



ACN 123 668 717

# Financial Report

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*For the Half-Year Ended 31 December 2015*

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# CORPORATE DIRECTORY

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<b>Directors</b>	Antony B Corel Roger A Jackson Ian B Mitchell
<b>Company Secretary</b>	Ian B Mitchell
<b>Registered Office</b>	C\ - Websters Solicitors and Barristers Level 11 37 Bligh Street Sydney NSW 2000
<b>Principal Place of Business</b>	C\ - Professional Edge Pty Ltd Level 9 27 – 31 Macquarie Place Sydney NSW 2000
<b>Share Register</b>	RB Registries Level 29, Suncorp Place 259 George Street Sydney NSW 2000
<b>Auditor</b>	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
<b>Solicitors</b>	Websters Solicitors and Barristers Level 11 37 Bligh Street Sydney NSW 2000
<b>Bankers</b>	National Australia Bank Level 15, Ernst & Young Centre 680 George Street Sydney NSW 2000
<b>Accounting Services</b>	Professional Edge Pty Ltd GPO Box 1458 Sydney NSW 2000
<b>Securities Exchange Listing</b>	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
<b>Website Address</b>	<a href="http://www.arkmines.com.au">www.arkmines.com.au</a>

Your Directors present their report together with the financial statements of Ark Mines Ltd (the "Company" or "Ark") for the financial half-year ended 31 December 2015.

**Directors**

The names of the Directors, who held office from 1 July 2015 to date of this report, unless otherwise stated, are:

- Antony B Corel
- Roger A Jackson
- Ian B Mitchell

**Review of Operations**

During the half-year the Company continued its exploration and development activities to increase its interests in the Mt Porter and Frances Creek tenements. On 18 September 2015 the Company announced that it had complied with its first earn-in obligations under the Mining Farmin and Joint Venture Agreement ("Gold Agreement") to earn a 40% interest in these tenements. Following this, and in accordance with the Agreement, the Company has elected to earn a further 30% interest (making a total of 70% when fully earned) by extending the farmin period and agreeing to spend the greater of \$1.6m or the aggregate amount necessary to satisfy tenement conditions on or before 14 July 2017.

During the continuation of the Gold Agreement the Company is entitled to mine Mt Porter subject to applicable royalties. The Mt Porter (ML 22389) is a 34,200 Au ounce 2004 JORC resource expected to provide recoveries in the range of 75-78% and produce in the vicinity of 27,000 to 29,000 gold ounces (see 23 June 2015 ASX announcement).

On 26 May 2015 the Company announced that metallurgical testing results supported the economic viability of proceeding to mine the Mt Porter resource.

On 18 August 2015 the Company announced that it had entered into a toll treating agreement with Crocodile Gold Australia Operations Pty Ltd, since renamed NT Mining Operations Pty Ltd ("NT Mining"), a wholly owned subsidiary of Newmarket Gold Inc. to treat ore mined at Mt Porter. Key details of this agreement follow:

- 18-month term extendable upon the agreement of both parties;
- Ark is responsible for mining (including rehabilitation) and delivering the Mt Porter ore to NT Mining for processing, with NT Mining supplying necessary accommodations and access to fuel for mining at Mt Porter;
- NT Mining is responsible for processing the Mt Porter ore into gold doré and selling the gold doré on a monthly basis;
- Each party will pay its own costs of performing its obligations, which will be deducted monthly from sales of gold doré. NT Mining's processing costs have been agreed at A\$30.00 per ton of ore processed; and
- Ark and NT Mining will share the project cash flows (Ark; 55% and NT Mining; 45%) after payment of the above costs, expenses and royalties.

The Company is presently engaged in work necessary for the approval of its Mining Management Plan ("MMP") and has engaged environmental consultants Northern Resource Consulting Group to undertake various studies on waste management, waste characterisation, ground water, subterranean water, soils, flora and fauna as well as other studies pertaining to the MMP.

The Company has also successfully completed a drilling program at its Golden Honcho and Golden Slips prospects at Frances Creek in the Northern Territory (see 30 October 2015 ASX announcement), extending the strike length of Golden Slips to approximately 1km.

On 13 October 2015 the Company announced that it had entered into a Binding Heads of Agreement for the purpose of acquiring the Glencoe gold project ML29679 located in the Northern Territory.

