

For personal use only



ACN 123 668 717

# ***Annual Report***

---

*For the Year Ended 30 June 2022*

## CORPORATE DIRECTORY

<b>Directors</b>	Antony B Corel Roger A Jackson Ian B Mitchell Benjamin P Emery
<b>Company Secretary</b>	Ian B Mitchell
<b>Registered office</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: +61 (0)2 9232 5444
<b>Principal Place of Business</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: +61 (0)2 9232 5444
<b>Share Register</b>	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford Victoria 3067 GPO Box 3224 Melbourne Victoria 3001 Telephone: +61 (0)3 9415 4000
<b>Auditor</b>	Moore Australia (WA) Pty Ltd Level 15 Exchange Tower 2 The Esplanade, Perth WA 6000
<b>Solicitors</b>	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
<b>Bankers</b>	National Australia Bank 292 Pitt Street Sydney NSW 2000
<b>Securities Exchange Listing</b>	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
<b>Website Address</b>	<a href="http://www.arkmines.com">www.arkmines.com</a>

For personal use only

# ARK MINES LTD.

ACN 123 668 717

## Annual Report

For the Year Ended 30 June 2022

<b>Contents</b>	<b>Page</b>
Chairman's Letter to Shareholders	1
Managing Director's Review of Operations	2
Directors' Report	8
Auditor's Independence Declaration	14
Consolidated Statement of Profit or Loss	17
Consolidated Statement of Financial Position	18
Consolidated Statement of Cash Flows	19
Consolidated Statement of Changes in Equity	20
Notes to the Financial Statements	21
Directors' Declaration	35
Independent Auditor's Review Report	36
Schedule of Tenements	40
Additional ASX Information	41



# CHAIRMAN'S LETTER TO SHAREHOLDERS

For the year ended 30 June 2022



*"To the investors who supported the company's relisting and to the many shareholders that have invested since that date, the Company's board thanks you for your precious support."*

Dear Shareholders,

On behalf of my fellow Directors, it is with great pleasure that I can share with you our first Annual Report since Ark Mines Ltd ("Company") relisted on the Australian Securities Exchange (ASX) on 24 December 2021.

To the investors who supported the Company's relisting and to the many shareholders that have invested since that date, the Company's Board thanks you for your precious support. In particular, I would like to acknowledge the crucial roles played by Sanlam Private Wealth Pty Ltd and Six Degrees Investors Relations throughout the relisting process, without whom our objectives may not have been realised.

Having successfully navigated many significant headwinds over the last 24 months, including a longer than planned voluntary administration and the global COVID-19 pandemic, the Company has refreshed its aims and oriented itself towards a future in which it can play a meaningful role in sustainable economies through the supply of essential minerals required to produce electric vehicle batteries.

Prior to relisting in 2021, the Company secured the right to acquire 100% of the issued capital of MIJ Holdings Pty Limited, which held three highly prospective, yet underexplored, iron, nickel/cobalt, copper and gold projects in Northern Queensland. The acquisition was closed once relevant ASX conditions for the Company's 2021 relisting had been satisfied.

To date, the Company has focused its attention on its Gunnawarra Nickel/Cobalt project and the Company's Directors are very pleased with the results of the initial 2,000m 45-hole reverse circulation drilling program conducted through March and April 2022, which builds upon an existing 2004 JORC inferred resource for "the Pod" of 280,000 tonnes comprising 0.73% Nickel and 0.05% Cobalt.

Assay results for Gunnawarra's maiden drilling program, announced on 23 May 2022, were very encouraging and included many significant intersections, most of which were shallow with little to no overburden. The Company aims to swiftly progress the Gunnawarra project with a view to establishing a direct shipping operation as soon as is practicable.

Whilst much of the Company's attention to date has been focused on its Gunnawarra project, our Executive Directors have also been busy fine-tuning plans for the Company's other projects, namely the Mt. Jesse Copper/Iron project and the Pluton Porphyry Gold project, which the board hopes to share with you very soon. Additionally, the Company is actively pursuing other synergistic projects that can add value to its current portfolio.

The Company's board looks forward to sharing further information with you in the very near future and to your continuing support.

Yours faithfully,



**Antony B Corel**  
Chairman  
29 September 2022



*Ark completed a 2,000m drill programme which will enable it to upgrade its historical resource to 2012 JORC status and likely increase the size of the 2004 JORC inferred resource for the Pod to 280,000 tonnes at 0.73% nickel and 0.05% Cobalt."*

## Highlights

- Relisted via IPO on the 24 December 2022.
- Raised \$4.7 million pursuant to the offer under its prospectus dated 27 September 2021.
- Company's capital structure upon reinstatement is:
  - Shares 44,615,748; and
  - Options 14,972,500.
- Completed a high spatial resolution drone magnetic survey across 36km<sup>2</sup> at Ark's 100% owned Gunnawarra Nickel-Cobalt project.
  - Interpretation of the survey data provided Ark with a high quality and detailed aeromagnetic image of the 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 resulting in robust drill targets.
- Undertook a 2,000m RC drilling program across the area called 'the Pod'
  - Assay results from the 45-hole drilling program highlighted shallow robust nickel mineralisation, further expanding the scope of an historic 2004 resource.
  - Significant intersections of 'the Pod' include:
    - 28m at .73% Ni Eq from surface including 5m at 1.8% Ni Eq from 5m, including 2m of Co at .1% from 4m
    - 42m at .76% Ni Eq from 2m including 19m at 1% Ni Eq from 6m
    - 22m at 1% Ni Eq from 4m including 9m at 1.4% Ni Eq from 8m
    - 28m at .7% Ni Eq from surface including 6m at 1.4% Ni Eq from 3m
    - 11m at .84% Ni Eq from 2m including 2m at 1.2% Ni Eq from 5m
    - 14m at 1.12% Ni Eq from 3m including 4m at 1.7% Ni Eq from 8m
  - post intersections are shallow with little to no overburden.
  - deposit remains open in numerous directions
  - beneficiation test work will be undertaken
- Throughout the year the Company has not experienced any major disruptions to its field activities due to Covid 19.
- There were no Safety incidents for the year
- There were no Environmental incidents for the year
- Ark signed MOU with R3D. 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
- Ark Executive were active looking at add opportunities for the company over the yea.

# MANAGING DIRECTOR'S REVIEW OF OPERATIONS

For the year ended 30 June 2022

## Ark Projects

- EPM 26560 Gunnawarra
- EPM 26464 Mt Jesse
- EPM Mt Pluton

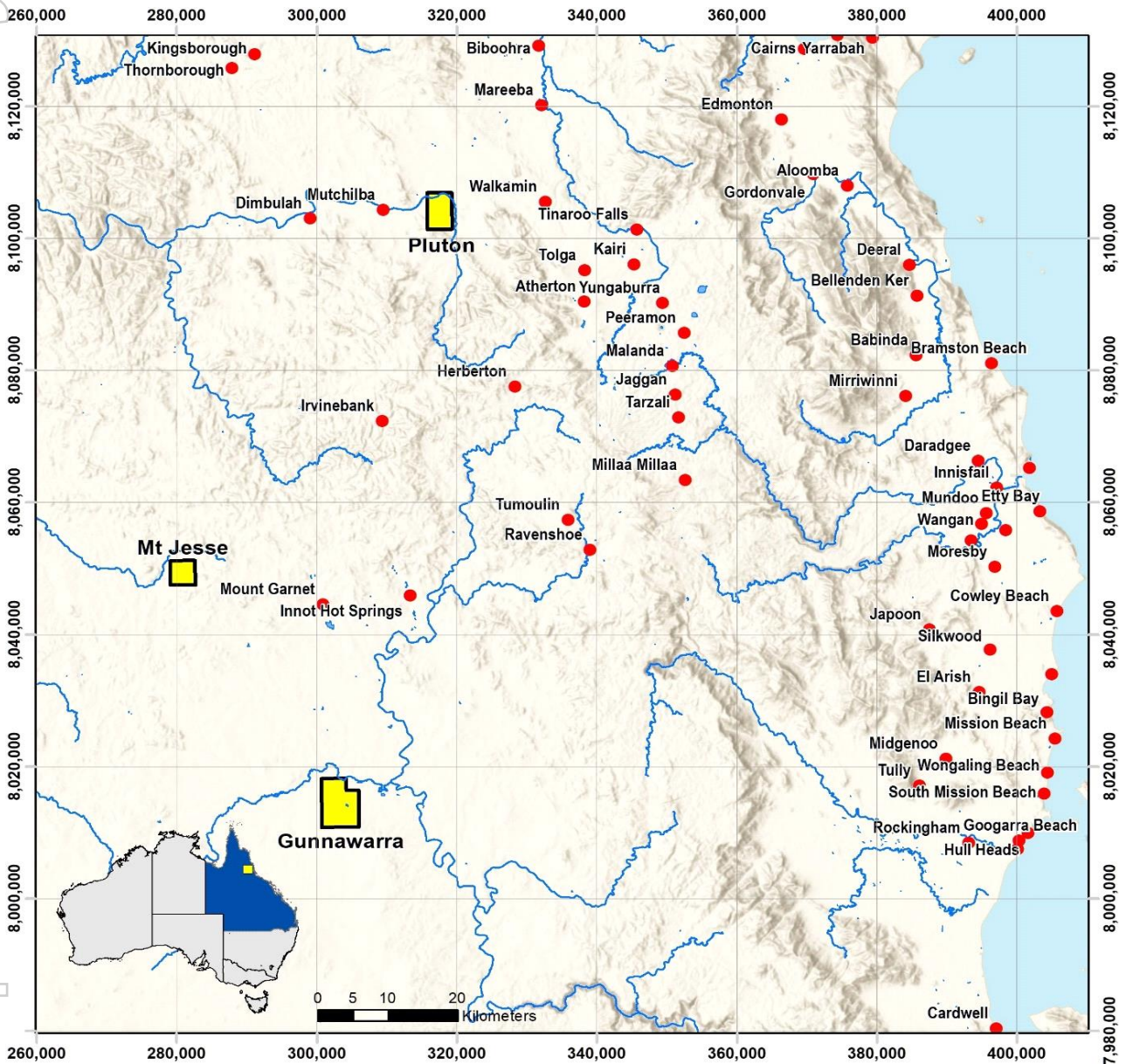


Figure 1 Locations of the three Ark tenements in North Queensland

## Gunnawarra Ni Co

The Gunnawarra project is located ~40kms south from Mount Garnet in far-north Queensland and boasts outstanding access 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).

Drone Magnetic survey

Ark engaged, Ultramag Geophysics ('Ultramag') to undertake a high spatial resolution drone magnetic survey across Gunnawarra's 36km<sup>2</sup> tenure. The Company utilised unmanned aerial vehicles (refer image 1) which provide comparable resolution at 10 times 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 target areas identified in image 2 below. In addition, serpentinites and ultra-mafic basement rocks have given a strong signature which provides Ark with further exploration opportunities.



Image 1 - UAV's utilised to complete the drone magnetic survey at Gunnawarra.

Aeromagnetic results at Gunnawarra highlighting priority drill targets The Orange MLs are the Sconi project owned by Australian Mines Limited (ASX: AUZ), which forms part of the most advanced Cobalt-Nickel-Scandium project in Australia. Note the large magnetic highs sitting mostly within the Ark tenement.

