



ACN 123 668 717

Annual Report

For the Year Ended 30 June 2017

CORPORATE DIRECTORY

Directors	Antony B Corel Roger A Jackson Ian B Mitchell
Company Secretary	Ian B Mitchell
Registered office	C\ - Websters Solicitors and Barristers Level 11 37 Bligh Street Sydney NSW 2000
Principal Place of Business	C\ - Professional Edge Pty Ltd Level 9 27 – 31 Macquarie Place Sydney NSW 2000
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	Websters Solicitors and Barristers Level 11 37 Bligh Street 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 GPO Box 1458 Sydney NSW 2000
Securities Exchange Listing	Ark Mines Ltd. shares are listed on the Australian Securities Exchange (ASX code: AHK)
Website address	www.arkmines.com.au



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For the Year Ended 30 June 2017

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CHAIRMAN'S LETTER TO SHAREHOLDERS

For the year ended 30 June 2017



“We are now evaluating a proposal to build and operate our own relocatable processing plant.”

Dear Fellow Shareholders,

In my last report, I shared my expectations the Company was about to commence mining operations at Mt. Porter in the Northern Territory. To my great regret, and despite the Board's best efforts, mining did not commence when planned.

The Board, and in particular the Company's Managing Director Roger Jackson, has worked tirelessly to develop Mt. Porter and to bring it to the verge of gold mining. This project has involved;

- extensive metallurgy work to prove that Mt. Porter is a viable gold mine;
- developing a robust mine design that minimises capital expenditures and optimises returns;
- procuring necessary permitting from the Northern Territory Department of Mines & Energy;
- negotiating two toll treat agreements for processing at Union Reefs mill; and
- securing project financing to maintain our very attractive capital structure.

I would like to extend my thanks to Panasia Ltd, our financier in Hong Kong, who has been steadfast in its support of the Company and our ambitions in the Northern Territory.

Unfortunately, we have had to contend with three changes of ownership in the Union Reefs mill. We had hoped to extend the term of the most recent toll treat agreement to extract maximum returns from Mt. Porter, but could not accept the terms and conditions proposed for the extension. As a result, we are now evaluating a proposal to build and operate our own relocatable processing plant, which will permit the Company to be the master of its own destiny.

Whilst we conduct this evaluation, we have taken a 6-month option to acquire the Union Extended project, where we plan to establish our plant and undertake processing. Union Extended comprises 5 mining leases and many attractive attributes that should serve the Company well and save it considerable expense.

Our evaluation is well underway and we are actively engaged with;

- equipment providers;
- consultants;
- our finance partner; and
- holders of advanced gold projects we are interested to acquire;

to develop and accurately cost our strategies and plans, and in this regard, I expect the Company will be able to share more exciting news very soon.

I would like to thank you for your continuing support and look forward to sharing further developments with you in the near future.



Antony B Corel
Chairman
28th day of September 2017



“Ark has further advanced its metallurgy, mine design, permitting and planning for its Mt. Porter, Mt. Porter South and Glencoe projects over the year. We are now looking to develop these projects to production.”

Operational Highlights for the Year

- **Obtained Mt. Porter MMP**
- **Successfully Drilled Mt. Porter South**
- **Commenced work for Mt. Porter South and North MMP**
- **Optimised Mt. Porter Metallurgy**

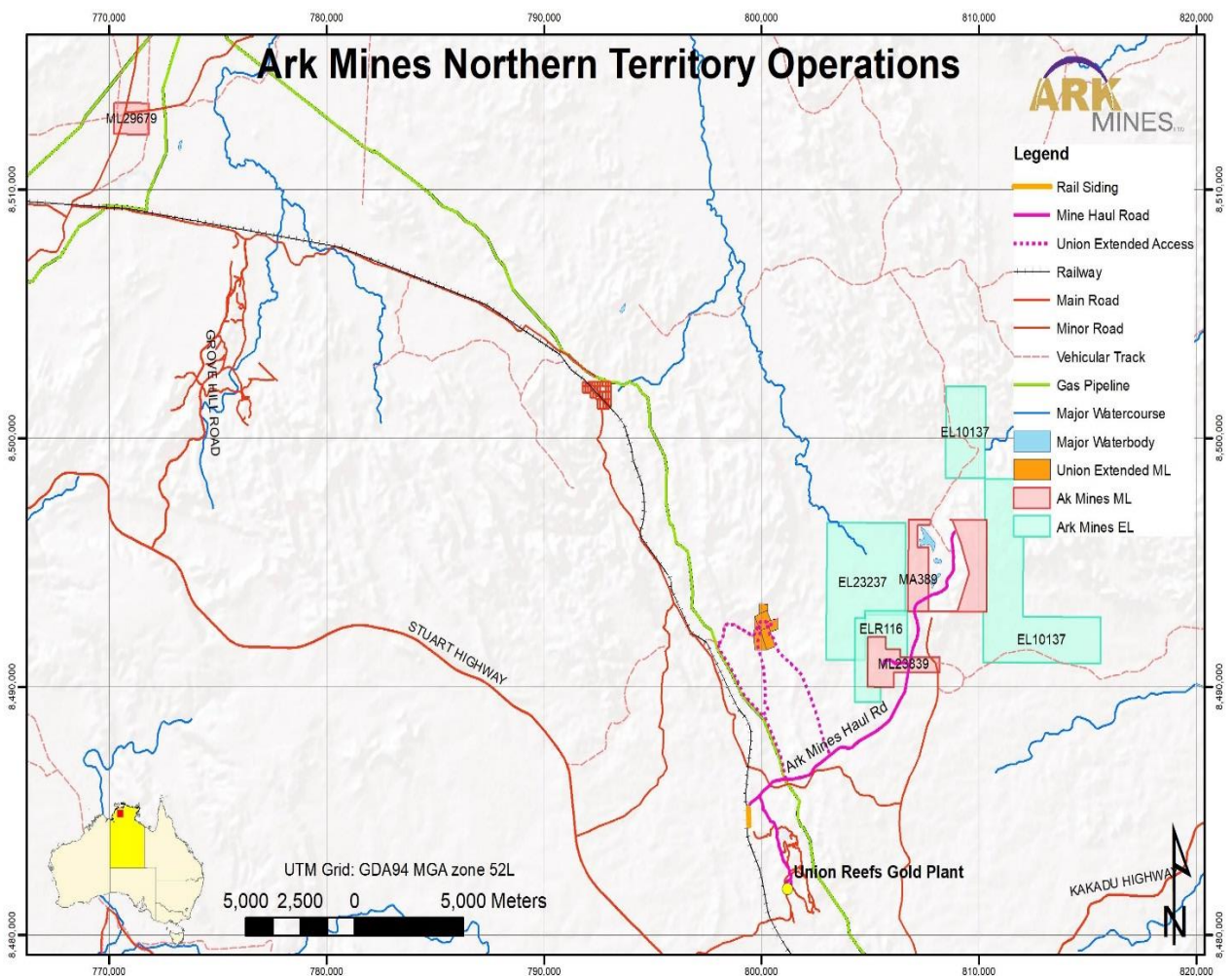


Figure 1. Ark Mines Northern Territory operations.

Mt. Porter Anticline Projects

10400 Gold Deposit (Mt. Porter Central):

- Mine ready pending NT Mining Management Plan approval.
- Processing up to 500,000 tonnes @2.2 g/t.
- 76% recovery.
- Proximal to mill.
- 3:1 strip ratio.

10800 Gold project (Mt. Porter North):

- High grade gold target.

10000 gold Project (Mt. Porter South):

- Larger lower grade gold target.

Mt. Porter Project (ML 23839)

Mt. Porter Central (10400 zone) MMP

Ark made the initial MMP application to the DME in March 2016, and expected approval within 3 months based on:

- Already approved Public Environmental Report.
- Extensive environmental studies previously completed.
- Total mine life of only 6 months.
- Only 14 ha total disturbance area, located within a working agribusiness.

The NT DME blocked MMP approval until Ark put in place planning for:

- Complete backfilling of the 3.6 ha pit with all above ground mining waste.
- Clay capping of the backfilled pit.
- Defending all temporary above ground waste dumps from rain with tarpaulins prior to backfilling.
- Providing reverse osmosis treatment for any rain or ground water that must be pumped out of the pit prior to backfilling, irrespective of quality.
- Implementing a proportionally extensive ground water monitoring bore field of 10 bores; drilled and built in August 2016.

The revised MMP was submitted in June 2016, and the DME indicated acceptance in late August 2016:

- The security bonding value required by the DME was \$1,360,418.
- The unnecessary delay in approval prevented operational start up in the dry season window, forcing planned mining commencement to be postponed until the 2017 dry season.
- The DME delay in MMP approval resulted in the new owner operators of the Union Reefs processing plant, Newmarket NT Mining Operations Pty Ltd, terminating Arks toll treatment agreement negotiated with the previous owner.
- This necessitated negotiation of a new toll treatment agreement with Newmarket put in place on 14 November 2016.
- On 30 November 2016, Newmarket was acquired by Kirkland Lake Gold Ltd.
- Kirkland placed the Cosmo underground mine on care and maintenance in May 2017.
- The economics on the new toll treat proposal was not commercially viable for Ark.
- Ark opted to re-evaluate its option in relation to mining Mt. Porter.

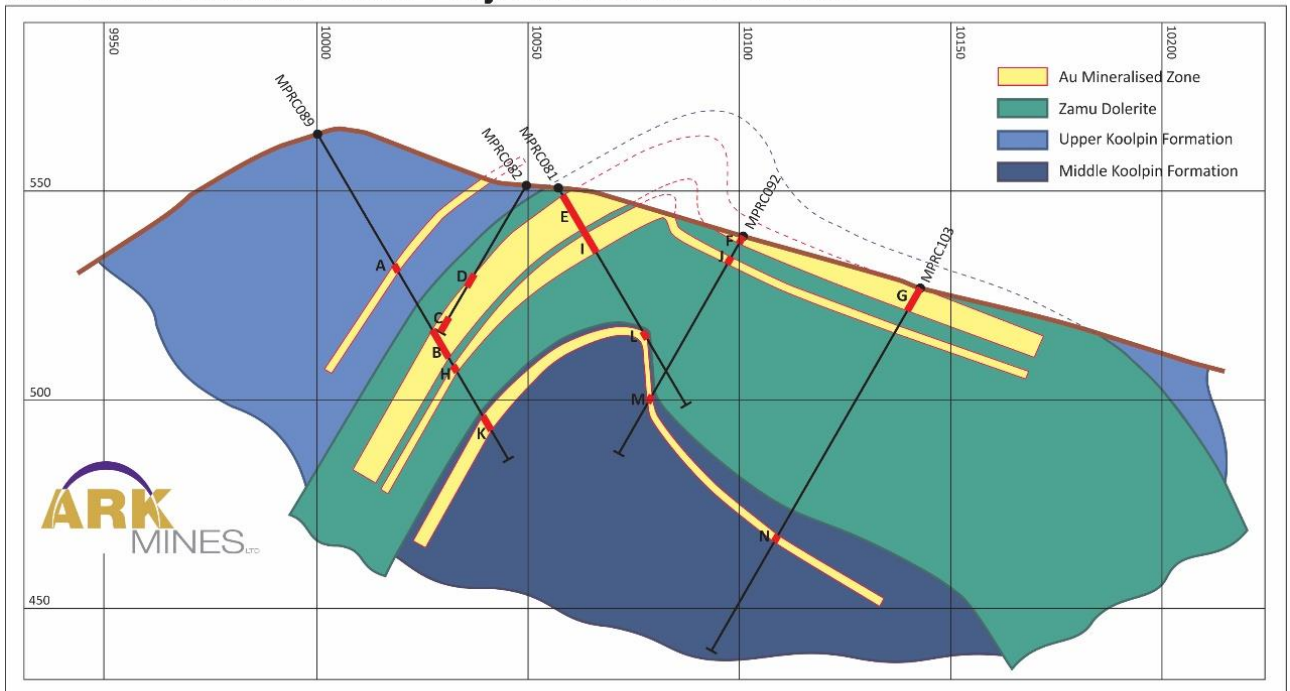
The DME extended the security bond payment date accordingly, and the formal approval of the accepted MMP and amendments is to be granted upon bond payment.

