



(Subject to a Deed of Company Arrangement)

ACN 123 668 717

Annual Report

For the year ended 30 June 2019

CORPORATE DIRECTORY

Directors	Antony B Corel Roger A Jackson Ian B Mitchell
Company Secretary	Ian B Mitchell
Registered office	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
Principal Place of Business	C\ - KordaMentha Level 10 40 St Georges Terrace Perth WA 6000
Share Register	Next Registries PO Box H195 Australia Square NSW 1215
Auditor	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
Solicitors	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
Bankers	National Australia Bank Level 15 Ernst and Young Centre 680 George Street Sydney NSW 2000
Accounting Services	Professional Edge Pty Ltd Level 7 1 Margaret Street Sydney NSW 2000
Securities Exchange Listing	Ark Mines Ltd (Subject to a Deed of Company Arrangement) shares are listed on the Australian Securities Exchange (ASX code: AHK)



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For the year ended 30 June 2019

Contents	Page
Directors' Report	2
Auditor's Independence Declaration	9
Statement of Profit or Loss and other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	31
Independent Auditor's Report	32
Schedule of Tenements	34
Additional ASX Information	35
Corporate Governance Statement	37

Your Directors present their report together with the financial statements of Ark Mines Ltd (Subject to a Deed of Company Arrangement) (the "Company" or "Ark") for the financial year ended 30 June 2019.

Review of Operations

The Company's prime focus during the financial year was to become a producer of gold as soon as practicable. At the commencement of the financial year, the Company was party to a letter agreement ("Letter Agreement") with Prodigy Gold NL ("Prodigy") to negotiate an operating agreement ("Operating Agreement") for the exploration and mining of the Old Pirate project ("Old Pirate") area.

Repayment of the Chan Investments Ltd ("Chan") debt facility ("Chan Facility") was necessary to release the security over all Company assets which would then be available for new funding initiatives. The Company believed it had secured an interested investor who was expected to provide sufficient funding for the Company to commence mining at Old Pirate and repay the Chan Facility. On 23 July 2018, the Company announced that the interested investor would not proceed with the funding.

On 5 October 2018, the Company entered into a Deed of Forbearance and Settlement with Chan under which Chan agreed to settle this liability for \$3.75m on completion of the sale of certain of the Company's tenements to Territory Iron Pty Ltd ("Territory Iron"). The Company then engaged in discussions with parties interested to acquire its Mt Porter and Frances Creek projects. Following this, the Company entered into a binding Term Sheet with Territory Iron ("Territory Agreement") to sell its Mt Porter and Frances Creek Projects for \$4.0m plus GST (if applicable) of which \$500k was received during the financial year as a non-refundable deposit. Of this amount, \$3.75m was to be used to repay the US\$2.6m previously drawn down Chan Facility and agreed interest, for which sum Chan agreed to settle on completion of the sale to Territory Iron.

Under the terms of the Territory Agreement the Company agreed to pay Chan the settlement amount in three tranches;

- 1) \$250k on execution of the Territory Agreement;
- 2) \$1.5m on or before 17 December 2018; and
- 3) \$2.0m on or before 6 May 2019.

On 9 October 2018 the Company repaid \$250k of the \$3.75m settlement amount from the \$500k deposit received from Territory Iron. The balance of \$250k was applied to the Company's working capital. Territory Iron subsequently failed to pay the Company the amount of \$1.5m due on 17 December 2018. As a consequence of the failure of Territory Iron to comply with the terms of the Territory Agreement, the Company was not able to pay the second tranche \$1.5m to Chan. As a consequence of the Company being unable to fulfil its obligations to Prodigy, the Letter Agreement for Old Pirate was terminated 30 October 2018.

On 5 March 2019, the Company announced that, with the agreement of Chan, it had terminated the Territory Agreement.

On 11 June 2019, the Company announced that it had reached an in-principle agreement with Chan to repay the Chan Facility over an agreed period of time while it raised further capital and a debt facility to pursue mining at its Glencoe property and acquire other gold mining assets.

On 30 July 2019, the Company announced that it had agreed in-principle, the terms of a joint venture ("JV") agreement with Trendsheer Holdings Pty Ltd ("Trendsheer") and ICA Mining Services Pty Ltd ("ICA") to mine and produce gold dore' from its NT tenements and gold rights, for treatment in an environmentally friendly gold processing hub to be established by the JV in the Frances Creek / Pine Creek area.

Trendsheer had recently purchased various MLs and ELs and associated infrastructure in the Frances Creek area from Territory Resources Pty Ltd. ICA had secured the NT rights to the Thiosulphate gold extraction process from the CSIRO and would acquire the rights to build a plant utilising this technology on the Trendsheer tenements. ICA was well advanced in raising the necessary capital for this purpose.

The in-principle terms of the JV agreement contemplated the establishment of a JV Company the NT that would have had exclusive access to explore, mine and process the ore mined, and sell the gold produced. Ark would have had Board representation on the JV Company and executive roles and would have been entitled to 30% of JV distributions. Ark would not have been required to contribute capital to the JV.

Once the gold processing plant was completed, Ark expected to mine and process up to 150k tonnes of Glencoe ore in the first 12-months of operation and mine and process up to 500k tonnes of Mt Porter ore in the first 18-months of operation.

Repayment of the Chan Facility was expected to be made by the JV from the proceeds of gold sales.

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

On 4 October 2019, the first meeting of creditors of the Company was held. This meeting provided an update on the Administration to date and allowed for creditors to vote on whether a committee of inspection be appointed and if the Administrators were to be replaced. It was determined by creditor vote that a committee of inspection would not be formed and the Administrators were not to be replaced.

On 30 October 2019, the second meeting of creditors of the Company was held. The purpose of this meeting was to consider the Administrators' report to creditors to determine the future of the Company and to approve the Administrators' remuneration. At this meeting the Administrators considered it was in creditors' best interests to adjourn the second meeting of creditors for up to 45 business days, to enable the Administrators to;

Review of Operations (cont.)

- have sufficient time to complete negotiations with interested parties to finalise a sale of assets and/or Deed of Company Arrangement proposal; and
- report back to creditors with sufficient information to accurately determine whether entering into a Deed of Company Arrangement provided a better return to creditors compared to winding up the Company.

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

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

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

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

On 28 January 2020, the Administrators executed the DOCA, from this date the Administrators became the Deed Administrators.

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

Under the terms of the DOCA, control of the Company was to be returned to the Directors following satisfaction of the Conditions Precedent by the Due Date ("Due Date"), initially being 31 March 2020 with the Contribution Balance of \$588k to be paid to the Deed Administrators by 28 February 2020. Per the DOCA, the Deed Administrators had the right to extend the Due Date to allow for the satisfaction of the Conditions Precedent. During the DOCA period the Deed Administrators granted four extensions to the Directors to allow further time for funding to be procured by the Directors to pay the Contribution Balance.

During the DOCA period, the Directors are responsible for attending to the preparation and lodgement of all required statutory returns and reports of the Company with ASIC and the ASX.

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

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

On 13 August 2020, the Deed Administrators extended the Due Date to 31 August 2020.

On 28 August 2020, the Deed Administrators extended the Due Date to 4 September 2020.

On 3 September 2020, the Deed Administrators extended the Due Date to 11 September 2020.

On 24 September 2020, the Deed Administrators extended the Due Date to 7th of December 2020.

Each of the above DOCA Due Date extensions were due to the failure of Ausgold to perform its agreed obligations on time. As noted earlier, under the terms of the DOCA the Deed Administrators had the right to extend the due date to allow for the satisfaction of the Conditions Precedent, including completion of the Asset Sale Agreement. This term was included within the DOCA due to the complexity of completing a distressed asset sale, it is not uncommon for these types of transactions to be prolonged.