RC Drilling Ni Co at Gunnawarra

Ark completed a 2,000m drill program in April which will enable it to upgrade this historical resource to 2012 JORC status and likely increase the size of the 2004 JORC Inferred Resource at 'the Pod' to 280,000 tonnes at 0.73% nickel (Ni) and 0.05% Cobalt (Co)

Ark determined that there is extension at depth of the mineralisation >60M and extensions to the SW of the known ore body. Significant intersections of 'the Pod' include:

- 28m at .73% Ni Eq from surface including 5m at 1.8% Ni Eq from 5m, including 2m of Co at .1% from 4m.
- 42m at .76% Ni Eq from 2m including 19m at 1% Ni Eq from 6m.
- 22m at 1% Ni Eq from 4m including 9m at 1.4% Ni Eq from 8m.
- 28m at .7% Ni Eq from surface including 6m at 1.4% Ni Eq from 3m.
- 11m at .84% Ni Eq from 2m including 2m at 1.2% Ni Eq from 5m.
- 14m at 1.12% Ni Eq from 3m including 4m at 1.7% Ni Eq from 8m.

The program was designed to examine the sulphatic laterite nickel cobalt deposits with associated scandium as well as test the underlying ultramafic basement rocks identified during the Company's recent drone magnetic survey.

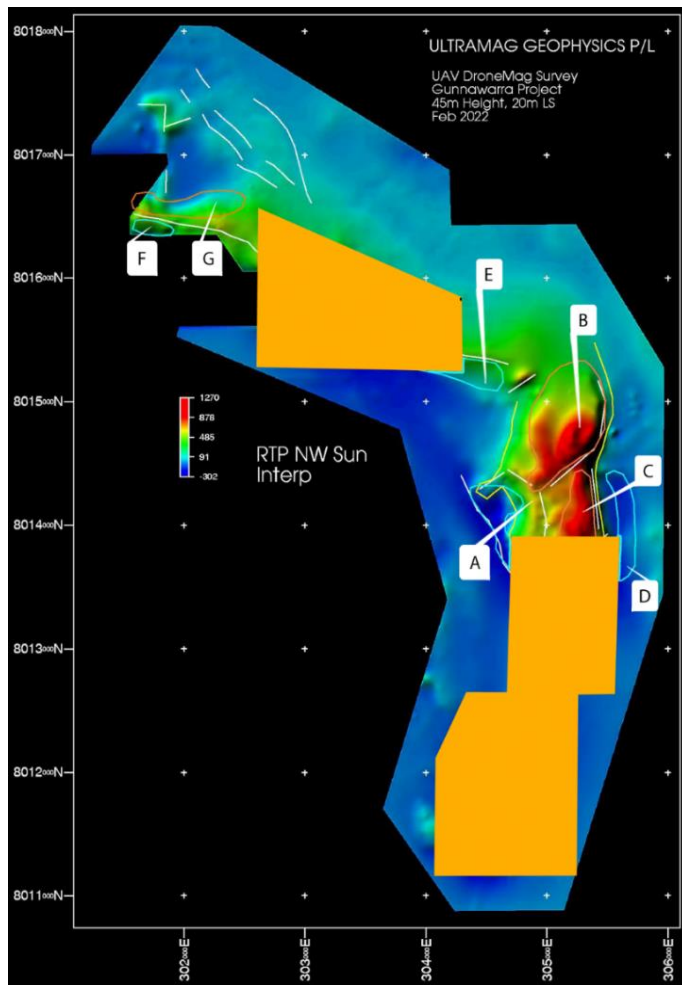


Figure 2 - Geology of Gunnawarra.

For personal use only



# MANAGING DIRECTOR'S REVIEW OF OPERATIONS

For the year ended 30 June 2022

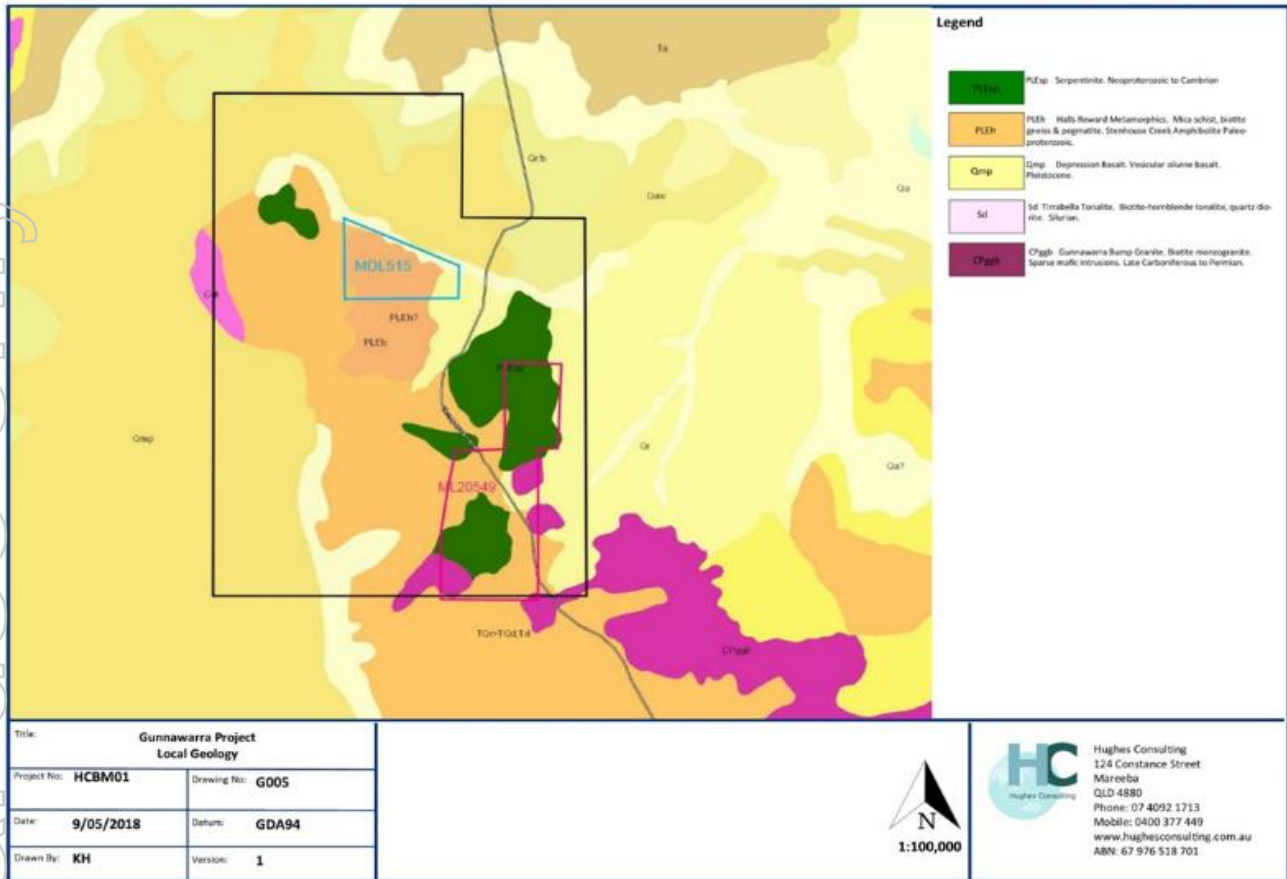
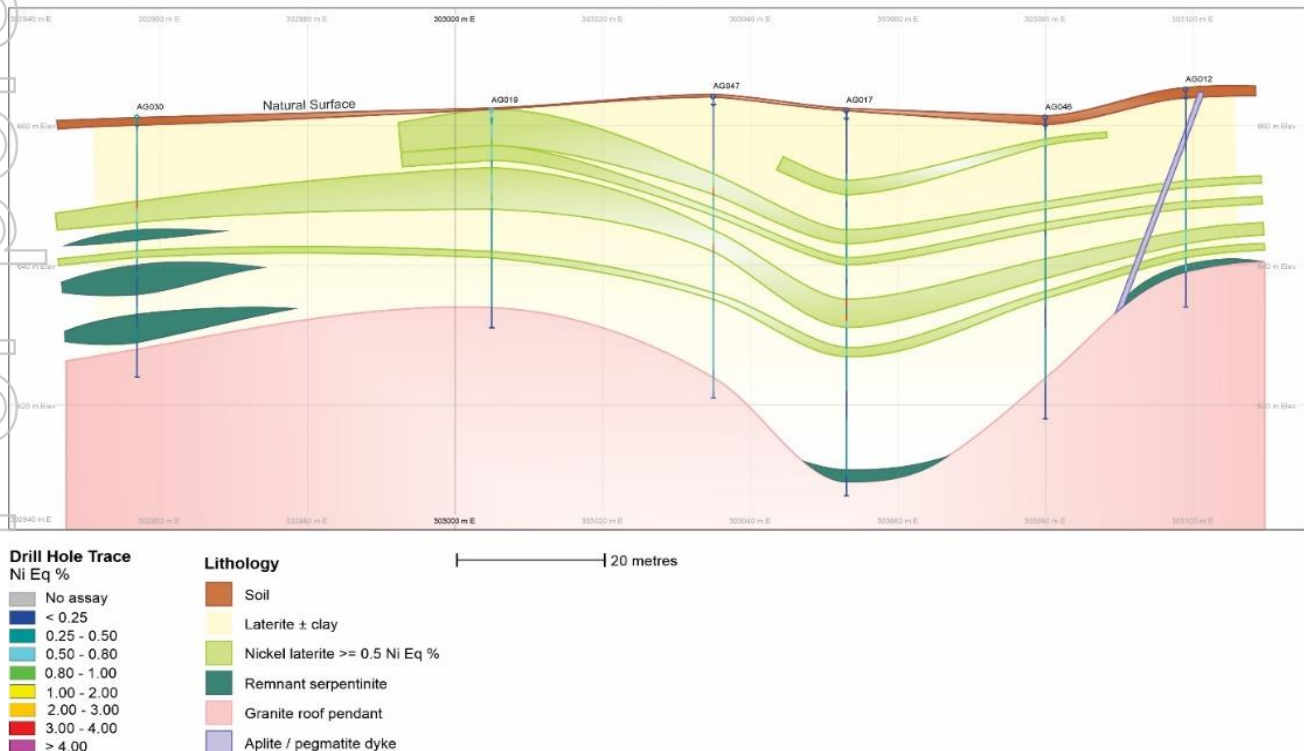


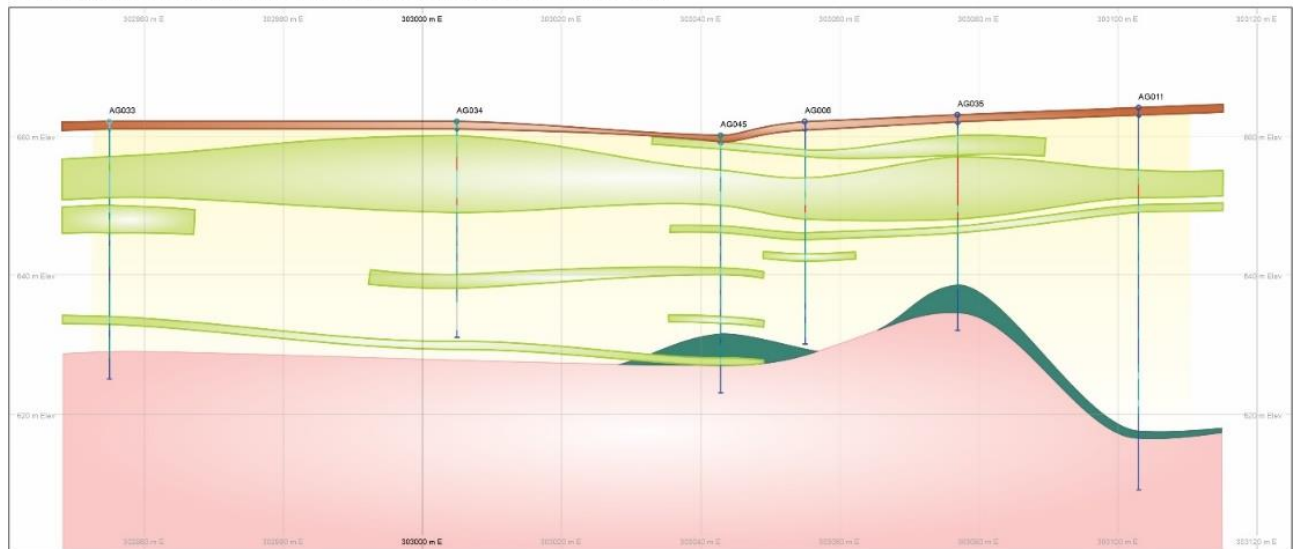
Figure 3 - Geology of Gunnawarra.

