ARK MINES LTD.

ACN 123 668 717

Annual Report

For the Year Ended 30 June 2023

CORPORATE DIRECTORY

Directors	Roger A Jackson Benjamin P Emery Ian B Mitchell
Company Secretaries	Ian B Mitchell Ian K White
Registered office	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: +61 (0)2 9232 5444
Principal Place of Business	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000 Telephone: +61 (0)2 9232 5444
Share Register	Computershare Investor Services Pty Limited Level 17 221 St George's Terrace Perth WA 6000 GPO Box D182 Perth WA 6840 Telephone: +61 (0)8 9323 2000
Auditor	Moore Australia Audit (WA) Level 15 Exchange Tower 2 The Esplanade, Perth WA 6000
Solicitors	Ian B Mitchell and Associates Level 9 MLC Centre 19 – 29 Martin Place Sydney NSW 2000
Bankers	National Australia Bank 292 Pitt Street Sydney NSW 2000
Securities Exchange Listing	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
Website Address	www.arkmines.com

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Annual Report

For the Year Ended 30 June 2023

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"Ark's Sandy Mitchell Project is a unique Rare Earth and Heavy Mineral deposit that is just made up of sand and heavy Minerals. It is cheap and simple to mine and in situ beneficiate. This is an amazing opportunity to move this recently drilled project to a Rare Earth producer."

Highlights

Sandy Mitchell Rare Earths and Heavy Minerals

- Ark acquired an advanced Rare Earths and Heavy Minerals Project in North Queensland; 147km^2 EPM 28013 ("Sandy Mitchell").
- Very high historical Total Rare Earth Oxides ("TREO") grades* including high grade pan concentrates of:
  - 18.4% TREO
  - 17.4% TREO
  - 15.8% TREO
  - 15.3% TREO
  - 12.3% TREO
  - 9.4% TREO
  - 4.7% TREO
  - 3.3% TREO

  *Historical data, Not to JORC 2012 code standards.
  * Refer to AHK ASX announcement 1st of March 2023.
- Extensive historical work undertaken by JOGMEG in 2010 including particle mineral analysis conducted, as well as pan concentrates and over ~100 augur drill holes completed by other parties.
- Project contains all critical Light Rare Earths as well as Heavy Rare Earths including dysprosium (Dy), terbium (Tb), holmium (Ho), erbium (Er), thulium (Tm) ytterbium (Yb), yttrium (Y) and excluding only Lutetium.
- Rare Earths at Sandy Mitchell are amenable to panning a concentrate. Planned low-cost, fast start up, straightforward beneficiation by gravity processing.
- Metallurgical reports confirm significant levels of neodymium-praseodymium (NdPr) with NdPr ratios recorded of up to 25% as a percentage of TREO.
- Very high historical TREO grades* including high grade pan concentrates of magnet metals and NdPr ratios of:

Sample number	TREO	NdPr Ratio as % of TREO
451	18.4%	24.6%
450	17.4%	24.5%
452	15.8%	24.2%
430	15.3%	25.0%
452A2	12.3%	23.7%

Table 1. Historical TREO grades and NdPr ratios.

** Refer to AHK announcement 1st March 2023.*

- As well as rare Earths there are robust commercial grades of Heavy Minerals measured in the pan- concentrates, including 13.46% Titanium (Ilmenite/Rutile) and 8.15% Zircon, Sandy Mitchells potential commercial appeal.

  **Refer to AHK announcement 28th March 2023.*

- The dominant minerals in the panned concentrate samples are zircon, ilmenite, monazite, and Fe- rich chlorite, providing for simple mineralogy that can be separated in situ at a low cost.
- The Company secured attractive acquisition terms to acquire 100% of the project for A$200,000 cash. Ark was able to secure the project due to the vendor having limited interest in undertaking follow-up exploration and further developing the asset.
- Completion of 1,500m Phase 1 drill program at Sandy Mitchell Rare Earths and Heavy Minerals project.
- Drill program confirmed REE and HM mineralisation is more than twice the depth encountered historically; 144 holes completed for 1,505 metres, with average depth of 10.5 metres and sands intersected down to 18 metres.
- Mineralisation has been panned from material at surface to the bottom of the sand profile; there is no overburden evident across the project.
- Assay results from drilling and ongoing test work will form the basis of a Maiden Mineral Resource Estimate under the 2012 JORC code.
- Environmental consultants, Northern Environmental Assessment and Compliance, completed an initial Environmental Scoping Study ('ESS') of Sandy Mitchell
- Results from the ESS study will provide guidance on the required aquatic and terrestrial ecological assessments, along with the development of monitoring solutions and environmental management plans – all of which are key inputs to the mining approval process.
- Drill samples have been sent to a third-party laboratory for assaying with results expected in the September quarter.
- Forward works program includes:
  - 2nd phase drilling in Q4 followed by phase 3 and 4.
  - Compiling and reviewing extensive historical data including drilling data and pan concentrates to rapidly define a Historical Mineral Resource Estimate ("MRE") under the 2012 JORC code.
  - Undertaking metallurgical studies.
  - Undertaking bulk sample processing trials.
  - Applying for Mining Licence.

Gunnawarra Ni Co

- During the year Ark completed 844 metres of Reverse Circulation ("RC") drilling in its 2nd round of drilling in the quarter at its 100% owned Gunnawarra Nickel Cobalt Project, North Queensland.
- 28 holes drilled at an average depth of 30 meters with deepest hole drilled to 59 meters.
- Maiden JORC (2012) Edition compliant inferred mineral resource estimate was completed for the Gunnawarra Nickel-Cobalt Project.
- The mineral resource estimate totalling 1.341 million tonnes at .53% Ni, 602,000 tonnes Cobalt at .066% and 191,500 tonnes of copper at .054% at a .4% Ni cut off was completed by Hawker Geological Services Pty Ltd.
- Ark is also well-advanced with beneficiation test work which is also key to fast-tracking the project's commercialisation.
- Majority of high-grade intersections are shallow with little to no overburden – provides clear pathway for fast-tracked project development.

Ark Projects

- EPM 28103 Sandy Mitchell
- EPM 26560 Gunnawarra
- EPM 26464 Mt Jesse
- EPM 26883 Mt Pluton

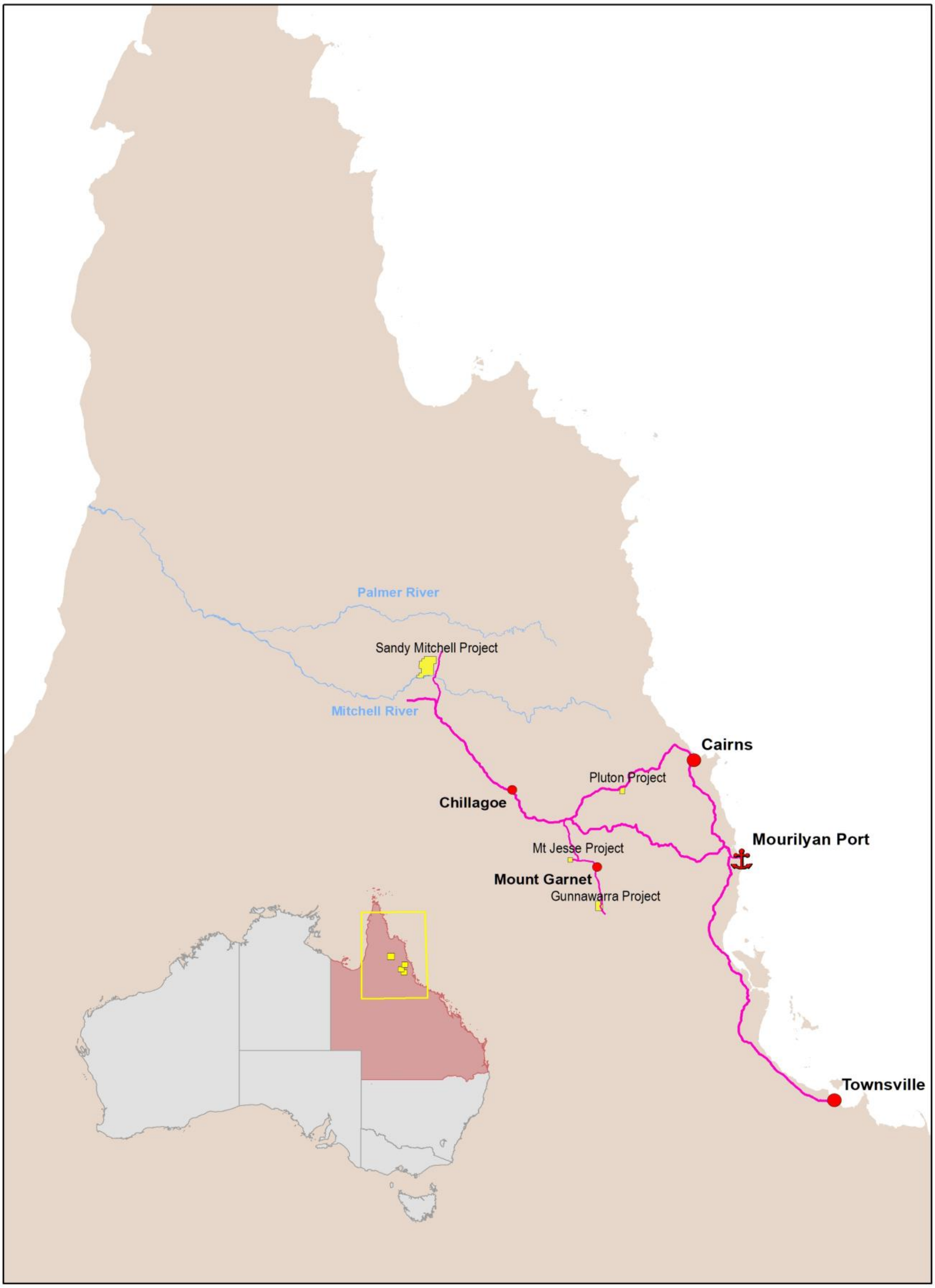


Figure 1. Locations of the four Ark tenements in North Queensland.

Sandy Mitchell Rare Earth and Heavy Minerals

Location of Sandy Mitchell

Sandy Mitchell is located on Mt Mulgrave Station 150 km Northwest of Chillagoe in Northern Queensland. The project sits between the Palmer and Mitchell River. The project is flat and sandy with slight timber and is grazed by cattle.