On 25 February 2016 the Company announced that it has executed and exchanged a Sale and Purchase Agreement ("Glencoe Agreement") with Newmarket Gold NT Holdings Pty Ltd ("Newmarket") to acquire the Glencoe project ML29679 ("Project"). The Project comprises 704,000 tonnes @ 1.9g/t Au<sup>1</sup> with 253,000 tonnes @ 2.2 g/t Au oxide and 451,000 tonnes @ 1.7 g/t Au Fresh.

Further details of the Project can be found in the Company's 25 February 2016 ASX announcement.

Material terms of the Glencoe Agreement (and associated arrangements) are that the Company will:

- pay to Newmarket the sum of \$75,000 made up of \$40,390 for Glencoe and associated information and \$34,610 for securities already in place;
- pay to Newmarket the sum of \$100,000 prior to commencement of mining of the Project;
- negotiate in good faith, an agreement with Newmarket to toll treat Glencoe ore at Union Reef (should the Company decide to toll treat);

<sup>1</sup> This mineral resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). See Table A on following page.

# DIRECTORS' REPORT

For the half-year ended 31 December 2015

- pay to Emerchants Ltd the sum of \$100,000 prior to commencement of mining of the Project;
- pay to Newmarket Ltd a 1% Net Smelter Royalty for gold produced from Glencoe; and
- pay to Emerchants Ltd a 1% Net Smelter Royalty for gold produced from Glencoe.

The acquisition of this Project is part of the Company's strategy to develop and maintain a continuing stream of meaningful gold production from the middle of 2016. This stream will commence with Mt Porter and is expected to be followed by Glencoe mining in 2017 and Frances Creek mining in 2017 and 2018, subject to required permitting. The Company is actively locating and securing additional well placed gold tenements that can be mined within 12 months or so after acquisition.

In order to bring Mt Porter into production and to acquire the Glencoe Project, and other projects, Directors have determined to immediately raise an amount of up to \$1.25m. Of this amount, Directors have identified funding source for \$750,000 that is a related party of a Director. It is proposed that these funds be provided as secured debt for a term of 18 months at an interest rate of 12% pa secured by a charge over the gold production at Mt Porter. Directors have determined that shareholder approval is required in order to provide security over a loan made by a related party of a Director and a General Meeting of shareholders will be held on 15 March 2016 for this purpose.

The loss for the Company during the half-year was \$197,155 (2014: \$749,978).

## Subsequent Events

The review of operations discussed above covers the period of the half-year ending 31 December 2015 and up to the date of this report. Details of all events that occurred specifically between 31 December 2015 and the date of this report are shown in note 12 to the financial statements.

## Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and a copy is reproduced on page 4.

## Rounding

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

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



## **Antony B Corel**

Chairman

Sydney, 15 March 2016

**Table A**

Zone	Indicated		Inferred		Total		
	Tonnes T	Cut Au g/t	Tonnes T	Cut Au g/t	Tonnes T	Cut Au g/t	Cut Au Ounces
Oxide	208,000	2.1	45,000	2.4	253,000	2.2	17,700
Fresh	174,000	2.0	277,000	1.6	451,000	1.7	25,200
<b>Total</b>	<b>382,000</b>	<b>2.1</b>	<b>322,000</b>	<b>1.7</b>	<b>704,000</b>	<b>1.9</b>	<b>42,900</b>

Previous Estimates

ERA1989					730,000	2.3	54,000
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Glencoe Deposit April 2006 Mineral Resource Estimate 1.0g/t Cut-off, High Grade Cut 20g/t.

# AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 2015



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

As lead auditor for the review of Ark Mines Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few  
Partner