Gunnawarra has significant potential as a battery mineral exploration and development project in a proven Tier 1 jurisdiction for similar projects. As shown in the cross sections below the Ni Co mineralisation hold together well and would provide for a low strip ratio and simple mining efforts.

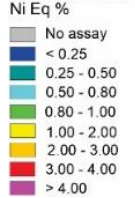
## Gunnawarra Nickel Laterite Cross Section 8012050 mN



## Gunnawarra Nickel Laterite Cross Section 8012000 mN



### Drill Hole Trace

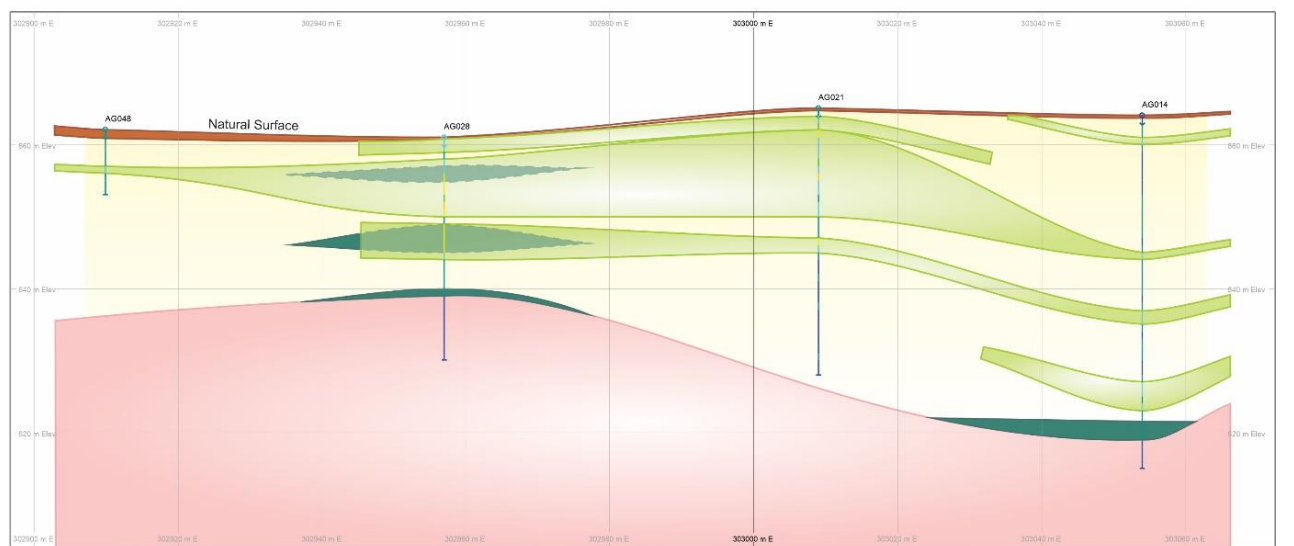


### Lithology

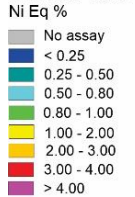


20 metres  
MGA94 zone 55

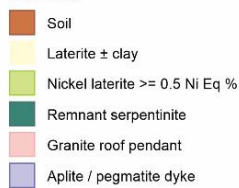
## Gunnawarra Nickel Laterite Cross Section 8012100 mN



### Drill Hole Trace



### Lithology



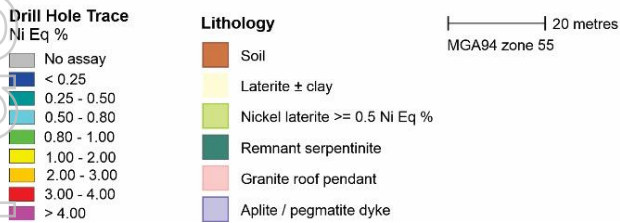
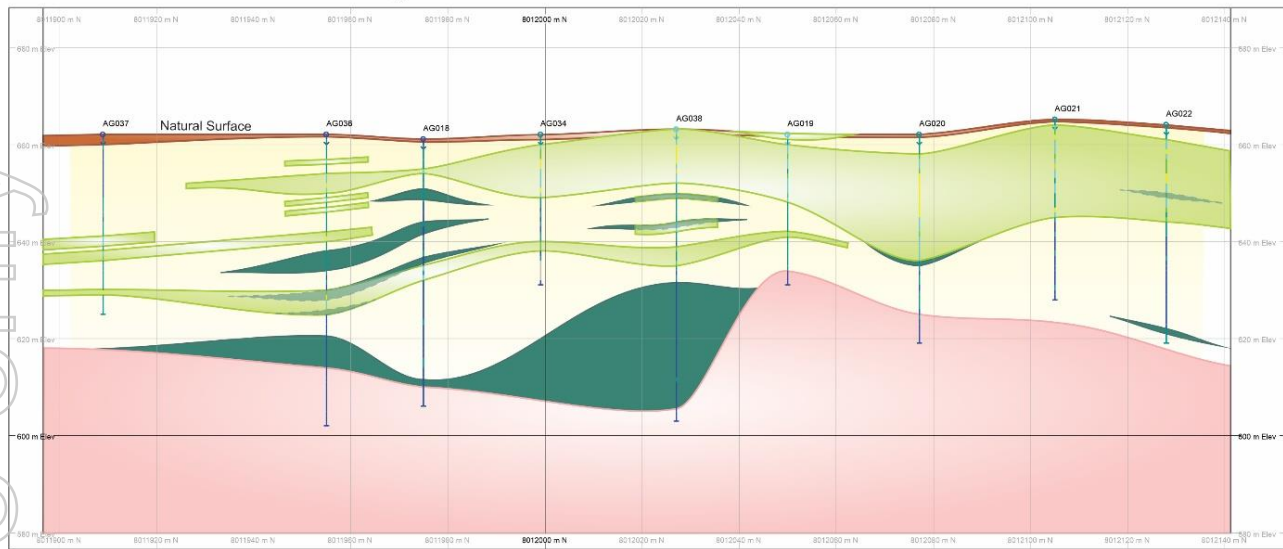
20 metres  
MGA94 zone 55

For personal use only

# MANAGING DIRECTOR'S REVIEW OF OPERATIONS

For the year ended 30 June 2022

## Gunnawarra Nickel Laterite Long Section 303000 mE



## Mt Jesse and Pluton

No work was undertaken on Mt Jesse or Pluton. Work is planned for these projects later in this year's season.

## Safety and Environment

Reportable Incidents	Nil
Medical Treatments	Nil
LTI's	Nil
Environmental incidents	Nil
Landholder Issues	Nil

## Tenement Details

A list of tenements is shown on page 41 of this Annual Report.

**Roger A Jackson**  
Managing Director  
29 September 2022

### 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

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") and its wholly owned subsidiaries (together, the "Group") for the financial year ended 30 June 2022.

### Review of Operations

On 25 August 2021, the Company signed a binding heads of agreement with Bmax Holdings Pty Limited ("Bmax") to acquire 100% of the issued shares in MIJ Holdings Co Pty Ltd ("MIJ"). The agreed consideration for the purchase of all of the issued share capital in MIJ was \$1.8 million payable by the issue of 9,000,000 new fully paid ordinary shares in Ark, at an issue price of \$0.20 per share.

On 24 September 2021, the Company held an EGM at which Shareholder approval was received for the consolidation of the Company's shares on a 1 for 20 as well as other capital raising initiatives to be included in a capital raising Prospectus.

On 27 September 2021, the Company issued its Prospectus for a public offer of 25,000,000 shares at an issue price of \$0.20 to raise up to \$5.0 million cash ("Public Offer"), an offer of 9,000,000 shares to Bmax for the acquisition of MIJ and a further offer of shares and attaching options to satisfy certain DOCA contributions and other advances made to fund the Company prior to the Public Offer.

On the 16 December 2021, the Company announced that the Public Offer had closed, following which and in accordance with the actions included in its Prospectus, the Company:

- consolidated its fully paid ordinary shares on a 1 for 20 basis on 1 December 2021;
- issued 23,513,500 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021, at an issue price of \$0.20 per share to raise \$4,702,700 in new capital;
- issued 9,000,000 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021 to complete the acquisition of MIJ;
- issued 7,486,250 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021, at an issue price of \$0.20, with one free attaching option exercisable at \$0.20 and expiring on 20 December 2023, to repay the DOCA contributions of \$748,625; and
- issued 2,000,000 new ordinary shares (post the 1 for 20 consolidation) on 20 December 2021 at an issue price of \$0.20 to repay loans of \$200,000 made to the Company to fund the Company prior to the Public Offer.

Following the acquisition of MIJ, and the approval of Shareholders at the Shareholders Meeting held on 24 September 2021, Mr Benjamin Emery was appointed to the Board on 22 December 2021. Mr Emery was an associate of the vendor of MIJ.

Following the successful completion of its Public Offer, the Company now holds 100% of the issued shares in MIJ, and through MIJ's subsidiary companies, 3 granted Exploration Permits ("EPMs");

- EPM 26560 (Gunnawarra);
- EPM 26464 (Mt Jesse); and
- EPM 26883 (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. Summary details of these tenements are included on page 39 of this Annual Report.

Plans to begin maiden drill programs at the Company's two priority projects, Mt Jesse and Gunnawarra, were completed during December and drilling commenced during the first quarter of CY22.

The Mount Jesse Copper-Iron Project (EPM 26464) is located approximately 25km west of Mt Garnet and 176km from Cairns in far-north Queensland. The Project is centred 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 Gunnawarra Nickel-Cobalt project (EPM 26560) is located approximately 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), an 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.

Drilling commenced as planned at the Gunnawarra Nickel-Cobalt project with the Company engaging Ultramag Geophysics to undertake a detailed drone magnetic survey across the project in early February.

Following successful assay results, mining technology group IHC Mining was engaged for beneficiation test work in order to optimize extractive metallurgical processes for the existing resource

Test work will initially focus on magnetic separation, with additional options under review to improve extraction processes for the Gunnawarra laterite material.