Figure 2. Sandy Mitchell is essentially a relatively flat Sandy area some 110km2.

Ark Phase 1 Drilling Program at Sandy Mitchell

Ark safely completed the first phase drill program at Sandy Mitchell with approximately 1,505 metres drilled in 144 holes with average depth of 10.5 metres. In some holes, sands were intersected down to 18 metres.

Hole depths averaged twice the depth that was first anticipated which is highly encouraging and gives the Company confidence that the project is of much greater scale than first envisaged.

The air core holes were drilled at 120 by 60 metre spacing over the central Rare Earths zone as part of an assessment of Rare Earths and Heavy Mineral grade, with spacing opening up to 120 by 120 metres peripherally. Sampling of the sand was by 1 metre intervals for assay to inform a maiden resource, as well as for density measurements and to provide samples for metallurgical test work.

Drilling focused on the general area where in 2010, the Japan Organization for Metals and Energy Security focused its activities as well as in new areas previously not drilled, all of which are prospective for Rare Earths and Heavy Minerals. The next phase of drilling will be planned around extension of the maiden resource generated from phase 1 results.

Pan Concentrate Samples

Accompanying the Phase 1 drill program, Ark also reported that a single panned concentrate sample using XRF technology returned high grades of 29% TREO.

The sample also included high levels of neodymium praseodymium (NdPr), with an NdPr ratio recorded of up to 24% (TREO). Heavy Minerals were also present in the sample, including 11.2% Titanium dioxide (TiO2) and 17% Zirconium dioxide (ZrO2).

The sample was taken from surface sand at Sandy Mitchell within the area of Ark's Phase 1 drill program. Pan concentrate samples were collected from every completed metre drilled, and rare earth elements and heavy minerals were visually evident in all samples from the first 1,000m of drilling.

Environmental Scoping Study

Ark commissioned environmental consultants, Northern Environmental Assessment and Compliance, to carry out an Environmental Scoping Study of Sandy Mitchell.

The surveys were carried out by Terra Solutions in partnership with Northern Environmental Testing and Compliance ('NETC') – two specialist consulting groups with expertise in environmental regulatory compliance for upstream mining projects.

The surveys comprised sample collections for ground and surface water, as well as a suitability assessment for the native flora and fauna habitats with respect to threatened species and other environmental factors.

NETC also undertook an initial study of the aquatic ecosystems at the site to set out the baseline survey requirements for water testing, where data collection and water monitoring remains ongoing to accrue a 12-month sample of baseline survey data, in accordance with regulatory compliance standards.

Placer deposits have distinct advantages over hard rock add clay-base rare earth projects:

	Ionic Clays	Hard Rocks	PLACER (SANDY MITCHELL)
CAPEX	Reasonable	Capex Heavy, Overburden/strip development costs, Mining costs high	Capex lite and utilizing low-cost skid-mounted gravity plant to deliver a concentrate Mining cost and operating cost – negligible
Scale	Typically, smaller tonnage	Typically require significant scale for economic viability	Potential to be massive tonnage
Exploration	Resources can be defined inexpensively and rapidly given shallow drilling using aircore, auger, push-tube core	Similar to other hard rock base metals requiring substantial drilling, geochemistry, geophysics etc	Resources can be defined inexpensively and rapidly given shallow drilling using aircore, auger, push-tube core
Mining	Stripping and progressive rehabilitation. Many have overburden and some strip ratio	Drill and blast with significant mining fleet. Higher strip ratios or expensive underground mining and development	Stripping and progressive rehabilitation. No Overburden Zero strip ratio. Mined with a wheeled loader only
Permitting	Due to water processing and chemicals Environmental challenges will need to be met	Significant environmental impact	Simple in situ gravity processing with the sand put back where it was moved from
Processing	Simple metallurgy; clay is washed with a desorption agent to recover REEs	Strong acids and salts with high temperature +/- pressure. Radioactive tailings	Simple metallurgy; Gravity and magnetic in-situ processing, no water, continuous rehabilitation Nature has already done our crushing and grinding Mineral sands bi-product

Scale

- The size of the thorium anomaly correlating with REE enriched alluvial sands within the Project tenement is 10,067 ha.
- Sands with heavy minerals and rare earths are eroded from sandstones to the North. These sandstones were paleao beach settings where the rare earths and heavy minerals were sorted through wave actions. Rare earths are also derived from the Metamorphic basement rocks sitting under the deposit.
- The tenement is 147km 2 and a further 138 km 2 has been pegged to the North.
- The anomalous rare earth historical augur drilling shows an anomalous area of 35km^2. (Refer Figures 3 and 4, over page).

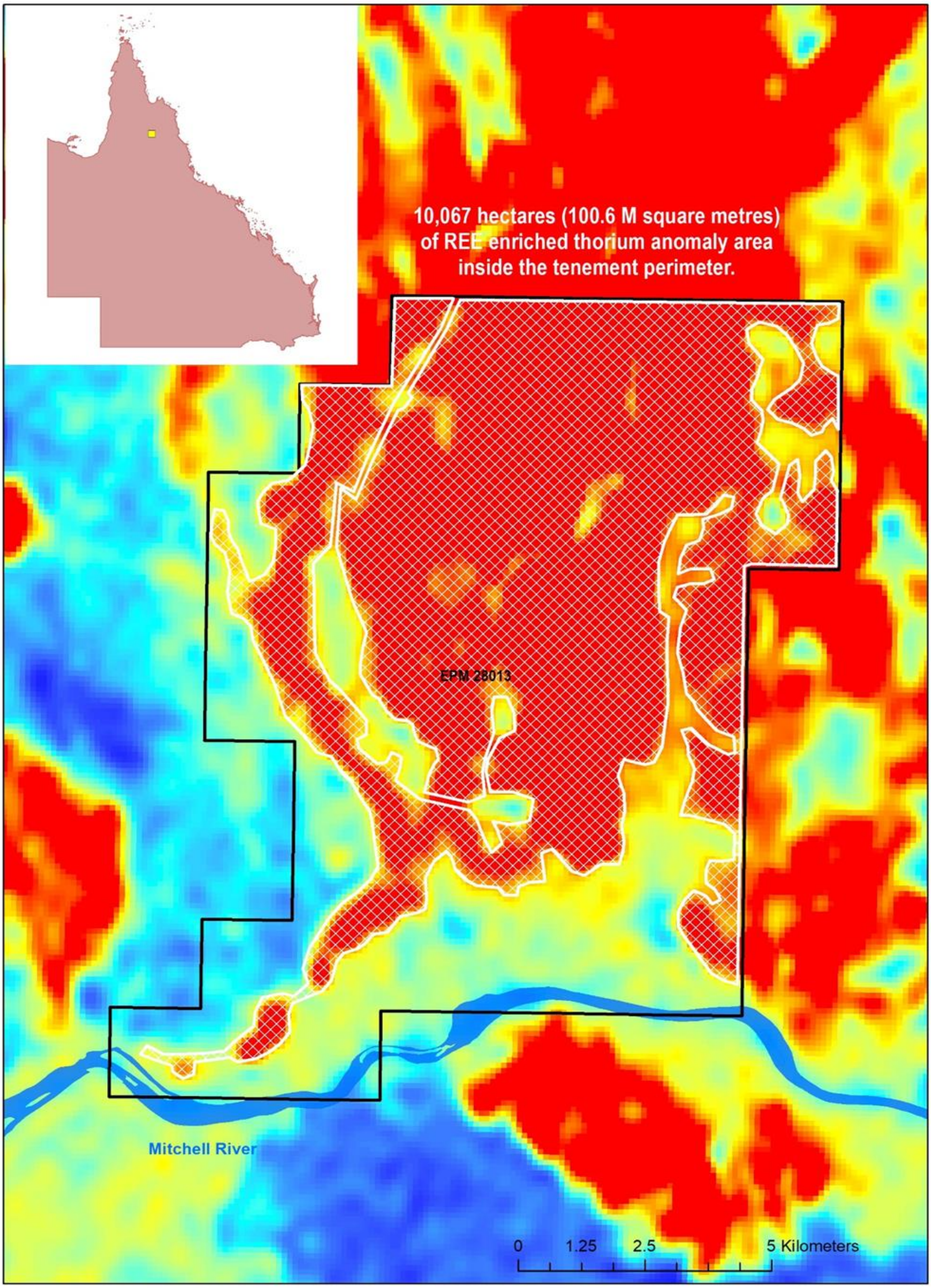


Figure 3. The thorium anomaly indicates where the rare earth mineral Monazite is located.

ARK MINES LTD.