Completion of the Asset Sale Agreement is expected to occur in December 2020. Following which the Company will be released to the Directors and the DOCA finalised after the following has occurred:

- Payment of the Contribution Balance of \$588k by the Directors to the Deed Administrators.
- Application by the Deed Administrators of the Contribution Balance towards
 - The Deed Administrators' remuneration and expenses incurred during the DOCA period; and
 - Payment of dividends to admitted creditors of the Company.

Further details of the Administration process and DOCA are included at Note 22 - Going Concern and Note 23 - Subsequent Events.

The loss after income tax for the full year ended 30 June 2019 was \$1,569,887 (2018: \$647,007).

DIRECTORS' REPORT

For the year ended 30 June 2019

Principal Activity

The principal activity of the Company during the financial year ended 30 June 2019 was the development of its Mt. Porter, Frances Creek and Glencoe projects in preparation for the mining of gold. No change in the principal activity occurred during this period.

Directors

The names of the Directors, who held office from 1 July 2018 to date of this report, unless otherwise stated, are:



Antony B Corel – Non-Executive Independent Chairman

Dip Law, LLM

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 ventures, including Ark, with a view to sharing his experience in law, governance, compliance and management.

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.

- Appointed. 22 September 2008
- Committee memberships. Audit & Risk, Remuneration & Nomination
- Other listed Board memberships. Nil
- Previous listed Board memberships. Nil for the last three years



Roger A Jackson – Managing Director

BSc, Dip Ed, Grad Dip Fin Man, MAusIMM, AICD, FGS

Mr Jackson has been actively involved in the Mining industry for 25 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. He is currently a Director of NQ Minerals PLC

Mr Jackson has maintained a Geological and Mining Consulting business for the past 10 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.

- Appointed. 21 October 2010
- Committee memberships. Nil
- Other listed Board memberships. Nil
- Previous listed Board memberships. Nil for the last three years



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 31 years' experience as a Director and Secretary of listed mining, exploration and industrial. 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 & Nomination
- Other listed Board memberships. Reliance Resources Ltd., Medical Australia Ltd.
- Previous listed Board memberships. Nil for the last three years

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 2019 (2018: Nil).

Events Subsequent to Reporting Date

Events subsequent to reporting date are included in Note 23 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.

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 as at 30 June 2019 are shown in the following table. The Company had not issued any options to Directors as remuneration as at this date.

Director	Holding type	Shares			
		1 July 2018	Acquired	Disposed	30 June 2019
Antony B Corel	Direct	208,010	-	-	208,010
	Indirect	-	-	-	-
	Total	208,010	-	-	208,010
Roger A Jackson	Direct	706,262	-	-	706,262
	Indirect	1,467,000	-	-	1,467,000
	Total	2,173,262	-	-	2,173,262
Ian B Mitchell	Direct	3,317,424	-	-	3,317,424
	Indirect	2,530,000	-	-	2,530,000
	Total	5,847,424	-	-	5,847,424

Since 30 June 2019, Mr Roger A Jackson as indirectly acquired a further 333,333 shares on 30 July 2019 and Mr Antony B Corel has indirectly acquired a further 333,333 shares on 31 July 2019.

Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Company. 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 Company'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 consolidated entities strategic objectives. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities.

DIRECTORS' REPORT

For the year ended 30 June 2019

Remuneration Policy (Cont.)

The Company currently has no employees, including women. When the Company reaches a suitable 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 Non-Executive Directors and reviews their remuneration, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to a limit of \$300,000 set by shareholders when the Company was first floated. Directors' remuneration is fixed and no element of that remuneration is dependent on the satisfaction of a performance condition.

There were no bonuses paid or proposed to be paid for the year ended 30 June 2019 (2018: Nil).

There were no share options issued during the year ended 30 June 2019 (2018: Nil).

Below is a table summarising key performance and shareholder wealth indicators for the Company For the year ended 30 June 2019 and the previous 4 financial years.

Period	Loss after Tax	EPS (cents per share)	Share Price
Year ending 30 June 2019	(1,569,887)	(3.14)	\$0.01
Year ending 30 June 2018	(\$647,007)	(1.32)	\$0.07
Year ending 30 June 2017	(\$3,918,034)	(8.08)	\$0.12
Year ending 30 June 2016	(\$730,506)	(1.80)	\$0.14
Year ending 30 June 2015	(\$946,533)	(2.50)	\$0.05

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) and specified executives are set out in the following table.

	Short-term	Post-employment	Total
	Base fee / salary \$	Superannuation \$	\$
2019			
Executive Directors			
Roger A Jackson	180,000	-	180,000
Non-Executive Directors			
Antony B Corel	99,996	9,499	109,495
Ian B Mitchell	60,000	-	60,000
Total Non-Executive	159,996	9,499	169,495
Total Remuneration	339,996	9,499	349,495
2018			
Executive Directors			
Roger A Jackson	180,000	-	180,000
Non-Executive Directors			
Antony B Corel	99,996	9,499	109,495
Ian B Mitchell	60,000	-	60,000
Total Non-Executive	159,996	9,499	169,495
Total Remuneration	339,996	9,499	349,495

Contracts of Senior Executives

The Managing Director, Mr Jackson, was previously engaged under a Consultancy Agreement which expired on 14 November 2017. Since this time, the Board has determined, and Mr Jackson has agreed, that his employment is ongoing on a month to month at a fixed rate of \$16,500 per month. Mr Jackson is not entitled to any benefits on termination.

As at the date of this report, Directors remuneration of \$912,105 has not been paid and is shown in the financial statements as a liability. Directors have each entered into a Deed of Forbearance with the Company whereby the Directors and the Company have agreed that this amount will be paid at a future time to be determined by the Board. See Note 10 for further details.

This concludes the Remuneration Report, which has been audited.

Significant Changes in State of Affairs

Since the end of the financial year the secured creditor has appointed a Voluntary Administrator.

As a consequence of the Administration process, creditors of the Company have voted to accept the Deed of Company Arrangement ("DOCA") proposed by the Directors of the Company for total consideration of \$663,000, which would result in a dividend of 100 cents in the dollar being returned to secured and unsecured creditors. In addition to the above consideration, as part of the DOCA the Administrator has agreed terms for an asset sale agreement with Ausgold Trading Pty Ltd for the sale of the Company's mining tenements and associated assets for \$4.2 million.

Please refer to Note 23, Subsequent Events, for further details.

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 2019 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	3	3	2	2	1	1
Roger A Jackson	3	3	-	-	-	-
Ian B Mitchell	3	3	2	2	1	1

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

Likely Developments

It is anticipated that as a consequence of creditors of the Company voting to accept the Deed of Company Arrangement proposed by the Directors of the Company, the Company will likely raise additional capital which will be invested in a new gold exploration project.

Please see Note 22 - Going Concern and Note 23 - Subsequent Events for further details.

Indemnifying Officers and Auditor

During the financial year the Company paid premiums to insure all Directors and officers of the Company against claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a wilful breach of duty in relation to the Company. The Company is prohibited under its contract for insurance from disclosing the amount of the premiums paid.

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.

Non-Audit Services

The Auditor provided no other services during the financial year ended 30 June 2019.

Officers of the Company who are former Audit Partners of BDO East Coast Partnership

There are no officers of the Company who are former Partners of BDO East Coast Partnership.

Auditor Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2019 has been received and a copy is reproduced on page 9. BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

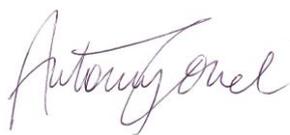
DIRECTORS' REPORT

For the year ended 30 June 2019

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.

Signed with the approval of and at the direction of the Deed Administrators.