The loss after income tax for the full year ended 30 June 2022 was: \$2,439,496 (2021: Profit: \$6,891,159).

## DIRECTORS' REPORT



For the year ended 30 June 2022

### Principal Activity

The principal activity of the Company for the financial 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, the recapitalisation of the Company and the acquisition and exploration of exploration tenements.

### Directors

The names of the Directors, who held office from 1 July 2021 to date of this report, unless otherwise stated, are:

	<p><b>Antony B Corel – Non-Executive Independent Chairman</b></p> <p>Dip Law, LLM</p> <p>Mr Corel is a solicitor with significant corporate and managerial experience gained within and outside Australia. He has extensive legal experience advising both public and private sector organisations and managing significant commercial, corporate, regulatory and litigious matters. Since 2006 Mr Corel has, in addition to continuing his practice as a solicitor, accepted managerial roles in various private ventures, including Ark, with a view to sharing his experience in law, governance, compliance and management.</p> <p>Mr Corel was appointed a Director of Ark in 2008 and was instrumental in positioning the Company for public listing and was appointed Chairman of Directors.</p> <ul style="list-style-type: none"><li>• Appointed. 22 September 2008</li><li>• Committee memberships. Audit &amp; Risk, Remuneration &amp; Nomination</li><li>• Other listed Board memberships. Nil</li><li>• Previous listed Board memberships. Nil for the last three years</li></ul>
	<p><b>Roger A Jackson – Managing Director</b></p> <p>BSc (Geol), Dip Ed, Grad Dip Fin Man, FAIMM, AICD, MAIG, FGS</p> <p>Mr Jackson been actively involved in the Mining industry for 26 years as a Mine Operator, in Mine Services and in Mineral Exploration. He has been a founding director of a number of private and public mining and mine service companies.</p> <p>Mr Jackson has maintained a Geological and Mining Consulting business for the past 11 years whilst holding several executive roles. He has strong knowledge of gold exploration and mining. He also has a sound knowledge of base metal mining and exploration. He has developed several mining and ore processing operations in Australia and abroad. He has had significant experience in marketing gold and base metal concentrate across the globe.</p> <ul style="list-style-type: none"><li>• Appointed. 21 October 2010</li><li>• Committee memberships. Nil</li><li>• Other listed Board memberships. QX Resources Ltd, Vertex Minerals Ltd</li><li>• Previous listed Board memberships. Nil</li></ul>
	<p><b>Benjamin P Emery – Executive Director</b></p> <p>Mr Emery has been involved in the mining sector for over a decade locating, developing and monetising varied and diversified mining projects and has successfully developed several green-field exploration projects into financially successful producing mines. He is well connected in the mining industry both locally and overseas.</p> <p>Mr Emery is currently CEO for a private iron ore producer and Chairman of Franklin Exchange Pty Ltd, a dynamic and growing commodity trading house operating across various global markets whilst assisting international companies develop new strategic partners for growth. Ben holds majority interests in a number and range of exploration and mining assets at various stages of development.</p> <ul style="list-style-type: none"><li>• Appointed. 22 December 2021</li><li>• Committee memberships. Nil</li><li>• Other listed Board memberships. Nil</li><li>• Previous listed Board memberships. Nil for the last three years</li></ul>



**Ian B Mitchell – Non-Executive Independent Director & Company Secretary**

BA, Dip Law

Mr Mitchell is a practising solicitor of over 44 years standing. He is the Company Secretary of a number of ASX listed and non-listed public companies. He has over 33 years' experience as a Director and Secretary of listed mining, exploration and industrial companies. His legal expertise is in commercial law, contract law and ASIC and ASX compliance. Mr Mitchell was appointed Company Secretary on 16 November 2011.

- Appointed. 29 December 2010
- Committee memberships. Audit & Risk (Chairman), Remuneration & Nominatio
- Other listed Board memberships. Pan Asia Metals Ltd.
- Previous listed Board memberships. Reliance Resources Ltd., Medical Australia Ltd.

**Remuneration Report (Audited)**

This report details the nature and amount of remuneration for each Director of the Company. There are no Executives of the Company.

**Directors' Interests**

The Directors' beneficial interests in shares and options as at 30 June 2022 are shown in the following tables.

Director	Holding type	Shares				
		1 July 2021	Consol. (1:20)	Issued	Disposed	30 June 2022
Antony B Corel	Direct	208,010	10,400	911,230	-	921,630
	Indirect	333,333	16,666	30,000	-	46,666
	<b>Total</b>	<b>541,343</b>	<b>27,066</b>	<b>941,230</b>	<b>-</b>	<b>968,296</b>
Roger A Jackson	Direct	706,262	35,313	-	-	35,313
	Indirect	1,810,333	90,516	952,000	-	1,042,516
	<b>Total</b>	<b>2,516,595</b>	<b>125,829</b>	<b>952,000</b>	<b>-</b>	<b>1,077,829</b>
Benjamin P Emery	Indirect	-	-	8,750,000	-	8,750,000
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,750,000</b>	<b>-</b>	<b>8,750,000</b>
Ian B Mitchell	Direct	3,317,424	165,871	148,020	-	313,891
	Indirect	2,530,000	126,500	-	-	126,500
	<b>Total</b>	<b>5,847,424</b>	<b>292,371</b>	<b>148,020</b>	<b>-</b>	<b>440,391</b>

Director	Holding type	Options			
		1 July 2021	Issued - share based payments	Disposed	30 June 2022
Antony B Corel	Direct	-	1,822,460	-	1,822,460
	<b>Total</b>	<b>-</b>	<b>1,822,460</b>	<b>-</b>	<b>1,822,460</b>
Roger A Jackson	Indirect	-	1,904,000	-	1,904,000
	<b>Total</b>	<b>-</b>	<b>1,904,000</b>	<b>-</b>	<b>1,904,000</b>
Benjamin P Emery	Direct	-	-	-	-
	Indirect	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Ian B Mitchell	Direct	-	296,040	-	296,040
	<b>Total</b>	<b>-</b>	<b>296,040</b>	<b>-</b>	<b>296,040</b>

All options were issued on 24 December 2021, exercisable at \$0.20 and expire on 23 December 2024.

For personal use only

## DIRECTORS' REPORT

For the year ended 30 June 2022

### Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Group. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee and approved by the Board. All executives receive remuneration based on factors such as length of service and experience. The Remuneration & Nomination Committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the Group's strategic objectives. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Group currently has no employees. When the Group reaches an appropriate size, it will endeavour to employ suitably qualified women to fill at least one third of its employment positions.

The Remuneration & Nomination Committee determines payments to the Directors and reviews their remuneration, based on market practice, duties and accountability. Directors' remuneration is currently being paid in accordance with the amounts set in the Prospectus that was released to ASX on 27 September 2021. There were no bonuses paid or proposed to be paid for the year ended 30 June 2022 (2021: Nil). 2,011,250 fully paid ordinary shares and 4,022,500 options over fully paid ordinary shares were issued to Directors in satisfaction of certain loans made by Directors to the Company during the DOCA process. Shareholder approval was received for this issue on 24 September 2021. (2021: Nil).

Below is a table summarising key performance and shareholder wealth indicators for the Company For the year ended 30 June 2022 and the previous 4 financial years.

Period	Profit (Loss) after Tax	EPS (cents per share)	Share Price
Year ending 30 June 2022	(\$2,439,496)	(9.83)	\$0.175
Year ending 30 June 2021	\$6,891,159	263.42	NA
Year ending 30 June 2020	(\$2,445,761)	(4.68)	NA
Year ending 30 June 2019	(1,569,887)	(3.14)	\$0.010
Year ending 30 June 2018	(\$647,007)	(1.32)	\$0.070

### Directors and Key Management Remuneration

Details of the remuneration of the Directors, other Key Management Personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Company) are set out in the following table.

	Short - term			Total
	Base fee	Consulting	Superannuation	
	\$	\$	\$	\$
<b>2022</b>				
<b>Executive Directors</b>				
Roger A Jackson	67,200	58,680	6,720	132,600
Benjamin P Emery	21,000	79,610	2,100	102,710
<b>Non-Executive Directors</b>				
Antony B Corel	54,167	25,000	5,417	84,584
Ian B Mitchell	39,000	-	3,900	42,900
<b>Total Remuneration</b>	<b>181,367</b>	<b>163,290</b>	<b>18,137</b>	<b>362,794</b>
<b>2021</b>				
<b>Executive Directors</b>				
Roger A Jackson	-	-	-	-
Benjamin P Emery	-	-	-	-
<b>Non-Executive Directors</b>				
Antony B Corel	-	-	-	-
Ian B Mitchell	-	-	-	-
<b>Total Remuneration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Options issued to Directors were in satisfaction of certain loans made by Directors to fund the DOCA process and were not part of Directors' remuneration for the financial year.

## Contracts of Senior Executives

Both Mr Jackson and Mr Emery are engaged as Executive Directors under an Executive Service Agreement ("Agreement"), executed with their respective consulting companies. Under the Agreement, each is paid a Director's fee of \$36,000.00 per annum plus superannuation. In addition, under the Agreement, each of Mr Jackson and Mr Emery must provide a minimum of 8 days per month executive service which is payable at \$1,200 per day.

The Agreements have no fixed term and the Company may terminate the Agreement on giving three months' notice, or payment in lieu.

No benefits are payable on termination.

This concludes the Remuneration Report, which has been audited.

## Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors of Ark Mines Ltd (including by way of circular resolution) held during the year ended 30 June 2022 and the numbers of meetings attended by each Director are as follows.

Director	Board		Audit & Risk Committee		Rem. & Nom. Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Antony B Corel	5	5	2	2	Nil	Nil
Roger A Jackson	5	5	2	2	Nil	Nil
Benjamin P Emery	2	2	1	1	Nil	Nil
Ian B Mitchell	5	5	2	2	Nil	Nil

As well as formal Directors' meetings, Executive and Non-Executive Directors are in frequent communication by telephone, email and fax.

## Environmental Regulations

The Company is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Company aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the Company's contracts or licences.

## Dividends

No dividends have been declared in respect of the financial year ended 30 June 2022 (2021: Nil).

## Significant Changes in State of Affairs

During the year the Company consolidated its fully paid ordinary shares on a 1 for 20 basis and issued 25,000,000 shares at an issue price of \$0.20 to raise \$5.0 million cash ("Public Offer"), an offer of 9,000,000 shares to Bmax Holdings Pty Ltd for the acquisition of MIJ Holdings Co Pty Ltd ("MIJ") and a further offer of shares and attaching options to satisfy certain DOCA contributions and other advances made to fund the Company prior to the Public Offer.

Following the successful completion of its Public Offer, the Company was re-listed on the ASX. The Company now holds 100% of the issued shares in MIJ, and through MIJ's subsidiary companies, 3 granted Exploration Permits;

- EPM 26560 (Gunnawarra);
- EPM 26464 (Mt Jesse); and
- EPM 26883 (Pluton);

all located in the prolific Mt Garnet and Greenvale mineral field, northern Queensland.

## Events Subsequent to Reporting Date

Events subsequent to reporting date are included in Note 27 to the financial statements and within the Directors Report under Review of Operations. The Directors are not aware of any matter or circumstance not otherwise dealt with in this Annual Report or in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## Likely Developments

It is likely that the Company will continue with the exploration activities on its mining tenements

Please see Note 27 – Subsequent Events for further details.