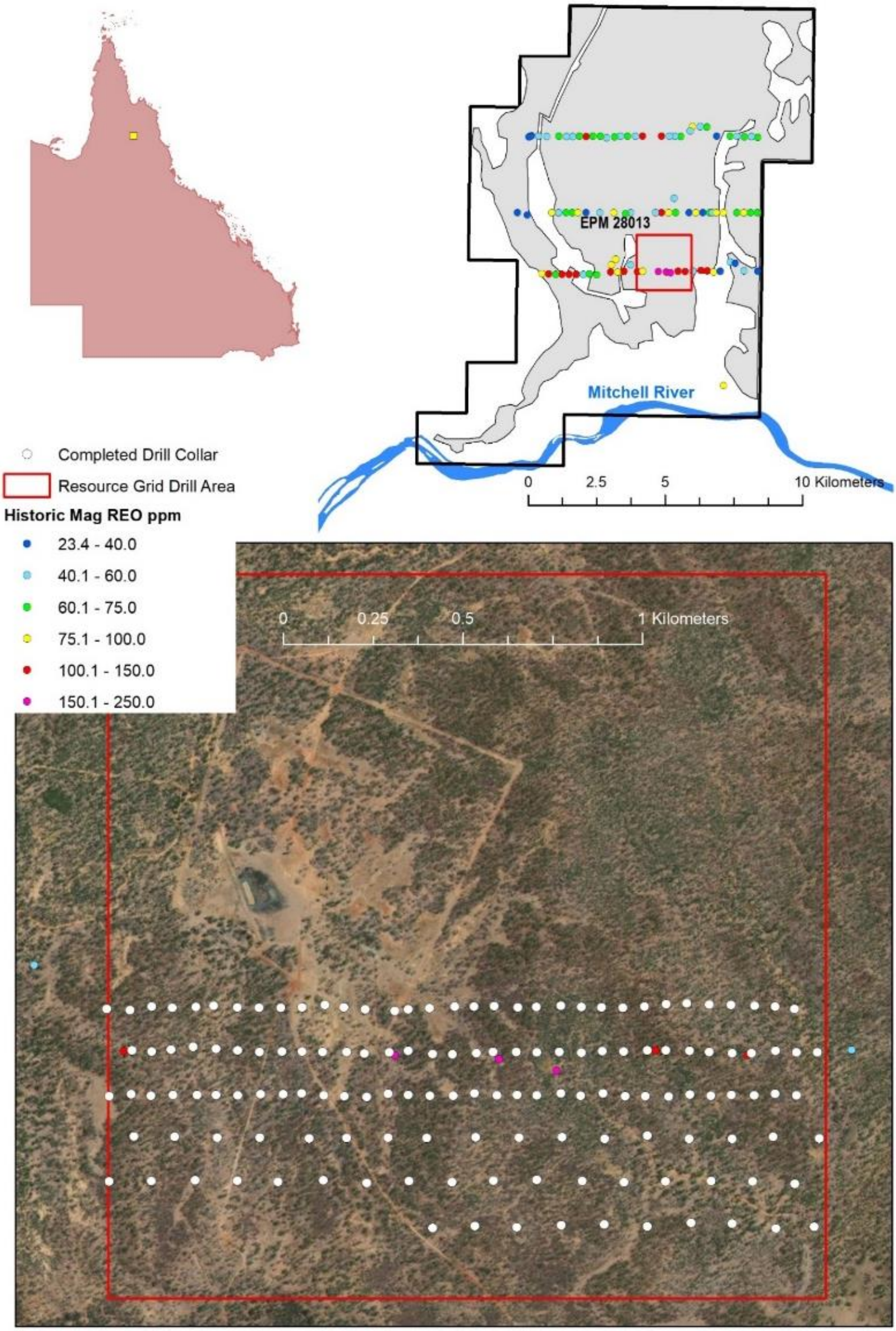


Figure 4. Location of phase 2 drilling undertaken by Ark.

Subsequent Phase 1 Drilling from Sandy Mitchell.

- 144 drill holes completed with preliminary assay results using a pXRF of the panned concentrates produced on site.
- Rare Earth ('REE') and Heavy Mineral ('HM') mineralisation in every hole.
- Assay results are composites of the whole length of each hole. The air core holes averaged 10.5 metre depths with the deepest hole down to 18 metres.
- Drilling covers an area of 1.3 km^2 which is 1.2% of the peak radiometric reading on the lease.
- The full REE suite is yet to be assayed, but initial analysis included yttrium oxide grades up to .31% and cerium oxide grades up to 13.7%. Yttrium is classified as a Heavy Rare Earth metal and is listed as a critical mineral, while cerium is classified as a light rare earth metal. The HM concentrate shows a range between 0.4% to 13.8% zirconia and 0.1% to 15.3% titanium.
- Ce_2O_3 concentration predicts REE grades in the Heavy Mineral concentrate up to 41% with an average of 12%. This is validated by the Yttrium proxy for TREO which predicts a peak 27% TREO with an average of 14%.
- Panned metre samples, composited per hole, had up to 2.8% Heavy Minerals. Heavy Minerals in sands are often associated with rare earth elements along with other valuable minerals, including zirconium and titanium.
- There are also phosphate grades up to 8.5% and significant quantities of garnet that will be incorporated into the final economic mineralisation suite.
- Completion of the initial drilling program and interim analysis provides early indications that the 140km^2 Sandy Mitchell tenement is highly prospective for further advancement.
- All 1m interval drilling samples have been sent to a third-party laboratory for assaying with results expected in the near-term.
- Assay results from this program, along with planned extensional drilling and ongoing test work will form the basis of a Maiden Mineral Resource Estimate under the 2012 JORC code later this year.
- Sandy Mitchell's Rare Earths are amenable to panning a concentrate indicating low-cost, fast start up, straightforward beneficiation by gravity processing.
- All holes show sand at surface to the bottom of sand profile with no overburden or clay layers.
- Reconnaissance bulk samples and augur drilling will be undertaken while awaiting assays.

Cautionary Statement: These results are based on hand panned samples composited per drill hole on site, by Ark Mines personnel, with assays conducted by IHC Mining at their Brisbane facility using pXRF on the heavy liquid separated and pulverised composites. This is a low power low resolution XRF technique which is unable to fully resolve all rare earth elements into separately measurable peaks and is sensitive to the grainsize of the sample with respect to repeatability.
Refer to AHK ASX announcement on the 26th of July 2023.

Gunnawarra Ni Co

The Gunnawarra project is located ~40kms south from Mount Garnet in far-north Queensland and boasts outstanding access to existing infrastructure including grid power, water and access to port facilities. The project surrounds the Bell Creek resource, a component of the Sconi cobalt project owned by Australian Mines Limited (ASX: AUZ).

RC Drilling Ni Co at Gunnawarra

Ark completed a 2,000m drill program in April which enabled it to report a combined JORC (2012) Mineral Resource Estimate for the Gunnawarra Nickel-Cobalt Project totaling - Inferred 1.341 million tonnes at .53% Ni, 602,000 tonnes Cobalt at .066% and 191,500 tonnes of Copper at .054% at a .4% Ni cut off.

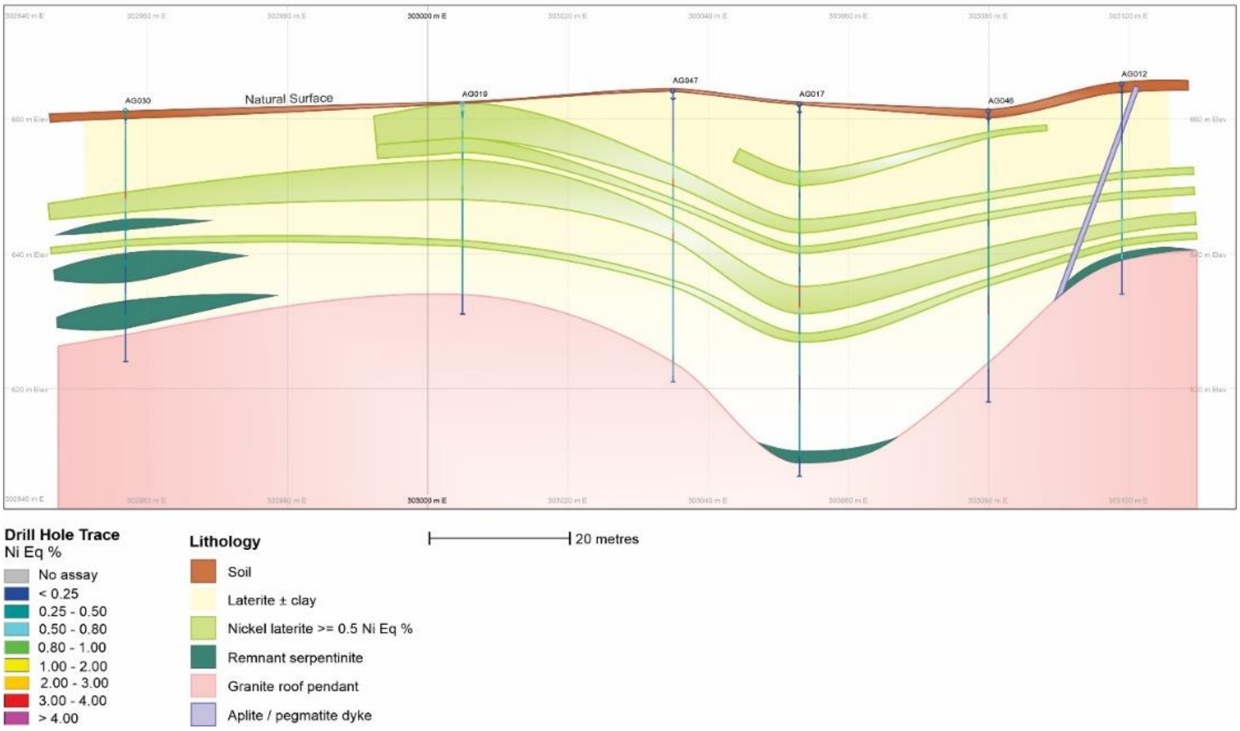
Ark determined that there is extension at depth of the mineralisation >60M and extensions to the SW of the known ore body. Significant intersections of 'the Pod' include:

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

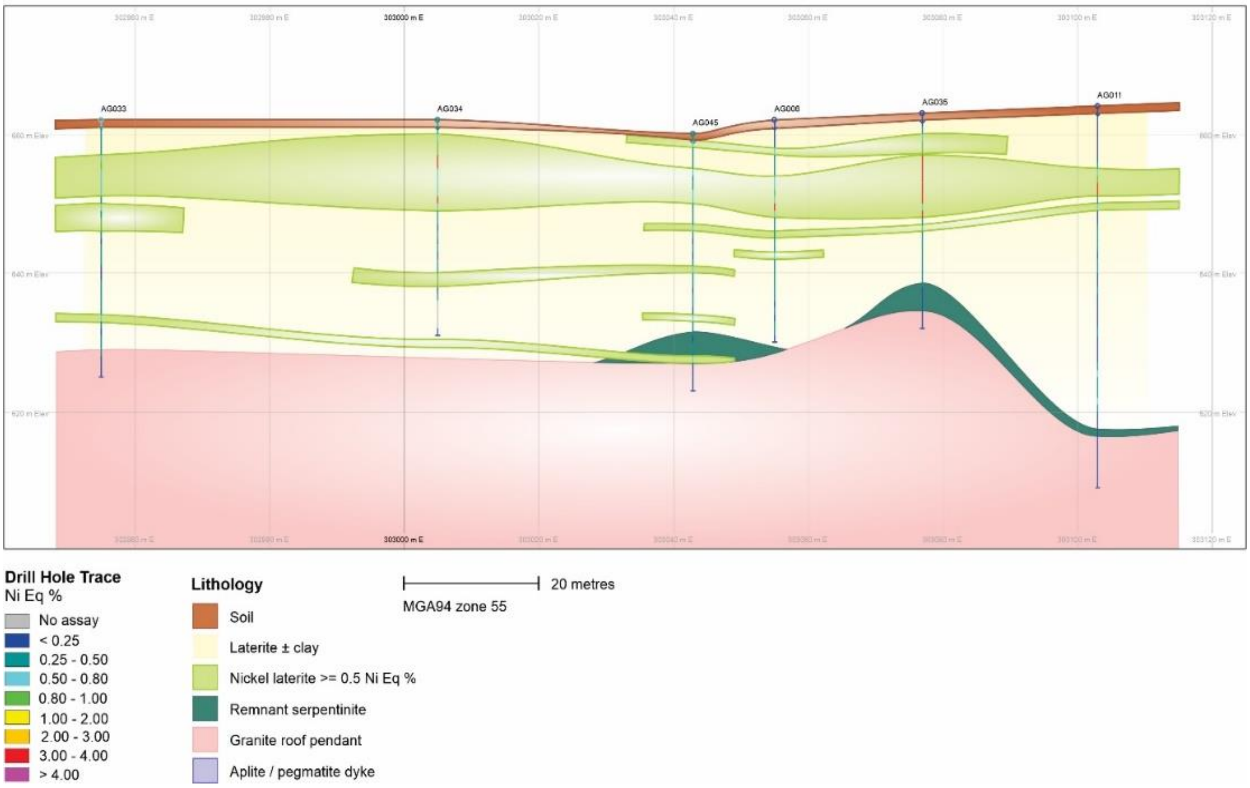
The program was designed to examine the sulphatic laterite nickel cobalt deposits with associated scandium as well as test the underlying ultramafic basement rocks identified during the Company's recent drone magnetic survey.