Mt. Porter Resource Extension

Ark's FY16 investigations in to historic drilling conducted by Homestake Gold and Renison Gold at Mt. Porter resulted in identification of two zones of interest:

- The 10800 zone, now referred to as Mt. Porter North.
- The 10000 zone, now referred to as Mt. Porter South.

Ark Mines Mount Porter Project 10800m N Section

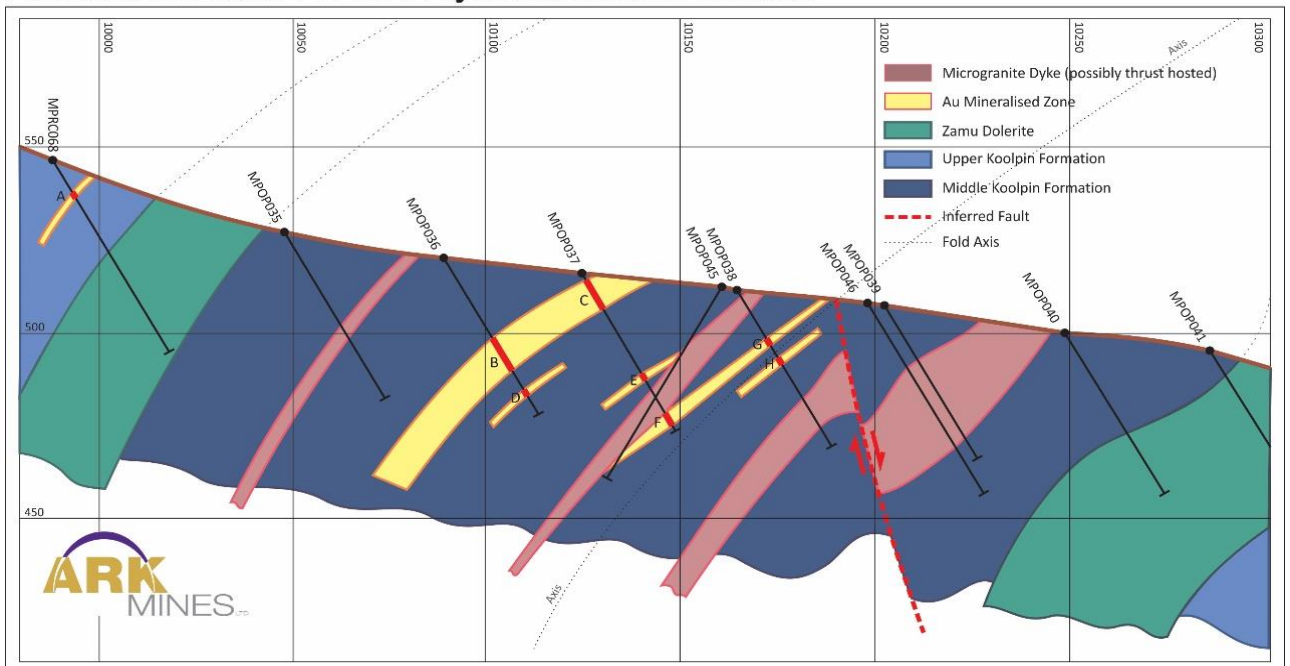


Intercept Table

A: 2m at 1.46 g/t Au	F: 2m at 2.28 g/t Au	K: 4m at 0.53 g/t Au	Cutoff grade: 0.50 g/t Au
B: 8m at 8.38 g/t Au (inc. 4m at 14.35 g/t Au)	G: 6m at 1.39 g/t Au	L: 2m at 0.58 g/t Au	Topcut grade: 20.0 g/t Au
C: 4m at 43.05 g/t Au	H: 2m at 1.01 g/t Au	M: 2m at 1.46 g/t Au	
D: 4m at 1.14 g/t Au	I: 4m at 1.63 g/t Au	N: 2m at 0.54 g/t Au	
E: 10m at 1.56 g/t Au (inc. 4m at 3.03 g/t Au)	J: 2m at 5.20 g/t Au		

Figure 2. Ark Mines Mt. Porter Project 10800m N Section.

Ark Mines Mount Porter Project 10000m N Section



Intercept Table

A: 2m at 1.12 g/t Au	E: 2m at 0.61 g/t Au	Cutoff grade: 0.50 g/t Au
B: 10m at 1.15 g/t Au	F: 4m at 0.56 g/t Au	Topcut grade: 20.0 g/t Au
C: 9m at 1.55 g/t Au (inc. 4m at 2.69 g/t Au)	G: 2m at 0.74 g/t Au	
D: 2m at 1.03 g/t Au	H: 2m at 1.03 g/t Au	

Figure 3. Ark Mines Mt. Porter Project 10000m N Section.

In early FY17, Ark developed 3D CAD targeting models of both zones, based on historic reconnaissance level drilling. From these models, it was determined that Mt. Porter North was:

- 350m north of Mt. Porter Central.
- Structurally similar to Mt. Porter Central, with mineralisation to daylight.
- Had a strike length potential of 350m to 500m and true lode widths of 2m to 10m.
- Of higher average grade than Mt. Porter South, but having too low a data density to afford any reliable preliminary estimation of grade or tonnage potential.
- Would require deeper and more extensive drilling than Mt. Porter South.
- Was located on relatively steep surface topography as for Mt. Porter Central.

Mt. Porter South was determined to be:

- 400m south of Mt. Porter Central.
- Structurally simple surface exposure due to erosional removal of the Mt. Porter anticline closure.
- Had a strike potential of up to 750m and true lode widths ranging from 2m to 9m.
- Of lower average grade, with preliminary estimations suggesting a tenor of around 1.3 g/t Au with an oxide ore potential of up to 260,000 dmt.
- Was located on an area of lower slope having better existing access.
- Would require only shallow targeted drilling of 15m to 40m.

Based on relative cost benefit, it was determined that:

- Ark would commence a resource development drilling programme at Mt. Porter South in CY17.
- Resource development of Mt. Porter North would be postponed until commencement of mining at Mt. Porter Central, allowing logistical costs to be reduced by mining operations.

Mt. Porter South Drilling Programme

3,000m of RC drilling over 86 holes from 58 pads was planned for Mt. Porter South:

- The programme was designed to be implemented in 3 stages.
- The DME accepted the drilling MMP in December 2016.
- 950m of Stage 1 drilling was completed in January 2017.
- 1,465m of Stage 2 drilling was completed in May 2017.
- 600 to 800m of Stage 3 drilling remains to be completed.

Results to Date

Stage 2 and 3 assay results from Mt. Porter South are extremely encouraging, with the majority of holes including intercepts that meet or exceed the 1.3 g/t Au expectation:

- Lode geometry is slightly more complex than indicated by historic reconnaissance drilling, with mineralisation distributed over 2 to 3 parallel lodes of 1m to 10m thickness, rather than a single lode.
- Grades are higher than inferred from historic reconnaissance drilling, and this was expected due to 1m compositing compared to historic results from assaying on 2m composites.
- Oxide zone extends down 25m to 30m.
- Dry season water table is at 30m to 40m, depending on topographic elevation.

Initial mining evaluations by Crosscut Consulting, based on the 950m Stage 1 drilling programme only, indicated a Mt. Porter South mining inventory in the range of:

- 53,000 dmt at 1.6 g/t Au with a strip ratio of 2.8:1.
- Evaluated on a very conservative 1.2 g/t Au cut-off grade.
- Stage 2 drilling results are not yet evaluated, but are expected to increase this substantially.

Since preliminary work on the resource development results strongly indicates that a viable reserve will be developed at Mt. Porter South, work towards MMP approval has also commenced:

- Waste rock characterisation samples have been collected.
- Background ground water samples from the drill holes have been assayed.
- Cultural Heritage archaeological surveys have been conducted.
- Fauna and flora surveys have been completed.
- Soil and clay surveys have been conducted.