## Indemnifying Officers and Auditor

The Company has indemnified Directors and staff to the extent possible under the Corporations Law against any liabilities incurred by the person as an officer of the Company. The Company has also provided an indemnity to its contracted accounting staff for liabilities incurred in acting in this capacity. The Company has not indemnified the auditor.

For personal use only



## DIRECTORS' REPORT

For the year ended 30 June 2022

### Non-Audit Services

The Auditor provided no other services during the financial year ended 30 June 2022.

### Officers of the Company who are former Audit Partners of Moores Australia Audit (WA)

There are no officers of the Company who are former Partners of Moores Australia Audit (WA).

### Auditor Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2022 has been received and a copy is reproduced on page 14. Moores Australia Audit (WA) continues office in accordance with section 327 of the Corporations Act 2001.

### Proceedings on Behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any of those proceedings. The Company was not a party to any such proceedings during the year.

### Corporate Governance

The Company's Corporate Governance Statement can be found on its web-site at [www.arkmines.com/governance/](http://www.arkmines.com/governance/).

Signed in accordance with a resolution of the Board of Directors.



**Antony B Corel**  
Chairman

Sydney, 29 September 2022

# AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2022



## Moore Australia Audit (WA)

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355  
F +61 8 9225 6181

[www.moore-australia.com.au](http://www.moore-australia.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ARK MINES LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, 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 29<sup>th</sup> day of September 2022.

For personal use only

For personal use only

This page is intentionally blank

For personal use only



ACN 123 668 717

# *Financial Statements*

---

*For the year ended 30 June 2022*

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>Revenue from ordinary activities</b>			
Interest income		4	-
<b>Total revenue</b>		<b>4</b>	<b>-</b>
<b>Less: Expenses</b>			
Accounting and secretarial expenses		41,299	15,871
Administration costs		-	668,530
ASX listing costs		101,413	34,295
Audit fees	26	33,402	52,609
Consultants		38,500	-
Depreciation	8	1,446	2,989
Directors' fees		199,503	-
Insurance		25,481	-
Investor relations		115,146	-
Share registry costs		25,298	-
Other expenses from ordinary activities		27,361	1,641
<b>Total expenses</b>		<b>608,849</b>	<b>775,935</b>
<b>Loss from operating activities</b>		<b>(608,845)</b>	<b>(775,935)</b>
Tenement acquisition costs charged to Comprehensive Income	15	(32,070)	-
Share based DOCA loan settlement	16, 17	(850,015)	-
Loss on debt settlement	16, 17	(948,625)	-
Net foreign exchange gains		59	-
Net gain from Deed of Company Arrangement		-	7,114,581
Fair value movement of derivative liability		-	552,513
<b>Loss () profit before income tax</b>		<b>(2,439,496)</b>	<b>6,891,159</b>
Income tax expense	4	-	-
<b>Loss () profit from continuing operations after income tax</b>		<b>(2,439,496)</b>	<b>6,891,159</b>
Other Comprehensive loss for the year		-	-
<b>Total comprehensive loss () profit for the year</b>		<b>(2,439,496)</b>	<b>6,891,159</b>
<b>Earnings per share</b>			
Basic - cents per share	25	(9.83)	263.42
Diluted - cents per share	25	(9.83)	263.42

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 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	5	2,897,907	1,216
Trade and other receivables	6	154,056	4,283
Prepayments		72,792	-
<b>Total current assets</b>		<b>3,124,755</b>	<b>5,499</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation expenditure	7	2,360,303	-
Plant and equipment	8	39,845	-
Environmental bonds and security deposits	9	9,000	-
<b>Total non-current assets</b>		<b>2,409,148</b>	<b>-</b>
<b>Total assets</b>		<b>5,533,903</b>	<b>5,499</b>
<b>Current liabilities</b>			
Trade and other payables	10	133,473	60,500
DOCA contribution		-	748,625
Borrowings		-	14,000
<b>Total current liabilities</b>		<b>133,473</b>	<b>823,125</b>
<b>Total liabilities</b>		<b>133,473</b>	<b>823,125</b>
<b>Net assets</b>		<b>5,400,430</b>	<b>(817,626)</b>
<b>Equity</b>			
Contributed equity	11	17,784,220	9,976,683
Reserves	12	850,015	-
Accumulated losses	13	(13,233,805)	(10,794,309)
<b>Total equity</b>		<b>5,400,430</b>	<b>(817,626)</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Consolidated			
		Issued capital	Reserves	Acc. losses	Total
		\$	\$	\$	\$
<b>June 2022</b>					
Balance at 1 July 2021		9,976,683	-	(10,794,309)	(817,626)
Total comprehensive loss for the year		-	-	(2,439,496)	(2,439,496)
Total		9,976,683	-	(13,233,805)	(3,257,122)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs		7,807,537	-	-	7,807,537
Share based DOCA loan settlement		-	850,015	-	850,015
<b>Balance at 30 June 2022</b>	11, 12, 13	<b>17,784,220</b>	<b>850,015</b>	<b>(13,233,805)</b>	<b>5,400,430</b>
<b>June 2021</b>					
Balance at 1 July 2020		9,976,683	-	(17,685,468)	(7,708,785)
Total comprehensive profit for the year		-	-	6,891,159	6,891,159
Total		9,976,683	-	(10,794,309)	(817,626)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs		-	-	-	-
<b>Balance at 30 June 2021</b>	11, 12, 13	<b>9,976,683</b>	<b>-</b>	<b>(10,794,309)</b>	<b>(817,626)</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

For personal use only

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(808,866)	(1,177,910)
Interest received		4	-
Net foreign exchange gains		59	-
<b>Net cash used in operating activities</b>	14	<b>(808,803)</b>	<b>(1,177,910)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure		(569,302)	(45,807)
Payments for plant and equipment	8	(41,291)	-
<b>Net cash used in investing activities</b>		<b>(610,593)</b>	<b>(45,807)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues	11	4,702,700	-
Payments for share issue costs	11	(572,613)	-
Proceeds from borrowings		186,000	14,000
Proceeds from DOCA contribution		-	648,625
Proceeds from asset sale deposit		-	3,425,000
Payment for securing release of tenement Royalty		-	(60,000)
Payment for dividend to secured creditor		-	(2,843,173)
<b>Net cash provided by financing activities</b>		<b>4,316,087</b>	<b>1,184,452</b>
Net increase / decrease ( ) in cash held		2,896,691	(39,265)
Cash at beginning of financial year		1,216	40,481
<b>Cash at end of financial year</b>		<b>2,897,907</b>	<b>1,216</b>

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

For personal use only



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

## 1. Reporting Entity

The financial report is for the entity Ark Mines Ltd (the "Company" or "Ark") and its wholly owned subsidiaries (together, the "Group"). Ark Mines Ltd is a company limited by shares incorporated and domiciled in Australia with its registered address at Level 9, 19 – 29 Martin Place Sydney NSW 2000. Ark Mines Ltd is listed on the ASX.

The principal activity of the Group for the financial 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, the recapitalisation of the Company and the acquisition and exploration of exploration tenements.

## 2. Basis of Preparation

### Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for-profit oriented entities. The financial statements of the Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorised for issue by a resolution of the Board dated 29 September 2022.

### Basis of measurement

These financial statements have been prepared under the historical cost convention.

### Functional and presentation currency

The financial report has been presented in Australian Dollars (\$) which is the functional currency of the Group.

### Use of estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Information about critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Note 7 – Capitalised Exploration and Evaluation Expenditure
- Note 15 - Acquisition of MIJ Holdings Co Pty Ltd
- Note 16 – Share Based Payments

### Going Concern

The Group has incurred a net loss after tax of \$2,439,496 (2021: Profit \$6,891,159) for the full year and net cash outflows from operating activities of \$808,803 (2021: \$1,177,910). The Directors have prepared the Financial Statements on the Going Concern basis that the Group's current cash balance of \$2,897,907 and net current assets of \$2,991,282 are sufficient for it to remain cash positive at least until September 2023.

On this basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and that the Group will be able to pay its debts as and when they fall due and payable.

Should this not be achieved the Group may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

## 3. Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Ark Mines Ltd. and its subsidiaries as at 30 June 2022. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

**3. Significant Accounting Policies (cont.)****Interest income**

Interest revenue is recognised using the effective interest rate method taking into account rates applicable to the financial assets.

**Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis.

**Capitalised exploration and evaluation expenditure**

Capitalised exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Once an area of interest enters a development phase, historical capitalised exploration expenditure is transferred to capitalised development expenditure.

Accumulated costs in relation to an abandoned area are written off in the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Expenditure relating to pre-exploration activities is written-off to the statement of profit or loss and other comprehensive income during the period in which the expenditure is incurred.

**Acquisition of MIJ Holdings Co Pty Ltd**

As at the acquisition date, neither the Company nor MIJ Holdings Co Pty Ltd satisfied the definition of a business for the purposes of AASB 3. As a consequence of this, and in accordance with the requirements of AASB 3, the acquisition of MIJ Holdings Co Pty Ltd has been treated as the acquisition of three mineral and exploration assets, in accordance with the provisions of AASB 6.

It is the Group's policy to charge amounts associated with the acquisition of mineral and exploration assets, including legal and other consulting fees to profit and loss.

See Note 15 for further details of these acquisitions.

**Property plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Items of equipment have limited lives and are depreciated on a straight-line basis over their estimated useful lives. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed to the statement of profit or loss and other comprehensive income. Motor vehicles are depreciated at the rate of 20% per annum.

De-recognition and disposal

An item of office equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss on de-recognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the asset is de-recognised.

**Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 3. Significant Accounting Policies (cont.)

#### Fair Value of Assets and Liabilities (cont.)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

#### Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries deemed to be out of pre-acquisition profits.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity as a deduction net of tax, from the proceeds.

#### Foreign currency transactions and balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are converted at the rates of exchange ruling at that date. The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in the statement of profit or loss and other comprehensive income as they arise.

#### Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the Company divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

#### Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items and is calculated using tax rates that have been enacted or are substantively enacted at the reporting date. Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

**Significant Accounting Policies (cont.)****Income tax (cont.)**

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

In calculating the Groups tax losses, it has been assumed that tax losses from prior years are still available, notwithstanding the capital raising that the Company undertook in December 2021. Brought forward tax losses will normally only be available if the Company can satisfy a continuity of ownership test or similar business test. Although there are concessional tracing rules for listed companies, no testing has been undertaken to determine if the Group can satisfy these tests. Furthermore, as the Company was delisted for a period during the Administration concessional tracing rules for listed companies may not be available.

**Tax consolidation**

The Company and its subsidiaries formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The members of the tax-consolidated Group are identified in Note 20. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

**New, revised or amending accounting standards and interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

These standards have no material impact on the Group's current financial reporting period.