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

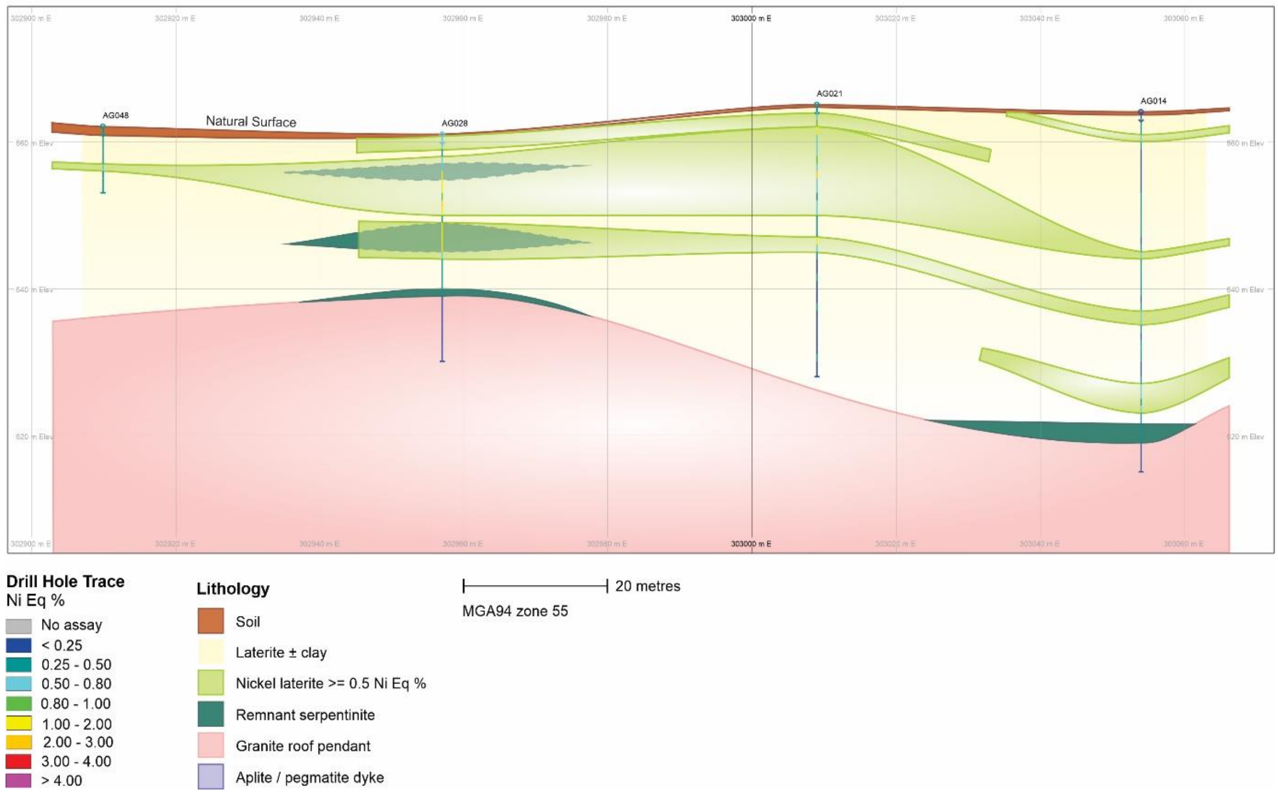
Gunnawarra Nickel Laterite Cross Section 8012050 mN



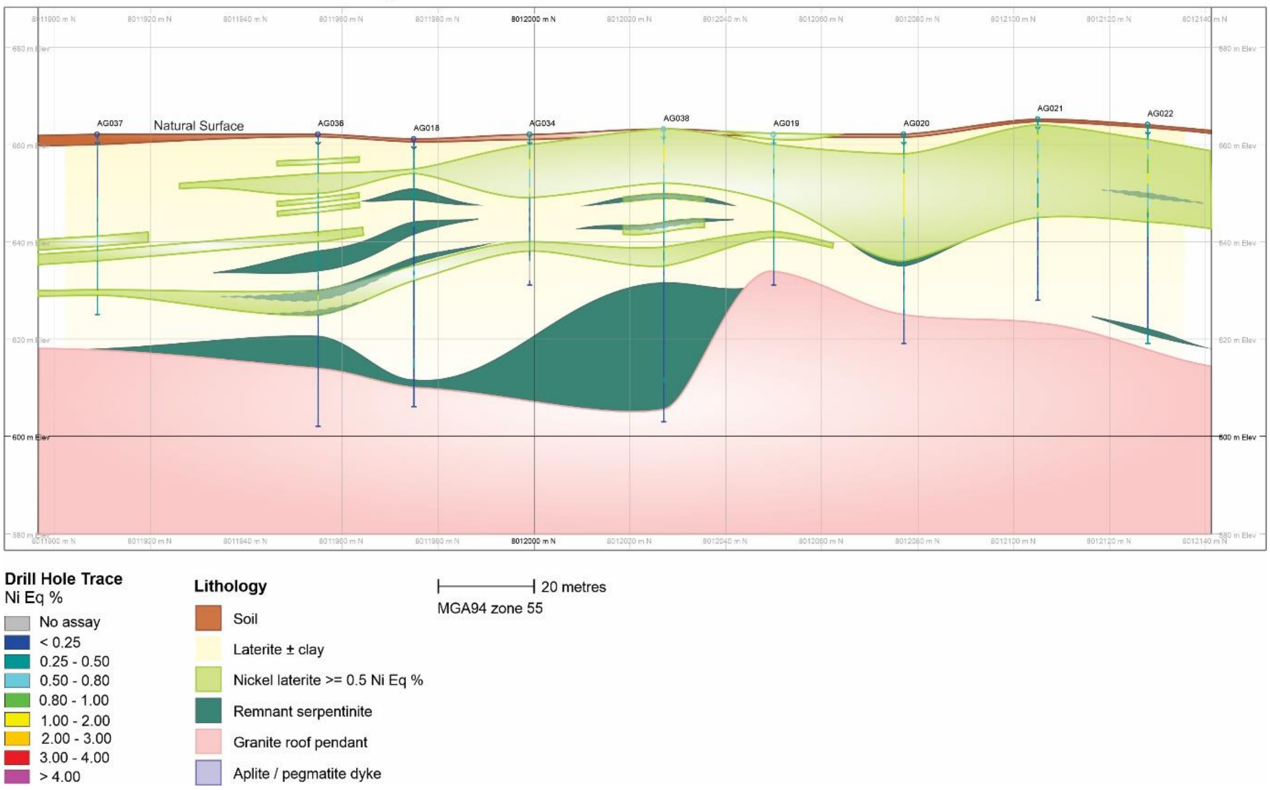
Gunnawarra Nickel Laterite Cross Section 8012000 mN



Gunnawarra Nickel Laterite Cross Section 8012100 mN



Gunnawarra Nickel Laterite Long Section 303000 mE



Mt Jesse and Mt Pluton

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

Safety and Environment

Reportable Incidents	Nil
Medical Treatments	Nil
LTIs	Nil
Environmental incidents	Nil
Landholder Issues	Nil

Tenement Details

A list of tenements is shown on page 46 of this Annual Report.

Mineral Resources

Gunnawarra Resource - 25km west of Mt Garnet and 176km from Cairns - Queensland

			2023		2022
Classification	**Metal**	**Tonnes**	**Grade ppm**	**Tonnes Metal**	**Tonnes**
	Nickel	-	-	-	-
Measured	Cobalt	-	-	-	-
	Copper	-	-	-	-
	Nickel	-	-	-	-
Indicated	Cobalt	-	-	-	-
	Copper	-	-	-	-
	Nickel	1,341,000	5,350	7,200	-
Inferred	Cobalt	602,000	660	400	-
	Copper	191,500	540	100	-

Refer to page 9 for details regarding the work done to establish this resource. The Company uses reputable external consultants to model and establish its mineral resources.

Roger A Jackson
Executive Chairman
Sydney, 27 September 2023

Competent Persons Statement
The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr. Roger Jackson, a Director and Shareholder of the Company, who is a 25+ year Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of Australian Institute of Company Directors. Mr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves". Mr. Jackson consents to the inclusion of the data contained in relevant resource reports used for this announcement as well as the matters, form and context in which the relevant data appears.

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") and its wholly owned subsidiaries (together, the "Group") for the financial year ended 30 June 2023.

Review of Operations

During the year, the Group focused on developing and commercialising its rare earth, DSO, Ni and Co projects in North Queensland.

