

For personal use only

ARK MINES LTD.

ACN 123 668 717

Financial Report

For the Half-Year Ended 31 December 2022

Contents	Page
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	3
Consolidated Statement of Profit or Loss	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Changes in Equity	7
Notes to the Financial Statements	8
Directors' Declaration	12
Independent Auditor's Review Report	13
Schedule of Tenements	15

CORPORATE DIRECTORY

Directors

Roger A Jackson
Ian B Mitchell
Benjamin P Emery

Company Secretary

Ian B Mitchell

Registered office

Ian B Mitchell and Associates
Level 9
MLC Centre
19 – 29 Martin Place
Sydney NSW 2000

Principal Place of Business

Ian B Mitchell and Associates
Level 9
MLC Centre
19 – 29 Martin Place
Sydney NSW 2000

Share Register

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford Victoria 3067
GPO Box 3224
Melbourne Victoria 3001

Auditor

Moore Australia Audit (WA)
Level 15 Exchange Tower
2 The Esplanade,
Perth WA 6000

Solicitors

Ian B Mitchell and Associates
Level 9
MLC Centre
19 – 29 Martin Place
Sydney NSW 2000

Bankers

National Australia Bank
292 Pitt Street
Sydney NSW 2000

Securities Exchange Listing

Ark Mines Ltd shares are listed on the Australian Securities Exchange
(ASX code: AHK)

Website Address

www.arkmines.com

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") for the financial half-year ended 31 December 2022.

Directors

The names of the Directors, who held office from 1 July 2022 to date of this report, unless otherwise stated, are:

- Roger A Jackson
- Ian B Mitchell
- Benjamin P Emery
- Antony B Corel (Resigned 18 December 2022)

Review of Operations

The Company focused on developing and commercialising its DSO Ni Co product in North Queensland during the half-year.

In October 2022, the Company and its subsidiaries ("Group") completed a **second phase** of reverse circulation drilling at its Gunnawarra Nickel-Cobalt Project. Drilling targeted areas to the south and North of previous drilling and a total of 28 holes were drilled at an average depth of 30 metres, with the deposit remaining open in numerous directions. The **first phase** program, undertaken in March comprised a 45-hole drilling program which highlighted shallow robust nickel mineralisation. The majority of high-grade intersections are shallow with little to no overburden, providing clear pathway for fast-tracked project development.

On 16 December 2022, the Company announced a JORC (2012 Edition) compliant inferred mineral resource estimate for the Gunnawarra Nickel-Cobalt Project totalling 1.341 million tonnes at .53% Ni, 602,000 tonnes Cobalt at .066% and 191,500 tonnes of Copper at .054% at a .4% Ni cut off. The mineral resource estimate was carried out by Hawker Geological Consultants, an independent consultant to the Company. High level beneficiation test work on mineralised samples derived from both phases of drilling at Gunnawarra were carried out with indicative success. Test work to primarily focus on magnetic separation was also commenced.

On 18 December 2022, the Company announced that its former Chairman, Mr Antony Corel had resigned from the Board to pursue his other business interests in London. Mr Corel joined the Board in September 2008 and oversaw the Company's initial listing on the ASX. The Board thanks Mr Corel for his efforts as Director and Chairman during a period of over 14 years.

Following the resignation of Mr Corel, Mr Roger Jackson was appointed Executive Chairman of the Company.

On 1 March 2023, the Company announced that it had acquired EPM 28013 located in North Queensland which is a rare earth placer deposit. The Company also assessed other opportunities and will continue to assess these as they arise.

The loss for the Group during the half-year was \$442,170 (2021: \$1,154,410).

Subsequent Events

The review of operations discussed above covers the period of the half-year ended 31 December 2022 and up to the date of this report. Details of all events that occurred specifically between 31 December 2022 and the date of this report are shown in note 16 to the financial statements.

Auditor's Independence Declaration

The Auditor's independence declaration for the half-year ended 31 December 2022 has been received and a copy is reproduced on page 3.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest dollar (where rounding is applicable) unless otherwise indicated.

This Report is made in accordance with a resolution of the Board of Directors and signed on behalf of the Board by:



Roger A Jackson

Executive Chairman
Sydney, 10 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 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

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 half-year ended 31 December 2022, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

WEN-SHIEN CHAI
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 10th day of March 2023.