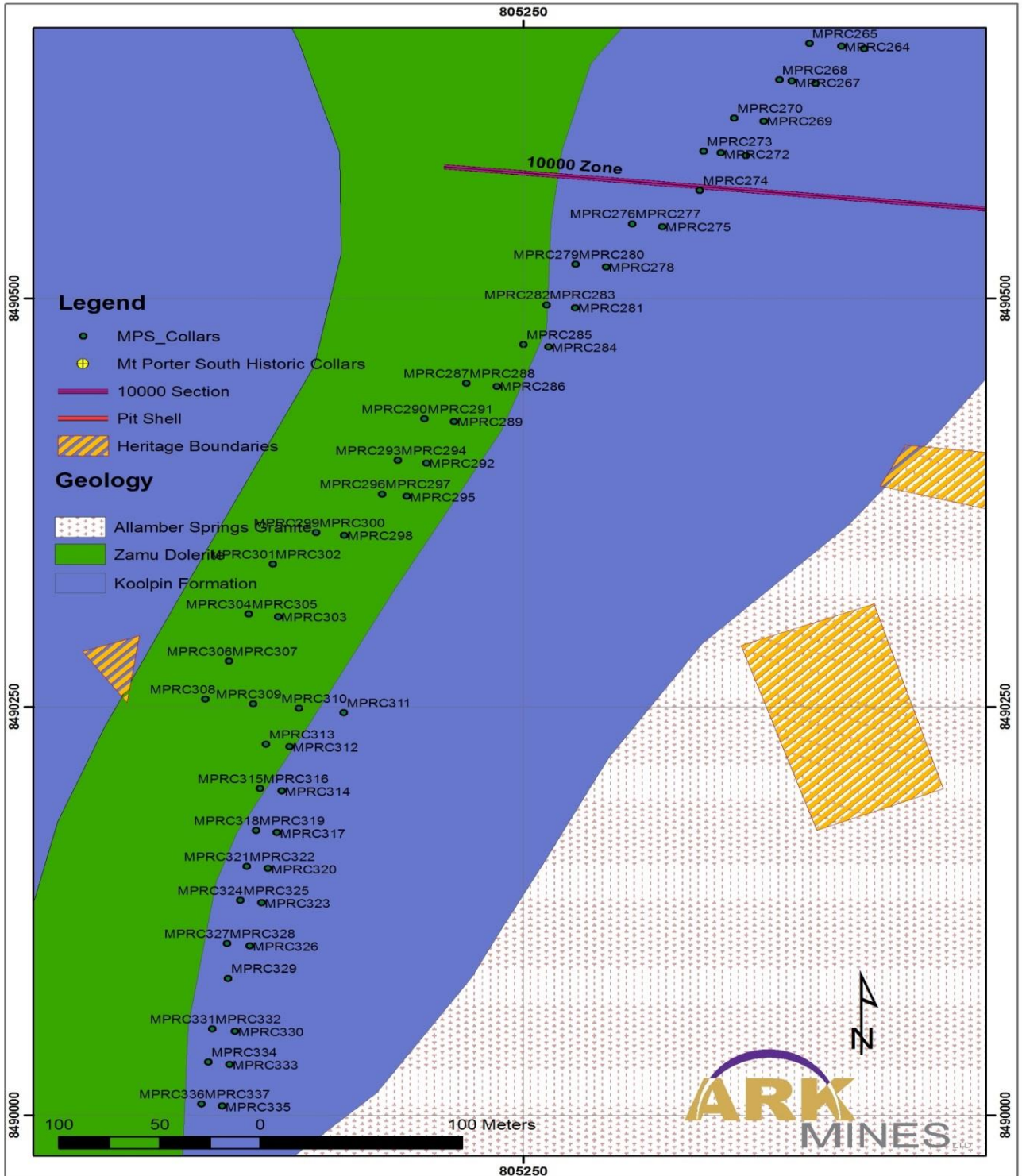


Figure 4. Mt. Porter South drilling plan.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

For the year ended 30 June 2017

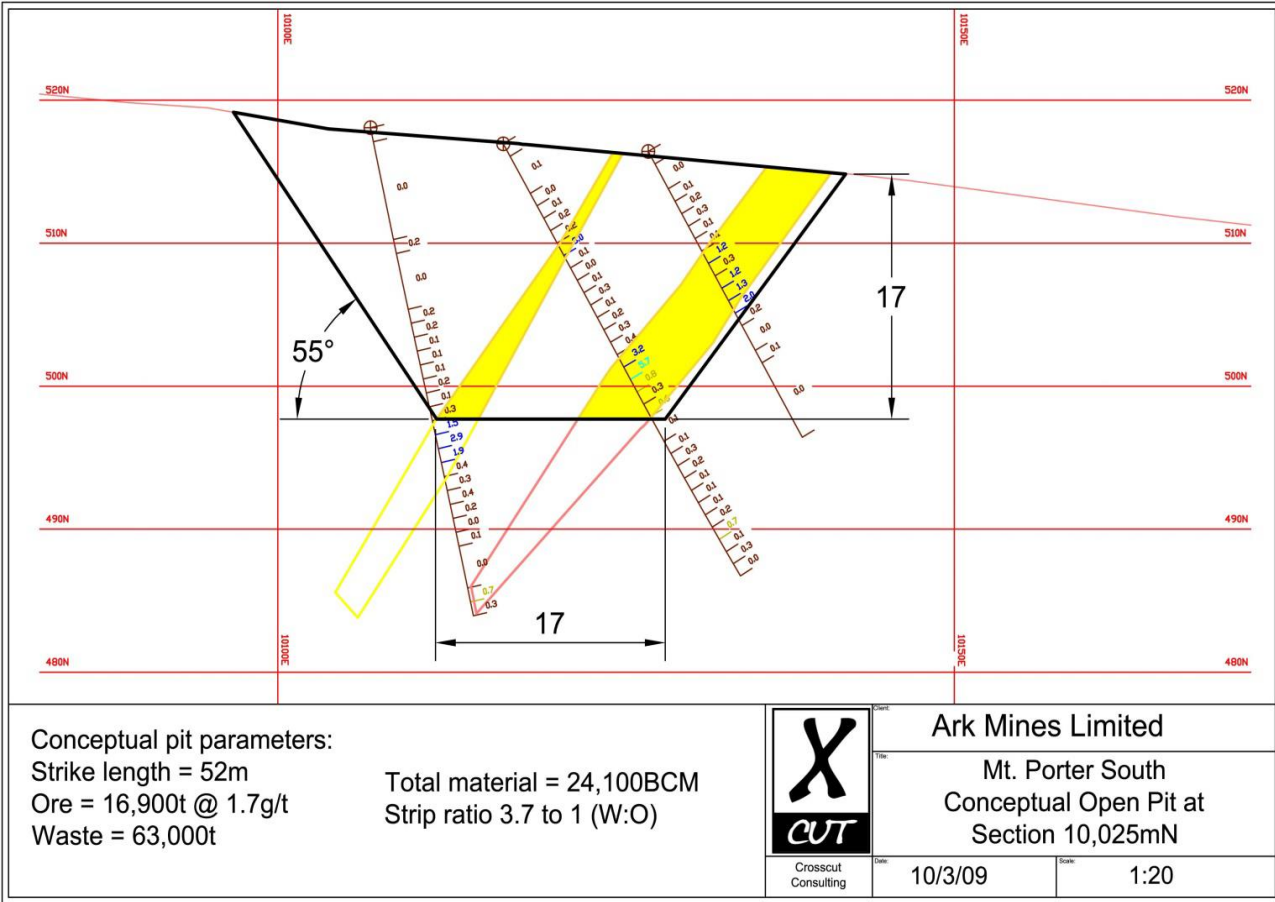


Figure 5. First pass Mt. Porter South pit design based on Stage 1 drilling only.

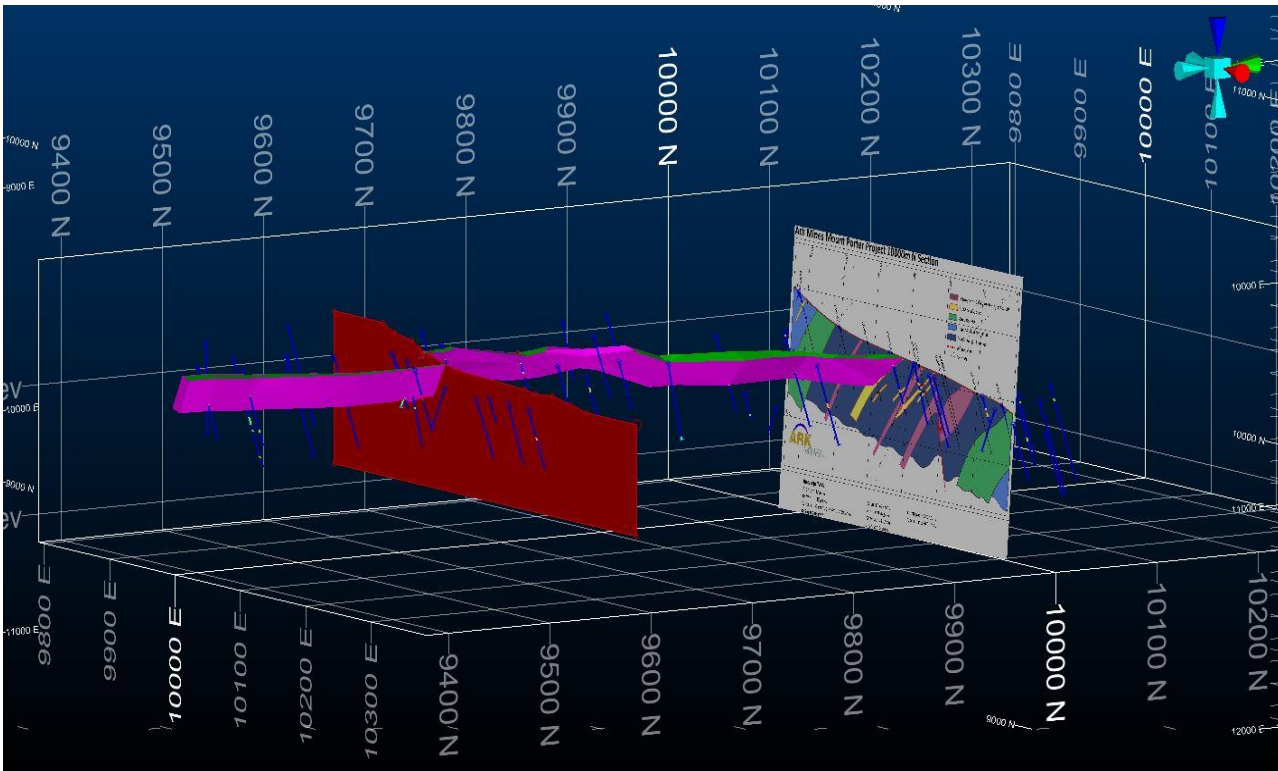


Figure 6. Mt. Porter South targeting model.

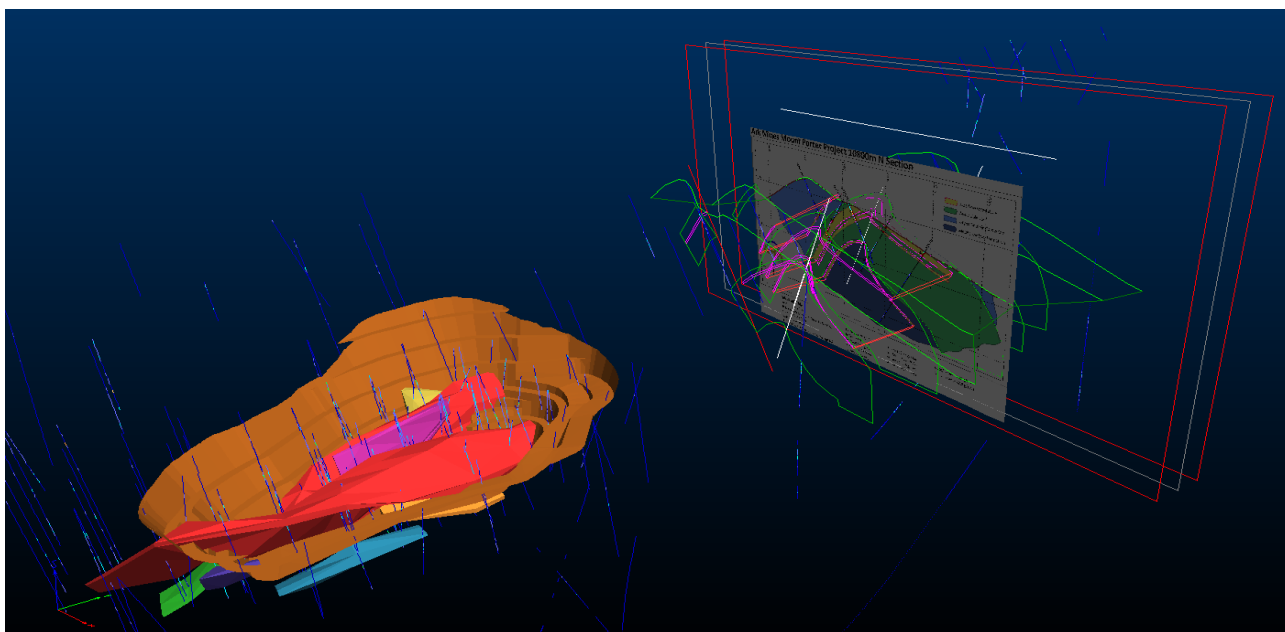


Figure 7. Mt. Porter North targeting model and Mt. Porter Central Pit Shell Design.

