



ACN 123 668 717

Financial Report

For the Half-Year Ended 31 December 2016

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CORPORATE DIRECTORY

Directors	Antony B Corel Roger A Jackson Ian B Mitchell
Company Secretary	Ian B Mitchell
Registered Office	C \- Websters Solicitors and Barristers Level 11 37 Bligh Street Sydney NSW 2000
Principal Place of Business	C \- Professional Edge Pty Ltd Level 9 27 – 31 Macquarie Place Sydney NSW 2000
Share Register	Next Registries Level 16 1 Market Street Sydney NSW 2000
Auditor	BDO East Coast Partnership Level 11 1 Margaret Street Sydney NSW 2000
Solicitors	Websters Solicitors and Barristers Level 11 37 Bligh Street Sydney NSW 2000
Bankers	National Australia Bank Level 15, Ernst & Young Centre 680 George Street Sydney NSW 2000
Accounting Services	Professional Edge Pty Ltd GPO Box 1458 Sydney NSW 2000
Securities Exchange Listing	Ark Mines Ltd shares are listed on the Australian Securities Exchange (ASX code: AHK)
Website Address	www.arkmines.com.au

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 2016.

Directors

The names of the Directors, who held office from 1 July 2016 to date of this report, unless otherwise stated, are:

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

Review of Operations

During the half-year, the Company secured a gold loan facility to fund its Mt. Porter gold mining project ML 23839 ("Mt. Porter") located near Pine Creek in the Northern Territory. The \$US6m facility (the "Facility") has been provided by Hong Kong based Chan Investments Limited and arranged by Hong Kong based Panasia Limited. The facility is secured by the Company's assets including Mt. Porter and is to be repaid in gold bullion over the life of the Mt. Porter mine. No equity securities are required to be issued to the lender.

The Company made its first draw-down of \$US2.6m on 1 November 2016. This draw down has allowed the Company to meet working capital requirements and will enable the Company to meet the bond required under its Mining Management Plan ("MMP").

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

The Mt. Porter gold mining project will encompass excavation of an open pit to access gold ore through blasting and excavation. Extracted material will be stored on a ROM pad adjacent to the pit before being loaded onto trucks and transported to the Union Reef's gravity and carbon in leach plant for crushing and processing. The plant, which is owned and operated by Newmarket Gold Inc. is located approximately 15km south west of Mt. Porter,

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

The Company also assessed two new potential gold mining sites within 400m north and south of Mt. Porter. From desktop and field studies, two sites within ML23839 were identified which have strong gold drill intercepts and sit along strike from Mt. Porter on the Mt. Porter anticline. The zones have been named Mt. Porter North and Mt. Porter South.

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

On 14 November 2016 ("Execution Date") the Company signed a revised Toll Treatment Agreement ("New Agreement") with Newmarket Gold NT Mining Operations Pty Ltd ACN "Newmarket" (now Kirkland Lake Gold). The New Agreement replaced the previous agreement executed by AHK and Newmarket in August 2015. Terms of the New Agreement include:

- AHK must commence mining within 9 months after the Execution Date;
- A term of 12 months after the Execution Date, which may be extended with Newmarket's consent;
- Newmarket shall not be obliged to treat any gold oxide ore that AHK has mined and delivered to the Newmarket ROM during the period 1 October 2016 to 31 March 2017 (which coincides with the NT wet season), unless otherwise agreed by Newmarket; and
- Newmarket's arrangements with the Company are non-exclusive.

The New Agreement is not a joint venture and there will be no profit sharing of gold doré sales as contemplated under the previous agreement.

As a consequence of the Mt. Porter MMP approval process taking longer than anticipated, significant adverse wet season weather events and Newmarket's preference not to process the Company's oxide ore during the NT wet season, the Company decided to defer commencement of mining at Mt. Porter until the dry season. The Company is continuing to refine its mining plans for Mt. Porter to lower capital requirements and maximise early cash-flows, which may result in modifications including an early focus on oxide ore only, to be followed by underground mining to access sulphides. The intention is to finalise and announce the revised mining plan prior to commencing mining, which is expected during Q4 of the current financial year.

The Company procured from the NT Department of Mines and Energy, an extension of time to provide the Mt. Porter MMP security, which must now be provided prior to 30 April 2017. The security must be provided before mining may commence.

The decision to defer mining has proved to be a wise one with the mining area hit by one of the wettest wet seasons in many years.

DIRECTORS' REPORT

For the half-year ended 31 December 2016

The Company has submitted a Mine Management Plan for Mt. Porter South oxide ore, with a view to mining this material immediately after mining the Mt. Porter oxide material.

