



(Subject to a Deed of Company Arrangement)

ACN 123 668 717

Financial Report

For the Half-Year Ended 31 December 2020

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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
Principal Place of Business	C\ - KordaMentha Level 10 40 St Georges Terrace Perth WA 6000
Share Register	Next Registries PO Box H195 Australia Square NSW 1215
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 (Subject to a Deed of Company Arrangement) shares are listed on the Australian Securities Exchange (ASX code: AHK)
Website Address	www.arkmines.com

Your Directors present their report together with the financial statements of Ark Mines Ltd (Subject to a Deed of Company Arrangement) (the "Company" or "Ark") for the financial half-year ended 31 December 2020.

Directors

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

- Antony B Corel
- Roger A Jackson
- Ian B Mitchell

Review of Operations

On 26 July 2020, the Directors notified the Deed Administrators of their concerns regarding the possibility that the Company would be delisted by the ASX unless its ASX reporting was brought up to date by 25 September 2021 as well as its overdue ASIC reporting requirements. The Directors advised the Deed Administrators that they were in a position to execute the DOCA immediately.

The Conditions Precedent included execution of the Asset Sale Agreement. Completion of the Asset Sale agreement has been extended by the Deed Administrators several times up to 26 March 2021.

The Directors raised the Contribution Balance and this was paid 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 the sum of \$70,149 on 11 June 2021.

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

The Company has now signed a binding head of agreement ("HoA") with Bmax Holdings Pty Limited ("Bmax") to acquire 100% of the issued shares in MIJ Holdings Pty Ltd ("MIJ") ("Acquisition"). 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 the issue of new fully paid ordinary shares in Ark Mines Ltd, at a deemed issue price of \$0.20 per share (post a 1 for 20 consolidation) to Bmax, the vendor of MIJ, or its nominee.

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 \$4.5m 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 7,066,230 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 loans to the Company made to fund the DOCA, including the DOCA Contribution Balance of \$100,000 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 loans 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 for the Company during the half-year was \$40,104 (2019: Loss \$738,634).

Subsequent Events

The review of operations discussed above covers the period of the half-year ending 31 December 2020 and up to the date of this report. Details of all events that occurred specifically between 31 December 2020 and the date of this report are shown in note 18 to the financial statements.

DIRECTORS' REPORT

For the half-year ended 31 December 2020

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2020 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.



Antony B Corel

Chairman

Sydney, 31 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 2020



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 half-year ended 31 December 2020, 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 31st day of August 2021.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Note	December 2020	December 2019
		\$	\$
Revenue from ordinary activities			
Interest income		-	147
Total revenue		-	147
Less: Expenses			
Accounting and secretarial expenses		5,000	16,719
Administration costs		358,591	8,000
ASX listing costs		12,500	16,155
Audit fees		15,000	21,330
Depreciation		2,989	1,993
Directors' fees		-	48,520
Insurance		-	10,865
Share registry costs		-	2,145
Travel and accommodation expenses		-	8,240
Other expenses from ordinary activities		-	7,407
Total expenses		394,080	141,374
Loss from operating activities		(394,080)	(141,227)
Fair value movement of derivative liability		434,184	(575,730)
Finance costs		-	(21,683)
Net foreign exchange gains		-	6
Profit before income tax		40,104	(738,634)
Income tax expense		-	-
Loss from continuing operations after income tax		40,104	(738,634)
Other comprehensive loss for the year	10	-	-
Total comprehensive loss for the year		40,104	(738,634)
Earnings per share			
Basic - cents per share		0.08	(1.40)
Diluted - cents per share		0.08	(1.40)

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 31 December 2020

	Note	December 2020	June 2020
		\$	\$
Current assets			
Cash and cash equivalents		793,073	40,481
Trade and other receivables	3	141,556	44,469
Capitalised exploration and evaluation expenditure	4	3,165,472	3,134,640
Environmental bonds	5	122,259	122,259
Plant and equipment		-	2,989
Total current assets		4,222,360	3,344,838
Total assets		4,222,360	3,344,838
Current liabilities			
DOCA contribution	6	100,000	100,000
Asset sale agreement deposit	7	1,400,000	150,000
Trade and other payables	8	1,155,093	1,133,491
Borrowings	9	750,000	750,000
Derivative liability	10	8,485,948	8,920,132
Total current liabilities		11,891,041	11,053,623
Total liabilities		11,891,041	11,053,623
Net assets		(7,668,681)	(7,708,785)
Equity			
Contributed equity	11	9,976,683	9,976,683
Accumulated losses		(17,645,364)	(17,685,468)
Total equity		(7,668,681)	(7,708,785)

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

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	Note	December 2020	December 2019
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(406,576)	(35,852)
Interest received		-	147
Interest and finance costs and exchange losses		-	(15,427)
Net cash used in operating activities		(406,576)	(51,132)
Cash flows from investing activities			
Payment to secure release of tenement Royalty		(60,000)	-
Payment for exploration and evaluation expenditure		(30,832)	(22,824)
Proceeds from term deposit released		-	10,000
Net cash used in investing activities		(90,832)	(12,824)
Cash flows from financing activities			
Proceeds from asset sale deposit		1,250,000	-
Proceeds from funding received by Administrators		-	30,000
Proceeds from share issues - net of share issue costs		-	36,436
Proceeds from loans		-	3,000
Net cash provided by financing activities		1,250,000	69,436
Net increase in cash held		752,592	5,480
Cash at beginning of financial year		40,481	1,348
Cash at end of financial year		793,073	6,828