Antony B Corel

Chairman

Sydney, 16 October 2020



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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF ARK MINES LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

As lead auditor of Ark Mines Limited (Subject to Deed of Company Arrangement) for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Gareth Few'. The signature is written in a cursive, flowing style.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 16 October 2020

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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(Subject to a Deed of Company Arrangement)

ACN 123 668 717

Financial Statements

For the year ended 30 June 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue from ordinary activities			
Interest income		390	3,706
Less: Expenses			
Accounting and secretarial expenses		61,557	61,164
ASX listing fees		16,302	22,824
Audit fees	17	50,000	38,286
Capitalised option costs written off		-	45,000
Computer and communications		11,898	11,487
Depreciation	9	3,985	3,985
Directors' fees	18	205,496	205,496
Geological survey costs expensed		-	48,623
Impairment of exploration and evaluation capitalised		398,188	-
Insurance		14,456	18,636
Legal fees		4,167	37,673
Printing and stationery		7,348	10,501
Share registry costs		12,844	14,502
Title management and tenement reporting		11,533	6,986
Travel and accommodation expenses		6,681	94,424
Other expenses from ordinary activities		6,504	8,398
Total expenses		(810,959)	(627,985)
Loss from operating activities		(810,569)	(624,279)
Recovery of environmental bond previously written off		10,000	-
Deposit on tenement sale forfeited by purchaser		500,000	-
Write off of non-refundable Old Pirate deposit		(50,000)	-
Net foreign exchange loss		61	(68,968)
Finance costs		(90,161)	(116,803)
Fair value movement on derivative liability	11	(1,129,218)	163,043
Loss before income tax		(1,569,887)	(647,007)
Income tax expense	4	-	-
Loss from continuing operations after income tax		(1,569,887)	(647,007)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(1,569,887)	(647,007)
Earnings per share			
Basic - cents per share	21	(3.14)	(1.32)
Diluted - cents per share	21	(3.14)	(1.32)

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 2019

	Note	2019	2018
		\$	\$
Current assets			
Cash and cash equivalents	5	1,348	17,598
Trade and other receivables	6	47,643	118,730
Environmental bonds	8	-	121,060
Prepayments		19,953	20,383
Total current assets		68,944	277,771
Non-current assets			
Exploration and evaluation expenditure	7	3,052,323	3,219,053
Environmental bonds	8	122,259	-
Plant and equipment	9	6,974	10,959
Total non-current assets		3,181,556	3,230,012
Total assets		3,250,500	3,507,783
Current liabilities			
Trade and other payables	10	945,278	576,008
Derivative liability	11	6,854,682	-
Total current liabilities		7,799,960	576,008
Non-current liabilities			
Derivative liability	11	-	5,975,464
Borrowings	12	750,000	750,000
Total non-current liabilities		750,000	6,725,464
Total liabilities		8,549,960	7,301,472
Net assets		(5,299,460)	(3,793,689)
Equity			
Contributed equity	13	9,940,247	9,876,131
Accumulated losses	14	(15,239,707)	(13,669,820)
Total equity		(5,299,460)	(3,793,689)

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 2019

	Note	Issued capital	Acc. losses	Total
		\$	\$	\$
2019				
Balance at 1 July 2018		9,876,131	(13,669,820)	(3,793,689)
Total comprehensive income for the year		-	(1,569,887)	(1,569,887)
Total		9,876,131	(15,239,707)	(5,363,576)
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	13	64,116	-	64,116
Balance at 30 June 2019		9,940,247	(15,239,707)	(5,299,460)
2018				
Balance at 1 July 2017		9,876,131	(13,022,813)	(3,146,682)
Total comprehensive income for the year		-	(647,007)	(647,007)
Total		9,876,131	(13,669,820)	(3,793,689)
<u>Transactions with owners in their capacity as owners</u>				
Ordinary shares issued, net of transaction costs	13	-	-	-
Balance at 30 June 2018		9,876,131	(13,669,820)	(3,793,689)

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(7,999)	(621,793)
Interest received		390	3,706
Interest, finance costs and exchange losses paid		(90,100)	(185,771)
Net cash used in operating activities	16	(97,709)	(803,858)
Cash flows from investing activities			
Proceeds from forfeited deposit on tenement sale		500,000	-
Payments for environmental deposits	8	(1,199)	(27,180)
Payment for option over tenements		-	(45,000)
Payment for loan repayments		(250,000)	-
Payments for exploration and evaluation expenditure	7	(231,458)	(634,012)
Net cash provided by (used in) investing activities		17,343	(706,192)
Cash flows from financing activities			
Proceeds from share issue	13	66,000	-
Payments for capital raising costs	13	(1,884)	-
Net cash provided by financing activities		64,116	-
Net decrease in cash held		(16,250)	(1,510,050)
Cash at beginning of financial year		17,598	1,527,648
Cash at end of financial year	16	1,348	17,598

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. Reporting Entity

The financial report is for the entity Ark Mines Ltd (Subject to a Deed of Company Arrangement) (referred herein also as the "Company" or "Ark") as an individual entity. 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 Company during the year was the exploration for and evaluation of its gold and other mineral deposits.

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 Company 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 16 October 2020.

New or amended accounting standards and interpretations adopted

The Company has adopted all new, revised or amending Accounting Standards issued by the AASB that are mandatory for reporting period ending on or prior to 30 June 2019, as provided below. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretation are most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. All other financial assets are classified and measured at fair value through profit and loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income ("OCI"). The Company has not made an election on this initial recognition.

Impact of adoption

The adoption of AASB 9 did not have any significant impact on the financial performance or position of the Company as at 30 June 2019 or on opening retained earnings as at 1 July 2018. Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company. There are no other Standards that are not yet effective and that are expected to have an impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 Company.

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 Company'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 Company. 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 22 – Going Concern.

Comparative figures

When required by accounting standards comparative figures have been adjusted to changes in presentation for the current financial year.

3. Significant Accounting Policies

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

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.

Office furniture and fittings and motor vehicles are depreciated at the rate of 20% per annum. Computer equipment is depreciated at the rate of 33½% 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.

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.

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. It 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.

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 Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

3. Significant Accounting Policies (cont.)

Financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally settled between 7 days and 30 days terms.

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.

Interest income

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

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.

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.

Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value through the profit and loss.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

New, revised or amending accounting standards and interpretations adopted

The Company 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.

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 Company for the annual reporting period ended 30 June 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2019	2018
	\$	\$
4. Income Tax Expense		
The prima facie tax benefit on loss before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax benefit on loss before income tax at 27.5% (2018: 27.5%)	(431,719)	(177,927)
<u>Add tax effect of:</u>		
Non allowable expenses	11,150	235
<u>Add/(deduct) temporary differences not brought to account:</u>		
Capital raising expenses	(5,011)	(5,693)
Derivative fair value adjustment	310,535	(44,837)
Exploration expenditure	45,851	(174,353)
Other temporary differences	56	(634)
Tax losses not recognised	69,138	403,209
Income tax expense	-	-

	Opening	Movement	Closing
	\$	\$	\$
Deferred income tax – 2019			
Deferred tax assets have not been recognised in respect of the following items:			
Capital raising expenses	12,248	(4,494)	7,754
Provisions	127,127	56	127,183
Fair value derivative liability	709,832	310,535	1,020,367
Tax losses	3,947,276	69,138	4,016,414
Total deferred tax assets	4,796,483	375,235	5,171,718
Deferred tax liabilities have not been recognised in respect of the following items:			
Exploration and evaluation expenditure	885,239	(45,851)	839,388
Total deferred tax liabilities	885,239	(45,851)	839,388

Deferred income tax – 2018			
Deferred tax assets have not been recognised in respect of the following items:			
Capital raising expenses	17,941	(5,693)	12,248
Provisions	127,761	(634)	127,127
Fair value derivative liability	754,669	(44,837)	709,832
Tax losses	3,544,066	403,210	3,947,276
Total deferred tax assets	4,444,437	352,046	4,796,483
Deferred tax liabilities have not been recognised in respect of the following items:			
Exploration and evaluation expenditure	710,886	174,353	885,239
Total deferred tax liabilities	710,886	174,353	885,239

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 Company can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

2019	2018
\$	\$

5. Cash and Cash Equivalents

Cash at bank	1,348	17,598
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6. Trade and Other Receivables

Deposit for Old Pirate Operating Agreement	-	50,000
GST recoverable	22,655	58,387
Other receivables	24,988	10,343
Total trade and other receivables	47,643	118,730

7. Capitalised Exploration and Evaluation Expenditure

Balance at the beginning of the year	3,219,053	2,585,041
Capitalised during the year	231,458	634,012
Impaired during the year	(398,188)	-
Balance at the end of the year	3,052,323	3,219,053

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 Company 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 Company will make a provision in the accounts for the carrying value of the project. The list of tenements the Company has an interest in is disclosed on page 34.

