



17 November 2020

QUARTERLY REPORT

For Quarter ended 31 March 2020

(ASX:AHK)

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha (“Administrators”) were appointed Voluntary Administrators of the Company by Chan. On appointment, the Company’s Board of Directors’ (“Board”) powers were suspended and the Administrators assumed control of the Company’s affairs and assets.

On 6 January 2020, the reconvened second meeting of creditors was held. The purpose of this meeting was to consider the Administrators’ report to creditors to determine the future of the Company and to approve the Administrators’ remuneration. At this meeting:

- The Administrators reported that they had agreed terms for an asset sale agreement (“Asset Sale Agreement”) with Ausgold Trading Pty Ltd (“Ausgold”) for the sale of the Company’s mining tenements and associated assets for \$4.2 million (“Asset Sale”). Under this transaction structure, the Company’s mining tenements and associated assets would be sold first and transferred out of the Company, with net proceeds applied to the repayment of secured debt, following which the Company would then be recapitalised via a Deed of Company Arrangement, with part of the proceeds applied to the further repayment of secured debt and unsecured creditors.
- The Administrators tabled the Deed of Company Arrangement proposals received and reported that they considered it in the creditors’ interests for the Company to accept the Deed of Company Arrangement (“DOCA”) proposed by the Directors of the Company (“Directors”) for total consideration of \$663k, as this would result in a better return to creditors in timing, quantum, and certainty, than other DOCA proposals or if the Company was liquidated.
- It was determined by creditor vote that the Company accept and execute the DOCA proposed by the Directors.

Subsequent to the reconvened second meeting of creditors, the following key events have occurred:

On 28 January 2020, the Administrator executed the Asset Sale Agreement with Ausgold.

On 28 January 2020, the Administrator executed the DOCA.

On 7 February 2020, a \$75k deposit procured by the Directors from interested investors, was paid with the expectation that the DOCA would be closed within 60 days.

Under the terms of the DOCA, control of the Company was to be returned to the Directors following satisfaction of the Conditions Precedent by the Due Date (“Due Date”), initially being 31 March 2020.

The Conditions Precedent include execution of the Asset Sale Agreement. Completion of the Asset Sale agreement has been extended by the Administrator several times as noted by the extensions of the Due Date.

The directors requested an extension of the DOCA on the 27th of March and this was provided by the Administrator until the 30th of April.



Roger Jackson

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

"by authority and as directed by the Deed Administrators"

Appendix 5B

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

Name of entity

Ark Mines Ltd (Subject to a Deed of Company Arrangement)

ABN

31 123 668 717

Quarter ended ("current quarter")

March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(19)	(36)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(94)	(136)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		(15)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Net GST)	8	12
1.9 Net cash from / (used in) operating activities	(105)	(175)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	150	150
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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 (proceeds of a DOCA)	75	75
2.6 Net cash from / (used in) investing activities	225	225

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		41
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		
3.5 Proceeds from borrowings		3
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (Funding provided to Administrator)	30	60
3.10 Net cash from / (used in) financing activities	30	104

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6	2
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(105)	(175)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	225	225
4.4 Net cash from / (used in) financing activities (item 3.10 above)	30	104

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	156	156

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	156	6
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)	156	6

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	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><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></p>		

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

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	0	0
7.5 Unused financing facilities available at quarter end		0
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)	(105)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	0
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(105)
8.4 Cash and cash equivalents at quarter end (item 4.6)	156
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	156
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5
<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?	
Answer: Yes.	
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?	
Answer: Yes. The Company is currently in the hands of an Administrator and activities are being funded from asset sales, the proceeds of a DOCA and contributions from the secured creditor.	

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

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?

Answer: *Yes. The Company is currently subject to a Deed of Company Arrangement. Refer to Notes 22 and 23 of the Company's 2019 Annual Report lodged with ASX on 16 October 2020 for further details.*

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.

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.

Date: 17 November 2020

Authorised by: 

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

IAN MITCHELL – SECRETARY/DIRECTOR by authority and advised by the Deed Administrators

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.