



Corporate Governance

**ARK MINES LTD
ACN 123 668 717**

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1. INTRODUCTION

Ark Mines Ltd (“Ark”) is committed to implementing high standards of corporate governance, and endorses the *Corporate Governance Principles and Recommendations* (“ASX Principles”) of the ASX Corporate Governance Council (“Council”). Wherever it is practicable to do so, Ark intends to follow the best practice recommendations for listed companies.

Due to the size and stage of development of Ark’s operations, however, it may not always be practical or necessary to implement the Council’s recommendations and in such circumstances Ark’s practices may not always correlate with the Council’s recommendations. The reasoning for any departure is explained in this document.

Set out below, are the fundamental corporate governance practices adopted by Ark.

2. BOARD IS FOUNDATION FOR GOOD MANAGEMENT & OVERSIGHT

2.1 Board Role

The Board’s role is to govern Ark rather than to manage it. In governing Ark, the directors must act in the best interests of Ark as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of Ark. Each Board member will confirm that they have the necessary time to devote to their position prior to appointment. In addition, non-executive directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

2.2 Board Responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to Ark’s policies, practices, management and operations. It is required to do all things that may be necessary to be done in order to carry out Ark’s objectives.

The Board is responsible for governing Ark and for setting the Company’s strategic direction. Board responsibilities are set out in the Ark Board Charter. The Board has established an Audit Committee (“AC”) and a Remuneration & Nomination Committee (“RNC”) to assist it in discharging its functions. The Board Charter and Committee Charters are available on the Ark website (www.arkmines.com.au)(“Ark Website”).

The Board generally holds meetings on a monthly basis however additional meetings may be called as required.

In carrying out its governance role, the main task of the Board is to oversee the performance of Ark. The Board is committed to Ark’s compliance with all of its

contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

2.3 Relationship with Management

The Board has delegated responsibility for the day-to-day operations of Ark to the Managing Director and other senior executives (as may be appointed from time to time) as set out in the Board Charter. It is the role of senior executives to manage Ark in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

2.4 Independent Professional Advice and Access to Company Information

Each director has the right of access to all Ark information and to Ark's executives. Further, the Board collectively and each director (subject to informing the Chairman), has the right to seek independent professional advice from a suitably qualified advisor, at Ark's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

2.5 Performance Review and Evaluation

Senior executive key performance indicators are set annually, with performance appraised conducted by the Board, and reviewed in detail by the Remuneration & Nomination Committee at the end of each financial year.

2.6 Education and Induction

New directors undergo an induction process in which they are given a full briefing on Ark. Where possible, this will include meetings with key executives, and a due diligence package and presentations from management.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development, at Ark's expense.

3. THE BOARD IS STRUCTURED TO ADD VALUE

3.1 Board Composition and Director Details

All incumbent directors bring an independent judgment to bear in Board deliberations and the current representation is considered adequate given the stage of the Company's development.

The Company recognises the importance of non-executive directors and the external perspective and advice that non-executive directors can offer. It is the approach and attitude of each non-executive director that determines independence and this must be considered in relation to each director, while taking into account all other relevant factors.

Determination of a director's independence is made with reference to the factors set out in the relationships affecting independent status in the ASX Principles.

3.2 Remuneration & Nomination Committee

The Board has established the RNC, the role of which is set out in a formal charter that is available on the Ark Website.

The RNC is responsible for the evaluation of the Board, committees and individual directors' performance.

4. BOARD PROMOTES ETHICAL & RESPONSIBLE DECISION MAKING

4.1 Confidentiality

In accordance with legal requirements and agreed ethical standards, directors and key executives of Ark have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

4.2 Code of Conduct and Ethics

In recognition of the legitimate expectations of shareholders, and for the purpose of promoting practices to maintain confidence in the Company's integrity, Ark has adopted a Code of Conduct and Ethics ("CCE") that is available on the Ark website.

The CCE provides to Ark Personnel (as defined in the CCE) guidance on legal and ethical compliance. The guidance provided by the CCE includes the conduct of Ark's relationships with third parties such as government authorities, customers, suppliers, service providers and the community as whole.

The Board, management and all employees of Ark are committed to implementing the CCE and each individual is accountable for such compliance.

4.3 Diversity Policy

Ark has established a Diversity Policy ("DP") that is available on the Ark Website.

The DP is administered by the RNC and measureable objectives and progress on achieving DP objectives will be disclosed in each Annual Report.

4.4 Trading in Ark Shares

Ark's Share Trading Policy ("STP") prohibits directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of that information for personal gain, or to cause detriment to the Ark.

Directors, senior executives and employees are required to advise Ark's Company Secretary of their intentions prior to undertaking any transaction in Ark securities. If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

A copy of the STP is available on the Ark Website.

5. BOARD SAFEGUARDS INTEGRITY IN FINANCIAL REPORTING

5.1 Audit Committee

The Board has established the AC, the role of which is set out in a formal charter that is available on the Ark Website.

The AC sets out the policy for the selection, appointment and rotation of external audit engagement partners.

6. BOARD MAKES TIMELY AND BALANCED DISCLOSURE

6.1 Continuous Disclosure

The Board has designated Ark's Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX, as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance.

A copy of the Ark Continuous Disclosure Policy is available on the Ark Website.

7. BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

7.1 Shareholder Communication

Ark respects the rights of its shareholders. To facilitate the effective exercise of shareholder rights, Ark communicates with its shareholders continually and periodically and encourages shareholder participation at annual general meetings.

Periodic ASX announcements include quarterly reports, the half-year report, annual report and annual general meeting presentations. Copies of all ASX announcements and reports are made available on the Ark Website.

Shareholders are encouraged to provide to the Company Secretary an email address to receive electronic copies of all announcements and reports.

The independent external auditor attends the Annual General Meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report.

8. BOARD RECOGNISES & MANAGES RISK

The Board has accepted the role of identifying, assessing, monitoring, managing and mitigating, wherever possible, any significant risks applicable to Ark and its operations. It has not established a separate committee to deal with these matters as the directors consider the current size of Ark and its operations does not warrant a separate committee at this time. The AC, however, is charged with the responsibility of financial risk management.

Ark is committed to the identification, monitoring and management of material business risks associated with its activities.

The Board has in place a number of policies that aim to manage specific risks that have been identified. By way of example, Company personnel are responsible for adhering to the Occupational Health and Safety Policy (“OHSP”) as part of the risk management process. A copy of the OHSP is available on the Ark Website. Further, the Board intends to develop an overall policy for the oversight and management of material business risks accommodating its present and future stages of development.

As the Company develops its risk management framework it will consider implementing management reporting on the Company’s key risks. Given the Company’s size and stage of development a formal reporting process has not been implemented as yet. The Board will, however, oversee the adequacy and content of risk reporting from management and in future require management to report and indicate the effectiveness of the Company’s management of its material business risks.

The Board assumes ultimate responsibility for the oversight and management of material business risks and satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control to manage the Company’s material business risks.

9. BOARD REMUNERATES FAIRLY & RESPONSIBLY

9.1 Remuneration Report and Nominations Policies

The responsibilities of the RNC include making recommendations to the Board regarding the remuneration of Ark’s senior executives, executive directors and non-executive directors.

In accordance with Ark’s Constitution (that is available on the Ark Website), shareholders determine the aggregate annual remuneration of the non-executive directors.

Non-executive directors are eligible to receive options over the Company's shares at the time of their retirement where it is considered an appropriate element of remuneration in situations when the non-executive director's skills and experience are recognised as important to the Company's future development. The terms of the options are set out in agreements between the Company and non-executive directors and will vary depending on the age of the relevant director at the time of retirement.