Subsequent to the year end, the Administrator negotiated an Asset Sale Agreement for the sale of all leases with Ausgold Trading Pty Ltd for \$4.2m.

8. Environmental Bonds – Non-Current

EL 23237 Frances Creek South	5,223	5,171
ML 23839 Mt Porter	80,329	79,545
ML 29679 Glencoe	36,707	36,344
Total environmental bonds	122,259	121,060

Environmental bonds for the comparative period were shown as a current asset in the 2018 Annual Report as it was the Company's intention at that time to dispose of its Mt Porter, Frances Creek and Glencoe tenements.

9. Plant and Equipment

At cost

Balance at the beginning of the year	21,727	21,727
Additions	-	-
Disposals	-	-
Balance at the end of the year	21,727	21,727

Accumulated depreciation

Balance at the beginning of the year	(10,768)	(6,783)
Charge for the year	(3,985)	(3,985)
Balance at the end of the year	(14,753)	(10,768)
Total plant and equipment	6,974	10,959

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2019	2018
	\$	\$
10. Trade and Other Payables		
Trade creditors	18,303	40,647
Other payables – Directors’ fees	464,493	73,083
Deferred Directors’ fees	447,612	454,778
Accruals	14,870	7,500
Total trade and other payables	945,278	576,008

Directors have entered into a Deed of Forbearance (“Deed”) with the Company whereby the Directors and the Company have agreed that all fees due to Directors are not presently due and payable. Under the terms of this Deed, all fees due to Directors accrue interest monthly at an interest rate of 10% per annum and are payable at a future time to be determined by the Board.

Refer to Note 20 for detailed information on financial instruments. Refer to Note 23 – Subsequent Events for details of the settlement of these payables under the Deed of Company Arrangement.

11. Derivative Liability

Balance at the beginning of the year	5,975,464	6,135,507
Fair value movement	1,129,218	(163,043)
Repaid in cash	(250,000)	-
Balance at the end of the year	6,854,682	5,975,464

On 4 August 2016 the Company entered into a Gold Loan Facility Agreement (“Facility”) with Chan Investments Ltd (HK Reg. No, 2277478) (“Chan”) to fund its Mt. Porter gold mining project and surrounding exploration. The Facility was available in three tranches comprising an initial tranche of US\$2.6m and two further tranches of US\$1.7m each. Each tranche was repayable by an agreed amount of gold bullion within the life of a mine however the Facility allowed for cash repayment of the latter two tranches and as a consequence, the Facility is accounted for as a derivative instrument.

The Company drew down the first tranche of US\$2.6m which is repayable by an agreed amount of gold bullion without a cash repayment option. The carrying value for the Facility of \$7,104,682 as at 30 June 2019 represents the fair value of the gold to be delivered to satisfy this liability. The movement of \$1,129,218 from the 30 June 2018 carrying value of \$5,975,464 has been charged to profit and loss as a fair value adjustment.

Chan has previously advised the Company that it considered that the Company has defaulted on the Facility as a consequence of its failure to secure a Toll Treating Agreement.

While the Company did not agree that this is the case, it none the less entered into a Deed of Forbearance and Settlement 5 October 2018, with Chan under which Chan agreed to settle this liability for \$3.75m on completion of the sale of certain of the Company’s tenements to Territory Iron. After the receipt of a \$500k non-refundable deposit of which \$250k was applied to the reduction of the agreed settlement amount, this sale did not complete. The Forbearance Agreement lapsed and the Company’s repayment liability reverted to the Terms of the Facility. Chan contended that under the Facility, it had the right to immediate repayment however the Directors were of the view that payment was due only from the proceeds of gold production.

Directors were negotiating repayment of the Facility with Chan and as announced to the ASX on 11 June 2019, the Company had reached an in-principle agreement with Chan to repay the Facility over a period of time. This agreement was yet to be formalised, and the Directors expected that settlement would take place over the life of mining at the Company’s Glencoe and Mt Porter tenements.

Chan had not demanded repayment of the Facility and Directors remained strongly of the view that this liability would be settled for the balance of \$3.5m as previously agreed in the Forbearance Agreement.

The Facility was secured by all of the current and future assets of the Company including its Mt Porter mining tenement (ML 23839) but excluding its Glencoe tenement (ML29679).

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha (“Administrators”) were appointed Voluntary Administrators of the Company by Chan.

Refer to Note 23 – Subsequent Events for further details of the Administration process.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2019	2018
	\$	\$
12. Borrowings		
Interest bearing loan from related party	750,000	750,000
Total borrowings	750,000	750,000

On 4 February 2016 the Company entered into a loan agreement ("Loan") with a related party of Mr Ian B Mitchell, who is a Director of the Company. The Loan is for an amount of \$750,000 for an initial term of 18-months at an interest rate of 12%. Interest is payable monthly.

On entering into the Loan, the Directors determined that the transaction was conducted on an arms-length basis and on terms no more favourable than were otherwise commercially available at the time. The Directors noted at the time that the terms of the Loan were significantly better than the terms of all competing loan or equity propositions investigated by the Company in the previous 18 months.

The term of the Loan had been extended on a number of occasions and on 18 June 2019, the lender agreed to further extend the term of the Loan to 1 July 2020.

The Loan is secured by a second ranking charge over the Company's Glencoe mining tenement (ML 29679) and a second ranking charge over the Company's Mt. Porter mining tenement (ML 23839).

Refer to Note 23 – Subsequent Events for details of the settlement of this loan under the Deed of Company Arrangement.

	2019	2018
13. Contributed Equity		
51,129,509 (2018: 49,129,509) ordinary shares fully paid		
Ordinary Shares Number	No.	No.
Balance at the beginning of the year	49,129,509	49,129,509
<u>Shares issued during the year</u>		
Issued 30 January 2019	2,000,000	-
Balance at the end of the year	51,129,509	49,129,509

	\$	\$
Ordinary Shares Value		
Balance at the beginning of the year	9,876,131	9,876,131
<u>Shares issued during the year</u>		
30 January 2019 - 2,000,000 ordinary shares @ \$0.033	66,000	-
Share issue costs	(1,884)	-
Balance at the end of the year	9,940,247	9,876,131

Since the end of the financial year, the Company has issued a further 9,524,999 ordinary shares to raise \$341,000.

14. Accumulated Losses		
Balance at the beginning of the year	(13,669,820)	(13,022,813)
Net loss attributable to members of the entity	(1,569,887)	(647,007)
Balance at the end of the year	(15,239,707)	(13,669,820)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2019	2018
	\$	\$
15. Related Party Transactions		
Antony B Corel LLB - legal services	4,167	38,139
Interest on related party loan	90,000	90,000
Total related party transactions	94,167	128,139

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 18 for Key Management Personnel disclosures.