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

In December 2022, the Company announced a JORC (2012 Edition) compliant inferred mineral resource estimate for the Gunnawarra Nickel-Cobalt Project totalling 1.34m tonnes at .53% Ni, 602k tonnes Cobalt at .066% and 191.5k tonnes of Copper at .054% at a .4% Ni cut off. The mineral resource estimate was carried out by Hawker Geological Consultants, an independent consultant to the Company. High level beneficiation test work on mineralised samples derived from both phases of drilling at Gunnawarra were carried out with indicative success. Test work to primarily focus on magnetic separation was also commenced.

On 18 November 2022, Mr Antony Corel was not re-elected as a Director at the Company's AGM held on that date. Mr Corel joined the Board in September 2008 and oversaw the Company's initial listing on the ASX. The Board thanks Mr Corel for his efforts as Director and Chairman during a period of over 14 years.

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

In March 2023, the Company acquired EPM 28013 "Sandy Mitchell" located in North Queensland, which is a rare earth placer deposit. Previous drilling at Sandy Mitchell produced sands that hosts both light and heavy rare earths and heavy minerals.

Significant historical work has been undertaken across this Project, including completion of more than 100 augur drill holes, along with sediment and stream sampling. Extensive pan concentrates were collected, which best reflect the Project's grades given the rare earths elements at Sandy Mitchell are hosted in sands. X-Ray Fluorescence ("XRF") assays of these panned concentrates returned exceptionally high grades as highlighted on Page 2. The assays were completed by Southern Gold Coast Laboratories, part of Currumbin Minerals at their labs in Queensland.

These results built on the previously reported historical test work undertaken by Japan Organization for Metals and Energy Security ("JOGMEC"), who completed extensive sampling and mineralogical investigation at the Project in 2010.

The drill programme totalled 1,000 metres with concentrate samples collected for every metre drilled and assayed for rare earths and heavy minerals. Drilling centred on the area where JOGMEC previously focused its activities. New areas previously not drilled also prospective for rare earths and heavy minerals, were also targeted.

Pleasingly, the drill program intersected rare earths and heavy minerals in sands down to ~18 metres which is more than double the depth drilled historically. This gives the Company great confidence that the project is of much greater scales than first envisaged.

Third-party laboratory analysis of the assay results from the drill program is progressing on-schedule, with results due for release by the end of September.

On 27 July 2023 the Company completed a share placement under its ASX Listing Rule 7.1 and 7.1A capacity of 10,534,655 fully paid ordinary shares at an issue price of $0.29 per share, to raise $3,055,050. Funds raised by the Placement will focus on accelerating rare earths exploration work at the Sandy Mitchell project.

On 9 August 2023 the Company appointed of Mr Ian White an additional Company Secretary.

In August 2023, the Company initiated preliminary metallurgical test work to characterise the rare earths and heavy minerals identified within the sands at its Sandy Mitchell. The objectives of the study were to complete a metallurgical characterisation of the ore sample, conduct preliminary test work to assess the suitability of beneficiation by gravity and to produce a gravity heavy mineral concentrate for further evaluation.

Specialist consultant Mineral Technologies is also undertaking metallurgical test work and the Company expects to report further updates on the metallurgy before the end of CY23, including ore characterisation and HMC production evaluation (including suitability of beneficiation by gravity).

Ark has also commenced studies to evaluate rare earth mineral beneficiation processes, including floatation and conventional techniques.

The loss after income tax for the full year ended 30 June 2023 was: $994,036 (2022: $2,439,496).

Principal Activity

The principal activity of the Company for the financial year was the acquisition and exploration of mineral exploration tenements.

Directors

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

Roger A Jackson – Executive Chairman

BSc (Geol), Dip Ed, Grad Dip Fin Man, FAIMM, AICD, FAIG, FGS

Mr Jackson has been actively involved in the Mining industry for 27 years as a Mine Operator, in Mine Services and in Mineral Exploration. He has been a founding director of a number of private and public mining and mine service companies.

Mr Jackson has maintained a Geological and Mining Consulting business for the past 14 years whilst holding several executive roles. He has strong knowledge of gold exploration and mining. He also has a sound knowledge of base metal mining and exploration. He has developed several mining and ore processing operations in Australia and abroad. He has had significant experience in marketing gold and base metal concentrate across the globe.

- Appointed. 21 October 2010
- Committee memberships. Audit & Risk
- Other listed Board memberships. QX Resources Ltd. Vertex Minerals Ltd.
- Previous listed Board memberships. Nil for the last three years

Benjamin P Emery – Executive Director

Mr Emery has been involved in the mining sector for over a decade locating, developing and monetising varied and diversified mining projects and has successfully developed several green-field exploration projects into financially successful producing mines. He is well connected in the mining industry both locally and overseas.

Mr Emery is currently CEO for a private iron ore producer and Chairman of Franklin Exchange Pty Ltd, a dynamic and growing commodity trading house operating across various global markets whilst assisting international companies develop new strategic partners for growth. Ben holds majority interests in a number and range of exploration and mining assets at various stages of development.

- Appointed. 22 December 2021
- Committee memberships. Nil
- Other listed Board memberships. Nil
- Previous listed Board memberships. Nil for the last three years

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

BA, Dip Law

Mr Mitchell is a practising solicitor of over 45 years standing. He is the Company Secretary of a number of ASX listed and non-listed public companies. He has over 35 years' experience as a Director and Secretary of listed mining, exploration and industrial companies. His legal expertise is in commercial law, contract law and ASIC and ASX compliance. Mr Mitchell was appointed Company Secretary on 16 November 2011.

- Appointed. 29 December 2010
- Committee memberships. Audit & Risk (Chairman)
- Other listed Board memberships. Nil
- Previous listed Board memberships. Nil for the last three years

Antony B Corel – Non-Executive Independent Director (Not re-elected on 18 November 2022)

Dip Law, LLM

Mr Corel is a solicitor with significant corporate and managerial experience and was previously the Company's Chairman.

Ian K White – Company Secretary

BBus, MBA, Grad. Dip. CSP, FCPA

Mr White was appointed as an additional Company Secretary on 9 August 2023 and the Company's Chief Financial Officer on 28 April 2023. He is an experienced business professional who holds a Bachelor of Business, a Graduate Diploma in Company Secretarial Practise and an MBA specialising in marketing. His experience has been gained over 45 years including periods as CFO and Group Company Secretary for a number of large ASX listed companies. Over the last 20 years, Mr White has focused on the resources and technology sectors.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of the Company and its Chief Financial Officer.

Directors' Interests

The Directors' relevant interests in shares and options as at 30 June 2023 are shown in the following tables.

Director	Holding type	Shares			
		01-Jul-22	Acquired	Disposed	30-Jun-23
Roger A Jackson	Direct	35,313	-	-	35,313
	Indirect	1,042,516	-	-	1,042,516
	Total	**1,077,829**	**-**	**-**	**1,077,829**
Benjamin P Emery	Direct	-	-	-	-
	Indirect	8,250,000	-	-	8,250,000
	Total	**8,250,000**	**-**	**-**	**8,250,000**
Ian B Mitchell	Direct	313,891	-	-	313,891
	Indirect	126,500	-	-	126,500
	Total	**440,391**	**-**	**-**	**440,391**
Antony B Corel [1]	Direct	921,630	-	-	921,630
	Indirect	46,666	-	-	46,666
	Total	**968,296**	**-**	**-**	**968,296**

Director	Holding type	Options			
		01-Jul-22	Acquired	Disposed	30-Jun-23
Roger A Jackson	Direct	-	-	-	-
	Indirect	1,904,000	-	-	1,904,000
	Total	**1,904,000**	**-**	**-**	**1,904,000**
Benjamin P Emery	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Ian B Mitchell	Direct	296,040	-	-	296,040
	Indirect	-	-	-	-
	Total	**296,040**	**-**	**-**	**296,040**
Antony B Corel [1]	Direct	1,822,460	-	-	1,822,460
	Indirect	-	-	-	-
	Total	**1,822,460**	**-**	**-**	**1,822,460**

1 Director until 18 November 2022.

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

Remuneration Report (Audited) (cont.)

Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Group. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed and approved by the Board. All executives receive remuneration based on factors such as length of service and experience. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the Group's strategic objectives. The Board's policy is to remunerate executives and Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities.

The Group currently has no employees. When the Group reaches an appropriate size, it will endeavour to employ suitably qualified women to fill at least one third of its employment positions.

The Board determines payments to executives and Directors and reviews their remuneration, based on market practice, duties and accountability. Directors' remuneration is currently being paid in accordance with the amounts set in the Prospectus that was released to ASX on 27 September 2021 except that daily consulting rates paid to Mr Jackson and Emery were increased from $1,200 per day to $1,650 per day on 1 July 2023. There were no bonuses paid or proposed to be paid for the year ended 30 June 2023 (2022: Nil).

Below is a table summarising key performance and shareholder wealth indicators for the Company For the year ended 30 June 2023 and the previous 4 financial years.

Period	Profit (Loss) after Tax	EPS (cents per share)	Share Price
Year ending 30 June 2023	($994,036)	(2.23)	$0.310
Year ending 30 June 2022	($2,439,496)	(9.83)	$0.175
Year ending 30 June 2021	$6,891,159	263.42	[1] NA
Year ending 30 June 2020	($2,445,761)	(4.68)	[1] NA
Year ending 30 June 2019	($1,569,887)	(3.14)	$0.010

1. During this period the Company was suspended from the ASX

Directors and Key Management Remuneration

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

	Short - term			
	Base fee	Consulting	Superannuation	Total
2023	$	$	$	$
Executive Directors				
Roger A Jackson	36,000	173,940	-	209,940
Benjamin P Emery	36,000	147,000	-	183,000
Non-Executive Directors				
Antony B Corel	20,833	-	2,187	23,020
Ian B Mitchell	36,000	-	-	36,000
Total Directors	**128,833**	**320,940**	**2,187**	**451,960**
Key Management Personnel				
Ian K White	-	68,731	-	68,731
Total Remuneration	**128,833**	**389,671**	**2,187**	**520,691**
2022				
Executive Directors				
Roger A Jackson	67,200	58,680	-	125,880
Benjamin P Emery	21,000	79,610	-	100,610
Non-Executive Directors				
Antony B Corel	54,167	25,000	5,417	84,584
Ian B Mitchell	39,000	-	-	39,000
Total Directors	**181,367**	**163,290**	**5,417**	**350,074**
Total Remuneration	**181,367**	**163,290**	**5,417**	**350,074**

Remuneration Report (Audited) (cont.)