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2022

	Consolidated	
	Note	December 2021
		\$
		\$
Revenue from ordinary activities		
Interest income		2
Total revenue		2
Less: Expenses		
Accounting and secretarial expenses	37,748	14,361
ASX listing costs	32,255	16,308
Audit fees	17,326	13,073
Consultants	106,820	38,500
Depreciation	2,580	-
Directors' fees	76,917	103,297
Insurance	233	40,210
Investor relations	73,701	17,123
Share registry costs	20,370	24,099
Other expenses from ordinary activities	74,234	7,947
Total expenses	442,184	274,918
Loss from operating activities	(442,184)	(274,916)
Net foreign exchange gains	14	(63)
Share based DOCA loan settlement	-	(850,015)
Acquisition costs of mineral exploration assets charged to profit or loss	-	(29,416)
Loss before income tax	(442,170)	(1,154,410)
Income tax expense	-	-
Loss from continuing operations after income tax	(442,170)	(1,154,410)
Other comprehensive loss for the period	-	-
Total comprehensive loss for the period	(442,170)	(1,154,410)
Earnings per share		
Basic - cents per share	(0.01)	(0.22)
Diluted - cents per share	(0.01)	(0.22)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	Consolidated	
		December 2022	June 2022
		\$	\$
Current assets			
Cash and cash equivalents		2,406,482	2,897,907
Trade and other receivables	3	84,946	154,056
Prepayments		22,841	72,792
Total current assets		2,514,269	3,124,755
Non-current assets			
Capitalised exploration and evaluation expenditure	4	2,554,631	2,360,303
Plant and equipment		37,265	39,845
Environmental bonds and tenement deposits	5	9,000	9,000
Total non-current assets		2,600,896	2,409,148
Total assets		5,115,165	5,533,903
Current liabilities			
Trade and other payables	6	156,905	133,473
Total current liabilities		156,905	133,473
Total liabilities		156,905	133,473
Net assets		4,958,260	5,400,430
Equity			
Contributed equity	7	17,784,220	17,784,220
Reserves	8	850,015	850,015
Accumulated losses		(13,675,975)	(13,233,805)
Total equity		4,958,260	5,400,430

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	Note	Consolidated	
		December 2022	December 2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(297,111)	(285,359)
Interest received		-	2
Exchange gains (losses)		14	(63)
Net cash used in operating activities		(297,097)	(285,420)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure	4	(194,328)	-
Net cash used in investing activities		(194,328)	-
Cash flows from financing activities			
Proceeds from share issues - net of share issue costs		-	4,702,700
Payments for share issue costs		-	(103,439)
Proceeds from loans		-	186,000
Net cash provided by financing activities		-	4,785,261
Net (decrease) increase in cash held		(491,425)	4,499,841
Cash at beginning of financial year		2,897,907	1,216
Cash at end of financial year		2,406,482	4,501,057

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

Consolidated

Note	Issued capital	Reserves	Acc. losses	Total
	\$	\$	\$	\$
December 2022				
Balance at 1 July 2022	17,784,220	850,015	(13,233,805)	5,400,430
Loss from continuing operations after income tax	-	-	(442,170)	(442,170)
Other comprehensive loss for the period	-	-	-	-
Total	17,784,220	850,015	(13,675,975)	4,958,260
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	-	-	-	-
Share based payments reserve	-	-	-	-
Balance at 31 December 2022	17,784,220	850,015	(13,675,975)	4,958,260
December 2021				
Balance at 1 July 2021	9,976,683	-	(10,794,309)	(817,626)
Loss from continuing operations after income tax	-	-	(1,154,410)	(1,154,410)
Other comprehensive loss for the period	-	-	-	-
Total	9,976,683	-	(11,948,719)	(1,972,036)
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	6,883,431	-	-	6,883,431
Share based payments reserve	-	850,015	-	850,015
Balance at 31 December 2021	16,860,114	850,015	(11,948,719)	5,761,410

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

1. Corporate Information

Ark Mines Ltd ("Ark Mines" or the "Company") is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The Company and its subsidiaries' operations comprise exploration for and evaluation of mineral resources.

2. Significant Accounting Policies

These financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. This financial report covers Ark Mines Ltd and its wholly owned subsidiaries (the "Group") and was authorised for issue in accordance with a resolution of Directors on 10 March 2023. For the purpose of preparing the financial statements, Ark Mines is a for-profit entity.

These financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report. The half-year financial report should be read in conjunction with the annual financial report of Ark Mines Ltd as at 30 June 2022 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

a) Basis of preparation

The half-year financial report has been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year-ended 30 June 2022,

c) 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 Australian Accounting Standards Board that are mandatory for the current reporting period.

3. Trade and Other Receivables

GST recoverable

Other receivables

Total

Consolidated

December 2022	June 2022
\$	\$
84,946	151,556
-	2,500
84,946	154,056

4. Capitalised Exploration and Evaluation Expenditure

Balance at the beginning of the year

Capitalised during the year

Capitalised tenement acquisition costs

Closing Balance

2,360,303	-
194,328	1,791,000
-	569,303
2,554,631	2,360,303

The Company's Schedule of Tenements is shown on Page 15.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

Consolidated	
December 2022	June 2022
3,000	3,000
3,000	3,000
3,000	3,000
9,000	9,000