**BDO East Coast Partnership**

Sydney, 15 March 2016

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	December 2015	December 2014
		\$	\$
<b>Revenue from ordinary activities</b>			
Interest income		299	2,004
<b>Less: Expenses</b>			
Accounting and secretarial expenses		32,134	27,600
ASX listing costs		7,383	7,137
Audit fees		31,500	31,500
Consulting fees		5,900	3,850
Depreciation		289	382
Directors' fees		61,446	104,867
Impairment of exploration and evaluation expenditure capitalised	5	-	539,192
Insurance		7,801	6,201
Legal fees		-	1,200
Share registry costs		7,674	8,988
Travel and accommodation expenses		12,058	11,204
Other expenses from ordinary activities		17,562	9,861
<b>Total expenses</b>		<b>183,747</b>	<b>751,982</b>
<b>Loss from operating activities</b>		<b>(183,448)</b>	<b>(749,978)</b>
Finance costs		13,707	-
<b>Loss before income tax</b>		<b>(197,155)</b>	<b>(749,978)</b>
Income tax expense		-	-
<b>Loss from continuing operations after income tax</b>		<b>(197,155)</b>	<b>(749,978)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(197,155)</b>	<b>(749,978)</b>
<b>Earnings per share</b>			
Basic - cents per share		(0.51)	(2.01)
Diluted - cents per share		(0.51)	(2.01)

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

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	December 2015	June 2015
		\$	\$
<b>Current assets</b>			
Cash at bank		6,914	168,373
Trade and other receivables		29,130	25,953
Prepayments		18,953	8,453
<b>Total current assets</b>		<b>54,997</b>	<b>202,779</b>
<b>Non-current assets</b>			
Capitalised exploration and evaluation expenditure	5	1,055,688	764,508
Environmental bonds		29,597	21,529
Plant and equipment		188	477
<b>Total non-current assets</b>		<b>1,085,473</b>	<b>786,514</b>
<b>Total assets</b>		<b>1,140,470</b>	<b>989,293</b>
<b>Current liabilities</b>			
Trade and other payables	6	591,560	48,675
Borrowings	7	245,535	196,428
<b>Total current liabilities</b>		<b>837,095</b>	<b>245,103</b>
<b>Non-current liabilities</b>			
Other payables	6	-	347,222
<b>Total non-current liabilities</b>		<b>-</b>	<b>347,222</b>
<b>Total liabilities</b>		<b>837,095</b>	<b>592,325</b>
<b>Net assets</b>		<b>303,375</b>	<b>396,968</b>
<b>Equity</b>			
Contributed equity	8	8,870,338	8,767,180
Reserves		4,465	4,061
Accumulated losses		(8,571,428)	(8,374,273)
<b>Total equity</b>		<b>303,375</b>	<b>396,968</b>

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

## STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	Note	December 2015	December 2014
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(31,158)	(89,033)
Interest received		299	2,004
<b>Net cash used in operating activities</b>		<b>(30,859)</b>	<b>(87,029)</b>
<b>Cash flows from investing activities</b>			
Payment for exploration and evaluation expenditure		(275,690)	(216,978)
Payments for environmental bonds		(8,068)	(21,529)
<b>Net cash used in investing activities</b>		<b>(283,758)</b>	<b>(238,507)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	8	105,000	345,821
Capital raising costs	8	(1,842)	(6,695)
Proceeds from borrowings		50,000	-
<b>Net cash provided by financing activities</b>		<b>153,158</b>	<b>339,126</b>
Net (decrease)/increase in cash held		(161,459)	13,590
Cash at beginning of financial period		168,373	29,772
<b>Cash at end of financial period</b>		<b>6,914</b>	<b>43,362</b>

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



## STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Note	Issued capital	Reserves	Acc. losses	Total
		\$		\$	\$
<b>December 2015</b>					
Balance at 1 July 2015		8,767,180	4,061	(8,374,273)	396,968
Total comprehensive loss for the period		-	-	(197,155)	(197,155)
Total		8,767,180	4,061	(8,571,428)	199,813
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs	8	103,158	-	-	103,158
Movement in reserves		-	404	-	404
<b>Balance at 31 December 2015</b>		<b>8,870,338</b>	<b>4,465</b>	<b>(8,571,428)</b>	<b>303,375</b>
<b>December 2014</b>					
Balance at 1 July 2014		8,352,705	-	(7,427,740)	924,965
Total comprehensive loss for the period		-	-	(749,978)	(749,978)
Total		8,352,705	-	(8,177,718)	174,987
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs		339,126	-	-	339,126
Movement in reserves		25,350	-	-	25,350
<b>Balance at 31 December 2014</b>		<b>8,717,181</b>	<b>-</b>	<b>(8,177,718)</b>	<b>539,463</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

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## 1. Corporate Information

Ark Mines Limited is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The Company's operations comprise exploration for and evaluation of mineral resources.