Contracts of Senior Executives

Both Mr Jackson and Mr Emery are engaged as Executive Directors under an Executive Service Agreement ("Agreement"), executed with their respective consulting companies. Under the Agreement, each is paid a Director's fee of $36,000 per annum. No superannuation is payable under these Agreements. In addition, under the Agreement, each of Mr Jackson and Mr Emery must provide a minimum of 8 days per month executive service which was payable at $1,200 up to 30 June 2023 from whence the rate has been increased to $1,650 per in line with market rates.

The Agreements with Mr Jackson and Mr Emery have no fixed term and the Company may terminate the Agreements on giving three months' notice, or payment in lieu. No benefits are payable on termination.

Mr White is engaged under a Consulting Agreement executed with Mr White's consulting company. Pursuant to this Consulting Agreement, Mr White is paid $1,500 per day plus GST. No superannuation is payable under this Consulting Agreement.

Mr White's Consulting Agreement has no fixed term and the Company may terminate the Consulting Agreement on giving three months' notice, or payment in lieu. No benefits are payable on termination.

No options were issued to Directors or Key Management Personnel during the financial year.

This concludes the Remuneration Report, which has been audited.

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors of Ark Mines Ltd (including by way of circular resolution) held during the year ended 30 June 2023 and the numbers of meetings attended by each Director are as follows.

	Board		Audit & Risk Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended
Antony B Corel [1]	3	3	1	1
Roger A Jackson	10	9	2	2
Benjamin P Emery	10	9	-	-
Ian B Mitchell	10	9	2	2

[1] Mr Corel was not re-elected as a Director at the AGM held on 18 November 2022.

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

Environmental Regulations

The Group is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Group 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 Group's contracts or licences.

Dividends

No dividends have been declared in respect of the financial year ended 30 June 2023 (2022: Nil).

Significant Changes in State of Affairs

In March 2023, the Company acquired EPM 28013 "Sandy Mitchell" located in North Queensland, which is a rare earth placer deposit.

Events Subsequent to Reporting Date

On 27 July 2023 the Company completed a share placement under its Listing Rule 7.1 and 7.1A capacity of 10,534,655 fully paid ordinary shares at an issue price of $0.29 per share, to raise $3,055,050.

Events subsequent to reporting date are included in Note 25 to the financial statements and within the Directors Report under Review of Operations.

The Directors are not aware of any matter or circumstance not otherwise dealt with in this Annual Report or in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely Developments

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

Please see Note 25 – Subsequent Events for further details.

Indemnifying Officers and Auditor

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

Non-Audit Services

The Auditor provided no other services during the financial year ended 30 June 2023.

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

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

Auditor Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2023 has been received and a copy is reproduced on page 19. Moore Australia Audit (WA) continues office in accordance with section 327 of the Corporations Act 2001.

Proceedings on Behalf of the Company

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

Corporate Governance

The Company's Corporate Governance Statement can be found on its web-site at www.arkmines.com/governance/.

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

Roger A Jackson
Executive Chairman
Sydney, 27 September 2023

MOORE

Moore Australia Audit (WA)

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

WEN-SHIEN CHAI
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 27th day of September 2023.

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ARK MINES LTD.

ACN 123 668 717

Financial Statements

For the year ended 30 June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

		Consolidated	
	Note	**2023**	**2022**
		$	**$**
Revenue from ordinary activities			
Interest income		6,759	4
Total revenue		**6,759**	**4**
Less: Expenses			
Accounting and secretarial expenses		77,526	41,299
ASX listing costs		34,272	101,413
Audit fees	23	37,051	33,402
Consultants		283,703	38,500
Depreciation	8	8,258	1,446
Directors' fees		131,021	186,784
Exploration costs expensed		11,162	-
Insurance		38,438	25,481
Investor relations		176,281	115,146
Share registry costs		9,445	25,298
Other expenses from ordinary activities		193,680	40,080
Total expenses		**1,000,837**	**608,849**
Loss from operating activities		**(994,078)**	**(608,845)**
Net foreign exchange gains		42	59
Business acquisition costs charged to comprehensive income		-	(32,070)
Share based DOCA loan settlement		-	(850,015)
Loss on debt settlement		-	(948,625)
Loss before income tax		**(994,036)**	**(2,439,496)**
Income tax expense	4	**-**	**-**
Loss from continuing operations after income tax		**(994,036)**	**(2,439,496)**
Other comprehensive loss for the year		**-**	**-**
Total comprehensive loss for the year		**(994,036)**	**(2,439,496)**
Earnings per share			
Basic - cents per share	24	(2.23)	(9.83)
Diluted - cents per share	24	(2.07)	(9.83)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2023	2022
		$	$
Current assets			
Cash and cash equivalents	5	1,141,595	2,897,907
Trade and other receivables	6	122,341	154,056
Prepayments		22,032	72,792
Total current assets		**1,285,968**	**3,124,755**
Non-current assets			
Capitalised exploration and evaluation expenditure	7	3,265,702	2,360,303
Plant and equipment	8	213,587	39,845
Environmental bonds and tenement deposits	9	9,000	9,000
Total non-current assets		**3,488,289**	**2,409,148**
Total assets		**4,774,257**	**5,533,903**
Current liabilities			
Trade and other payables	10	367,863	133,473
Total current liabilities		**367,863**	**133,473**
Total liabilities		**367,863**	**133,473**
Net assets		**4,406,394**	**5,400,430**
Equity			
Contributed equity	11	17,784,220	17,784,220
Reserves	12	850,015	850,015
Accumulated losses	13	(14,227,841)	(13,233,805)
Total equity		**4,406,394**	**5,400,430**

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 2023

	Note	Issued capital	Reserves	Acc. losses	Total
		Consolidated			
		$	$	$	$
2023					
Balance at 1 July 2022		17,784,220	850,015	(13,233,805)	5,400,430
Total comprehensive loss for the year		-	-	(994,036)	(994,036)
Total		17,784,220	850,015	(14,227,841)	4,406,394
Balance at 30 June 2023		**17,784,220**	**850,015**	**(14,227,841)**	**4,406,394**
2022					
Balance at 1 July 2021		9,976,683	-	(10,794,309)	(817,626)
Total comprehensive loss for the year		-	-	(2,439,496)	(2,439,496)
Total		9,976,683	-	(13,233,805)	(3,257,122)
Transactions with owners in their capacity as owners					
Ordinary shares issued, net of transaction costs	11	7,807,537	-	-	7,807,537
Share based payments reserve	12	-	850,015	-	850,015
Balance at 30 June 2022		**17,784,220**	**850,015**	**(13,233,805)**	**5,400,430**

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 2023

		Consolidated	
	Note	**2023**	**2022**
		$	**$**
Cash flows from operating activities			
Payments to suppliers and employees		(873,453)	(808,866)
Interest received		6,759	4
Net foreign exchange gains		42	59
Net cash used in operating activities	14	**(866,652)**	**(808,803)**
Cash flows from investing activities			
Payments for exploration and evaluation expenditure	14	(707,660)	(569,302)
Payments for plant and equipment	8	(182,000)	(41,291)
Net cash used in investing activities		**(889,660)**	**(610,593)**
Cash flows from financing activities			
Proceeds from share issues - net of share issue costs		-	4,702,700
Payments for share issue costs		-	(572,613)
Proceeds from loans		-	186,000
Net cash provided by financing activities		**-**	**4,316,087**
Net (decrease) increase in cash held		(1,756,312)	2,896,691
Cash at beginning of financial year		2,897,907	1,216
Cash at end of financial year		**1,141,595**	**2,897,907**

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

1. Reporting Entity

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

The principal activity of the Group for the financial year was the acquisition and exploration of mineral exploration tenements.

2. Basis of Preparation

Statement of compliance

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

The financial statements were authorised for issue by a resolution of the Board dated 27 September 2023.

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 ($A) which is the functional currency of the Group.

Use of estimates and judgements

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

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

- Note 7 – Capitalised Exploration and Evaluation Expenditure

Comparative figures

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

Going Concern

The Group has incurred a net loss after tax of $994,036 (2022: $2,439,496) for the full year and net cash outflows from operating activities of $866,652 (2022: $808,803). The Directors have prepared the Financial Statements on the Going Concern basis that the Group's current cash balance of $1,141,595 and net current assets of $918,105.

Since the end of the financial year the Company has raised an additional $3,055,050 through a share placement.

Directors have determined that there is sufficient cash for the Group to remain cash positive at least until September 2024.

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

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

3. Significant Accounting Policies

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Ark Mines Ltd. and its subsidiaries as at 30 June 2023. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

3. Significant Accounting Policies (cont.)

Interest income

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

Goods and services tax (GST)

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

Cash and Cash equivalents

Cash and cash equivalents include cash on hand, other short term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

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 and should the particular area of interest no longer be considered prospective, then the Group will make a provision in the accounts for the carrying value of the project.

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.

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.

Property plant and equipment

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

<u>Depreciation</u>

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

<u>De-recognition and disposal</u>

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

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

Fair Value of Assets and Liabilities

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

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

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

3. Significant Accounting Policies (cont.)

Fair Value of Assets and Liabilities (cont.)

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

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

Impairment of assets

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

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

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

Financial Instruments

<u>Initial recognition and measurement</u>

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

<u>Classification and subsequent measurement</u>

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business* Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

3. Significant Accounting Policies (cont.)

Financial Instruments (cont.)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term; or
- part of a portfolio where there is an actual pattern of short-term profit taking.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.5.5; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss;

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and inter on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

3. Significant Accounting Policies (cont.)

Financial Instruments (cont.)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group makes an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Any regular purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

<u>Derecognition</u>

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e., it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Contributed equity

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

Foreign currency transactions and balances

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

Earnings per share

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

Diluted earnings per share is calculated as net profit attributable to members of the Company divided by the weighted average number of ordinary shares, assuming the exercise of dilutive options and warrants of the Company.

The assumed proceeds from these options are regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the financial year. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price of ordinary shares during the period is treated as an issue of ordinary shares for no consideration and is dilutive.

3. Significant Accounting Policies (cont.)

Income tax

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

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

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

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

Tax consolidation

The Company and its subsidiaries formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The members of the tax-consolidated Group are identified in Note 18. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Company and the other members of the tax-consolidated Group in accordance with the arrangement.

New, revised or amending accounting standards and interpretations adopted

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023.