	2019	2018
	\$	\$
16. Cash Flow Information		
Reconciliation of cash		
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 as follows:		
Cash at bank	1,348	17,598
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from continuing operations after Income Tax	(1,569,887)	(647,007)
<u>Less: Investment receipt included in profit and loss</u>		
Forfeited deposit on tenement sale	(500,000)	-
<u>Non-cash items</u>		
Capitalised option costs written off	-	45,000
Depreciation	3,985	3,985
Old Pirate deposit written off	50,000	-
Fair value movement of derivative liability	1,129,218	(163,043)
Impairment of tenements	398,188	-
<u>Movements in working capital</u>		
Decrease in prepayments	430	52,682
Decrease / (Increase) in trade receivables	21,087	(63,099)
Increase / (decrease) in trade payables	369,270	(32,376)
Cash flow from operations	(97,709)	(803,858)

17. Auditor's Remuneration		
Audit and review of the financial reports	50,000	38,286
Total auditor's remuneration	50,000	38,286

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

18. Directors and Key Management Personnel Disclosures

Directors

Antony B Corel

Roger A Jackson

Ian B Mitchell

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

Directors equity holdings including holdings of their personally related entities as at 30 June 2019

Fully Paid Ordinary Shares	Opening	Acquired	Disposed	Closing
Antony B Corel	208,010	-	-	208,010
Roger A Jackson	2,173,262	-	-	2,173,262
Ian B Mitchell	5,847,424	-	-	5,847,424

Since the end of the financial year, Mr Corel and Mr Jackson have each acquired an additional 333,333 fully paid ordinary shares at an issue price of \$0.03 per share.

	2019	2018
	\$	\$
Short-term employee benefits compensation		
Directors		
<u>Executive</u>		
Roger A Jackson	180,000	180,000
<u>Non-Executive</u>		
Antony B Corel	99,996	99,996
Ian B Mitchell	60,000	60,000
Total remuneration	339,996	339,996

Mr Corel has not entered into a contract of service with the Company and Mr Jackson's consulting agreement is now expired. A portion of Mr Jackson's compensation totalling \$144,000 (2018: \$144,000) was capitalised against Exploration and Evaluation Expenditure. The balance of \$36,000 (2018: \$36,000) was charged to profit and loss.

The Company has no other Key Management Personnel.

19. Commitments

Under the terms of the agreement whereby the Company acquired its Glencoe tenement it is required to pay the vendor a Net Smelter Royalty of 1% up to a maximum of \$1m on gold produced from this tenement.

Under the terms of the agreement whereby the Company acquired its tenements and gold rights from Arafura Resources Ltd, it is required to pay the vendor a Royalty of 2.5% on gross sales of gold from those tenements and gold rights. Please refer to the Company's ASX release of 20 June 2016 for further details.

These commitments refer to assets that are subject to an asset sale agreement being pursued by the Administrators as part of the Administration process. Refer to Note 23 – Subsequent Events for further details of the Administration process.

Exploration expenditure commitments

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position.

A summary of the aggregate of these commitments is shown over page.

	2019	2018
	\$	\$
19. Commitments (cont.)		
Within 1 year	10,795	9,635
More than 1 year but not later than 5 years	34,000	19,270
Later than 5 years	-	-
Total	44,795	28,905

These commitments refer to assets that are subject to an asset sale agreement being pursued by the Administrators as part of the Administration process. Refer to Note 23 – Subsequent Events for further details of the Administration process.

20. Financial Risk Management

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

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

The Company 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.

	Note	Current interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
			\$	\$	\$	\$
Financial assets						
Cash held in general account	5	0.00%	-	108	-	108
Cash held in investment account	5	0.00%	-	59	-	59
Cash held in US\$ bank account	5	0.00%	-	1,181	-	1,181
Trade and other receivables	6	0.00%	-	-	47,643	47,643
Financial liabilities						
Trade creditors and accruals	10	0.00%	-	-	33,173	33,173
Other payables – Directors' fees	10	10.00%	-	-	464,493	464,493
Deferred Directors' fees	10	10.00%	-	-	447,612	447,612
Derivative liability	11	0.00%	-	-	6,854,682	6,854,682
Interest bearing loans	12	12.00%	750,000	-	-	750,000

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company'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 Company's main interest rate risk arises from interest earnings on its surplus cash. The Company 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.

Gold price risk

The Company's gold price risk arises from its derivative liability which is payable in a defined number of ounces of gold. The Company is exposed to gold price risk to the extent that the price of gold may fluctuate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

20. Financial Risk Management (cont.)

Exchange rate risk

The Company's exchange rate risk arises from its cash deposited in a US dollar bank account and any requirement to repay its Chan Finance Facility in US dollars. The Company is exposed to exchange rate risk to the extent that the exchange rate between US dollars and Australian dollars may fluctuate. The Company'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 Company'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 Company 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	
	\$	\$	\$		
Financial liabilities					
Trade creditors and accruals	10	33,173	33,173	-	Usually payable each 30 days
Other payables – Directors' fees	10	464,493	-	464,493	On Board determination
Deferred Directors' fees	10	447,612	-	447,612	On Board determination
Derivative liability	11	6,854,682	6,854,682	-	On demand
Interest bearing loans	12	750,000	-	750,000	1 July 2020

Fair values

The Company 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.

21. Earnings Per Share

Ordinary share number 2019 financial year

Balance at the beginning of the year

Shares issued during the year

Issued 30 January 2019

Balance at end of the year

No	No
Weighted Av.	
49,129,509	49,129,509
2,000,000	827,397
51,129,509	49,956,906

Ordinary share number 2018 financial year

Balance at the beginning of the year

Balance at end of the year

49,129,509	49,129,509
49,129,509	49,129,509

	2019	2018
	\$	\$
21. Earnings Per Share (cont.)		
Total comprehensive income for the year	(1,569,887)	(647,007)
Earnings per share		
Basic - cents per share	(3.14)	(1.32)
Diluted - cents per share	(3.14)	(1.32)

22. Going Concern

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha (“Administrators”) were appointed Voluntary Administrators of the Company by Chan Investments Ltd (“Chan”). Details of the Administration process from that date are included at Note 23 – Subsequent Events. As part of this process, on 28 January 2020 the Directors entered into a Deed of Company Arrangement (“DOCA”) with the Company and the Administrators.

Under the terms of the DOCA, control of the Company is to be returned to the Directors after payment of the contribution balance of \$663k to the Deed Administrators. Of this sum, a deposit of \$75k was paid to the Deed Administrators on 7 February 2020 and the balance of \$588k (“Contribution Balance”), is expected to be paid upon satisfaction of the Conditions Precedent of the DOCA, including;

- execution, completion and settlement of the Asset Sale Agreement (“Asset Sale Agreement”) whereby the Company’s existing tenements, and associated gold assets are sold for \$4.2m for the benefit of Chan, and Chan releasing its security over the remaining assets of the Company;
- execution of a Royalty Deed whereby the Company’s Directors, and second ranking secured creditor receive a 1.5% Net Smelter Royalty on gold production, up to a maximum of \$1.5m in satisfaction of loans and outstanding Directors’ fees due to these parties; and
- the second secured creditor withdrawing any caveat maintained over any of the tenements and providing a release to the Deed Administrators.

The Directors have signed a Term Sheet with certain investors (“Investors”) to subscribe for 29.4m shares at an issue price of \$0.02 per share to provide \$588k to fund the Contribution Balance and the Investors have further committed to use all reasonable commercial efforts to raise an additional \$1m for the Company’s working capital requirements by the issue of 50m shares at an issue price of \$0.02, provided in both cases that;

- the DOCA is terminated and the Company is returned to the Directors;
- the Company remains listed on the ASX; and
- this occurs no later than 20 December 2020, or such other date as the parties might agree (“Funding End Date”).

Once the Company is returned to the Directors, the Directors intend that the Company should recommence its gold exploration activities. To this end, the Directors have entered into a non-binding Term Sheet with a willing vendor (“Vendor”) which is the registered owner of certain gold and other mineral projects located in Queensland (“Projects”). The Directors have commissioned an external independent valuation of the Projects which has concluded a total project value \$1.26m. On this basis, the Vendor has indicated that it would be prepared to vend the Projects into the Company in consideration for the issue of 50m fully paid ordinary shares in the Company, at a deemed value of \$0.025 per share.