Production will focus on meeting the requirements of the toll treating mill. At this point it is anticipated that this will be 30,000 tons per month.

Further details of the Company's mining plans can be found in the Quarterly Activities Report released to the ASX on 30 January 2017.

The loss for the Company during the half-year was \$689,455 (2015: \$197,155).

Subsequent Events

The review of operations discussed above covers the period of the half-year ending 31 December 2016 and up to the date of this report. Details of all events that occurred specifically between 31 December 2016 and the date of this reported are shown in note 14 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2016 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 2017

AUDITOR'S INDEPENDENCE DECLARATION

For the half-year ended 31 December 2016



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Australia

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 2016, 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, appearing to read 'Gareth Few'.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 15 March 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Note	December 2016	December 2015
		\$	\$
Revenue from ordinary activities			
Interest income		138	299
Less: Expenses			
Accounting and secretarial expenses		35,940	32,134
ASX listing costs		11,606	7,383
Audit fees		28,553	31,500
Consulting fees		3,400	5,900
Depreciation		1,993	289
Directors' fees		179,389	61,446
Insurance		15,049	7,801
Legal fees		8,541	-
Share registry costs		10,853	7,674
Travel and accommodation expenses		7,444	12,058
Write off uncollected environmental bond		10,000	-
Other expenses from ordinary activities		28,324	17,562
Total expenses		341,092	183,747
Loss from operating activities		(340,954)	(183,448)
Net foreign exchange gains		133,307	-
Finance costs	8,9	(481,808)	(13,707)
Profit before income tax		(689,455)	(197,155)
Income tax expense		-	-
Loss from continuing operations after income tax		(689,455)	(197,155)
Other Comprehensive income for the year		-	-
Total comprehensive loss for the year		(689,455)	(197,155)
Earnings per share			
Basic - cents per share		(1.44)	(0.51)
Diluted - cents per share		(1.44)	(0.51)

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 2016

	Note	December 2016	June 2016
		\$	\$
Current assets			
Cash and cash equivalents		2,431,744	91,088
Trade and other receivables		39,958	71,632
Prepayments		45,865	41,030
Total current assets		2,517,567	203,750
Non-current assets			
Capitalised exploration and evaluation expenditure	5	2,106,794	1,336,658
Environmental bonds		138,591	19,596
Plant and equipment		16,937	18,929
Total non-current assets		2,262,322	1,375,183
Total assets		4,779,889	1,578,933
Current liabilities			
Trade and other payables	6	592,929	693,141
Borrowings	7	13,711	-
Total current liabilities		606,640	693,141
Non-current liabilities			
Borrowings	8	750,000	750,000
Deferred revenue	9	3,394,256	-
Total non-current liabilities		4,144,256	750,000
Total liabilities		4,750,896	1,443,141
Net assets		28,993	135,792
Equity			
Contributed equity	10	9,823,227	9,240,571
Accumulated losses		(9,794,234)	(9,104,779)
Total equity		28,993	135,792

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 2016

	Note	December 2016	December 2015
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(375,826)	(31,158)
Interest received		138	299
Finance costs paid		(481,808)	-
Net cash used in operating activities		(857,496)	(30,859)
Cash flows from investing activities			
Payment for exploration and evaluation expenditure		(663,476)	(275,690)
Payments for environmental bonds		(128,995)	(8,068)
Net cash used in investing activities		(792,471)	(283,758)
Cash flows from financing activities			
Proceeds from share issue	10	633,056	105,000
Capital raising costs	10	(50,400)	(1,842)
Proceeds from insurance premium funding	7	13,711	50,000
Proceeds from gold loan facility	9	3,394,256	-
Net cash provided by financing activities		3,990,623	153,158
Net increase in cash held		2,340,656	(161,459)
Cash at beginning of financial year		91,088	168,373
Cash at end of financial year		2,431,744	6,914

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 2016

	Note	Issued capital	Reserves	Acc. losses	Total
		\$		\$	\$
December 2016					
Balance at 1 July 2016		9,240,571	-	(9,104,779)	135,792
Total comprehensive income for the year		-	-	(689,455)	(689,455)
Total		9,240,571	-	(9,794,234)	(553,663)
<u>Transactions with owners in their capacity as owners</u>					
Ordinary shares issued, net of transaction costs	10	582,656	-	-	582,656
Balance at 31 December 2016		9,823,227	-	(9,794,234)	28,993
December 2015					
Balance at 1 July 2015		8,767,180	4,061	(8,374,273)	396,968
Total comprehensive income for the year			-	(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		103,158	-	-	103,158
Movement in reserves		-	404	-	404
Balance at 31 December 2015		8,870,338	4,465	(8,571,428)	303,375