Mt. Porter Metallurgical Programme

In April 2017, Ark drilled four purpose designed metallurgy sampling RC holes in Mt. Porter Central:

- These holes were drilled down dip to maximise sample return.
- The holes were designed to give a representative distribution throughout the pit design, and intercept a representative distribution of ore grades and types, including typical foot and hanging wall dilution gangue.
- The sample underwent initial 50g fire assay for Au, with the results then supplied to the metallurgical consultants IMO, to select the met' intervals (see Table 2).
- The sampling also confirmed the robustness of the Mt. Porter Central JORC resource.
- The increased resolution 1m composite sampling, compared to the 2m compositing used by Renison Gold during original resource drilling, showed a low-grade halo around the high-grade ore body. This will substantially reduce mining dilution.

Three previous rounds of metallurgy have been conducted on Mt. Porter:

1. 1994 – Amdel: Bond index and NaCN leach.
 2. 2006 – Battery Limits: Gravity concentration and CIL simulation.
 3. 2015 – IMO: NaCN leach and floatation concentration.
- The IMO and Amdel cyanidation work was consistent but ignored the gravity component, however the battery limits work included gravity but was inconsistent.
 - The tested materials were not well delineated for oxidation state or ROM grade.
 - No test fully simulated the UR plant circuit including Knelson concentrators, Acacia reactor and CIL, on both fresh and oxide materials of the same provenance.
 - Only the original Amdel work utilised material representative of the entire mineable envelope.
 - No test work utilised locally sourced process water, which has markedly different properties to Perth tap water used in all cases.
 - Analysis of previous work strongly suggested a very significant recovery upgrade of 5% to 7% should be possible if correctly designed tests were applied to appropriately representative samples.

Consequently, Ark conducted the 2017 met' drill programme and UR plant staff, IMO metallurgists and Ark geologists cooperated to design a definitive test procedure including:

- 3 oxidation states: oxide, transitional and fresh.
- 3 grade bands in each state: low, medium and high (plus very high in fresh).
- 3 different NaCN and O₂ levels: low, medium and high.
- Including gravity and leach testing in each grade and oxidation state.
- For a total of 30 separate leach test runs and 10 gravity concentration runs.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

For the year ended 30 June 2017

This extensive process has yielded a definitive Mt. Porter metallurgy sufficient to properly inform processing and economic modelling of the project.

ELEMENTS	UNITS	LDL	Oxide LG	Trans LG	Fresh LG	Oxide MG	Trans MG	Fresh MG	Oxide HG	Trans HG	Fresh HG	Fresh VHG
Au Average	ppm	0.005	0.99	0.98	1.00	2.02	1.38	1.70	5.66	2.94	3.65	14.25
Au	ppm	0.005	0.92	0.93	1.02	2.05	1.35	1.73	5.26	2.90	3.75	14.25
Au	ppm	0.005	1.07	1.03	0.99	1.99	1.41	1.68	6.06	2.98	3.56	14.25
Ag	ppm	2	X	X	X	X	X	X	X	X	X	X
As	ppm	20	1,861	1,049	1,392	4,355	2,200	3,769	18,320	5,187	11,601	27,927
Cu	ppm	5	340	201	190	313	287	212	402	465	325	749
Sb	ppm	20	X	X	X	X	X	X	X	X	X	X
Te	ppm	20	X	X	X	X	X	X	X	X	X	X
S	%	0.01	0.73	2.09	2.51	0.15	2.35	2.87	0.19	4.22	4.51	9.85
Sulphide	%	0.01	0.53	1.63	2.3	0.01	1.82	2.66	0.04	3.56	4.29	9.15
Sulphate	%	0.01	0.2	0.46	0.21	0.14	0.53	0.21	0.15	0.66	0.22	0.7
Total Carbon	%	0.01	0.21	0.26	0.97	0.26	0.32	0.49	0.76	0.39	0.87	0.49
Non-Carbonate Carbon	%	0.01	0.21	0.22	0.9	0.26	0.27	0.4	I/S	0.31	0.75	0.47

Table 1: Mt. Porter met' summarised comprehensive head analysis.

Criteria	Unit	Oxide			Transitional			Fresh			
		LG	MG	HG	LG	MG	HG	LG	MG	HG	VHG
Gravity Recovery	%	5.4%	5.8%	10.1%	4.1%	10.5%	9.0%	13.8%	8.4%	7.0%	7.7%
Recovery 24 hour	%	92.4%	91.9%	91.3%	88.8%	87.9%	74.3%	76.3%	75.2%	84.3%	70.4%
Recovery 48 hour	%	92.6%	94.7%	90.3%	91.6%	89.4%	76.0%	79.1%	75.9%	84.1%	70.5%
Calculated Head Grade	g/t	1.12	2.14	6.04	0.89	1.36	3.20	0.91	1.79	2.75	12.71
Residue Grade	g/t	0.08	0.11	0.59	0.07	0.14	0.77	0.19	0.43	0.44	3.75
Gravity Recovery	g/t	0.06	0.12	0.61	0.04	0.14	0.29	0.13	0.15	0.19	0.98
NaCN Consumption 48h	kg/t	0.96	0.39	0.30	0.74	1.09	1.49	1.48	1.57	1.55	2.32
Lime Consumption 48h	kg/t	7.30	7.55	5.08	10.01	8.24	9.90	2.86	2.50	3.01	7.79

Table 2: Optimum Mt. Porter met' results summary.

Criteria	Unit	Fresh LG	Fresh MG	Fresh HG	Fresh VHG
Concentrate Mass Recovery	%	0.85	0.86	0.84	1.05
Calculated Head Grade	g/t	1.09	1.96	2.99	12.31
Gravity Gold Recovery	%	12.7	8.1	6.7	7.8
Gravity Gold Recovery	g/t	0.13	0.15	0.19	0.98
Leach Feed Grade	g/t	0.96	1.81	2.80	11.33

Table 3: Mt. Porter gravity recovery gold component.

Mt. Porter Metallurgy Results

Oxide ore:

- Average recovery 92.5% (range 90.3% to 94.7%).
- Peak recovery in 24 hrs residence, acceptable recovery in 8 to 10 hours.

Transitional ore (oxide and sulphide facies are both present):

- Average recovery 85.7 (range 76.0% to 91.6%).
- Peak recovery of lower grades in 8 to 10 hours residence.
- Peak recovery of higher grades in 24-hour residence.
- Low grades behave like oxides, high grades behave like fresh ores.

Fresh (sulphide facies) ore:

- Average recovery 77.4% (range 70.5% to 84.1%).
- However, if the orebody minority component of very high grade is excluded (e.g. for separate longer residence parcel processing), average recovery at run of mine becomes 79.7% for fresh ores.
- Peak recovery at 48 hours residence, acceptable recovery in 24 hours residence.

Overall oxide to fresh weight average recovery 82.1%.

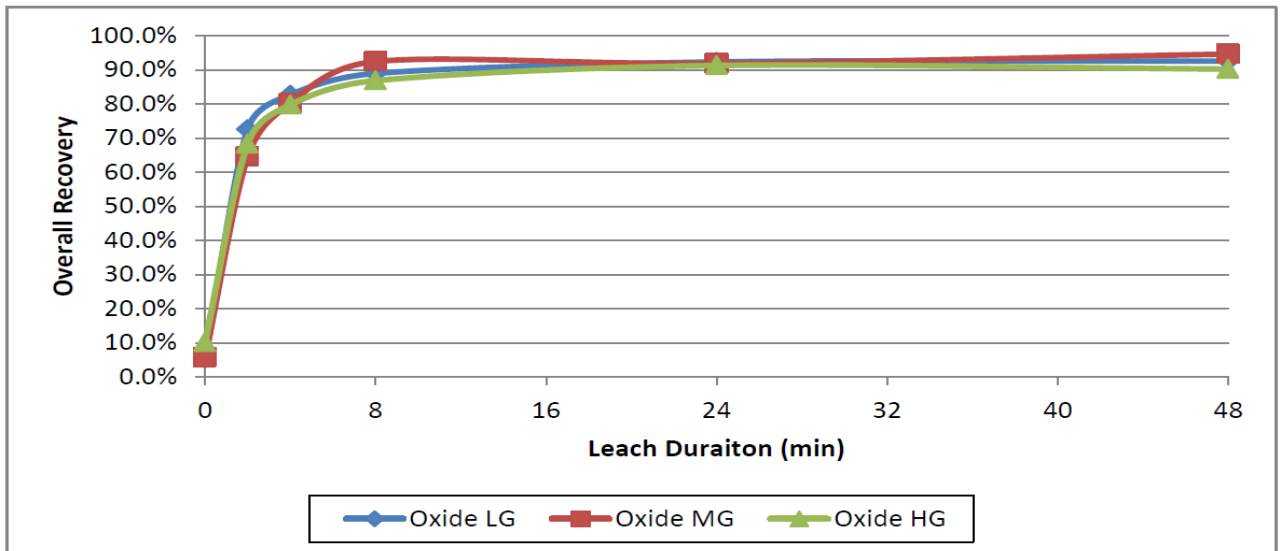


Figure 8: Oxide composite optimum leach kinetics.

