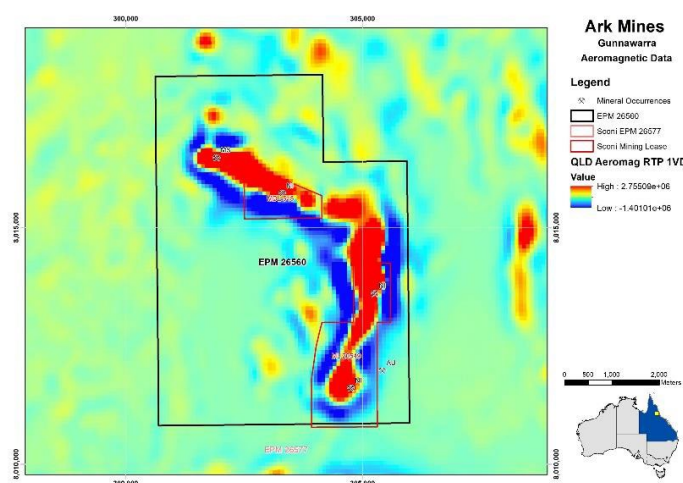


Image 2: Gunnawarra Aeromagnetic data

Pluton Gold project (EPM 26883)

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.

Events subsequent to the end of the quarter

Subsequent to the end of the quarter, Ark commenced exploration activity at the Gunnawarra Nickel-Cobalt project engaging Ultramag Geophysics to undertake a detailed drone Magnetic survey across the project in early February.

The high-resolution magnetic surveys using UAVs (Dronemag) 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.

The survey will aim to confirm the existence of already identified drill target locations well as define additional targets.

Executive Director Ben Emery commented: *"The board is delighted to have completed the reinstatement to official quotation on the ASX this quarter. Ark is now well capitalised with over \$4.5m in available funds which allows us to shift our focus to the commencement of exploration initiatives across our three highly prospective 100% owned projects."*

"On the back of careful planning and consideration, we are fortunate to be in a position to be able to commence drilling in early 2022 so soon after ASX re-listing. The exploration team have finalised the planning of our maiden drilling programs at our priority projects at Mt Jesse and Gunnawarra with the aim to maximise the impact of these first drill programs."

"With projects prospective for high-demand battery minerals such as copper and nickel, we are well placed and committed to executing our exploration strategy developing these projects, allowing us to unlock significant value across the entire suite of projects. We intend to provide regular updates over the coming weeks and months as the programs continue to develop and drilling starts."

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

Related Party Payments

During the quarter the Company made related party payments, at normal commercial rates, of \$50,167 for Directors fees, \$25,200 for a consultancy fee to a Director, and \$25,000 for legal services provided by a Director.

Although paid in the current quarter, these fees relate to services provided during the six-month period ending 31 December 2022..

Further Information:

Roger Jackson
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Executive Director
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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.

Competent Persons Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of Australian Institute of Company Directors. Mr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". Mr. Jackson consents to the inclusion of the data contained in relevant resource reports used for this announcement as well as the matters, form and context in which the relevant data appears.

Forward Looking Statements and Important Notice

This report contains forecasts, projections and forward-looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations and estimates and projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of Ark Mines control.

Actual results and developments will almost certainly differ materially from those expressed or implied. Ark Mines has not audited or investigated the accuracy or completeness of the information, statements and opinions contained in this announcement. To the maximum extent permitted by applicable laws, Ark Mines makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this report and without prejudice, to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this report.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Ark Mines Ltd

ABN

31 123 668 717

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers			
1.2 Payments for			
(a) exploration & evaluation			
(b) development			
(c) production			
(d) staff costs			
(e) administration and corporate costs		(205)	(264)
1.3 Dividends received (see note 3)			
1.4 Interest received			
1.5 Interest and other costs of finance paid			
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other (Net GST)		(25)	(32)
1.9 Net cash from / (used in) operating activities		(230)	(296)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) tenements			
(c) property, plant and equipment			
(d) exploration & evaluation			
(e) investments			
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,703	4,703
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(50)	(77)
3.5	Proceeds from borrowings	20	208
3.6	Repayment of borrowings	-	(38)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other		
3.10	Net cash from / (used in) financing activities	4,673	4,796

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	58	1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(230)	(296)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,673	4,796

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,501	4,501

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,501	58
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,501	58

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(100)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(230)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(230)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,501
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,501
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	19.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	NA	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	NA	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	NA	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 January 2022

Date:

Ian B. Mitchell
Company Secretary

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.