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 2016

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 financial statements for the half-year reporting period ended 31 December 2016 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 2017. 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 2016 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

Deferred Revenue – Gold Loan Facility

On 1 November 2016, the Company drew down US\$2.6m (A\$3.4m) of a US\$6.0m Gold Loan Facility ("Facility") it entered into with Chan Investments Ltd on 4 August 2016. The purpose of the draw-down is to fund the Company's Mt. Porter project to a producing mine. There is no option to repay the amount in cash and the draw-down amount is repayable by an agreed amount of gold bullion produced by, and within the life of the Mt. Porter mine. Directors are of the opinion that mining at Mt. Porter will commence as expected during Q4 of the current financial year and resource estimates and production forecasts for Mt. Porter indicate that sufficient gold will be available to repay this draw-down within the terms of the Facility. As a consequence of the foregoing, the Company has not treated the draw-down as a financial instrument under AASB139 as, in the opinion of the Directors, the transaction cannot be settled in cash or by exchanging financial instruments. The draw-down has been accounted for as a prepayment for future sales of gold and the amount shown as a deferred revenue liability in the accounts.

Except as outlined above, 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 2016.

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 not earned any revenue for the period and incurred a net loss after tax of \$689,455 (2015: \$197,155) for the half-year. It has had net cash outflows from operating and investing activities of \$1,649,967 (2015: \$314,617). These conditions give rise to material uncertainty that 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 and timely development of its tenements and/or sale of assets and future capital raisings. The Directors consider that the Company is near to production at its Mt. Porter tenement and has secured a US\$6.0m facility ("Facility") to fund amongst other things, the development of Mt. Porter to a producing gold mine. The Company has drawn down US\$2.6m of the Facility and cash flow forecasts out to March 2018, including the development of Mt. Porter and further draw-down of the Facility (or additional capital raisings), indicate that the Company will remain cash positive to this date and beyond.

If the Mt. Porter project is delayed beyond November 2017 the Company's Toll Treatment Agreement may lapse. If the Mt. Porter project is delayed beyond December 2017, the ability of the Company to access the balance of the Facility may be restricted. Directors are confident however that mining at Mt. Porter will commence as expected during Q4 of the current financial year and on this basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

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

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.

5 Exploration and Evaluation Expenditure

	December 2016	June 2016
	\$	\$
Opening balance	1,336,658	764,508
Capitalised during the period	770,136	815,676
Impaired during the period	-	(243,526)
Closing Balance	2,106,794	1,336,658

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.

6 Trade and Other Payables

Trade creditors	165,515	189,694
Deferred directors' fees	427,414	486,847
Other	-	16,600
Total	592,929	693,141

7 Borrowings - Current

Insurance premium funding	13,711	-
Total	13,711	-

8 Borrowings - Non-current

Interest bearing loan from related party	750,000	750,000
Total	750,000	750,000

Interest of \$37,500 was paid to the related party during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

9 Deferred Revenue - Non-current

Gold loan facility

Total

December 2016	June 2016
\$	\$
3,394,256	-
3,394,256	-

On 4 August 2016, the Company entered into a US\$6.0m Gold Loan Facility Agreement ("Facility") with Chan Investments Ltd (HK Reg. No. 2277478) to fund its Mt. Porter gold mining project and surrounding exploration.

On 1 November 2016, the Company drew down US\$2.6m (AUD\$3,394,256) of the Facility.

The draw-down amount is repayable by an agreed amount of gold bullion produced by, and within the life of the proposed Mt. Porter mine. There is no option to repay the amount in cash. Directors are of the opinion that mining at Mt. Porter will commence as expected during Q4 of the current financial year. Resource estimates and production forecasts for Mt. Porter indicate that sufficient gold will be available to repay this draw-down within the terms of the Facility. As a consequence, the loan has been accounted for as deferred revenue, to be brought to account as revenue as the required gold repayments are delivered to the lender.

The Facility is available for a period of 16 months from inception and is secured by all of the assets of the Company including its ML 23839 tenement.

Finance costs totalling \$444,120 were paid to Pan Asia Holdings Limited; \$345,286 and to US facilitator, Mr Emilio Alvarez; \$98,834 for arranging the Facility.

10 Contributed Equity

No options over unissued ordinary shares were issued during the period.