## 2. Significant Accounting Policies

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. This financial report covers Ark Mines Limited and was authorised for issue in accordance with a resolution of Directors on 15 March 2016. For the purpose of preparing the financial statements, Ark Mines is a for-profit entity.

These financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the annual financial report. The half-year financial report should be read in conjunction with the annual financial report of Ark Mines Limited as at 30 June 2015 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### a) Basis of preparation

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

### b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2015.

### c) New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Company's assessment of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in this half-year report.

### d) Fair value

Due to their short term nature, the Directors considered the carrying amounts of cash, current receivables and current payables to approximate their fair value.

## 3. Going Concern

The Company has incurred a net loss after tax of \$197,155 (2014: \$749,978) for the half-year and net cash outflows from operating activities of \$30,859 (2014: \$87,029). It has net current liabilities of \$782,098 (2014: \$42,324). These conditions give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The ongoing viability of the Company and the recoverability of its non-current assets are dependent on the successful development of its exploration and evaluation expenditure, and/or sale of assets and future capital raisings.

The Company is near to production at its Mt Porter tenement and has identified and engaged a source of immediate funding for \$750k (including the conversion of \$250k convertible notes) and is in discussions with a number of other potential sources of further funding for this project. The Company is also negotiating deferred payment terms with certain mining contractors. Cash flow forecasts out to March 2017, including this project, indicate that the Company will remain cash positive to this date and beyond. The forecast includes sufficient expenditures to satisfy the Company's 70% earn-in obligation for both Mt Porter and Frances creek and maintain its Babinda tenement in good standing. If the Mt Porter project is delayed beyond the forecast period, the Company will need to raise additional working capital of at least \$350k. Directors are confident that this could be achieved if required. On this basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Company will be able to pay its debts as and when they fall due and payable.

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

## 4. Segment Information

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

## NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

	December 2015	June 2015
	\$	\$
<b>5. Capitalised Exploration and Evaluation Expenditure</b>		
Balance at the beginning of the period	764,508	1,005,878
Capitalised during the period	291,180	297,822
Impaired during the period	-	(539,192)
<b>Balance at the end of the period</b>	<b>1,055,688</b>	<b>764,508</b>

The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of prospective areas. The Company reviews the carrying value of the exploration and evaluation expenditure each half-year, and will capitalise the expenditure if it considers the area of interest to be prospective. Should the particular area of interest no longer be considered prospective, then the Company will make a provision in the accounts for the carrying value of the project.

<b>6. Trade and Other Payables</b>		
Trade creditors and accruals	112,051	48,675
Accrued directors' fees	476,942	-
Other	2,567	-
<b>Total</b>	<b>591,560</b>	<b>48,675</b>

Accrued directors' fees of \$347,222 were previously included as a non-current liability but are now included as a current liability as the fees are expected to be paid within 12 months of the date of these financial statements.

<b>7. Borrowings</b>		
Face value of convertible notes	250,000	200,000
Equity portion of convertible notes	(4,465)	(3,572)
<b>Total</b>	<b>245,535</b>	<b>196,428</b>

Convertible notes will be converted to secured debt on shareholder approval of the granting of security to a related party. A General Meeting to approve this grant is scheduled for 15 March 2016. Refer to note 12 Subsequent Events for further details.

<b>8. Contributed Equity</b>		
<b>Ordinary Shares Number</b>	<b>No.</b>	<b>No.</b>
Balance at the beginning of the period	38,881,488	34,019,777
<u>Shares issued during the period</u>		
22 July 2014 - Issue @ \$0.095 for cash	-	2,900,000
22 July 2014 - Issue @ \$0.095 for cash	-	100,000
24 July 2014 - Issue @ \$0.100 for cash	-	253,500
13 August 2014 - Issue @ \$0.100 for cash on exercise of options	-	608,211
24 March 2015 - Issue @ \$0.050 for cash	-	1,000,000
7 December 2015 - Issue @ \$0.070 for cash	1,500,000	-
<b>Balance at the end of the period</b>	<b>40,381,488</b>	<b>38,881,488</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

	December 2015	June 2015
<b>8. Contributed Equity (cont.)</b>	<b>\$</b>	<b>\$</b>
<b>Ordinary Shares Value</b>		
Balance at the beginning of the period	8,767,180	8,352,705
<u>Shares issued during the period</u>		
Issued for cash	105,000	421,171
Share issue costs	(1,842)	(6,696)
<b>Balance at the end of the period</b>	<b>8,870,338</b>	<b>8,767,180</b>

On 7 December 2015 the Company made a placement of 1,500,000 shares at an issue price of \$0.07 to fund part of the mining and exploration commitments for its Northern Territory tenements and fund working capital requirements.