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

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2020

Note	Issued capital	Acc. losses	Total
	\$	\$	\$
December 2020			
Balance at 1 July 2020	9,976,683	(17,685,468)	(7,708,785)
Total comprehensive income for the year	-	40,104	40,104
Total	9,976,683	(17,645,364)	(7,668,681)
<u>Transactions with owners in their capacity as owners</u>			
Ordinary shares issued, net of transaction costs	-	-	-
Balance at 31 December 2020	9,976,683	(17,645,364)	(7,668,681)
December 2019			
Balance at 1 July 2019	9,940,247	(15,239,707)	(5,299,460)
Total comprehensive income for the year	-	(738,634)	(738,634)
Total	9,940,247	(15,978,341)	(6,038,094)
<u>Transactions with owners in their capacity as owners</u>			
Ordinary shares issued, net of transaction costs	36,436	-	36,436
Balance at 31 December 2019	9,976,683	(15,978,341)	(6,001,658)

The above 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 2020

1. Corporate Information

Ark Mines Ltd (Subject to a Deed of Company Arrangement) is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The principal activity of the Company for the half-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. Significant Accounting Policies

These financial statements for the half-year reporting period ended 31 December 2020 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 (Subject to a Deed of Company Arrangement) and was authorised for issue in accordance with a resolution of Directors on 31 August 2021. 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 Company as the annual financial report. The half-year financial report should be read in conjunction with the annual financial report of Ark Mines Ltd (Subject to a Deed of Company Arrangement) as at 30 June 2020 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.

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.

Significant accounting policies

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 2020.

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.

3. Trade and Other Receivables

GST recoverable
Other receivables
Total

	December 2020	June 2020
	\$	\$
	47,765	10,678
	93,791	33,791
	141,556	44,469

4. Capitalised Exploration and Evaluation Expenditure

Opening balance
Capitalised during the period
Closing Balance

	3,134,640	3,052,323
	30,832	82,317
	3,165,472	3,134,640

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

	December 2020	June 2020
5. Environmental Bonds		
EL 23237 Frances Creek	5,223	5,223
ML 23139 Mt Porter Mining Management Plan bonds	80,329	80,329
ML 29679 Glencoe	36,707	36,707
Total	122,259	122,259
6. DOCA Contributions		
Contributions received	100,000	100,000
Total	100,000	100,000
<p>On 6 January 2020, Creditors voted to accept a DOCA proposed by the Directors of the Company for total consideration of \$663k as this would result in a better return to creditors in timing, quantum, and certainty than other DOCA proposals received, or if the Company was liquidated. An initial payment of \$75k was made on 7 February 2020 and a further payment of \$25k was made on 2 June 2020. Please see note 18 – Subsequent Events for the latest details of the Administration process.</p>		
7. Asset Sale Agreement Deposit		
Deposits received	1,400,000	150,000
Total	1,400,000	150,000
<p>The Administrators agreed terms for an Asset Sale Agreement for the sale of the Company's with Ausgold Trading Pty Ltd for the sale of the Company's mining tenements and associated assets for \$4.15m. Of this amount, a deposit of \$150k was received on 29 January 2020 and a further amount of \$1.25m on 15 December 2020. Please see note 18 – Subsequent Events for the latest details of the Administration process.</p>		
8. Trade and Other Payables		
Trade creditors	77,148	67,148
Other payables – Directors' fees	558,404	558,404
Deferred Directors' fees	449,855	449,855
Accruals	66,686	55,084
Other payable	3,000	3,000
Total	1,155,093	1,133,491
9. Borrowings - Current		
Interest bearing loan from related party	750,000	750,000
Total	750,000	750,000

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

	December 2020	June 2020
10. Derivative Liability		
Balance at the beginning of the period	8,920,132	6,854,682
Fair value movement	(434,184)	2,065,450
Closing Balance	8,485,948	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 \$8,485,948 as at 31 December 2020 represents the fair value of the gold that would have needed to be delivered to satisfy this liability at that date, less an amount of \$250,000 repaid in the 2019 financial year.

The movement of \$434,184 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.

Please see the Company's 30 June 2020 Annual Report for further details on this liability.

Please see note 18 – Subsequent Events for the latest details of the Administration process.

11. Contributed Equity

No options over unissued ordinary shares were issued during the period.

Ordinary Shares Number

	No.	No.
Balance at the beginning of the period	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 period	52,321,175	52,321,175

Ordinary Shares Value

	\$	\$
Balance at the beginning of the period	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 period	9,976,683	9,976,683

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:

	December 2020	June 2020
Within 1 year	-	10,795
More than 1 year but not later than 5 years	-	34,000
More than 5 years but not later than 10 years	-	-
Total	-	447,95

These commitments refer to assets that are subject to an asset sale agreement being pursued by the Administrators as part of the Administration process.