After acquiring the Projects, Directors forecast that the Company would spend a total of \$570k up to December 2021, drilling the tenements and undertaking a mining feasibility study. It is forecast that this expenditure and the other working capital requirements of the Company would be funded from the additional \$1m proposed to be raised by the Investors.

On this basis, the Directors have prepared these Financial Statements on the going concern basis.

Notwithstanding that the DOCA proposed by the Directors, together with the support of the Investors and acquisition of the Project, outlines a viable and realistic way for the Company to remain listed on the ASX and move forward, there remain significant risks that:

- The DOCA will not be terminated before the Funding End Date of 20 December 2020, or such other date as may be determined by the parties.
- The acquisition of the Project cannot be concluded in the 6-month time limit likely to be imposed by ASX for the introduction of an appropriate project after the DOCA is concluded. In this case, ASX may delist the Company if it determines that the Company has failed meet the requirements of Chapter 12 of the Listing Rules.
- The Company fails to remain listed for other reasons including failure to lodge outstanding ASX reporting requirements within the time stipulated by ASX.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

22. Going Concern (Cont.)

Execution, completion and settlement of the Asset Sale Agreement, is a condition precedent to the conclusion of the DOCA and return of the Company to the Directors. Ausgold Trading Pty Ltd ("Ausgold"), the purchaser under the Asset Sale Agreement, has continually failed to perform its obligations under this agreement. Should Ausgold fail to comply with its obligations beyond 20 December 2020 Funding End Date;

- the Directors would be in breach of their funding Term Sheet by which the Investors have agreed to fund the Project, unless the Investors agreed to extend the Funding End Date; and
- the conditions precedent for the DOCA would not be met unless the Administrators and the Directors agreed to extend the DOCA Due Date.

Furthermore, it is a condition of the funding proposed by the Investors that the Company remains Listed on the ASX. Delisting of the Company by ASX for any reason would also be a breach of the funding Term Sheet. Should the ASX delist the Company, this would likely cause the DOCA to not complete and the Company will be wound up.

These risks give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Should the Investors' funding not be forthcoming, the Company will be unable to continue as a going concern and meet its debts as and when they fall due.

Please see Note 23 Subsequent Events, for further details of the Administration process and the Asset Sale process.

23. 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 except as follows.

On 30 July 2019, the Company announced that it had agreed in principle, the terms of a joint venture ("JV") agreement with Trendsheer Holdings Pty Ltd and ICA Mining Services Pty Ltd to mine and produce gold dore' from its NT tenements and gold rights, for treatment in an environmentally friendly gold processing hub to be established by the JV in the Frances Creek / Pine Creek area.

On 30 July 2019, the Company issued 333,333 ordinary shares under its Listing Rule 7.1A capacity at an issue price of \$0.03 per share to raise \$10,000.

On 31 July 2019, the Company issued 3,666,666 ordinary shares under its Listing Rule 7.1A capacity at an issue price of \$0.03 per share to raise \$110,000.

On 15 August 2019, the Company issued 5,525,000 ordinary shares under its Listing Rule 7.1 and 7.1A capacity at an issue price of \$0.04 per share to raise \$221,000.

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha ("Administrators") were appointed Voluntary Administrators of the Company by a secured creditor of the Company, Chan Investments Limited ("Chan"), pursuant to Section 436C of the Corporations Act. On appointment, the Board's powers were suspended and the Administrators assumed control of the Company's affairs and assets.

On 4 October 2019, the first meeting of creditors of the Company was held, pursuant to section 436E of the Corporations Act. This meeting provided an update on the administration and allowed for creditors to vote on whether a committee of inspection be appointed and if the Administrators were to be replaced. It was determined by creditor vote that a committee of inspection would not be formed and the Administrators were not to be replaced.

On 30 October 2019, the second meeting of creditors of the Company was held, pursuant to section 439A of the Corporations Act. The purpose of this meeting was to consider the Administrators' report to creditors, to determine the future of the Company and to approve the Administrators' remuneration. At this meeting the Administrators considered it was in creditors' best interests to adjourn the second meeting of creditors for up to 45 business days, to enable the Administrators to;

- have sufficient time to complete negotiations with interested parties to finalise a sale of assets and/or Deed of Company Arrangement ("DOCA") proposal; and
- report back to creditors with sufficient information to accurately determine whether entering into a DOCA provided a better return to creditors compared to winding up the Company.

23. Subsequent Events (cont.)

On 6 January 2020, the reconvened second meeting of creditors was held pursuant to section 439A of the Corporations Act. The purpose of this meeting was to consider the Administrators' report to creditors, to determine the future of the Company and to approve the Administrators' remuneration. At this meeting:

- The Administrators reported that they had agreed terms for an asset sale agreement ("Asset Sale Agreement") with Ausgold Trading Pty Ltd ("Ausgold") for the sale of the Company's mining tenements and associated assets for \$4.2 million ("Asset Sale"). Under this structure of this transaction, the Company's mining tenements and associated assets would be sold with net proceeds applied to the repayment of secured debt.
- The Administrators further reported that they received various DOCA proposals under which, and following the Asset Sale, the Company would be recapitalised with part of the recapitalisation proceeds being applied to the further repayment of secured debt and the payment of unsecured creditors.
- The Administrators reported that they considered it in the creditors' best interests for the Company to accept a DOCA proposed by the Directors of the Company ("the Directors") for total consideration of \$663k, made up of a \$350k payment to Chan, \$175k in fees to the Administrator and \$138k to settle the claims of admitted unsecured creditors in full. The Administrators considered that this would result in a better return to creditors in timing, quantum, and certainty, than other DOCA proposals or if the Company was liquidated.
- It was determined by creditor vote that the Company accept and execute the DOCA proposed by the Directors ("Directors' DOCA").

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

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

On 28 January 2020, the Administrators and the Directors executed the Directors' DOCA.

On 7 February 2020, a \$75,000 deposit procured by the Directors from interested investors, was paid to the Deed Administrators, with the expectation that the Directors' DOCA would be concluded within 60 days.

Under the terms of the Directors' DOCA, control of the Company was to be returned to the Directors following completion of the Asset Sale which was expected to complete in March 2020.

Completion of the Asset Sale Agreement was to occur after the satisfaction of the Conditions Precedent, which were required to be satisfied by 30 June 2020 or any other date agreed between. As conditions were not met by 30 June 2020, the completion date was extended by the Deed Administrators in accordance with the terms of the Asset Sale Agreement.

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

On 13 August 2020, the Directors' DOCA conditions precedent due date ("DOCA Due Date") was extended to 31 August 2020.

On 28 August 2020, the DOCA Due Date was extended to 4 September 2020.

On 3 September 2020, the DOCA Due Date was extended to 11 September 2020.

On 24 September 2020, the DOCA Due Date was extended to 7 of December 2020.

Each of the abovementioned DOCA Due Date extensions were due to the failure of Ausgold to perform its agreed obligations on time.

Completion of the Asset Sale Agreement is now expected to occur on 7 December 2020, following which the Directors' DOCA can be finalised and the Company released to the Directors after the following has occurred:

- Payment of the Contribution Balance of \$588,000 by the Directors to the Administrators.
- Application by the Deed Administrators of the Contribution Balance towards;
 - the Deed Administrators' remuneration and expenses incurred during the DOCA period; and
 - payment of dividends to admitted creditors of the Company.

Please see Note 22 - Going Concern, for further details of the Directors' DOCA and the interested investors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

24. Contingent Liabilities

29 June 2017 the Company repaid the US\$1.35m previously drawn down under the amended gold loan facility ("Facility") with Chan Investments Ltd ("Chan"). Chan's lawful attorney, Mr. Eric Santoni ("Santoni"), with whom the Company had dealt with in the establishment of the Facility, directed in writing that the full amount to be repaid to the Pansia Technology Fund. Santoni subsequently transferred to Chan only US\$1m of the US\$1.35m received, withholding US\$350K, purportedly pursuant to an agreement with Chan to provide further funding for the Union Extended project (comprising MLs 30214, 30215, 30216, and 30218).