## 9. Dividends

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

## 10. Commitments

### Exploration Expenditure Commitments

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

A summary of aggregate commitments is as follows:

Within 1 year	136,610	53,000
More than 1 year but not later than 5 years	-	123,767
More than 5 years but not later than 10 years	-	-
<b>Total</b>	<b>136,610</b>	<b>176,767</b>
<b>Operating expenditure commitment</b>		
<b>Minimum fees payable under Managing Director's Consultancy Agreement <sup>1</sup></b>	<b>31,250</b>	<b>31,250</b>

1. This amount may double after the raising of further capital – refer remuneration report in the Company's 2015 Annual Report.

## 11. Fair Value Measurement

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods.

The estimates presented are not necessarily indicative of the amounts that will ultimately be realized by the Company upon maturity or disposal.

The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

For cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts approximate fair value, because of the short maturity and nature of these instruments, and therefore fair value information is not included in this note.

### 12. Subsequent Events

On 2 February 2016 the Company redeemed convertible notes totalling \$250k.

On 10 February 2016 the Company issued a Notice of Meeting for a General Meeting of shareholders to be held on 15 March 2016. The purpose of the meeting is to seek shareholder approval for the Company to provide security in the form of a second ranking charge over the gold production at Mt Porter for 18 months, for a loan of \$750k to be made by a related party of a Director. The loan will have an interest rate of 12% and a term of 18 months.

On 25 February 2016 the Company announced that it had executed and exchanged a Sale and Purchase Agreement ("Glencoe Agreement") with Newmarket Gold NT Holdings Pty Ltd ("Newmarket") to acquire the Glencoe gold project tenement ("Tenement"). Under the terms of the Agreement, the Company is committed to pay to Newmarket the sum of \$75,000, made up of \$40,390 for the assignment of the tenement and the provision of associated information and \$34,610 to replace bonds and securities already in place. Payment is to be within three days (or what ever period might be agreed) after the completion by Newmarket and the Company, of Assumption Deeds assigning of the rights and obligations of the Tenement.

The Glencoe Agreement does not commit the Company to mine the Tenement, however in the event that the Company does mine the Tenement, under the terms of the Agreement, the Company is committed to:

- pay to Newmarket the sum of \$100,000 prior to commencement of mining;
- pay to Newmarket a Net Smelter Royalty (calculated as the sale price of pre-refined gold minus allowable charges) of 1%;
- pay to Emerchants Ltd. the sum of \$100,000 prior to commencement of mining; and
- pay to Emerchants Ltd. a Net Smelter Royalty of 1%.

There are no matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## DIRECTORS' DECLARATION

*For the half-year ended 31 December 2015*

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### The Directors of the Company declare that:

In their opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



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**Antony Corel**

Director

Sydney, 15 March 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ark Mines Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ark Mines Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ark Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ark Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

# INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 2015

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## Conclusion

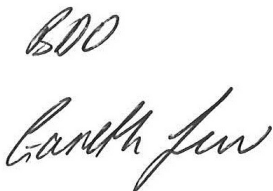
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ark Mines Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 3 in the half-year financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through borrowings, extension of existing borrowings, deferral of creditors and directors' fees as required and successful exploration and subsequent exploitation of the company's tenements. These conditions, along with other matters as set out in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership



Gareth Few  
Partner

Sydney, 15 March 2016



## SCHEDULE OF TENEMENTS

Exploration licence	Title name	Interest	Mineral	Grant date	Expiry date	Status
EL 7973	Babinda	100%	Gold	11 October 2012	11 October 2016	Current
ML 23839	Mt Porter	40% with right to earn 70%	Gold	2 February 2005	1 February 2030	Current
EL 10137	Frances Creek	40% with right to earn 70%	Gold	10 July 2002	9 July 2016	Current
EL 23237 (MA 389)	Frances Creek South	40% with right to earn 70%	Gold	8 December 2003	7 December 2016	Current
ELR 116	Mt Porter	40% with right to earn 70%	Gold	12 September 1990	11 September 2016	Current