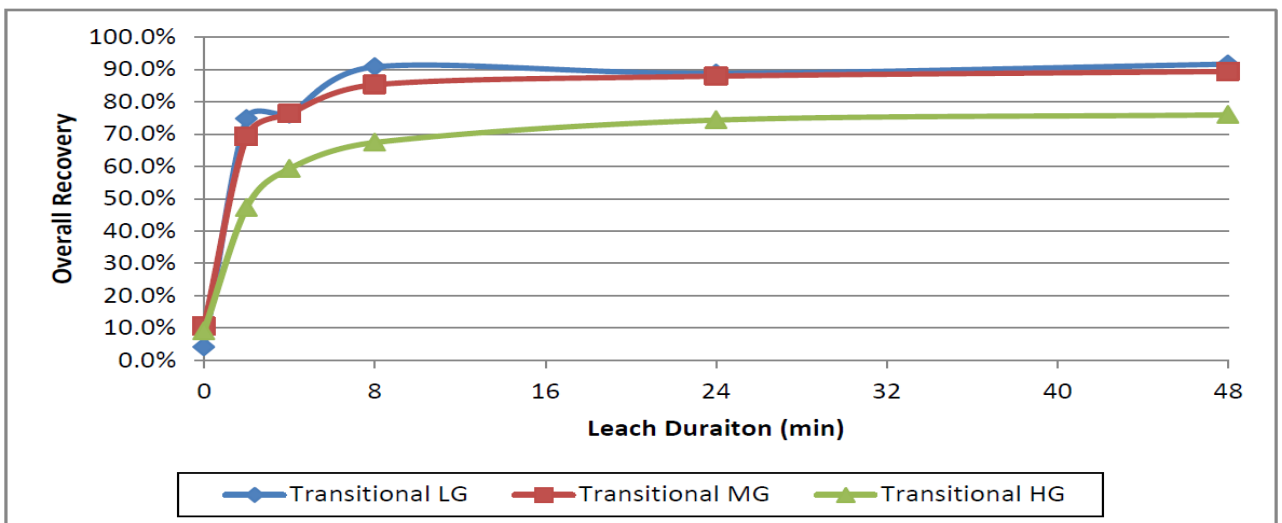


Figure 9: Transitional composite optimum leach kinetics.

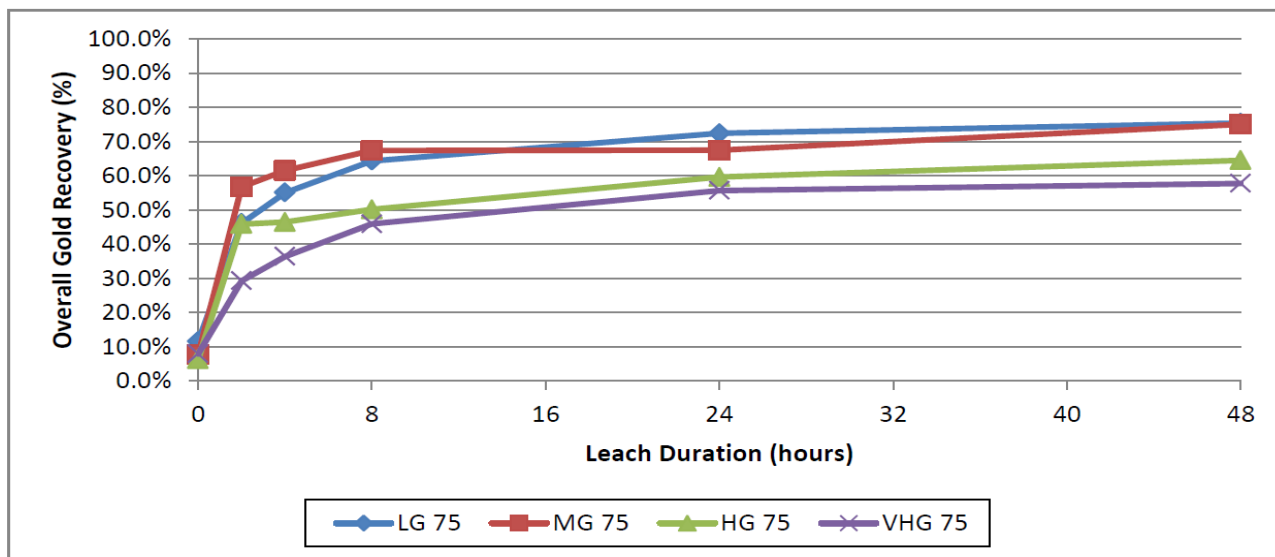


Figure 10: Fresh composite optimum leach kinetics.

Glencoe (ML 29679)

- Glencoe has 704,000 tonnes @1.9 g/t Au with 253,000 tonnes @2.2 g/t Au oxide and 451,000 tonnes @ 1.7 g/t Au Fresh (see Table 4). This mineral resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC).
- Metallurgical test work has shown high gravity/cyanidation recoveries of 95.85% (Ammtec 2012). Reagent consumptions were relatively low, with lime and cyanide consumption of 1.01 and 0.77 kg/t, respectively.
- Bulk sample has been undertaken and reconcilable.
- Pre-strip completed.
- Oxide zone is 30m below surface.
- Deposit is proximal to the other AHK tenements and within trucking distance of the Union Reefs mill.
- Strike length of 800m (from 3,300mE to 4,100mE) with potential for extensions.
- Deposit being located in three mineralized zones, the largest of which is a round 700m in strike length, 100m down dip and up to 15m in width.
- Sealed road access.
- Flat and easily accessible terrain.
- No existing entitlements.

Zone	Indicated		Inferred		Total		Total Cut Au
	Tonnes	Cut Au	Tonnes	Cut Au	Tonnes	Cut Au	
Oxide	208,000	2.1	45,000	2.4	253,000	2.2	17,700
Fresh	174,000	2.0	277,000	1.6	451,000	1.7	25,200
Total	382,000	2.1	322,000	1.7	704,000	1.9	42,900
Previous estimates					730,000	2.3	54,000

Table 4. Glencoe Deposit April 2006 Mineral Resource Estimate. 1.0 g/t Cut-off, High Grade Cut 20 g/t.

Golden Honcho High Grade Gold Projects

Best AHK 2015 intersections (refer to AHK Announcement dated 29 October 2015):

- 3m @ 13.41 g/t Au, including 1m @ 30.8 g/t Au.
- 2m @ 12.9 g/t Au, including 1m @14.5 g/t Au.
- 2m @ 6.65 g/t Au, including 1m @11.7 g/t Au.
- 1m @ 6.42 g/t Au.

Best AHK 2014 intersections (refer to AHK Announcement dated 29 October 2015):

- 2m @ 21.0 g/t Au.
- 2m @ 11.9 g/t Au.
- 2m @ 10.5 g/t Au.
- 3m @7.5 g/t Au.
- 21 other intersections over 1m over 5g/t Au.

Best ARU 2004 intersections (refer to AHK Announcement dated 29 October 2015):

- 5m @ 19.11 g/t Au.
- 4m @ 47.54 g/t Au.
- 2m @ 10.07 g/t Au.
- 2m @ 13.29 g/t Au.
- 2m @ 11.61 g/t Au.
- 3m @ 10.96 g/t Au.
- 3m @ 10.66 g/t Au.
- 2m @ 21.0 g/t Au.
- 2m @ 11.9 g/t Au.
- 2m @ 10.5 g/t Au.
- 2m @9.92 g/t Au.
- 3m @7.5 g/t Au.
- 30 other intersections over 1m over 5 g/t Au.



Roger Jackson
Managing Director

28th day of September 2017

The information in this report relates to Exploration Results associated to Ark Tenements, and has been compiled by Roger Jackson BSc, Grad Dip Fin Man, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on. Mr Jackson is a director of the Company. Mr Jackson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jackson consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

FURTHER INFORMATION: Roger Jackson, Managing Director, Ark Mines Ltd.: +61 400 408 550

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") for the financial year ended 30 June 2017.

Review of Operations

During the year the Company secured a gold loan facility (the "Facility") to fund its Mt. Porter gold mining project ML 23839 ("Mt. Porter") located near Pine Creek in the Northern Territory. The Facility has been provided by Hong Kong based Chan Investments Limited and arranged by Hong Kong based Pansia Limited. The Facility is secured by the Company's assets including Mt. Porter and was initially to be repaid in gold bullion over the life of the Mt. Porter mine. A first draw-down of \$US2.6m was made on 1 November 2016. In anticipation of imminent mining at Mt. Porter the Facility was renegotiated to provide that further draw-downs would accrue interest at an annual rate of 17% per annum and be repaid after 7 months but no later than 12 months from the date of draw-down. Draw-downs were to be scheduled as follows;

- \$US1.35m before 6 July 2017 – which was drawn (and repaid on 15 September 2017 as Mt. Porter mining did not commence as planned);
- \$US300k before 29 July 2017 – which was not drawn; and
- \$US1.5m before 28 August 2017 – which was not drawn.

As a consequence of the changes made to the terms of the Facility, the Company has had to account for this liability as a derivative with a non-cash fair value charge to the profit and loss for this year of \$2.7m. See note 11 for further details.

During the year the Company also completed an environmental review on Mt. Porter. Following this, the Company completed a very comprehensive and detailed Mine Management Plan ("MMP") to commence mining at Mt. Porter. The MMP was approved by the Department of Mines and Energy Northern Territory on 27 September 2016.

As a consequence of the Mt. Porter MMP approval process taking longer than anticipated, significant adverse wet season weather events and Newmarket Gold NT Holdings Pty Ltd.'s preference not to process the Company's oxide ore during the NT wet season, the Company decided to defer commencement of mining at Mt. Porter until the dry season. Mining at Mt. Porter was expected to commence in April of 2017 however this was further delayed and the Company announced on 31 March 2017 that it intended to commence mining in May or June of 2017.

At this time, the Company determined that the delivery and processing schedule for its planned Mt. Porter ore production would extend beyond the 14 November 2017 termination date for its toll treating agreement. The Company was concerned to secure an extension to this agreement following the announcement by Kirkland Lake Gold Inc. that it was suspending operations at its Cosmo project, which provided significant feed to the toll treating (Union Reefs) mill.

The Company immediately entered into lengthy negotiations with the mill owner but was unable to conclude extension of the toll treatment agreement on satisfactory commercial terms. The gold treatment agreement subsequently terminated on 14 August 2017 and the Company expressed its disappointment at not procuring a satisfactory extension to this agreement in an announcement to the ASX on 24 July 2017. At this stage, the Company had already;

- Received mining approval from the NT minister for Primary Industries;
- Drawn down a further \$US1.35m of its loan Facility for the payment of the required security bond;
- Had negotiated a mining contract with Titan Mining Equipment Hire which the parties were ready to sign;
- Finalised metallurgical recoveries and optimisation for its Mt. Porter ore; and
- Completed two thirds of resource drilling for Mt. Porter South with planning to complete Mt. Porter South and commence Mt. Porter North in FY18.

As an alternative to processing at the Union Reefs mill, in August 2017 the Company secured a six-month exclusive option to acquire the nearby Union Extended project comprising MLs 30214, 30215, 30216, and 30218 ("Optioned MLs"). These MLs were acquired for their potential as a site for the establishment and operation of a relocatable processing plant with a 450k tpa capacity ("Ark Mill") to support mining at the Company's Mt. Porter, Glencoe and Frances Creek projects. The Company is currently studying the financial and operating feasibility of this type of mill while the option is in place.