**New, revised or amending accounting standards and interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022.

These standards are not expected to have an impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Consolidated	
	2022	2021
	\$	\$
<b>4. Income Tax Expense</b>		
The prima facie tax benefit on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax on loss ( ) profit before tax at 25.0% (2021: 26.0%)	(609,874)	1,791,701
<u>Add/(deduct) tax effect of:</u>		
Income on DOCA not assessable		(1,727,737)
Non allowable expenses	457,014	-
<u>Add/(deduct) temporary differences not brought to account:</u>		
Capital raising expenses	(21,712)	(2,983)
Tax gain on sale of mining tenements		1,031,613
Derivative fair value adjustment		(143,653)
Exploration expenditure	(158,109)	(11,910)
Other temporary differences	(4,966)	(115,554)
Tax losses not recognised	337,647	(821,477)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

	Opening	Movement	Closing
	\$	\$	\$
<b>Deferred income tax – 2022</b>			
Deferred tax assets have not been recognised in respect of the following items:			
Capital raising expenses	873	126,391	127,264
Provisions	15,125	(4,966)	10,159
Tax losses	1,157,141	337,647	1,494,788
<b>Total deferred tax assets</b>	<b>1,173,139</b>	<b>459,072</b>	<b>1,632,211</b>
Deferred tax liabilities have not been recognised in respect of the following items:			
Exploration and evaluation expenditure	-	(158,109)	(158,109)
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>(158,109)</b>	<b>(158,109)</b>
<b>Net deferred tax assets</b>	<b>1,173,139</b>	<b>300,963</b>	<b>1,474,102</b>

### Deferred income tax – 2021

Deferred tax assets have not been recognised in respect of the following items:

Capital raising expenses	3,891	(3,018)	873
Provisions	131,285	(116,160)	15,125
Fair value derivative liability	1,501,728	(1,501,728)	-
Tax losses	3,926,733	(2,796,592)	1,157,141
<b>Total deferred tax assets</b>	<b>5,563,637</b>	<b>(4,390,498)</b>	<b>1,173,139</b>

Deferred tax liabilities have not been recognised in respect of the following items:

Exploration and evaluation expenditure	815,006	(815,006)	-
<b>Total deferred tax liabilities</b>	<b>815,006</b>	<b>(815,006)</b>	<b>-</b>
<b>Net deferred tax assets</b>	<b>4,748,631</b>	<b>(3,575,492)</b>	<b>1,173,139</b>

The tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits.

In calculating the Groups tax losses, it has been assumed that tax losses from prior years are still available, notwithstanding the capital raising that the Company undertook in December 2021. Brought forward tax losses will normally only be available if the Company can satisfy a continuity of ownership test or similar business test. Although there are concessional tracing rules for listed companies, no testing has been undertaken to determine if the Group can satisfy these tests. Furthermore, as the Company was delisted for a period during the Administration concessional tracing rules for listed companies may not be available.

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

		Consolidated	
		2022	2021
		\$	\$
<b>5. Cash and Cash Equivalents</b>			
Cash at bank		2,897,907	1,216
<b>Total cash and cash equivalents</b>		<b>2,897,507</b>	<b>1,216</b>
<b>6. Trade and Other Receivables</b>			
GST recoverable		151,556	4,283
Other receivables		2,500	-
<b>Total trade and other receivables</b>		<b>154,056</b>	<b>4,283</b>
<b>7. Capitalised Exploration and Evaluation Expenditure</b>			
Balance at the beginning of the year		-	3,134,640
Capitalised tenement acquisition costs		1,791,000	45,807
Capitalised during the year		569,303	-
Disposed of during the year		-	(3,180,447)
<b>Balance at the end of the year</b>		<b>2,360,303</b>	<b>-</b>
<p>The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of respective areas. The Group reviews annually the carrying value of the exploration and evaluation expenditure, and will capitalise the expenditure if it considers the area of interest to be prospective. Should the particular area of interest no longer be considered prospective, then the Group will make a provision in the accounts for the carrying value of the project.</p>			
<b>8. Plant and Equipment</b>			
<b>Motor Vehicles</b>			
<u>At cost</u>			
Balance at the beginning of the year		-	21,727
Additions during the year		41,291	-
Disposals during the year		-	(21,727)
Balance at the end of the year		41,291	-
<u>Accumulated depreciation</u>			
Balance at the beginning of the year		-	(18,738)
Charge for the year		(1,446)	(2,989)
Disposals during the year		-	21,727
Balance at the end of the year		(1,446)	-
<b>Total plant and equipment</b>		<b>39,845</b>	<b>-</b>
<b>9. Environmental Bonds and Security Deposits</b>			
EPM 26464 - Mt Jesse		3,000	-
EPM 26560 – Gunnawarra		3,000	-
EPM 26883 – Pluton		3,000	-
<b>Total environmental bonds and security deposits</b>		<b>9,000</b>	<b>-</b>

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

		Consolidated	
		2022	2021
		\$	\$
<b>10. Trade and Other Payables</b>			
	Trade creditors	88,837	-
	Accruals	44,636	60,500
	<b>Total trade and other payables</b>	<b>133,473</b>	<b>60,500</b>
<b>11. Contributed Equity</b>			
	<b>Ordinary Shares Number</b>	<b>No.</b>	<b>No.</b>
	Balance at the beginning of the year	52,321,175	52,321,175
	<u>Share consolidation</u>		
	Shares consolidated on a 1 for 20 basis on 2 December 2021	2,615,998	-
	<u>Shares issued during the year</u>		
	Issued 20 December 2021	23,513,500	-
	Issued 20 December 2021	7,486,250	-
	Issued 20 December 2021	2,000,000	-
	Issued 20 December 2021	9,000,000	-
	<b>Balance at the end of the year</b>	<b>44,615,748</b>	<b>52,321,175</b>
	<b>Ordinary Shares Value</b>	<b>\$</b>	<b>\$</b>
	Balance at the beginning of the year	9,976,683	9,976,683
	<u>Shares issued during the year</u>		
	20 December 2021 - 23,513,500 ordinary shares @ \$0.20	4,702,700	-
	20 December 2021 - 7,486,250 ordinary shares @ \$0.20	1,497,250	-
	20 December 2021 - 2,000,000 ordinary shares @ \$0.20	400,000	-
	20 December 2021 - 9,000,000 ordinary shares @ \$0.20	1,800,000	-
	Share issue costs	(592,413)	-
	<b>Balance at the end of the year</b>	<b>17,784,220</b>	<b>9,976,683</b>
	The Group has not declared or paid a dividend during the year. There is no franking account balance for the year ended 30 June 2022 and 30 June 2021.		
<b>12. Reserves</b>			
	<b>Share Based payment Reserve</b>		
	Balance at the beginning of the year	-	-
	Share-based payments expensed during the year (refer to Note 16)	850,015	-
	<b>Balance at the end of the year</b>	<b>850,015</b>	<b>-</b>
<b>13. Accumulated Losses</b>			
	Balance at the beginning of the year	(10,794,309)	(17,685,468)
	Total comprehensive loss ( ) profit for the year	(2,439,496)	6,891,159
	<b>Balance at the end of the year</b>	<b>(13,233,805)</b>	<b>(10,794,309)</b>

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

	Consolidated	
	2022	2021
	\$	\$
<b>14. Cash Flow Information</b>		
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position		
<b>Cash at bank</b>	<b>2,897,907</b>	<b>1,216</b>
<b>Reconciliation of cash flow from operations with loss () profit from ordinary activities after income tax</b>		
Loss () profit from continuing operations after income tax	(2,439,496)	6,891,159
<u>Less: non-cash items</u>		
Depreciation	1,446	2,989
Share based DOCA loan settlement	850,015	-
Loss on debt settlement	948,625	-
Fair value movement of derivative liability	-	(552,513)
Carrying value of tenement bonds transferred on sale of tenements	-	122,259
Carrying value of borrowings	-	(750,000)
Fair value of derivative liability	-	(8,367,619)
Carrying value of tenement expenditure	-	3,180,447
<u>Less: Investing amounts included in profit and loss</u>		
Proceeds from sale of tenements	-	(3,575,000)
Payment to secure release of tenement Royalty	-	60,000
Payment for derivative liability	-	2,843,173
<u>Less: investment amounts included in working capital</u>		
Capital raising costs included in trade payables	(19,801)	-
<u>Movements in working capital</u>		
(Increase) / decrease in trade and other receivables	(149,773)	40,186
(Increase) / decrease in prepayments	(72,792)	-
Increase / (decrease) in trade payables	72,973	(1,072,991)
<b>Cash flow from operations</b>	<b>(808,803)</b>	<b>(1,177,910)</b>
<b>Other non-cash items</b>		

During the year, the Company acquired all of the issued shares of MIJ Holdings Co Pty Ltd ("MIJ"). Consideration for this purchase was \$1,800,000 paid by the issue by the Company, of 9,000,000 fully paid ordinary shares. This was a non-cash transaction. During the year the Company settled outstanding borrowings totalling \$948,625 by the issue of 9,486,250 fully paid ordinary shares. This was a non-cash transaction.

### 15. Acquisition of MIJ Holdings Co Pty Ltd

On 20 December 2021, and following Shareholder approval at the meeting of Shareholders held on 27 September 2021, the Company acquired all of the issued shares of MIJ Holdings Co Pty Ltd ("MIJ"). Consideration for this purchase was \$1,800,000 paid by the issue by the Company, of 9,000,000 fully paid ordinary shares at an issue price of \$0.20 to Bmax Holdings Pty Ltd, the vendor of MIJ.

As the Company successfully undertook a Public Offer of its shares at an issue price of \$0.20 at the same time as the acquisition of MIJ, the Directors determined that fair value of the consideration transferred was \$1,800,000.

MIJ had been incorporated on 1 July 2021. At the date of acquisition MIJ had no liabilities and its only assets were its investments in its three subsidiary companies; Mt Jesse Pty Ltd, Gunnawarra Pty Ltd and Mt Pluton Base Pty Ltd (together the "Subsidiaries"). Each of these Subsidiaries had been incorporated on 1 July 2021. As at the date of acquisition, the subsidiaries had no liabilities and the only assets of each was a single Exploration Permit and related Security Deposits and Environment Bonds. Neither MIJ nor the Subsidiaries had undertaken any other business activities between incorporation and the date of acquisition..

For personal use only



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 15. Acquisition of MIJ Holdings Co Pty Ltd (cont.)

Summary details of the Exploration Permits held by each Subsidiary are included in the Company's list of tenements on page 39 of this report, and more detailed explanations can be found in the Prospectus lodged by the Company with ASX on 27 September 2021.

The purpose of this acquisition was to provide the Company with three mineral and exploration assets to facilitate its development as a multi-commodity exploration company, and allow the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, and be restored to official quotation on the ASX.

As a consequence of the transaction, the Company acquired the following mineral exploration assets:

EPM	Project	Area (HA)	Cost of EPM \$	Security Deposit \$	Environment Bond \$	Total \$
EPM 26464	Mt Jesse	12.4	339,857	500	2,500	342,857
EPM 26560	Gunnawarra	34.1	939,857	500	2,500	942,857
EPM 26883	Pluton	18.6	511,286	500	2,500	514,286
			<b>1,791,000</b>	<b>1,500</b>	<b>7,500</b>	<b>1,800,000</b>

The mineral exploration assets have been measured at cost and no adjustments have been deemed necessary to the carrying value of any of the assets since the date of acquisition.

The acquisition transaction was conducted by knowledgeable and willing counterparties acting at arm's length. As the Subsidiaries had no other assets or liabilities at the time of acquisition, other than the Exploration Permits and cash denominated bonds and deposits, the Directors have determined that the cost of MIJ represents the fair value of the mineral exploration assets in total.

The Directors have further determined that after deducting the cash denominated assets, it was reasonable to allocate the remaining consideration across each of the Exploration Permits in proportion to their relative Exploration Permit areas.