Ordinary Shares Number

Balance at the beginning of the period

Shares issued during the period

2 December 2015 - ordinary shares @ \$0.07

18 April 2016 - ordinary shares @ \$0.10

27 July 2016 - ordinary shares @ \$0.15

12 August 2016 - ordinary shares @ \$0.15

Balance at the end of the period

No.	No.
44,381,488	38,881,488
-	1,500,000
-	4,000,000
3,532,001	-
688,370	-
48,601,859	44,381,488

Ordinary Shares Value

Balance at the beginning of the period

Shares issued during the period

Issued for cash

Share issue costs

Balance at the end of the period

\$	\$
9,240,571	8,767,180
633,056	505,000
(50,400)	(31,609)
9,823,227	9,240,571

11 Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

	December 2016	June 2016
	\$	\$
12. 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	112,950	53,000
More than 1 year but not later than 5 years	-	123,767
More than 5 years but not later than 10 years	-	-
Total	112,950	176,767
Operating Expenditure Commitment		
Minimum fees payable under Managing Director's Consultancy Agreement ¹	31,250	31,250
Other Commitment		
Mt. Porter and Frances Creek minimum farm-in obligations	-	83,634

1. This amount may double after the raising of further capital – refer remuneration report in the Company's 2016 Annual Report.

On 25 February 2017, the Company entered into an agreement with Newmarket Gold NT Holdings Pty Ltd ("Newmarket") to acquire ML 29679 ("Glencoe") in the Northern Territory. As part of this agreement, the Company committed to pay to Newmarket \$100k and to Emerchants Ltd a further \$100k prior to the commencement of mining at Glencoe.

At this stage the Company has not set a date for the commencement of mining at Glencoe.

13. 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 realised 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.

14. Subsequent Events

On 10 January 2017, the Company issued 527,650 fully paid ordinary shares at an issue price of \$0.10125 to Pan Asia Holdings Limited as a success fee in relation to the arrangement of the Mt. Porter gold project funding.

DIRECTORS' DECLARATION

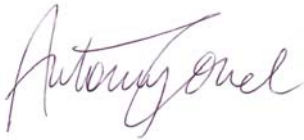
For the half-year ended 31 December 2016

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 2016 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.



Antony Corel

Director

Sydney, 15 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 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 2016, 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 2016 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.

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

INDEPENDENT AUDITOR'S REVIEW REPORT

For the half-year ended 31 December 2016



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:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO East Coast Partnership

A stylized, handwritten signature of the BDO East Coast Partnership, appearing as 'BDO' in a cursive script.

A handwritten signature of Gareth Few in a cursive script.

Gareth Few
Partner

Sydney, 15 March 2017

SCHEDULE OF TENEMENTS

As at 2 March 2017

Exploration licence	Title name	Interest	Mineral	Grant date	Expiry date	Status
ML 29679	Glencoe	100%	Gold	27 September 2012	26 September 2022	Current
ML 23839	Mt. Porter	100%	Gold	2 February 2005	1 February 2030	Current
EL 23237	Frances Creek South	100%	Gold	8 December 2003	7 December 2016	Being renewed
ELR 116	Mt. Porter	100%	Gold	12 September 1990	11 September 2021	Current
ML 24727	Frances Creek	100% - Gold rights only	Gold	5 April 2007	4 April 2032	Current
ML 25087	Frances Creek	100% - Gold rights only	Gold	24 April 2007	23 April 2032	Current
ML 25088	Frances Creek	100% - Gold rights only	Gold	24 April 2007	23 April 2032	Current
ML 25529	Frances Creek	100% - Gold rights only	Gold	22 December 2010	21 December 2035	Current
ML 27225	Frances Creek	100% - Gold rights only	Gold	17 August 2012	16 August 2037	Current
ML 27226	Frances Creek	100% - Gold rights only	Gold	21 January 2014	20 January 2039	Current
ML 27227	Frances Creek	100% - Gold rights only	Gold	20 October 2011	19 October 2036	Current
ML 27228	Frances Creek	100% - Gold rights only	Gold	26 September 2011	25 September 2036	Current
ML 27229	Frances Creek	100% - Gold rights only	Gold	20 October 2011	19 October 2036	Current
ML 27230	Frances Creek	100% - Gold rights only	Gold	21 January 2014	20 January 2039	Current
EL 10137	Frances Creek	100% - Gold rights only	Gold	10 July 2002	9 July 2018	Current
MA 389	Frances Creek	100% - Gold rights only	Gold	15 November 1993	14 November 2018	Current