The Optioned MLs are close to the Company's other projects and other MLs which the Company is considering for acquisition. They are also close to other projects that could provide additional toll treatable feed to the mill. The Optioned MLs will provide a large level site suitable for the Ark Mill with good road and rail access, available power and abundant water. There are large open mined pits on site potentially suitable as tailings dams, as well as offices, sheds, pumps and other usable mining infrastructure. The Optioned MLs also have reasonably prospective gold mining potential.

Notwithstanding the forgoing, the Company remains interested to treat its gold ore at the Union Reefs mill and will use reasonable efforts to secure another toll treating agreement with the new mill owner, Northern Territory Mining Operations Pty Ltd. It will do so however only on terms and conditions that result in viable financial returns to the Company in the development of its projects. In the meantime, the Company will continue with the evaluation of the Ark Mill proposal. Studies undertaken on this proposal to date suggest that the Ark Mill could be a viable and financially attractive alternative to toll treating at the Union Reefs mill and the Company will continue to investigate this proposal during the term of the Option.

The Company's Mt. Porter gold mining project will encompass excavation of an open pit to access gold ore through blasting and excavation.

The Company plans to mine a total of up to 500,000 tons of Mt. Porter ore and subject to recoveries being in line with metallurgical studies (see previous announcement ASX announcement dated 9 June 2015) expects to process approximately 25,000 ounces of gold dore'.

During the year the Company also assessed two new potential gold mining sites within 400m north and south of Mt. Porter. From desktop and field studies, two sites within ML 23839 were identified, which have strong gold drill intercepts and sit along strike from Mt. Porter on the Mt. Porter anticline. The zones have been named Mt. Porter North and Mt. Porter South.

The similarities between the two new zones and the existing Mt. Porter resource suggest there may be potential for developing a similar resource for each. Geological mapping has shown the Mt. Porter anticline to be a moderately tight anticline. The axis strikes N - NNW and the plunge is to the north. The anticline is disrupted by numerous N-NW striking faults with displacements of 10s of metres. A full list of the Company's ELs is shown on page 49 of this Annual Report.

The loss after income tax for the full year ended 30 June 2017 was \$3,918,034 (2016: \$730,506).

Principal Activity

The principal activity of the Company during the financial year ended 30 June 2017 was the development of its Mt. Porter project in preparation for the mining of gold and the exploration and evaluation of surrounding tenements for gold. No change in the principal activity occurred during this period.

Directors

The names of the Directors, who held office from 1 July 2016 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. Mr Corel was admitted as a solicitor in the Supreme Court of N.S.W. in 1987 and in the High Court of Hong Kong in 2000.

Having a distinguished career spanning four continents he has established himself as a leading practitioner in his field of expertise advising both public and private sector organisations and managing significant commercial, corporate, regulatory and litigious matters. During this time he has developed essential skill sets and experience through his successful management of complex transactions, stakeholders, professional advisers, employees and colleagues.

Between 1995 and 2006 Mr Corel resided outside of Australia and worked in, or advised clients in more than 25 countries. Since returning to Australia in 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 at the invitation of the then majority Shareholder, Ichiya Co Limited from Japan to review and contribute to the Company's operations. Mr Corel 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

Mr Jackson has held a variety of roles in exploration geology, construction and teaching, including the creation of a School Board endorsed High School Certificate in Mining. Mr Jackson founded Geological Ore Search in 1995 as a geological services and contracting company, later to be GOS Drilling and Australian Gas Drilling. He also is the founder of Every Day Mine Services Limited which is now an ASX listed company specialising in mine services. Mr Jackson is the principal of the mining and exploration consulting RJ Group.

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

DIRECTORS' REPORT

For the year ended 30 June 2017



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

BA, Dip Law

Mr Mitchell is a practising solicitor of over 41 years' standing. He is the Company Secretary of a number of ASX listed and non-listed public companies. He has over 28 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 2017 (2016: Nil).

Events Subsequent to Reporting Date

Events subsequent to reporting date are included in note 24 to the financial statements. 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 and for the executives receiving the highest remuneration.

Directors' Interests

The Directors' beneficial interests in shares as at 30 June 2017 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 2016	Acquired	Disposed	30 June 2017
Antony B Corel	Direct	208,010	-	-	208,010
	Indirect	-	-	-	-
	Total	208,010	-	-	208,010
Roger A Jackson	Direct	696,262	-	-	696,262
	Indirect	1,467,000	10,000	-	1,477,000
	Total	2,163,262	10,000	-	2,173,262
Ian B Mitchell	Direct	3,317,424	-	-	3,317,424
	Indirect	2,520,000	-	-	2,520,000
	Total	5,837,424	-	-	5,837,424

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.

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. There were no bonuses paid or proposed to be paid for the year ended 30 June 2017 (2016: Nil). Below is a table summarising key performance and shareholder wealth indicators for the Company for the year ended 30 June 2017 and the previous 4 financial years.

Period	Loss after Tax	EPS (cents per share)	Share Price
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
Year ending 30 June 2014	(\$410,087)	(1.21)	\$0.08
Year ending 30 June 2013	(\$2,671,411)	(8.22)	\$0.08

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 \$	\$
2017			
Executive Directors			
Roger A Jackson	238,876	-	238,876
Non-Executive Directors			
Antony B Corel	151,625	14,404	166,029
Ian B Mitchell	68,333	-	68,333
Total Non-Executive	219,958	14,404	234,362
Total Remuneration	458,834	14,404	473,238
2016			
Executive Directors			
Roger A Jackson	205,300	-	205,300
Non-Executive Directors			
Antony B Corel	75,000	7,125	82,125
Ian B Mitchell	40,000	-	40,000
Total Non-Executive	115,000	7,125	122,125
Total Remuneration	320,300	7,125	327,425

DIRECTORS' REPORT

For the year ended 30 June 2017

Contracts of Senior Executives

The Managing Director, Mr Jackson, is engaged under a Consultancy Agreement. Under this Agreement, Mr Jackson's consulting company (Every Day Hire Pty Ltd) is paid an annual fee, including all Director's fees, of \$250,000. The Agreement commenced on 14 November 2010 for an initial term of 24 months and was extended for a further 5-years. The contract may be terminated by either party providing 90 days written notice or 20 business days' notice if there is a breach of the agreement. No termination payments are payable.

From July 2012 until February 2016, Mr Jackson agreed to reduce his annual fee to \$125,000.

In common with the Non-Executive Directors, in August 2013, Mr Jackson agreed to defer payment of one third of his monthly payment. In common with the Non-Executive Directors, from March 2014 until January 2016 Mr Jackson agreed to defer payment of all of his monthly payment until the Company generates cash flow from its Mt. Porter project sufficient to pay the deferred amount. These amounts remain payable to Mr Jackson and have been accrued in the accounts.

From 1 February 2016, the Board determined and Mr Jackson agreed that he would be paid on a daily basis at a rate of \$1,500 per day for work undertaken for the Company but that his payments would be capped at \$20,000 per month with any amounts in excess of this deferred until the Company generates cash flow from its Mt. Porter project sufficient to pay the deferred amount.

From 1 October 2016, the Board determined and Mr Jackson agreed that he would be paid on a monthly basis at a fixed rate of \$16,500 per month.

This concludes the Remuneration Report, which has been audited.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company.

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 2017 and the numbers of meetings attended by each Director are as follows.

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

The Company remains committed to the development of its Mt. Porter gold mining project. However, following the inability to renew its toll treating agreement Union Reefs mill owner, Northern Territory Mining Operations Pty Ltd, it is considering the establishment and operation of its own relocatable processing plant with a 450k tpa capacity ("Ark Mill") on three nearby MLs 30214, 30215, 30216, and 30218 over which it has secured a six-month option. The Company is currently studying the financial and operating feasibility of this type of mill while the option is in place.

Notwithstanding the forgoing, the Company remains interested to treat its gold ore at the Union Reefs mill and will use reasonable efforts to secure another toll treating agreement with the mill owner, Northern Territory Mining Operations Pty Ltd. It will do so however only on terms and conditions that result in viable financial returns to the Company in the development of its projects. In the meantime, the Company will continue with the evaluation of the Ark Mill proposal.

Studies undertaken on this proposal to date suggest that the Ark Mill could be a viable and financially attractive alternative to toll treating at the Union Reefs mill and the Company will continue to investigate this proposal during the term of the six-month option.

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 2017.

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 2017 has been received and a copy is reproduced on page 20. BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

Proceedings on Behalf of the Company

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

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



Antony B Corel

Chairman

Sydney, 28th September 2017

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2017



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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF ARK MINES LIMITED

As lead auditor of Ark Mines Limited for the year ended 30 June 2017, 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'.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 28 September 2017

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, other than for the acts or omissions of financial services licensees.

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;
- 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;

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2017

- 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 Directors' 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.

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 Directors' 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 five 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.

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ACN 123 668 717

Financial Statements

For the year ended 30 June 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017	2016
		\$	\$
Revenue from ordinary activities			
Interest income		505	964
Less: Expenses			
Accounting and secretarial expenses		69,050	64,084
ASX listing fees		20,921	14,786
Audit fees	16	37,500	35,500
Computer and communications		9,499	10,515
Depreciation	9	3,985	477
Directors' fees	19	282,137	205,935
Impairment of exploration and evaluation capitalised		-	243,526
Insurance		31,740	13,712
Legal fees		33,790	1,914
Printing and stationery		8,410	8,963
Share registry costs		18,939	14,882
Title management and tenement reporting		15,620	18,849
Travel and accommodation expenses		36,125	25,989
Other expenses from ordinary activities		7,647	21,533
Total expenses		(575,363)	(680,665)
Loss from operating activities		(574,858)	(679,701)
Net foreign exchange loss		(9,344)	-
Finance costs		(589,581)	(50,805)
Fair value movement on derivative liability	11	(2,744,251)	-
Loss before income tax		(3,918,034)	(730,506)
Income tax expense	4	-	-
Loss from continuing operations after income tax		(3,918,034)	(730,506)
Other Comprehensive income for the year		-	-
Total comprehensive income for the year		(3,918,034)	(730,506)
Earnings per share			
Basic - cents per share	22	(8.08)	(1.80)
Diluted - cents per share	22	(8.08)	(1.80)

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 2017

	Note	2017	2016
		\$	\$
Current assets			
Cash and cash equivalents	5	1,527,648	91,088
Trade and other receivables	6	65,631	71,632
Prepayments		73,065	41,030
Total current assets		1,666,344	203,750
Non-current assets			
Exploration and evaluation expenditure	7	2,585,041	1,336,658
Environmental bonds	8	83,880	19,596
Plant and equipment	9	14,944	18,929
Total non-current assets		2,683,865	1,375,183
Total assets		4,350,209	1,578,933
Current liabilities			
Trade and other payables	10	608,384	693,141
Total current liabilities		608,384	693,141
Non-current liabilities			
Derivative liability	11	6,138,507	-
Borrowings	12	750,000	750,000
Total non-current liabilities		6,888,507	750,000
Total liabilities		7,496,891	1,443,141
Net (liabilities) / assets		(3,146,682)	135,792
Equity			
Contributed equity	13	9,876,131	9,240,571
Accumulated losses	14	(13,022,813)	(9,104,779)
Total equity		(3,146,682)	135,792