In determining this, Directors have had regard to the Independent Technical Assessment Report and Independent Tenement Report included in the Prospectus issued by the Company on 27 September 2021. Acquisition related costs of \$32,070 have been recognised during the year and charged to profit and loss in accordance with the Company's accounting policy on the acquisition of mineral exploration assets.

### 16. Share Based Payments

#### Acquisition of MIJ Holdings Co Pty Ltd

On 20 December 2021, the Company acquired all of the issued shares of MIJ Holdings Co Pty Ltd ("MIJ"). Consideration for this purchase was \$1,800,000 paid by the issue by the Company, of 9,000,000 fully paid ordinary shares at an issue price of \$0.20 to Bmax Holdings Pty Ltd, the vendor of MIJ.

The acquisition transaction was conducted by knowledgeable and willing counterparties acting at arm's length and as a consequence, the Directors have determined that the cost of MIJ represents the fair value of the total of the shares issued. As the Company successfully raised \$4,702,700 through a public offer of 23,513,500 ordinary shares at an issue price of \$0.20 at this time, the Directors have determined that \$0.20 was the fair value of each share transferred.

This share issue was made pursuant to shareholder approval received at the General Meeting of shareholders held on 24 September 2021.

#### Satisfaction of DOCA Contributions

On 20 December 2021, the Company issued 7,486,250 ordinary shares at an issue price of \$0.20 in satisfaction of certain Deed of Company ("DOCA") loans totalling \$748,625 that had been provided by to the Company Messrs Corel, Jackson and Mitchell and certain other shareholders to fund the DOCA process. The fair value of the equity instruments issued was as determined by the IPO to be \$0.20 per share and an amount of \$1,497,250 has been recognised as an expense in the Statement of Comprehensive Income.

In addition to the 7,486,250 ordinary shares issued to satisfy the DOCA loans, lenders were also given two free attaching options for each share issued, for a total of 14,972,500 options issued.

This issue of shares and options was made pursuant to shareholder approval received at the General Meeting of shareholders held on 24 September 2021.

#### Satisfaction of Pre-IPO Loans

On 20 December 2021, the Company issued 2,000,000 ordinary shares at an issue price of \$0.20 in satisfaction of certain loans totalling \$200,000 that had been made to the Company by shareholders to fund the working capital of the Company through its capital raising process. The fair value of the equity instruments issued was as determined by the IPO to be \$0.20 per share and an amount of \$400,000 has been recognised as an expense in the Statement of Comprehensive Income..

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 17. Share Options

In addition to the 7,486,250 ordinary shares issued to satisfy the DOCA loans, lenders were also given two free attaching options for each share issued, for a total of 14,972,500 options issued.

	Consolidated	
	2022	2021
	No.	No.
<b>Unlisted Options exercisable at \$0.20</b>		
Balance at the beginning of the year	-	-
Issued 17 December 2021 and expiring 17 December 2023	14,222,500	-
Issued 24 December 2021 and expiring 24 December 2023	750,000	-
Expired / forfeited during the year	-	-
<b>Balance at the end of the year</b>	<b>14,972,500</b>	<b>-</b>

All options vested on issue and 14,972,500 options were exercisable as at 30 June 2022. All options have a \$0.20 exercise price. Shares issued pursuant to the exercise of options issued to Directors totalling 4,022,500 will be escrowed for a period of 2 years from quotation.

The Company has valued these options using the Black-Scholes option pricing model and an amount of \$850,015 has been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income. Key inputs used in the calculation of this amount are as follows:

Variable			Comments
Calculation date	20 December 2021		Date of option issue
Underling share price	\$0.20		Share subscription price at time of IPO
Risk Free Rate	1.61%		RBA 10-year bond rate at December 2021
Volatility	51.42%		Calculated by historical reference to similar stock
Option Life	2 years		
Expected dividends	Nil		

All options are immediately exercisable. No other features of the option grant were factored into the calculation of the option value. Volatility value has been calculated by the Company with reference to 12 months trading of a similar stock.

	Consolidated			2021
	2022	2022	2021	2021
	Provision of services	Repayment of DOCA Loans	Loan Balance	Loan Balance
<b>18. Related Party Transactions</b>	\$	\$	\$	\$
Roger A Jackson	58,680	95,200	-	95,200
Benjamin P Emery	79,610	-	-	-
Antony B Corel	25,000	91,123	-	91,123
Ian B Mitchell	-	14,802	-	14,802
	<b>163,290</b>	<b>201,125</b>	<b>-</b>	<b>201,125</b>

Both Mr Jackson and Mr Emery provide executive services to the Group under a services contract which is approved by the Board. Mr Corel provided legal services from the termination of the DOCA up until the Company re-listed. Mr Jackson is the Company's Managing Director, and Mr Emery is an Executive Director.

Mr Corel, Mr Jackson and Mr Mitchell each received shares and options in repayment of certain loans that each had made to the Company to fund the DOCA process. Details of these amounts are shown in Notes 15 and 16. This issue of shares and options was made pursuant to shareholder approval received at the General Meeting of shareholders held on 24 September 2021. All related party transactions have to receive Board approval in advance. All payments to related parties also receive Board approval. All transactions with Directors and their associates are conducted on an arms-length basis and in the ordinary course of business. The Board is sufficiently knowledgeable and experienced to ensure that amounts paid for these services is in line with commercial expectations. Refer also to Note 19 for Key Management Personnel disclosures.

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 19. Directors and Key Management Personnel Disclosures

#### Directors

Antony B Corel  
 Roger A Jackson  
 Benjamin P Emery  
 Ian B Mitchell

Position
Chairman – Non-Executive
Manacina Director
Director - Executive
Director - Non-Executive and Company Secretary

Directors' shareholdings including holdings of their personally related entities as at 30 June 2022

Director	Shares				
	1 July 2021	Consol. (1:20)	Acquired	Disposed	30 June 2022
Antony B Corel	541,343	27,066	941,230	-	968,296
Roger A Jackson	2,516,595	125,829	952,000	-	1,077,829
Benjamin P Emery	-	-	8,750,000	-	8,750,000
Ian B Mitchell	5,847,424	292,371	148,020	-	440,391
<b>Total</b>	<b>8,905,362</b>	<b>445,266</b>	<b>10,791,250</b>	<b>-</b>	<b>11,236,516</b>

Directors' option holdings including holdings of their personally related entities as at 30 June 2022

Director	Options			
	1 July 2021	Acquired	Disposed	30 June 2022
Antony B Corel	-	1,822,460	-	1,822,460
Roger A Jackson	-	1,904,000	-	1,904,000
Benjamin P Emery	-	-	-	-
Ian B Mitchell	-	296,040	-	296,040
<b>Total</b>	<b>-</b>	<b>4,022,500</b>	<b>-</b>	<b>4,022,500</b>

All options were issued on 24 December 2021, exercisable at \$0.20 and expiring on 23 December 2023.

	Consolidated	
	2022	2021
	\$	\$
<b>Director and KMP remuneration</b>		
Short term remuneration	344,657	-
Long term remuneration	18,137	-
<b>Total Remuneration</b>	<b>362,794</b>	<b>-</b>

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 20. Interests in Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by Ark Mines Ltd.

Subsidiary	Place of Incorporation	Principal place of business	Ownership interest	
			2022	2021
Mt Jesse Pty Ltd	Australia	North Queensland	100%	-
Gunnawara Pty Ltd	Australia	North Queensland	100%	-
Mt Pluton Base Pty Ltd	Australia	North Queensland	100%	-

### 21. Commitments

The Group holds an exploration tenement; EPM 26464, EPM 26560 EPM 26883 ("Tenements") in Queensland, Australia. In order to retain its current rights of tenure to the Tenements, the Company is required to comply with tenement obligations specified by the State Government, including the completion of activities-based works programmes which are assessed over the life of the Tenements. There are no set annual expenditure amounts. If Tenement obligations are not met it may result in the loss of the Tenement or a reduction in the Tenement area. The Group is presently on track to meet all of its Tenement obligations.

### 22. Segments

During the financial year, the Group operated in the Australian mining exploration sector only.

### 23. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

Exposure to currency risk, interest rate and liquidity risk arises in the normal course of the business. The Group's overall financial risk management strategy is to seek to ensure that the Group is able to fund its business plans.

The Group uses various measures dependent on the types of risk to which it is exposed. These methods include cash flow at risk analysis in the case of interest rate and foreign exchange risk. Financial risk management is carried out by the Managing Director under policies approved by the Directors. The Directors provide written principles for overall risk management.

		Current	Fixed	Floating	Non-Interest	
	Note	Interest rate	Interest rate	Interest rate	Bearing	Total
			\$	\$	\$	\$
<b>Financial assets</b>						
Cash held in bank accounts	5	0.00%	-	2,896,703	-	<b>2,896,703</b>
Cash held in US\$ bank account	5	0.00%	-	1,204	-	<b>1,204</b>
GST recoverable	6	0.00%	-	-	151,556	<b>151,556</b>
Other receivables	6	0.00%	-	-	2,500	<b>2,500</b>
<b>Financial liabilities</b>						
Trade creditors	10	0.00%	-	-	88,837	<b>88,837</b>

#### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposure is limited to cash and cash equivalents. Management have reduced this risk by depositing cash with financial institutions with a credit rating of AAA or higher.

#### Interest rate risk

The Group's main interest rate risk arises from interest earnings on its surplus cash. The Group is exposed to interest rate risk to the extent its interest earnings may fluctuate. The impact of a 1% movement in the interest rate on the funds invested when all other variables are held constant is immaterial.

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 23. Financial Risk Management (cont.)

#### Exchange rate risk

The Group's exchange rate risk arises from its cash deposited in a US dollar bank account. The Group is exposed to exchange rate risk to the extent that the exchange rate between US dollars and Australian dollars may fluctuate. The Group's objective is to minimise this risk through careful monitoring of the exchange rate and to draw down sufficient funds when the rate is favourable.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to meet ongoing operational requirements, exploration expenditure, and small to medium sized opportunistic projects and investments, by keeping surplus cash available.

