



ASX ANNOUNCEMENT

16 FEBRUARY 2022

ARK SIGNS MOU WITH R3D RESOURCES FOR COPPER ORE SALES

HIGHLIGHTS

- ❖ Ark achieves a key step in the development of its Mt Jesse project located in Mt Garnet, Qld
- ❖ MOU provides for Ark 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, Qld
- ❖ R3D’s plant capacity means it can purchase copper ore containing up to 2,375 t Cu recovered copper per annum and will comprise part of the plant’s copper feed mix. Sales price will depend on the prevailing copper price and other factors such as copper grade and actual recoveries
- ❖ MOU provides for Ark and R3D to collaboratively work together motivating Ark to commence resource drilling as soon as practicable

Queensland-focused exploration and project development company **Ark Mines Ltd (ASX: AHK) (“Ark”)** has signed a Memorandum of Understanding (“MOU”) with **R3D Resources Limited (ASX: R3D) (“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.

R3D has the capacity to process oxide ore through its heap leach – solvent extraction – crystallization plant which is designed to produce copper sulphate for sales into the Queensland mining industry. R3D announced earlier this year it was targeting first production in the September Quarter 2022 following a 6-month refurbishment period. R3D’s Tartana operations are located approximately 150 km from Ark’s Mt. Jesse project.

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 the MOU conditions.

ARK Executive Director Ben Emery commented: *“The MOU signing and potential sales of oxide copper ore to R3D is a great outcome for both companies. For ARK it provides a faster route to commercialisation of the oxide copper ore from Mt Jesse.”*

R3D Managing Director Steve Bartrop commented: *“The MOU leading to the potential purchase of copper oxide ore is consistent with our strategy of restarting copper sulphate production and utilising a mix of copper feedstocks to optimise profitability and longevity”.*

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.

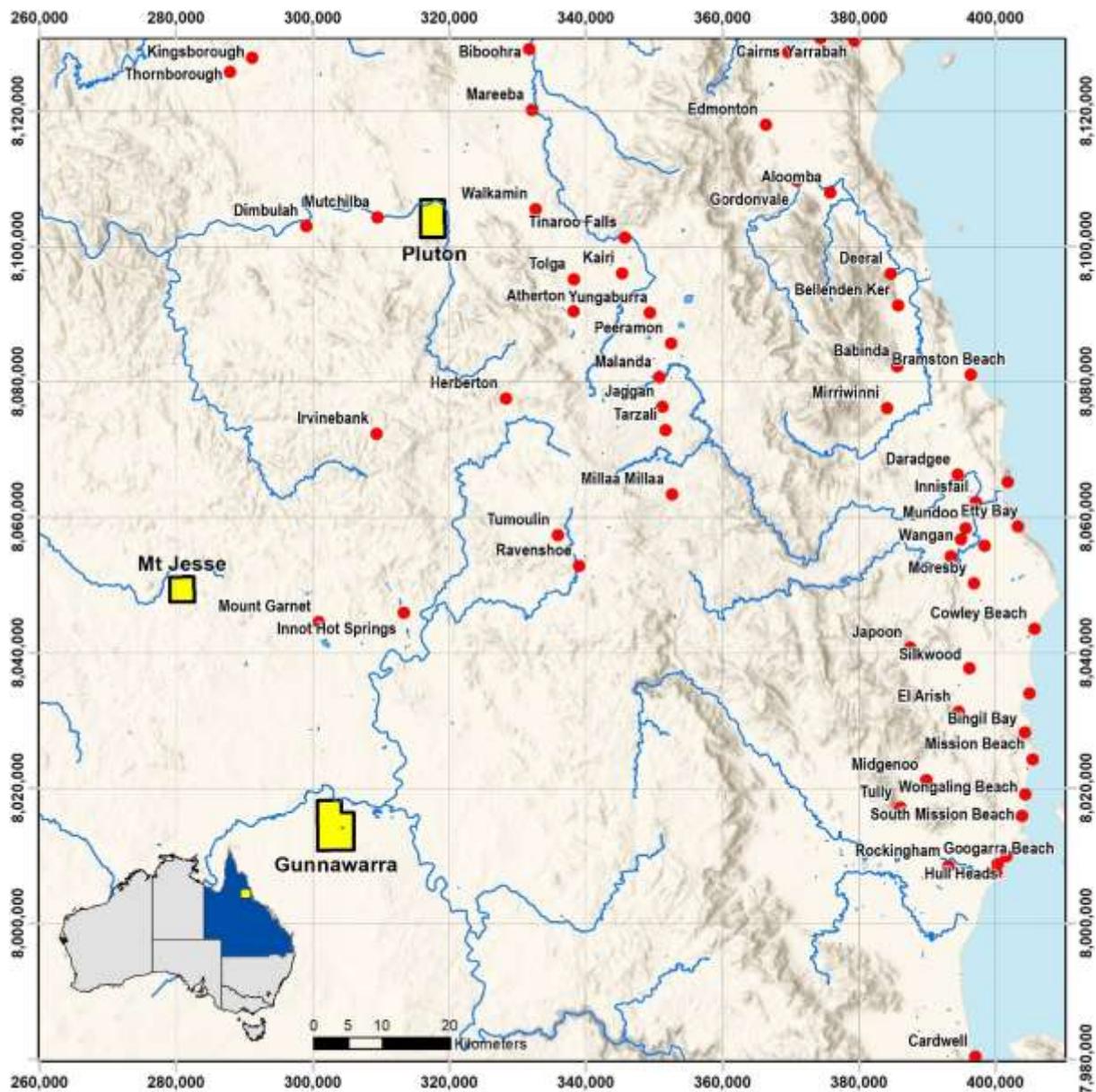


Image 2: Gunnawarra Ni Co project location

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

Further Information:

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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.