Please see the Company's 30 June 2020 Annual Report for further details on the Administration process.

Please see note 18 – Subsequent Events for the latest details of the Administration process.

13. 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.

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 \$100,000 DOCA Contribution Balance 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 9m ordinary shares, subject to shareholder approval; and
- the Company expects to raise additional capital of at least \$4.5m (“Capital Raising”), subject to shareholder approval, by 25 October 2021.

Further details of the post year end events above are included in Note 18 – 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 \$4.5m 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.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2020

14. Fair Value Measurement

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods.

The estimates presented are not necessarily indicative of the amounts that will ultimately be realised by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

For cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts approximate fair value, because of the short maturity and nature of these instruments, and therefore fair value information is not included in this note.

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 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 10 June 2021, after the Due Date of the DOCA had been extended a number of times, the Directors raised the DOCA Contribution Balance and this was paid to the Deed Administrators.

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

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

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

On 10 June 2021, the Deed of Administration was concluded and control of the Company returned to the Directors.

On 25 August 2021, the Company announced that it had signed a binding head of agreement ("HoA") with Bmax Holdings Pty Limited ("Bmax") to acquire 100% of the issued shares in MIJ Holdings Pty Ltd ("MIJ") ("Acquisition"). 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 the issue of new fully paid ordinary shares in Ark Mines Ltd, at a deemed issue price of \$0.20 per share (post a 1 for 20 consolidation) to Bmax, the vendor of MIJ, or its nominee.

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 \$4.5m in new capital by the issue of new ordinary shares ("Capital Raising").

18. 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 \$5m new capital;
- issue 7,066,230 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 loans to the Company made to fund the DOCA, including the DOCA Contribution Balance of \$100,000 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 loans made to the Company post 30 June 2021 to fund the Company prior to the Capital Raising.

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

DIRECTORS' DECLARATION

For the half-year ended 31 December 2020

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 2020 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.



Antony Corel

Director

Sydney, 31 August 2021



Moore Australia Audit (WA)

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

Report on the Half-Year Financial Report

Opinion

We have reviewed the accompanying half-year financial report of Ark Mines Limited (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and the directors' declaration.

Based on my 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 Company's financial position as at 31 December 2020 and of its financial 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*.

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 13 to the financial statements concerning the Company's ability to continue as a going concern. As disclosed in Note 13 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.

Emphasis of Matter – Comparative Financial Information

The previous auditor disclaimed an opinion on the comparative financial information as at 31 December 2020 and for the year then ended on the basis that they were "unable to obtain sufficient appropriate audit evidence in relation to the Asset Sale Agreement being executed in an appropriate time frame and whether the conditions precedent on the term sheet with certain investors will be met to enable the DOCA to be effectuated as there was not sufficient information available". We note that these matters have since been satisfactorily concluded by the Company.

We did not audit the comparative financial information and accordingly do not express an opinion on them.

Basis for Opinion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditors Responsibilities for the Review of the Financial Report section of our Report.

INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 2020



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

Directors' Responsibilities 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.

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.

Auditor's Responsibility for the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2020 and its financial 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*.

As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Handwritten signature of Wen-Shien Chai in blue ink.

WEN-SHIEN CHAI
PARTNER

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

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 31st day of August 2021.

SCHEDULE OF TENEMENTS

As at 31 December 2020

Licence	Title name	Interest	Mineral	Grant date	Expiry date	Status
ML 29679	Glencoe	100%	Gold	27 September 2012	26 September 2022	Current
ML 23839	Mt. Porter	100%	Gold	2 February 2005	1 February 2030	Current
EL 23237	Frances Creek South	100%	Gold	8 December 2003	7 December 2020	Current
ELR 116	Mt. Porter	100%	Gold	12 September 1990	11 September 2021	Current
ML 24727	Frances Creek	100% - Gold rights only	Gold	5 April 2007	4 April 2032	Current
ML 25087	Frances Creek	100% - Gold rights only	Gold	24 April 2007	23 April 2032	Current
ML 25088	Frances Creek	100% - Gold rights only	Gold	24 April 2007	23 April 2032	Current
ML 25529	Frances Creek	100% - Gold rights only	Gold	22 December 2010	21 December 2035	Current
ML 27225	Frances Creek	100% - Gold rights only	Gold	17 August 2012	16 August 2037	Current
ML 27226	Frances Creek	100% - Gold rights only	Gold	21 January 2014	20 January 2039	Current
ML 27227	Frances Creek	100% - Gold rights only	Gold	20 October 2011	19 October 2036	Current
ML 27228	Frances Creek	100% - Gold rights only	Gold	26 September 2011	25 September 2036	Current
ML 27229	Frances Creek	100% - Gold rights only	Gold	20 October 2011	19 October 2036	Current
ML 27230	Frances Creek	100% - Gold rights only	Gold	21 January 2014	20 January 2039	Current
EL 10137	Frances Creek	100% - Gold rights only	Gold	10 July 2002	9 July 2020	Current