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 2017

	Note	Issued capital	Acc. losses	Acc. losses	Total
		\$	\$	\$	\$
2017					
Balance at 1 July 2016		9,240,571	-	(9,104,779)	135,792
Total comprehensive income for the year		-	-	(3,918,034)	(3,918,034)
Total		9,240,571	-	(13,022,813)	(3,782,242)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs	13	635,560	-	-	635,560
Balance at 30 June 2017		9,876,131	-	(13,022,813)	(3,146,682)
2016					
Balance at 1 July 2015		8,767,180	4,061	(8,374,273)	396,968
Total comprehensive income for the year		-	-	(730,506)	(730,506)
Total		8,767,180	4,061	(9,104,779)	(333,538)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs	13	473,391	-	-	473,391
Movement in reserves		-	(4,061)	-	(4,061)
Balance at 30 June 2016		9,240,571	-	(9,104,779)	135,792

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 2017

	Note	2017	2016
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(682,172)	(225,173)
Interest received		505	964
Interest and finance costs and exchange losses		(545,497)	(43,305)
Net cash used in operating activities	15	(1,227,164)	(267,514)
Cash flows from investing activities			
Payment for environmental deposits	8	(64,284)	1,932
Payment for plant and equipment		-	(18,930)
Payment for exploration and evaluation expenditure	7	(1,248,383)	(815,675)
Net cash used in investing activities		(1,312,667)	(832,673)
Cash flows from financing activities			
Proceeds from share issue	13	633,056	505,000
Capital raising costs	13	(50,921)	(31,609)
Proceeds from gold loan		3,394,256	-
Proceeds from borrowings		-	750,000
Repayment of convertible notes		-	(200,489)
Net cash provided by financing activities		3,976,391	1,022,902
Net increase in cash held		1,436,560	(77,285)
Cash at beginning of financial year		91,088	168,373
Cash at end of financial year	15	1,527,648	91,088

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 2017

1. Reporting Entity

The financial report is for the entity Ark Mines Ltd (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 11, 37 Bligh Street Sydney Australia. 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 28 September 2017.

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.

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 33% 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

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.

Impact of standards issued but not yet applied by the entity

AASB 9. Financial Instruments

Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets;

- Amortised cost;
- Fair value through profit or loss; and
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments. Recognition and Measurement into AASB 9;

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for reporting periods commencing on or after 1 January 2018. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	\$	\$
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% (2016: 30%)	(1,077,459)	(219,152)
<u>Add tax effect of:</u>		
Non-allowable expenses	1,116	654
<u>Add/(deduct) temporary differences not brought to account:</u>		
Capital raising expenses	(7,624)	(31,429)
Derivative fair value adjustment	754,669	-
Exploration expenditure	(343,305)	(244,703)
Other temporary differences	(6,122)	113,145
Tax losses not recognised	678,725	381,485
Income tax expense	-	-

	Opening ¹	Movement	Closing
	\$	\$	\$
Deferred income tax – 2017			
Deferred tax assets have not been recognised in respect of the following items:			
Capital raising expenses	11,561	6,380	17,941
Provisions	133,883	(6,122)	127,761
Fair value derivative liability	-	754,669	754,669
Tax losses	2,865,341	678,725	3,544,066
Total deferred tax assets	3,010,785	1,433,652	4,444,437
Deferred tax liabilities have not been recognised in respect of the following items:			
Exploration and evaluation expenditure	367,581	343,306	710,886
Total deferred tax liabilities	367,581	343,306	710,886

¹ Opening balances restated at 27.5% tax rate.

Deferred income tax – 2016

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

Accruals	1,800	(1,800)	-
Capital raising expenses	34,559	(21,947)	12,612
Provisions	104,167	41,887	146,054
Tax losses	2,744,341	381,485	3,125,826
Total deferred tax assets	2,884,867	399,625	3,284,492

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

Exploration and evaluation expenditure	229,352	171,645	400,997
Total deferred tax liabilities	229,352	171,645	400,997

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 2017

	2017	2016
	\$	\$

5. Cash and Cash Equivalents

Cash at bank	1,527,648	91,088
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6. Trade and Other Receivables

Bonds on relinquished tenements or tenements to be relinquished	10,000	10,000
GST recoverable	40,461	46,168
Other receivables	15,170	15,464
Total trade and other receivables	65,631	71,632

None of the receivables are past due or impaired at end of the reporting date.

7. Capitalised Exploration and Evaluation Expenditure

Balance at the beginning of the year	1,336,658	764,508
Capitalised during the year	1,248,383	815,676
Impaired during the year	-	(243,526)
Balance at the end of the year	2,585,041	1,336,658

Impairments of \$243,526 in the previous year arose as a result of the surrender of the tenements and the write off of associated capitalised exploration and evaluation expenditure.

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 49.

8. Environmental Bonds

EL 23237 Frances Creek	5,276	19,596
ML 23139 Mt. Porter Mining Management Plan bonds	78,604	-
Total environmental bonds	83,880	19,596

9. Plant and Equipment

At cost

Balance at the beginning of the year	21,727	2,798
Additions	-	18,929
Disposals	-	-
Balance at the end of the year	21,727	21,727

Accumulated depreciation

Balance at the beginning of the year	(2,798)	(2,321)
Charge for the year	(3,985)	(477)
Balance at the end of the year	(6,783)	(2,798)
Total plant and equipment	14,944	18,929

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	\$	\$
10. Trade and Other Payables		
Trade creditors	136,639	189,694
Deferred Directors' fees	464,585	486,847
Accruals	7,160	16,600
Total trade and other payables	608,384	693,141

Refer to note 21 for detailed information on financial instruments.

11. Derivative Liability		
Gold loan facility	6,138,507	-
Total derivative liability	6,138,507	-

On 4 August 2016, the Company entered into a Gold Loan Facility Agreement ("Facility") with Chan Investments Ltd (HK Reg. No, 2277478) to fund its Mt. Porter gold mining project and surrounding exploration. The Facility was initially available in three tranches comprising an initial tranche of \$US2.6m followed by 2 subsequent tranches of \$US1.7m each. On 1 November 2016, the Company drew down the first tranche of \$US2.6m (AUD\$3,394,256). Each tranche was repayable by an agreed amount of gold bullion within the life of the mine.

The contract satisfied the "own use" exemption in AASB 139 and as a consequence, for the half-year ended 31 December 2016, the loan was accounted for as deferred revenue, to be brought to account as revenue as the required gold repayments were delivered to the lender. The carrying value of this liability as at 31 December 2016 was \$3,394,256.

The Facility was amended by mutual agreement on 29 June 2017. Under the terms of the amended Facility the first tranche of \$US2.6m remains unchanged however the amended Facility provides for 3 additional tranches, each accruing interest at an annual rate of 17% per annum and are repayable in cash after 7 months but no later than 12 months from the date of draw-down.

These were scheduled as;

1. \$US1.35m before 6 July 2017 – which was drawn on 19 July 2017 and repaid on 15 September 2017;
2. \$US300k before 29 July – which was not drawn; and
3. \$US1.5m before 28 August – which was not drawn.

As a consequence of the amendment allowing partial repayment of the Facility in cash, the previous "own use" exemption became no longer applicable and the first tranche (\$US2.6m) of the Facility must now be accounted for as a derivative instrument. The carrying value for this instrument of \$6,138,507 as at 30 June 2017 represents the fair value of the gold to be delivered under the terms of the Agreement, to satisfy this liability. The \$2,744,251 difference between the 31 December 2016 deferred revenue carrying value of \$3,394,256 and the 30 June 2017 derivative liability of \$6,138,507 has been charged to profit and loss as a fair value adjustment. The Facility is secured by all of the assets of the Company including its Mt. Porter mining tenement (ML 23839).

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 I 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 to the related party 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. On 13 March 2017, the lender agreed to extend the term of the Loan to 3 August 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

12. Borrowings (cont.)

The Loan was used to pay a portion of the mining costs to bring the Mt. Porter mining lease to production and also for the acquisition of the Glencoe tenement.

The Loan is secured by a first 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).

2017	2016
\$	\$

13. Contributed Equity

49,129,509 (2016: 44,381,488) ordinary shares fully paid

Ordinary Shares Number

Balance at the beginning of the year

Shares issued during the period

Issued Capital

Balance at the end of the year

No.	No.
44,381,488	38,881,488
4,748,021	5,500,000
49,129,509	44,381,488

Ordinary Shares Value

Balance at the beginning of the year

Shares issued during the period

27 July 2016 - 3,532,001 ordinary shares @ \$0.15000

12 August 2016 - 688,370 ordinary shares @ \$0.15000

10 January 2017 - 527,650 ordinary shares @ \$0.10125

2 December 2015 - 1,500,000 ordinary shares @ \$0.0700

18 April 2016 - 4,000,000 ordinary shares @ \$0.10000

Share issue costs

Balance at the end of the year

\$	\$
9,240,571	8,767,180
529,800	-
103,256	-
53,425	-
-	105,000
-	400,000
(50,921)	(31,609)
9,876,131	9,240,571

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. The Company's shares have no par value. Shares issued on 10 January 2017 were to settle a liability.

Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can produce return for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment.

2017	2016
\$	\$

14. Accumulated Losses

Balance at the beginning of the year

Net loss attributable to members of the entity

Balance at the end of the year

(9,104,779)	(8,374,273)
(3,918,034)	(730,506)
(13,022,813)	(9,104,779)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

	2017	2016
	\$	\$
15. 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		
Cash at bank	1,527,648	91,088
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after Income Tax	(3,918,034)	(730,506)
<u>Less: non-cash items not included in working capital movements</u>		
Depreciation	3,985	477
Fair value movement of derivative liability	2,744,251	-
Impairment of exploration and evaluation expenditure capitalised	-	243,526
Payable settled through equity	53,425	-
<u>Add: movements in working capital</u>		
Increase in prepayments	(32,035)	(32,577)
Decrease / (increase) in trade and other receivables	6,001	(45,679)
(Decrease) / Increase in trade and other payables	(84,757)	297,245
Cash flow from operations	(1,227,164)	(267,514)
16. Auditor's Remuneration		
Audit and review of the financial reports	37,500	35,500
Total auditor's remuneration	37,500	35,500
17. Related Party Transactions		
Antony Corel - Chairman		
Antony B Corel LLB - legal services	21,644	-
Total related party transactions	21,644	-

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 12 and note 19 for further related party details.