The Group's objective is to safeguard its ability to continue as a going concern and to maintain a conservative capital structure so that management can focus on running its core business together with being an attractive company for shareholders and potential investors. The Group will consider the most appropriate use of debt and equity to maximise its returns while maintaining a low-risk capital structure. The following is a maturity analysis of the Company's financial liabilities:

Note	Total	Less than one year	Greater than one year	Maturity Details
	\$	\$	\$	
<b>Financial liabilities</b>				
Trade creditors	10	88,837	88,837	-
				Usually payable each 7 to 30 days

#### Fair values

The Group has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. The fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

### 24. Parent Company Information

	2022	2021
	\$	\$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Total current assets	3,122,256	5,499
Total non-current assets	2,409,147	-
<b>Total assets</b>	<b>5,531,403</b>	<b>5,499</b>
<b>Liabilities</b>		
Total current liabilities	130,973	823,125
<b>Net assets</b>	<b>5,400,430</b>	<b>(817,626)</b>
<b>Equity</b>		
Contributed equity	17,784,220	9,976,683
Reserves	850,015	-
Accumulated losses	(13,233,805)	(10,794,309)
<b>Total equity</b>	<b>5,400,430</b>	<b>(817,626)</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Profit before income tax	(2,439,496)	6,891,159
<b>Total comprehensive loss () profit for the year</b>	<b>2,439,496</b>	<b>(6,891,159)</b>

For personal use only

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

### 25. Earnings Per Share

#### Ordinary share number 2022 financial year

Balance at the beginning of the year

#### Share consolidation

Shares consolidated on a 1 for 20 basis

#### Shares issued during the period

Issued 20 December 2021

Issued 20 December 2021

Issued 20 December 2021

Issued 20 December 2021

**Balance at end of the year**

#### Ordinary share number 2021 financial year

Balance at the beginning of the year

**Balance at end of the year**

	Consolidated	
	No	No
	Weighted Av.	
Balance at the beginning of the year	52,321,175	52,321,175
<u>Share consolidation</u>		
Shares consolidated on a 1 for 20 basis	2,615,998	2,615,998
<u>Shares issued during the period</u>		
Issued 20 December 2021	23,513,500	12,433,166
Issued 20 December 2021	7,486,250	3,958,483
Issued 20 December 2021	2,000,000	1,057,534
Issued 20 December 2021	9,000,000	4,758,904
<b>Balance at end of the year</b>	<b>44,615,748</b>	<b>24,824,085</b>
Balance at the beginning of the year	2,615,998	2,615,998
<b>Balance at end of the year</b>	<b>2,615,998</b>	<b>2,615,998</b>

Total comprehensive loss ( ) profit for the year

#### Earnings per share

Basic - cents per share

Diluted - cents per share

	Consolidated	
	2022	2021
	\$	\$
Total comprehensive loss ( ) profit for the year	<b>(2,439,496)</b>	<b>6,891,159</b>
Basic - cents per share	(9.83)	263.42
Diluted - cents per share	(9.83)	263.42

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the Share Consolidation during the year ended 30 June 2022. Accordingly, the basic and diluted loss per share for the year ended 30 June 2021 are re-presented.

### 26. Auditor's Remuneration

Audit and review of the financial reports – Moores Australia Audit (WA)

Audit and review of the financial reports – BDO East Coast Partnership

**Total auditor's remuneration**

Audit and review of the financial reports – Moores Australia Audit (WA)	33,402	30,000
Audit and review of the financial reports – BDO East Coast Partnership	-	22,609
<b>Total auditor's remuneration</b>	<b>33,402</b>	<b>52,609</b>

### 27. Subsequent Events

No matters or circumstances have arisen since the end of the 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.

For personal use only

## DIRECTORS' DECLARATION

For the year ended 30 June 2022

### In the Directors' opinion;

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the directors



**Antony Corel**

Director

Sydney, 29 September 2022

For personal use only



## Moore Australia Audit (WA)

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355

F +61 8 9225 6181

[www.moore-australia.com.au](http://www.moore-australia.com.au)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARK MINES LTD

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Ark Mines Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the 'Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Moore Australia Audit (WA) – ABN 16 874 357 907.  
An independent member of Moore Global Network Limited - members in principal cities throughout the world.  
Liability limited by a scheme approved under Professional Standards Legislation.





**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARK MINES LTD (CONTINUED)**

**Key Audit Matters (continued)**

Carrying Value of Exploration and Evaluation Assets	
<b>Refer to Notes 7 (Capitalised Exploration and Evaluation Expenditure) and 15 (Acquisition of MIJ holdings Co Pty Ltd)</b>	
<p>On 20<sup>th</sup> December 2021, the Company has acquired all the issued shares of MIJ holdings Co Pty Ltd (MIJ) for a purchase consideration of \$1.8 million. The purchase was financed by the issue of \$9 million ordinary shares at an issue price of \$0.20.</p> <p>The purpose of the acquisition is to acquire 3 mineral and exploration assets for the relisting of the Company on the ASX.</p> <p>As at the acquisition date, neither the Company nor MIJ satisfied the definition of a business for the purposes of AASB 3 "<i>Business Combination</i>". As a consequence of this, the acquisition of MIJ has been treated as the acquisition of three mineral and exploration assets, in accordance with the provisions of AASB 6 "<i>Exploration for and Evaluation of Mineral Resources</i>".</p> <p>After the acquisition, the Company has further capitalised a total of \$0.57 million exploration and evaluation expenditure.</p> <p>At 30 June 2022, the carrying value of Exploration and Evaluation assets was \$2.36 million.</p> <p>The Company is required to expense or capitalize its exploration and evaluation expenditure, and assess the capitalised expenditure (asset) for impairment in accordance with AASB 6 "<i>Exploration for and Evaluation of Mineral Resources</i>".</p> <p>These are key audit matters because of the significant value attributed to the asset in the accounts and the significant management judgement involved in determining the appropriate treatment of such expenditure and if impairment indicators exist at reporting date which may suggest the carrying value is in excess of the estimated recoverable value.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Ensured the purchase consideration through the issue of shares have been accounted and valued correctly.</li> <li>• Reviewed management's records of capitalised exploration and evaluation expenditure, by area of interest, and reconciling to the general ledger.</li> <li>• Ensured the capitalised exploration and evaluation expenditure has been properly recorded in respect of each area of interest in accordance with requirements set out in AASB 6.</li> <li>• Carried out a review of management's assessment of impairment indicators in accordance with AASB 6 including                         <ul style="list-style-type: none"> <li>- Confirmed that rights of tenure continue to exist in relation to exploration projects; and</li> <li>- Discussed with management their ongoing exploration and evaluation plans in respect of significant areas of interest including budgeted expenditure over the next 12 months.</li> </ul> </li> <li>• Assessed the accuracy and adequacy of any impairments recorded in respect of the year ended 30 June 2022.</li> </ul>

For personal use only



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARK MINES LTD (CONTINUED)**

**Key Audit Matters (continued)**

Satisfaction of the DOCA loans and Pre IPO Loans	
Refer to Note 16 (Shared Based Payments) and 17 (Share Options)	
<p>On 20 December 2021, the Company has issued 7,486,250 ordinary shares at \$0.20 to repay the DOCA loans that had been provided by the Directors/Shareholders and other unrelated parties to fund the DOCA process. In addition to the shares, the lenders were also given free options for share issued at \$0.20.</p> <p>The Company has on the same date issued 2,000,000 ordinary shares at an issue price at \$0.20 to repay the loan obtained to fund the working capital needs of its capital raising exercise.</p> <p>These are key audit matters as the complexity and judgement involved in the accounting treatment for extinguishing financial liabilities with equity instruments, and determining the valuation of the share-based payment arrangement and vesting expense.</p>	<p>Our procedure included, amongst others:</p> <ul style="list-style-type: none"> <li>• Ensured the Board has approved the repayment of the loans through issue of shares and the issue of share options;</li> <li>• Checked the calculation of the fair value of the shares issued to repay the loans in accordance with IFRIC 19 "<i>extinguishing Financial Liabilities with Equity Instruments</i>";</li> <li>• Checked the methodology used to calculate the fair value of the shared based option in accordance with AASB 2 "<i>Shared-Based Payments</i>"; and</li> <li>• Reviewed the disclosure in the financial statements to ensure it is appropriate.</li> </ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

For personal use only



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARK MINES LTD (CONTINUED)

### Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf).

This description forms part of our audit report.

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ark Mines Ltd, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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 29<sup>th</sup> September 2022

For personal use only

## TENEMENT REPORT

For the year ended 30 June 2022

Exploration Licence	Title Name	Title Holder	Interest	Location	Mineral	Grant Date	Expiry Date	Status
EPM 26464	Mt Jesse	Mt Jesse Pty Ltd	100%	- 40kms south from the town of Mount Garnet - Queensland	Gold	05-Oct-17	04-Oct-23	Current
EPM 26560	Gunnawarra	Gunnawarra Pty Ltd	100%	- 25km west of Mt Garnet and 176km from Cairns - Queensland	Gold	23-Nov-17	22-Nov-23	Current
EPM 26883	Pluton	Mt Pluton Base Pty Ltd	100%	- 90km Southwest of Cairns near Mareeba - Queensland	Gold	07-Mar-19	06-Mar-23	Current

For personal use only

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2022.

**Twenty Largest Shareholders**

The names of the twenty largest holders of quoted shares are:

N°	Shareholder	Shares	%
1	Bmax Holdings Pty Ltd	8,000,000	17.93
2	Mr Kerry William John Harris	2,687,258	6.02
3	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	2,480,500	5.56
4	Chaley Holdings Pty Ltd <Rubben Family A/C>	2,000,000	4.48
5	M & E Earthmoving Pty Ltd	1,814,673	4.07
6	Miss Katrina Fourro	1,735,000	3.89
7	Ms Justine Davina Michel <Lambrecht Investment A/C>	1,265,086	2.84
8	RJ Consolidated Pty Ltd <Super Fund A/C>	952,000	2.13
9	Mr Antony Corel	920,130	2.06
10	Mr Gregory John Munyard + Mrs Maria Ann Munyard + Miss Carmen Helene Munyard <Riviera Super Fund A/C>	753,000	1.69
11	WFC Nominees Pty Ltd <WFC Nominees Australia A/C>	750,000	1.68
12	BNP Paribas Nominees Pty Ltd Barclays <DRP A/C>	742,558	1.66
13	Mr Simon William Tritton <Investment A/C>	650,000	1.46
14	Miss Jacqueline Bryer	500,000	1.12
15	Cove Street Advisors Pty Ltd	500,000	1.12
16	Robert C Galbraith	500,000	1.12
17	Mr Kerry William John Harris+ Miss Katrina Fourro <Dig Deep S/F A/C>	500,000	1.12
18	Mr Henry Presser	500,000	1.12
19	David Andrew Scanlen	500,000	1.12
20	Bryan Super Investments Pty Ltd <Superannuation Fund A/C>	400,000	0.90
<b>Total</b>		<b>28,150,205</b>	<b>63.09</b>

**Distribution of Equity Securities**
**Fully paid ordinary shares**

Range	Number of holders	Number of shares	%
1 - 1,000	20	6,084	0.01
1,001 - 5,000	42	141,733	0.27
5,001 - 10,000	92	851,771	1.63
10,001 - 100,000	175	6,431,272	12.29
100,001 - 9,999,999	64	44,890,315	85.80
<b>Total</b>	<b>393</b>	<b>52,321,175</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel is 177.

## ADDITIONAL ASX INFORMATION

As at 31 August 2022

### Distribution of Equity Securities (cont.)

#### Unlisted Options – expiring 24 December 2023<sup>1</sup> – exercisable at \$0.20

Range	Number of holders	Number of options	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999	8	14,972,500	100.00
<b>Total</b>	<b>8</b>	<b>14,972,500</b>	<b>100.00</b>

1. 750,000 of these options expire on 17 December 2023.

#### Holders of More Than 20% of the Company's Unlisted Options

Option holder	Shares	%
Chaley Holdings Pty Ltd <Rubben Family A/C>	4,000,000	27.72
Claymore Ventures Limited	4,850,000	32.39

#### Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders are:

Shareholder	Shares	%
Bmax Holdings Pty Ltd	6,676,000	12.76
Mr Kerry William John Harris	6,327,742	12.09
BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	5,847,424	11.18

#### Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands. No voting rights attach to any other class of equity security.

There are currently 100,000 fully paid ordinary shares subject to escrow until 30 November 2022.

#### On market buy-back

There is no current on-market buy back.

#### Mineral Resources and Ore Reserves

The Company is a mining exploration entity and as at the date of this ASX information, has no mineral resources or ore reserves.

For personal use only