Chan representatives, with whom the Company had not previously dealt with, contacted the Company and claimed that the full amount should have been remitted to Chan and engaged K&L Gates LLP in Melbourne to pursue the matter. The Company engaged Websters Solicitors in Sydney which was at that time, a firm associated with Director Ian Mitchell, to act on its behalf.

The Company contended that Santoni was the lawful attorney of Chan and that Santoni had the authority to direct the repayment of the Facility on behalf of Chan. The Company contended that any dispute over the final remittance of funds should be between Chan and Santoni and was confident that this position would be determined in law if the matter was pursued to Court.

As at 30 June 2019, this represented a contingent liability of the Company as in the event that the matter had been pursued to Court and the Company was unsuccessful the Company would have had to pay to Chan US\$350k plus Court costs.

Notwithstanding that since this date, the Company understands that Chan commenced legal proceedings in Hong Kong against Santoni, this amount is included in the recovery amount being pursued by the Administrators on behalf of Chan.

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 2019 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, 16th October 2020

INDEPENDENT AUDITOR'S REPORT

For the year ended 30 June 2019



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Ark Mines Limited (Subject to Deed of Company Arrangement)

Report on the Audit of the Financial Report

Disclaimer of opinion

We were engaged to audit the financial report of Ark Mines Limited (subject to Deed of Company Arrangement) (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Company. Because of the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha ('Administrators') were appointed Voluntary Administrators of the Company by Chan Investments Ltd ('Chan'). As part of the administration process, on 28 January 2020 the Directors entered into a Deed of Company Arrangement ('DOCA') with the Company and the Administrators. As described in note 22, the Directors have prepared the financial statements on a Going Concern basis and described the significant risks that in their opinion give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

We have been unable to obtain sufficient appropriate audit evidence in relation to the Asset Sale Agreement being executed in an appropriate time frame and whether the conditions precedent on the term sheet with certain investors will be met to enable the DOCA to be effectuated as there was not sufficient information available to us and we were unable to perform alternative procedures.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *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.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Entity in accordance with 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 (including Independence Standards)* (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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019

In our opinion, the Remuneration Report of Ark Mines Limited (subject to Deed of Company Arrangement), for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'Gareth Few'. Above the signature, the letters 'BDO' are written in a smaller, cursive script.

Gareth Few
Partner

Sydney, 16 October 2020

LIST OF TENEMENTS

As at 25 September 2019

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

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 10 October 2020.

Distribution of Equity Securities

Range	Number of holders	Number of shares
1 - 1,000	20	6,084
1,001- 5,000	42	141,733
5,001 - 10,000	92	851,771
10,001 - 100,000	175	6,431,272
100,001 - 9,999,999	64	44,590,315
Total	393	52,021,175

Since listing the Company has issued 52,027,175 fully paid ordinary shares. The number of shareholders holding less than a marketable parcel is 177.

Twenty Largest Shareholders

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

Nº	Shareholder	Shares	%
1	Solo Resources Pty Limited	6,676,000	12.83
2	Cobungra Holdings Pty Ltd	6,327,742	12.16
3	Mr Ian Burnham Mitchell	3,294,984	6.33
4	Dr Rebecca Mitchell	2,510,000	4.82
5	John Wardman & Associates Pty Ltd	2,156,475	4.15
6	Patrick James Walsh	2,000,000	3.84
7	Ichiya Co Ltd	1,324,072	2.55
8	Chahen Pty Ltd <The BCS Super Fund A/C>	1,175,267	2.26
9	Mr B L Franklin & Mrs J M Franklin <Franklin Family S/F A/C>	1,031,173	1.98
10	Mr James Rhodes Smith	1,023,960	1.97
11	Tempest Dawn Pty Limited <SWT Super Fund A/C>	999,790	1.92
12	Mr John Christopher Slade	904,648	1.74
13	Mr Stephen Roy Webster <Capitol Industries Ltd A/C>	879,298	1.69
14	Horizon Storm Pty Limited	854,189	1.64
15	RJ Consolidated Pty Ltd	800,000	1.54
16	RJ Consolidated Pty Ltd <Roger Jackson S/Fund A/C>	773,333	1.49
17	Mr Roger Alan Jackson	697,000	1.34
18	Mr Paul Galbraith	626,262	1.20
19	AJM Super Co Pty Ltd <AJM Super Fund A/C>	563,500	1.08
20	Martin Place Securities Nominees Pty Ltd	537,650	1.03
Total		35,155,343	67.56

ADDITIONAL ASX INFORMATION

As at 10 October 2020

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 is:

Shareholder	Shares	%
Solo Resources Pty Limited	6,676,000	12.83
Cobungra Holdings Pty Ltd	6,327,742	12.16
Mr Ian Burnham Mitchell	5,804,984	11.15

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.

There are no securities subject to voluntary Escrow.

On market buy-back

There is no current on-market buy back.

The Board of Directors is responsible for the overall Corporate Governance of the Company and oversight of management, and for protecting the rights and interests of the shareholders, by adopting systems of control and managed risk as the basis for administration.

The Board is committed to maintaining the highest standards of Corporate Governance possible within the framework of its current organisation and structure. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (the "Council"). The Company's practices are consistent with the Council's guidelines. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole. When the Company is not able to implement one of the Council's recommendations the Company applies the "if not, why not" explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Company complies with those recommendations.

Principle 1 – Lay solid foundations for management and oversight

The Board – Role and Responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance and management oversight of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is within the knowledge of the Board, appropriate external advice is taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following.

- formulation and approval of the strategic direction, objectives and goals of the Company;
- the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management;

- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- the establishment and maintenance of appropriate ethical standards;
- the Board undertakes appropriate security checks before appointing a Director or allowing a Director to nominate for re-election as a Director of the Company and provides Shareholders with any relevant results of such checks; and
- the Company has a written agreement with each Director and senior executive setting out the terms of their appointment.

Evaluation of Performance of Executives

The evaluation of performance of Directors and senior executives is by way of a report on such performance by the Managing Director to the Remuneration and Nomination Committee whenever senior executives are engaged. The fact of performance evaluation is disclosed in the Annual Report.

The Company Secretary is accountable directly to the Board through the Chairman for the functioning of the Board.

The performance evaluation for the Managing Director will be conducted by the Chairman of the Board.

Principle 2 – Structure the Board to add value

Board of Directors - Composition, Structure and Process

The Board has been formed so that its effective composition, size and commitment adequately discharge its responsibilities and duties given the Company's current size, scale and nature of its activities.

Due to the small size of the Company, the Board is made up of three Directors. One Director is the Managing Director and both the other Directors have experience as Directors of public listed companies.

Other than the Managing Director all other Directors are independent. All Directors are required to bring to the Board their independent judgement, irrespective if they are independent or not.

Regular Assessment of Independence

An Independent Director, in the view of the Company, is a Non-executive Director who.

- within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with a service provider

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2019

- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of Directors required for the Board to properly perform its responsibilities and functions.

Office of Chairman and Managing Director

The office of Chair is held by an independent Director.

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Managing Director is responsible and accountable to the Board for the Company's management.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee and Charter. Whilst such committee is comprised of only two independent Directors (as opposed to three as recommended by the Council) the Company believes that number to be sufficient in view of the present size of the Company and its assets. The Committee considers nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act and ASX Listing Rules.

The Remuneration and Nomination Committee is appointed by the Board. It is chaired by an independent Director. The Committee implements the functions listed below.

The responsibilities assumed by the Remuneration and Nomination Committee include.

- Board and senior executive functions;
- Board composition;
- number of Board members;
- criteria for nomination of Directors;
- selection and appointment of the Chairman;
- selection and appointment of the Secretary;
- determine the frequency of meetings of the Committee;
- seek professional advice when required;
- responsibilities of the Committee;
- oversight of Board and executive succession plans; and
- Evaluate performance of Senior Executives.