<u>Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)</u>

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements of the Company in the period of initial application. The Company is monitoring the developments.

Other Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory are not expected to have an impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Consolidated 2023	Consolidated 2022
	$	$

4. Income Tax Expense

The prima facie tax benefit on loss before income tax is reconciled to the income tax expense as follows:

	2023 $	2022 $
Prima facie income tax on loss before tax at 30.0% (2022: 25.0%)	(298,211)	(609,874)
Add: tax effect of:		
Non allowable expenses	95	457,014
Add:/(deduct) temporary differences not brought to account:		-
Capital raising expenses	(35,932)	(21,712)
Exploration expenditure	(209,992)	(158,109)
Other temporary differences	(37,282)	(4,966)
Tax losses not recognised	581,322	337,647
Income tax expense	**-**	**-**

	Opening $	Movement $	Closing $
Deferred income tax – 2023			
Deferred tax assets:			
Capital raising expenses	127,264	(20,356)	106,908
Provisions	10,159	2,610	12,769
Tax losses	1,494,788	(691,198)	803,590
Total deferred tax assets	**1,632,211**	**(708,944)**	**923,267**
Deferred tax liabilities:			
Exploration and evaluation expenditure	(158,109)	(337,064)	(495,173)
Total deferred tax liabilities	**(158,109)**	**(337,064)**	**(495,173)**
Net deferred tax assets	**1,474,102**	**(1,046,008)**	**428,094**
Deferred income tax – 2022			
Deferred tax assets:			
Capital raising expenses	873	126,391	127,264
Provisions	15,125	(4,966)	10,159
Tax losses	1,157,141	337,647	1,494,788
Total deferred tax assets	**1,173,139**	**459,072**	**1,632,211**
Deferred tax liabilities:			
Exploration and evaluation expenditure	-	(158,109)	(158,109)
Total deferred tax liabilities	**-**	**(158,109)**	**(158,109)**
Net deferred tax assets	**1,173,139**	**300,963**	**1,474,102**

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

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

	Consolidated	
	2023	2022
	$	$
5. Cash and Cash Equivalents		
Cash at bank	1,141,595	2,897,907
Total cash and cash equivalents	**1,141,595**	**2,897,907**

6. Trade and Other Receivables		
GST recoverable	108,315	151,556
Other receivables	14,026	2,500
Total trade and other receivables	**122,341**	**154,056**

7. Capitalised Exploration and Evaluation Expenditure		
Balance at the beginning of the year	2,360,303	-
Tenement acquisition costs capitalised during the year	205,425	1,791,000
Exploration and Evaluation Expenditure capitalised during the year	699,974	569,303
Balance at the end of the year	**3,265,702**	**2,360,303**

During the year, the Group acquired EPM 28013 "Sandy Mitchell) for a purchase price of $200,000. Transaction costs associated with this acquisition totalled $5,425.

8. Plant and Equipment		
Motor Vehicles		
At cost		
Balance at the beginning of the year	41,291	-
Additions during the year	182,000	41,291
Balance at the end of the year	223,291	41,291
Accumulated depreciation		
Balance at the beginning of the year	(1,446)	-
Charge for the year	(8,258)	(1,446)
Balance at the end of the year	(9,704)	(1,446)
Total plant and equipment	**213,587**	**39,845**

9. Environmental Bonds and Security Deposits		
EPM 26560 – Gunnawarra	3,000	3,000
EPM 26464 - Mt Jesse	3,000	3,000
EPM 26883 – Pluton	3,000	3,000
Total environmental bonds and security deposits	**9,000**	**9,000**

	Consolidated 2023	Consolidated 2022
	$	$
10. Trade and Other Payables		
Trade creditors	315,214	88,837
Accruals	42,562	44,636
Other payable	10,087	-
Total	**367,863**	**133,473**

11. Contributed Equity		
Ordinary Shares Number	**No.**	**No.**
Balance at the beginning of the year	44,615,748	52,321,175
Share consolidation		
Shares consolidated on a I for 20 basis on 2 December 2021	-	2,615,998
Shares issued during the year		
Issued 20 December 2021	-	23,513,500
Issued 20 December 2021	-	7,486,250
Issued 20 December 2021	-	2,000,000
Issued 20 December 2021	-	9,000,000
Balance at the end of the year	**44,615,748**	**44,615,748**

Ordinary Shares Value	**$**	**$**
Balance at the beginning of the year	17,784,220	9,976,683
Shares issued during the year		
20 December 2021 - 23,513,500 ordinary shares @ $0.20	-	4,702,700
20 December 2021 - 7,486,250 ordinary shares @ $0.20	-	1,497,250
20 December 2021 - 2,000,000 ordinary shares @ $0.20	-	400,000
20 December 2021 - 9,000,000 ordinary shares @ $0.20	-	1,800,000
Share issue costs	-	(592,413)
Balance at the end of the year	**17,784,220**	**17,784,220**

The Group has not declared or paid a dividend during the year. There is no franking account balance for the year ended 30 June 2023 (2022: Nil).

12. Reserves		
Share Based payment Reserve		
Balance at the beginning of the year	850,015	-
Share-based payments expensed during the year	-	850,015
Balance at the end of the year	**850,015**	**850,015**

13. Accumulated Losses		
Balance at the beginning of the year	(13,233,805)	(10,794,309)
Total comprehensive loss for the year	(994,036)	(2,439,496)
Balance at the end of the year	**(14,227,841)**	**(13,233,805)**

14. 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

	Consolidated 2023 $	Consolidated 2022 $
Cash at bank	**1,141,595**	**2,897,907**

Reconciliation of cash flow from operations with loss from ordinary activities after income tax

	2023 $	2022 $
Loss from continuing operations after income tax	(994,036)	(2,439,496)
Less: non-cash items		
Depreciation	8,258	1,446
Non cash increase in capital raising costs	-	850,015
Loss on debt settlement	-	948,625
Less: investment amounts included in working capital		
Investing activity items included in trade payables	(197,739)	(19,801)
Movements in working capital		
Decrease / (increase) in trade and other receivables	31,715	(149,773)
Decrease / (increase) in prepayments	50,760	(72,792)
Increase in trade and other payables	234,390	72,973
Cash flow from operations	**(866,652)**	**(808,803)**

Other non-cash items

During the year the Group capitalised tenement acquisition costs of $205,425 and exploration and evaluation expenditure of $699,974. The total of $905,399 reconciles to the payments for exploration and evaluation expenditure of $707,660 included in the cash flow statement by the addition of exploration and evaluation amounts included in trade payables at the end of the financial year totalling $197,739.

15. Share Options

Unlisted Options exercisable at $0.20	No.	No.
Balance at the beginning of the year	14,972,500	-
Issued 24 December 2021 and expiring 24 December 2023	-	14,222,500
Issued 17 December 2021 and expiring 17 December 2023	-	750,000
Balance at the end of the year	**14,972,500**	**14,972,500**

All options vested on issue and 14,972,500 options were exercisable as at 30 June 2023.

All options have a $0.20 exercise price. Shares issued pursuant to the exercise of options issued to Directors totalling 2,200,040 will be escrowed for a period of 2 years from quotation.

No share options were issued during the financial year.

	Consolidated		
	2023	2022	
	Provision of Services	Provision of Services	Repayment of DOCA Loans
16. Related Party Transactions	$	$	$
Roger A Jackson	173,940	58,680	95,200
Benjamin P Emery	147,000	79,610	-
Ian B Mitchell	-	-	14,802
Antony B Corel	-	25,000	91,123
	320,940	**163,290**	**201,125**

Both Mr Jackson and Mr Emery provide executive services to the Group under a services contract which is approved by the Board. Mr Jackson is the Company's Executive Chairman, and Mr Emery is an Executive Director.

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 17 for Key Management Personnel Disclosures.

17. Directors and Key Management Personnel Disclosures

Directors	**Position**
Roger A Jackson	Executive Chairman
Benjamin P Emery	Director - Executive
Ian B Mitchell	Director - Non-Executive and Company Secretary
Ian K White	Chief Financial Officer and Company Secretary

Directors' and KMP shareholdings including holdings of their closely related entities as at 30 June 2023.

Director	Shares			
	01-Jul-22	Acquired	Disposed	30-Jun-23
Roger A Jackson	1,077,829	-	-	1,077,829
Benjamin P Emery	8,250,000	-	-	8,250,000
Ian B Mitchell	440,391	-	-	440,391
Ian K White	12,675	-	-	12,675
Total	**9,780,895**	**-**	**-**	**9,780,895**

Directors' and KMP option holdings including holdings of their closely related entities as at 30 June 2023.

Director	Options			
	01-Jul-22	Acquired	Disposed	30-Jun-23
Roger A Jackson	1,904,000	-	-	1,904,000
Benjamin P Emery	-	-	-	-
Ian B Mitchell	296,040	-	-	296,040
Ian K White	-	-	-	-
Total	**2,200,040**	**-**	**-**	**2,200,040**

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

17. Directors and Key Management Personnel Disclosures (cont.)

	Consolidated 2023 $	Consolidated 2022 $
Director and KMP remuneration		
Short term remuneration	518,504	344,657
Long term remuneration	2,187	5,417
Total Remuneration	**520,691**	**350,074**

18. Interests in Subsidiaries

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

Subsidiary	Place of Incorporation	Principal place of business	Ownership interest 2023	Ownership interest 2022
MIJ Holding Co Pty Ltd	Australia	North Queensland	100%	100%
Gunnawara Pty Ltd	Australia	North Queensland	100%	100%
Mt Jesse Pty Ltd	Australia	North Queensland	100%	100%
Mt Pluton Base Pty Ltd	Australia	North Queensland	100%	100%

19. Commitments

The Group holds an exploration tenement; EPM 26464, EPM 26560 and EPM 26883, and has acquired and is in the process of transferring EPM 28013 ("Tenements") in Queensland, Australia. In order to retain its current rights of tenure to the Tenements, the Company is required to comply with tenement obligations specified by the State Government, including the completion of activities-based works programmes which are assessed over the life of the Tenements. There are no set annual expenditure amounts. If Tenement obligations are not met it may result in the loss of the Tenement or a reduction in the Tenement area. The Group is presently on track to meet all of its Tenement obligations.

20. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable. Exposure to currency risk, interest rate and liquidity risk arises in the normal course of the business. The Group's overall financial risk management strategy is to seek to ensure that the Group is able to fund its business plans.