18. Share Based Payment

Date	Creditor	No. of shares	Valuation	Value per share	Total \$	Purpose
10 January 2017	Emilio Alvarez	527,650	Invoice value for services	\$0.10125	53,425	Part consideration for facilitating finance agreement with Chan Investments Ltd

There were no share based payments in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

19. 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 2017

	Opening	Acquired	Disposed	Closing
Antony B Corel	208,010	-	-	208,010
Roger A Jackson	2,163,262	10,000	-	2,173,262
Ian B Mitchell	5,837,424	-	-	5,837,424

	2017	2016
	\$	\$
Short-term employee benefits compensation		
Directors		
<u>Executive</u>		
Roger A Jackson	238,876	205,300
<u>Non-Executive</u>		
Antony B Corel	166,029	82,125
Ian B Mitchell	68,333	40,000
Total remuneration	473,238	327,425

Mr Corel has not entered into a contract of service with the Company. A portion of Mr Jackson's compensation totalling \$191,101 (2016: \$121,490) was capitalised against Exploration and Evaluation Expenditure. The balance of \$47,775 (2016: \$83,810) was charged to profit and loss.

The Company has no other Key Management Personnel.

20. Commitments

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.

The Company is party to an agreement with the Northern Land Council ("NLC") in relation its NT mining tenements. Under the terms of the agreement, the Company is required to pay \$25,000 to the NLC for prior to the commencement of mining.

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

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 the 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.

	2017	2016
	\$	\$
20. Commitments (cont.)		
Within 1 year	23,604	53,000
More than 1 year but not later than 5 years	240,000	123,767
Later than 5 years	-	-
Total	263,604	176,767
Operating expenditure commitment		
Minimum fees payable under Managing Director's Consultancy Agreement ¹	31,250	31,250

¹. This amount doubles after the raising of further capital. Please refer to the Remuneration Report for further details.

Under the terms of the Company's Toll Treatment Agreement ("Agreement") with Northern Territory Management Operations ("NTMO") the first batch of Ark's ore is to be treated by NTMO from 2 August 2017 to 10 August 2017. In the event that no ore is available, NTMO have asserted that they have the right under the Agreement to charge Ark a maximum of \$20,000 per day for this period.

21. Financial Risk Management

The Company's financial instruments consist mainly of its derivative liability, 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%	-	171,664	-	171,664
Cash held in investment account	5	1.00%	-	13	-	13
Cash held in \$US bank account	5	0.00%	-	1,355,971	-	1,355,971
Trade and other receivables	6	0.00%	-	-	65,631	65,631
Financial liabilities						
Trade and other payables	10	0.00%	-	-	608,384	608,384
Derivative liability	11	0.00%	-	-	6,138,507	6,138,507
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

21. Financial Risk Management (cont.)

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. The requirement for the Company to provide this gold from its own production minimises this risk.

Exchange rate risk

The Company's exchange rate risk arises from its cash deposited in a US dollar bank account. 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.

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.

22. Earnings Per Share

	No	No
	Weighted Av.	
Ordinary share number 2017 financial year		
Balance at the beginning of the year	44,381,488	44,381,488
<u>Shares issued during the period</u>		
Issued 27 July 2016	3,532,001	3,270,730
Issued 12 August 2016	688,370	607,274
Issued 10 January 2017	527,650	247,200
Balance at end of the year	49,129,509	48,506,692
Ordinary share number 2016 financial year		
Balance at the beginning of the year	38,881,488	38,881,488
<u>Shares issued during the period</u>		
Issued 2 December 2015	1,500,000	867,123
Issued 18 April 2016	4,000,000	800,000
Balance at end of the year	44,381,488	40,548,611
	2017	2016
	\$	\$
Total comprehensive income for the year	(3,918,034)	(730,506)
Earnings per share		
Basic - cents per share	(8.08)	(1.80)
Diluted - cents per share	(8.08)	(1.80)

23. Going Concern

The Company has incurred a net loss after tax of \$3,918,034 (2016: \$730,506) for the full year and net cash outflows from operating activities of \$1,227,164 (2016: \$267,514).

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

The Directors have prepared the Financial Statements on the Going Concern basis that the Company's current cash balance of \$1,527,648 is sufficient for it to remain cash positive at least until September 2018.

The Company anticipates the commencement of mining in the 2019 financial year and will have to raise additional funds prior to commencement. The Company's cash flow forecast indicates that an additional \$5.0m would be needed in Q4 FY18 if mining was commenced at this time and a toll treatment agreement could be secured. The Company is currently evaluating a proposal to construct and use its own gold processing plant. If this processing option were pursued, it is likely further capital would need to be raised.

During the 2017 financial year the Company was successful in securing a gold loan facility of \$US6m. Directors are confident that if required, additional finance could be raised from existing financial resources.

Alternatively, the Company could raise additional equity capital or issue convertible notes as it has on a number of previous occasions.

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

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

24. 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 19 July 2017 the Company drew a further \$US1.35m of its gold loan facility which it intended to use to pay for mining related environmental bonds. Due to the delay in the commencement of mining, these funds were not required and the amount was repaid on 15 September 2017.

On 24 July 2017 the Company decided to postpone mining plans for the Mt. Porter project and said that it would immediately bring forward gold mining acquisition projects on which it had been working in tandem with Mt. Porter.

The reason for this change in focus is the inability to conclude an extension of the Toll Treatment Agreement ("Agreement") with Northern Territory Mining Operations Pty Ltd ("NTMO") on terms satisfactory to the Company.

On 14 August 2017 the Company's Agreement with NTMO expired. Under the terms of the Agreement, the first batch of Ark's ore was to be treated by NTMO from 2 August 2017 to 10 August 2017. Ark did not provide ore for treatment during this period and NTMO have asserted that they have the right under the Agreement to charge Ark a maximum of \$20,000 per day for this period for which no ore was available. Ark has received correspondence indicating that NTMO intend to invoice Ark for this amount however as at 28 September 2017, no invoice had been received.

On 14 August 2017 the Company announced that it had secured a six-month exclusive option from Union Extended to acquire Mining Leases 30214, 30215, 30216, 30217, 30218 in the Northern Territory.

The purpose of the option is to secure rights over this strategically convenient location while an evaluation is undertaken to determine the viability of establishing a 450k tpa relocatable processing on this site in support of the Company's Mt. Porter, Glencoe and Frances Creek projects.

The Company none the less remains interested to toll-treat its ore at the Union Reefs mill and will continue to pursue other toll-treating options with NTMO.

DIRECTORS' DECLARATION

For the year ended 30 June 2017

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 2017 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, 28th September 2017



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Ark Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ark Mines Limited (the Company), which comprises the statement of financial position as at 30 June 2017, 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.

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

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

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, other than for the acts or omissions of financial services licensees.



Material uncertainty related to going concern

We draw attention to Note 23 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Exploration and evaluation assets of \$2,585,041 form a significant proportion of the Company's assets as shown in note 7 in the financial report.</p> <p>The recovery of the carrying value of the exploration and evaluation assets are subject to successful exploration, exploitation or sale in the future and as such is subject to management judgement in accordance with AASB 6 - <i>Exploration for and Evaluation of Mineral Resources</i></p> <p>The Company's exploration and evaluation assets are also exposed to market, economic, political and seasonal influences which may affect the Company's ability to recover the carrying value.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none">• Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capitalised correctly;• Confirming whether the rights to tenure of the areas of interest remained current at balance date, and evaluating whether minimum annual commitments had been met in respect of each area of interest;• Assessing and evaluating management's assessment as to whether indicators of impairment of the evaluation and exploration asset existed in accordance with AASB 6.



Gold-settled derivative liability

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Refer to note 11 in the financial report</p> <p>The Company entered into a gold loan facility during the year for USD\$6,000,000. The terms of the loan agreement were modified during the financial year which required a change in the method of accounting for the loan.</p> <p>This is a key audit matter due to the material nature of the agreement and the judgement involved in classifying and measuring the loan facility, which required significant auditor attention.</p>	<p>Our audit procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Reviewing and understanding the terms and conditions of the agreement; • Evaluating the impact of the modification in the terms of the loan on the accounting and disclosure requirements; • Assessing the appropriateness of the accounting treatment in terms of AASB 139 <i>Financial Instruments: Recognition and Measurement</i>; • Reviewing the disclosure of the transaction.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the 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.

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Ark Mines Limited, for the year ended 30 June 2017, 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

The BDO logo, consisting of the letters 'BDO' in a stylized, handwritten font.

A handwritten signature in black ink that reads 'Gareth Few'.

Gareth Few
Partner

Sydney, 28 September 2017

SCHEDULE OF TENEMENTS

As at 30 June 2017

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 2018	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 2018	Current
MA 389	Frances Creek	100% - Gold rights only	Gold	15 November 1993	14 November 2018	Current

ADDITIONAL ASX INFORMATION

As at 29 August 2017

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 29 August 2017.

Distribution of Equity Securities

Range	Number of holders	Number of shares
1 - 1,000	10	2,697
1,001 - 5,000	48	166,944
5,001 - 10,000	111	1,033,205
10,001 - 100,000	211	7,899,383
100,001 - 9,999,999	65	40,027,280
Total	445	49,129,509

Since listing the Company has issued 49,129,509 fully paid ordinary shares. The number of shareholders holding less than a marketable parcel is 69.

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	13.59%
2	Cobungra Holdings Pty Ltd	6,327,742	12.88%
3	Mr Ian Burnham Mitchell	3,294,984	6.71%
4	Dr Rebecca Mitchell	2,510,000	5.11%
5	John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	1,593,500	3.24%
6	Martin Place Securities Nominees Pty Ltd	1,327,650	2.70%
7	Ichiya Co Ltd	1,324,072	2.70%
8	Mr John Christopher Slade	904,648	1.84%
9	Mr Stephen Roy Webster <Capitol Industries Ltd A/C>	879,298	1.79%
10	Pindims Pty Ltd <The Peacock S/F No 2 A/C>	830,000	1.69%
11	Chahen Pty Ltd <The BCS Super Fund A/C>	827,650	1.68%
12	Horizon Storm Pty Limited	800,000	1.63%
13	Alcardo Investments Limited <Styled 102501 A/C>	760,000	1.55%
14	RJ Consolidated Pty Ltd	740,000	1.51%
15	RJ Consolidated Pty Ltd <Roger Jackson S/Fund A/C>	697,000	1.42%
16	Mr Roger Alan Jackson	626,262	1.27%
17	AJM Super Co Pty Ltd	563,500	1.15%
18	Tempest Dawn Pty Limited <SWT Super Fund A/C>	529,790	1.08%
19	Kings Park Superannuation Fund Pty Ltd <Kings Park Super Fund A/C>	400,000	0.81%
20	Lippo Securities Ltd <Client A/C>	395,458	0.80%
Total		32,007,554	65.15%

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	13.59%
Cobungra Holdings Pty Ltd	6,327,742	12.88%
Mr Ian Burnham Mitchell	5,837,424	11.88%

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.