Performance Review and Evaluation

The Company discloses its process for evaluating the performance of the Board, Committees and Independent Directors.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed by the Board. There is on-going monitoring by the Chairman and the Board of such knowledge, information and experience. The Chairman also speaks with each Director individually regarding their role as a Director.

Evaluation Process

Induction and education

The Company has a policy of providing each new Director or officer with a copy of the following documents.

- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- Constitution.

Access to information

Each Director has access to Board papers and all relevant documentation.

Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board consists of a relevant blend of personal experience in mining exploration and development, finance, law, financial and investment markets, financial management and public company administration, and, director-level business or corporate experience required by the Company.

Independent directors

The Company considers that the current directors other than the Managing Director are Independent Directors. The names, qualifications, experience of each Director and period in office are as set out in the Directors' Report, as well as whether the Board considers them to be Independent Directors. The Chairman is an independent Director.

Professional advice

Board members, with the approval of the Chairman, may seek from time to time external professional advice.

Terms of appointment as a director

The Constitution of the Company provides that a Director may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

Nomination Committee

The members of the Nomination Committee, the number of times it meets and the attendance thereat is set out in the Annual Report.

Principle 3 – Act ethically and responsibly

Code of Conduct and Ethical Standards

The Company has established a formal Code of Conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company. The Code of conduct is included on the Company's website.

The Code of Conduct outlines.

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account legal obligations and reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Access to company information and confidentiality

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Share dealings and disclosures

The Company has adopted a policy relating to the trading of Company securities. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

Conflict of Interest

To ensure that Directors are at all times acting in the best interests of the Company, Directors must.

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

Related party transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

Diversity

The Company has established a policy concerning diversity. The policy is disclosed on the Company's website.

Disclosure of Diversity Objectives

The Company discloses in each Annual Report the measurable objectives for achieving gender diversity in accordance with the diversity policy and the current position in relation thereto.

Proportion of Women Employees

The Company discloses in each Annual Report the proportion of women employees in its organisation, senior executive positions and on the Board.

Publicly Available Information

The Company makes publicly available on the Company's website, the Share Trading Policy, and Continuous Disclosure Policy and Code of Conduct under the corporate governance section.

Principle 4 – Safeguard integrity in financial reporting

Audit and Risk Committee

The Company has established an Audit and Risk Committee which has a corresponding charter. The objective of the Committee is to make recommendations to the Board regarding, the adequacy of the external audit, risk management and compliance procedures. The Committee evaluates from time to time the effectiveness of the financial statements prepared for the Board meetings and ensures that an independent judgement is exercised in relation thereto.

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2019

Membership of Audit and Risk Committee

The two independent Directors are members of the Audit & Risk Committee and the Audit & Risk Committee is not chaired by the Chairman of the Company. In view of the present size of the Company and its assets the Board considers the present structure of such committee to be adequate even though it comprises only two members instead of three as recommended by the Council.

Charter of Audit and Risk Committee

The Audit & Risk Committee charter includes the following.

- duties and responsibilities of the Committee;
- meetings;
- complaints procedures;
- composition of the Audit & Risk Committee;
- structure of the Audit & Risk Committee;
- number of meetings;
- membership requirements. and
- selection, appointment and rotation of the external auditor.

Members and Qualifications of Audit and Risk Committee

The members and qualifications of the Audit & Risk Committee are as set out in the Annual Report together with the number of meetings of the Committee and the number of meetings each member attended.

Status of Financial Statements

Before it approves the Company's Financial Statements for each period the Board receives from the Managing Director and the Company Secretary a declaration that in their opinion the financial records of the Company have been properly maintained, comply with appropriate financial standards and give a true and fair view of the financial position and performance of the Company and the basis of its risk management and internal control systems and its effective operation.

Auditor attendance at Meetings

The external auditor attends the AGM of the Company and is available to answer questions in relation to the audit.

Principle 5 – Make timely and balanced disclosure

Continuous disclosure to the ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with shareholders.

Accordingly, the Company will notify the ASX promptly of information.

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities; and
- the announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

Disclosure Policy

The Company has adopted a continuous disclosure policy which is included on the Company's website.

Principle 6 – Respect the rights of shareholders

Communications

The Company has not adopted recommendation 6.1 because it does not have a formal Shareholders' Communication Policy.

Although the Company does not have a Shareholder Communication Policy the Company recognises its duty to ensure that its shareholders are informed of the details of the Company's structure, its governance and all major developments affecting the Company's state of affairs.

Information is communicated to shareholders and the market through.

- the Annual Report which is distributed to shareholders as requested (usually with the Notice of Annual General Meeting); and is displayed on the company's website;
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly Directors' Report and financial statements;
- quarterly activities and cash flow reports; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements are made available on the Company's website and on the ASX website and shareholders' questions may be directed to members of the Board.

Principle 7 - Recognise and manage risk

Risk Management

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control. At each of its monthly meetings the Board regularly reviews and monitors areas of significant business risk.

Risk Management Control

Because the Board has the oversight function of risk management and internal control systems, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.

Internal control and risk management

The primary vehicle for managing corporate risks is the Audit & Risk Committee appointed by the Board. The Committee reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels.

The Company ensures that appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

The internal audit function is carried out by the Audit & Risk Committee.

CEO and CFO declarations

The Board has determined that the Managing Director and the Company Secretary are the appropriate persons to make the CEO and CFO declarations in respect of each financial year ended, as required under section 295A of the Corporations Act and recommended by the ASX Corporate Governance Council. The Board also satisfies itself that the internal control system is operating effectively in all material respects.

Internal Controls and Risk Management

- The Board conducts evaluations regarding internal control and risk management.
- The Board receives the assurance of compliance from the Managing Director and Company Secretary.
- The Company does not have a written policy on risks oversight management of business material risks because the number of people engaged in the Company's operations is insufficient to warrant production of a detailed policy document.
- Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Principle 8 – Remunerate fairly and responsibly**Remuneration and Nomination Committee**

The Board has established a Remuneration & Nomination Committee which reports to the Board.

Remuneration & Nomination Committee Charter and Responsibilities

The Company has established a Remuneration and Nomination Committee charter. The role and responsibility of the Committee/Board is to review and make recommendations in respect of.

- executive remuneration policy;
- Executive Director and senior management remuneration;

- Non-executive Directors' Remuneration;
- performance measurement policies and procedures;
- administration of the Company's Diversity policy;
- Board evaluation and performance of Directors; and
- issue and allotment of options to Directors and Senior Executives.

Composition of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee is structured so that is made up of.

- only Non-executive Directors;
- Independent Directors; and
- an Independent Chairman, who is not Chairman of the board. In view of the present size of the Company and its assets the Board considers the present structure of such committee to be adequate even though it comprises only two members instead of three as recommended by the Council.

Remuneration Policy

Directors' remuneration is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. The Managing Director has entered into a Service Agreement for a term not exceeding three years. Consultants are engaged as required pursuant to service agreements. The Company ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company. All salaries of Directors and statutory officers are disclosed in the Annual Report of the Company each year.

Salaries and Allowances

- The salary component of the Managing Director remuneration is made up of fixed remuneration.
- The salary component of Non-executive Directors is made up of fixed remuneration.
- The Company discloses the names of Directors in the Remuneration & Nomination Committee in its Annual Report as well as the number of times such Committee has met and attendance at such meetings.
- The Company does not provide any schemes for retirement other than superannuation for the Chairman which is provided at the superannuation guarantee rate.
- The Company has made publicly available a summary of the Remuneration & Nomination Committee Charter on the Company's website.

Corporate Governance Compliance

The Company confirms that it complies with ASX Listing Rule 4.10.3 relating to Corporate Governance Reporting except where specifically otherwise mentioned in this Corporate Governance Statement.

This statement was reviewed and authorised by the Board on 16 October 2020 and is current as at that date.