	Note	Current Interest rate	Fixed Interest rate $	Floating Interest rate $	Non-Interest Bearing $	Total $
Financial assets						
Cash held interest bearing account	5	1.35%	-	1,114,557	-	**1,114,557**
Cash held in transaction account	5	0.00%	-	25,792	-	**25,792**
Cash held in US$ bank account	5	0.00%	-	1,246	-	**1,246**
Other receivables	6	0.00%	-	-	14,026	**14,026**
Financial liabilities						
Trade and other payables	10	0.00%	-	-	367,863	**367,863**
			-	**1,141,595**	**381,889**	**1,523,484**

ARK MINES LTD.

20. Financial Risk Management (cont.)

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

Credit risk

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

Interest rate risk

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

Exchange rate risk

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

Liquidity risk

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

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

	Note	Total	Less than one year	Greater than one year	Maturity Details
		$	$	$	
Financial liabilities					
Trade creditors	10	**315,214**	315,214	-	Usually payable each 7 to 30 days

Fair values

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

21. Segments

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

22. Parent Company Information

	2023	2022
	$	$
Statement of Financial Position		
Assets		
Total current assets	1,283,468	3,122,256
Total non-current assets	3,489,158	2,409,147
Total assets	**4,772,626**	**5,531,403**
Liabilities		
Total current liabilities	365,362	130,973
Total liabilities	**365,362**	**130,973**
Net assets	**4,407,264**	**5,400,430**
Equity		
Contributed equity	17,784,220	17,784,220
Reserves	850,015	850,015
Accumulated losses	(14,226,971)	(13,233,805)
Total equity	**4,407,264**	**5,400,430**
Statement of Profit or Loss and Other Comprehensive Income		
Loss before income tax	(993,166)	(2,439,496)
Total comprehensive loss for the year	**(993,166)**	**(2,439,496)**

23. Auditor's Remuneration

Audit and review of the financial reports – Moore Australia Audit (WA)	37,051	33,402
Total auditor's remuneration	**37,051**	**33,402**

24. Earnings Per Share

	Consolidated No	Consolidated No Weighted Av.
Basic Earnings Per Share		
Ordinary share number 2023 financial year		
Balance at the beginning of the year	44,615,748	44,615,748
Balance at end of the year	**44,615,748**	**44,615,748**
Ordinary share number 2022 financial year		
Balance at the beginning of the year	52,321,175	52,321,175
Share consolidation		
Shares consolidated on a I for 20 basis	2,615,998	2,615,998
Shares issued during the period		
Issued 20 December 2021	23,513,500	12,433,166
Issued 20 December 2021	7,486,250	3,958,483
Issued 20 December 2021	2,000,000	1,057,534
Issued 20 December 2021	9,000,000	4,758,904
Balance at end of the year	**44,615,748**	**24,824,085**

	2023 $	2022 $
Total comprehensive income for the year	(994,036)	(2,439,496)
Basic - cents per share	**(2.23)**	**(9.83)**

	No	No Weighted Av.
Diluted Earnings Per Share		
Diluted ordinary share number 2023 financial year		
Ordinary share number at the end of the 2023 financial year	44,615,748	44,615,748
Add:		
Dilutive potential of options	3,307,782	3,307,782
Diluted balance at the end of the year	**47,923,530**	**47,923,530**
Diluted ordinary share number 2022 financial year		
Ordinary share number at the end of the 2023 financial year	44,615,748	24,824,085
Add:		
Dilutive potential of options	-	-
Diluted balance at the end of the year	**44,615,748**	**24,824,085**

	2023 $	2022 $
Total comprehensive income for the year	(994,036)	(2,439,496)
Diluted - cents per share	**(2.07)**	**(9.83)**

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for 2022 has been adjusted to reflect the Share Consolidation during the year ended 30 June 2022.

25. Subsequent Events

On 27 July 2023 the Company completed a share placement under its Listing Rule 7.1 and 7.1A capacity of 10,534,655 fully paid ordinary shares at an issue price of $0.29 per share, to raise $3,055,050.

No other 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.

26. Contingent Assets and Contingent Liabilities

The Group has no contingent assets or liabilities at the end of the reporting period.

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 2023 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

Roger Jackson
Executive Chairman
Sydney, 27 September 2023

MOORE

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ark Mines Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matters (continued)

Carrying Value of Exploration and Evaluation Assets	
Refer to Notes 7 (Capitalised Exploration and Evaluation Expenditure)	
At 30 June 2023, the carrying value of Exploration and Evaluation assets was \$3.27 million. Total additions during the year is \$ 905K. The Company is to capitalise its exploration and evaluation expenditure and assess the capitalised expenditure (asset) for impairment In accordance with AASB 6 "*Exploration for and Evaluation of Mineral Resources*". This is a key audit matter because of the significant value attributed to the asset in the accounts and the significant management judgement involved in determining the appropriate treatment of such expenditure and if impairment indicators exist at reporting date which may suggest the carrying value is in excess of the estimated recoverable value.	Our procedures included, amongst others: • Reviewed management's records of capitalised exploration and evaluation expenditure, by area of interest, and reconciling to the general ledger. • Ensured the capitalised exploration and evaluation expenditure has been properly recorded in respect of each area of interest in accordance with requirements set out in AASB 6. • Carried out a review of management's assessment of impairment indicators in accordance with AASB 6 including: – Confirmed that rights of tenure continue to exist in relation to exploration projects; and – Discussed with management their ongoing exploration and evaluation plans in respect of significant areas of interest including budgeted expenditure over the next 12 months. • Assessed the accuracy and adequacy of any impairments recorded in respect of the year ended 30 June 2023

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

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

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

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

MOORE

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

This description forms part of our audit report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Ark Mines Ltd, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

WEN-SHIEN CHAI PARTNER	MOORE AUSTRALIA AUDIT (WA) CHARTERED ACCOUNTANTS

Signed at Perth this 27th September 2023.

SCHEDULE OF TENEMENTS

For the year ended 30 June 2023

Exploration Licence	Title Name	Title Holder	Interest	Location	Mineral	Grant Date	Expiry Date	Status
EPM 28013 [1]	Sandy Mitchell	Ark Mines Ltd	100%	- 50kms northwest of Chillagoe in Northern Queensland	Rare Earths	22-August-22	21-August-27	Transfer pending
EPM 26560	Gunnawarra	Gunnawara Pty Ltd	100%	- 25km west of Mt Garnet and 176km from Cairns - Queensland	Gold	24-Nov-17	23-Nov-23	Current
EPM 26464	Mt Jesse	Mt Jesse Pty Ltd	100%	- 40kms south of Mount Garnet - Queensland	Gold	06-Oct-17	05-Oct-23	Current
EPM 26883	Mt Pluton	Mt Pluton Base Pty Ltd	100%	- 90km southwest of Cairns, near Mareeba - Queensland	Gold	08-Mar-19	07-Mar-23	Current

[1]. This tenement is currently being transferred from the vendor to Ark Mines Ltd.

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 22 August 2023.

Twenty Largest Shareholders

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

N°	Shareholder	Shares	%
1	Bmax Holdings Pty Ltd	8,000,000	14.51
2	BNP Paribas Nominees Pty Ltd <IB Au Noms Retail client DRP>	2,457,500	4.46
3	M & E Earthmoving Pty Ltd	2,183,344	3.96
4	Ms Justine Davina Michel <Lambrecht Investment A/C>	2,010,000	3.64
5	Chaleyer Holdings Pty Ltd <Rubben Family A/C>	2,000,000	3.63
6	Mr Kerry William John Harris	1,900,000	3.45
7	Miss Katrina Fourro	1,675,000	3.04
8	Ms Justine Davina Michel <Lambrecht Investment A/C>	1,265,086	2.29
9	Mr Troy Wayne Johnstone	1,085,826	1.97
10	Mr Robert Galbraith	1,008,310	1.83
11	Mr Gregory John Munyard + Mrs Maria Ann Munyard + Mrs Carmen Helene Cruz <Riviera Super Fund A/C>	1,000,000	1.81
12	RJ Consolidated Pty Ltd <Super Fund A/C>	952,000	1.73
13	Mr Antony Corel	920,130	1.67
14	M Carless & Sons Pty Ltd <McArless & Sons Pl Sf No2 A/C>	689,655	1.25
15	Mr Simon William Tritton <Investment A/C>	650,000	1.18
16	Miss Jacqueline Bryer	500,000	0.91
17	Cove Street Advisors Pty Ltd	500,000	0.91
18	Robert C Galbraith	500,000	0.91
19	Mr Henry Presser	500,000	0.91
20	David Andrew Scanlen	500,000	0.91
Total		**30,296,851**	**54.97**

Distribution of Equity Securities

Fully paid ordinary shares

Range	Number of holders	Number of shares	%
1 - 1,000	188	79,436	0.14
1,001 - 5,000	163	430,525	0.78
5,001 - 10,000	126	1,154,047	2.09
10,001 - 100,000	227	8,953,198	16.23
100,001 Over	93	44,533,197	80.76
Total	**797**	**55,150,403**	**100.00**

The number of shareholders holding less than a marketable parcel is 288.

Distribution of Equity Securities (cont.)

Unlisted Options – Expiring 24 December 2023[1] – Exercisable at $0.20

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

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

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

Option holder	Shares	%
Chaleyer Holdings Pty Ltd <Rubben Family A/C>	4,000,000	26.72
Claymore Ventures Limited	4,850,000	32.39

Substantial Shareholders

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

Shareholder	Shares	%
Benjamin Emery [1]	8,250,000	14.96
Bmax Holdings Pty Ltd	8,000,000	14.51

1. Includes the holding of Bmax Holdings Pty Ltd.

Class of Shares and Voting Rights

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

Restricted Securities

There are currently 10,005,625 fully paid ordinary shares subject to escrow until 24 December 2023.

On market buy-back

There is no current on-market buy back.

Use of Cash

The Company confirms that for the whole of the reporting period, it has used its cash and cash equivalents on hand at the time of its re-admission to listing, in ways consistent with its then stated business objectives except that the Group has also acquired the Sandy Mitchell rare earths project, located near to its existing projects. which was not foreseen at the time of re-admission. Refer to the Executive Chairman's Review of Operations for further details.

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ARK MINES LTD.