5. Environmental Bonds and Security Deposits

EPM 26464 - Mt Jesse

EPM 26560 - Gunnawarra

EPM 26883 - Pluton

Total

126,843	88,837
30,062	44,636
156,905	133,473

6. Trade and Other Payables

Trade payables

Accruals

Total

	No.	No.
Ordinary Shares Number		
Balance at the beginning of the period	44,615,748	52,321,175
<u>Share consolidation</u>		
Shares consolidated on a 1 for 20 basis 2 December 2021	-	2,615,998
<u>Shares issued during the period</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
Balance at the end of the period	44,615,748	44,615,748

Ordinary Shares Value

Balance at the beginning of the period

Shares issued during the period

20 December 2021 - 23,513,500 ordinary shares @ \$0.20

20 December 2021 - 7,486,230 ordinary shares @ \$0.20

20 December 2021 - 2,000,000 ordinary shares @ \$0.20

20 December 2021 - 9,000,000 ordinary shares @ \$0.20

Share issue costs

Balance at the end of the period

	\$	\$
Balance at the beginning of the period	17,784,220	9,976,683
<u>Shares issued during the period</u>		
20 December 2021 - 23,513,500 ordinary shares @ \$0.20	-	4,702,700
20 December 2021 - 7,486,230 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)
Balance at the end of the period	17,784,220	17,784,220

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

		Consolidated	
		December 2022	June 2022
8. Reserves		\$	\$
	Balance at the beginning of the period	850,015	-
	Share-based payments expensed during the period	-	850,015
	Balance at the end of the period	850,015	850,015

		No.	No.
9. Share Options			
	Unlisted Options exercisable at \$0.20		
	Balance at the beginning of the period	14,972,500	-
	<u>Options issued during the period</u>		
	Issued 17 December 2021 and expiring 17 December 2023	-	14,222,500
	Issued 24 December 2021 and expiring 24 December 2023	-	750,000
	Balance at the end of the period	14,972,500	14,972,500

10. Commitments

Exploration Expenditure Commitments

The Group holds exploration tenements; EPM 26464, EPM 26560 EPM 26883 ("Tenements") in Queensland, Australia. In order to retain its current rights of tenure to the Tenements, the Group is required to comply with tenement obligations specified by the State Government, including the completion of activities-based works programmes for each tenement, which are assessed over the life of the Tenements. There are no set annual expenditure amounts, however the Company has provided the Queensland Department of Natural Resources, Mines and Energy with a work schedule indicating planned tenement expenditures for the Tenements totalling \$350,000 in FY23 and \$150,000 in FY24.

If planned Tenement expenditures are not met for any tenement, it may result in the loss of that tenement or a reduction in the tenement area. The Group is presently on track to meet all of its tenement obligations

11. Going Concern

The Financial Statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 31 December 2022 the Group held \$2,406,482 in cash.

The Group estimates that its working capital needs for at least 12-months from the date of this report will be satisfied from its currently available cash resources. On this basis, these accounts have been prepared on a going concern basis.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

12. Fair Value Measurement

The estimated fair value of the Company's cash and cash equivalents, trade and other receivables and trade and other payables, approximate fair value, because of the short maturity and nature of these instruments, and therefore fair value information is not included in this note.

Refer to Note 4 for the estimated fair value of the Company's capitalised exploration and evaluation expenditure and Environmental bonds and security deposits.

13. Segment Information

The Company has identified its operating segment based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources. Management has identified exploration and evaluation of mineral resources as the Company's only operating segment as this is its principal activity.

14. Dividends

The Company has not declared or paid a dividend during the half-year.

15. Seasonality

The Company's activities have not been subject to seasonal trends.

16. Subsequent Events

On 1 March 2023 the Company announced to the ASX that it had entered into an agreement to acquire EPM 28013 in North Queensland, which is highly prospective for rare earths and heavy minerals.

Other than the matter referred to above there have been no other matters or circumstances have arisen since the end of the half-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.

The Directors of the Company declare that:

In their opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.



Roger Jackson

Director

Sydney, 10 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ark Mines Ltd (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

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



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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 10th day of March 2023.

For personal use only

SCHEDULE OF TENEMENTS

As at 31 December 2022

Exploration licence	Title name	Title Holder	Interest	Location	Mineral	Grant date	Expiry date	Status
EPM26464	Mt Jesse	Mt Jesse Pty Ltd	100%	~ 40kms south from the town of Mount Garnet - Queensland	Gold	05-Oct-17	04-Oct-23	Current
EPM26560	Gunnawarra	Gunnawara Pty Ltd	100%	~ 25km west of Mt Garnet and 176km from Cairns - Queensland	Gold	23-Nov-17	24-Nov-23	Current
EPM26883	Pluton	Mt Pluton Base Pty Ltd	100%	~ 90km Southwest of Cairns near Mareeba - Queensland	Gold	07-Mar-19	08-Mar-23	Current

For personal use only

For personal use only

This page is intentionally blank.

For personal use only