



29 July 2016

## QUARTERLY REPORT

### FOR Quarter ended 30 June 2016

(ARK: code AHK)

#### OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Ark lodged its Final Mine Management Plan (MMP) on 1<sup>st</sup> of June with the Department of Mines and Energy in the Northern Territory.
- The new revised plan strengthens the Environmental and Financial element of the project. It was decided to re design the Pit closure. Environmentally, backfilling the Pit was more responsible, and financially superior. Without backfilling the pit Ark would have an ongoing monitoring and maintenance issue.
- During the quarter Ark agreed to purchase and Arafura Resources Ltd agreed to sell and assign the tenements and gold rights the subject of the Mining, Farmin and Joint Venture Mt. Porter Tenements Agreement dated 14 January 2013
- Upon completion of the Transaction, which will require various third party consents, the Farmin Agreement will be terminated.
- Ark further refined the Mt Porter Pit Optimisation and Pit design based on the improved gold price and mining costs
- Ark finalised and settled a number of logistic issues for Mt Porter including, Haul road access, mine worker accommodation, explosive magazine site, mine rosters, suppliers, survey contractor, rehabilitation planning and monitoring, and securing the services of the Ark mining technical team



## Pine Creek Tenement acquisition details

*(Refer to AHK announcement dated 20/6/16)*

The tenements and gold rights the subject of the Farmin Agreement, all located in the Northern Territory near Pine Creek (see further Figures 1 and 2 below), comprise:

- Exploration Licence in Retention (ELR) 116 (which immediately surrounds ML23839);
- Mineral Lease (ML) 23839 (known as Mt. Porter);
- Mineral Exploration Licence (EL) 23237 (covering the northern extension of the Mt. Porter anticline); and
- rights to explore for and (subject to necessary approvals) mine gold on tenements north of Pine Creek (**Gold Rights**), owned by:
  - Territory Resources Ltd (comprising ML24727, ML25087, ML25088, ML25529, ML27225, ML27226, ML27228, ML27230 and EL10137); and
  - Frances Creek Pty Ltd (comprising ML27227, ML27229 and MA389).

The purchase price to be paid in cash by AHK for 100%:

- ownership of ELR116, ML23839 and EL23237 (**Tenements**) is \$275,000 (two hundred and seventy-five thousand dollars) plus GST; and
- of the Gold Rights is \$25,000 (twenty-five thousand dollars) plus GST.

In addition to the cash payments, AHK has agreed to pay ARU a 2.5% royalty on gross sales of gold processed from ore mined from the Tenements and Gold Rights.

AHK:

- is required to make the cash payments on or before 7 September 2016; and
- will raise funds sufficient to pay the purchase price and associated costs and expenses through a share placement, to be arranged through Martin Place Securities in Sydney, which successfully raised \$400,000 for AHK's most recent fund raising (*see further AHK announcement dated 18/4/2016*).

The agreement for the sale and purchase of the Arafura Tenements and Gold Rights was executed under the quarter under review but is about to be completed.

### KEY PROJECTS IN TENEMENTS

#### Mt Porter Anticline Projects

- 10400 Gold Deposit
  - Mine ready pending NT Mining Management Plan approval
  - Processing 500,000 tonnes @2.2g/t
  - 76% recovery
  - Proximal to mill



- 3:1 strip ratio
- 10800 Gold project
  - High grade gold target
- 10200 gold Project
  - Larger lower grade gold target

### **Golden Honcho High Grade Gold Projects**

- Best AHK 2015 intersections (*refer to AHK Announcement dated 29/10/2015*):
  - 3m @ 13.41 g/t Au, including 1m @ 30.8 g/t Au;
  - 2m @ 12.9g/t Au, including 1m @14.5 g/t Au;
  - 2m @ 6.65g/t Au, including 1m @11.7 g/t Au; and
  - 1m @ 6.42g/t Au.
- Best AHK 2014 intersections (*refer to AHK Announcement dated 29/10/2015*):
  - 2m @ 21g/t Au;
  - 2m @ 11.9g/t Au;
  - 2m @ 10.5g/t Au;
  - 3m @7.5g/t Au; and
  - with 21 other intersections over 1m over 5g/t Au.
- Best ARU 2004 intersections (*refer to AHK Announcement dated 29/10/2015*):
  - 5m @ 19.11g/t Au;
  - 4m @ 47.54g/t Au;
  - 2m @ 10.07g/t Au;
  - 2m @ 13.29g/t Au;
  - 2m@ 11.61g/t Au;
  - 3m @ 10.96g/t Au;
  - 3m @ 10.66 g/t Au;
  - 2m @ 21g/t Au;
  
  - 2m @ 11.9g/t Au;
  - 2m @ 10.5g/t Au;
  - 2m @9.92g/t Au; and
  - 3m @7.5g/t Au;
  - with 30 other intersections over 1m over 5g/t Au.

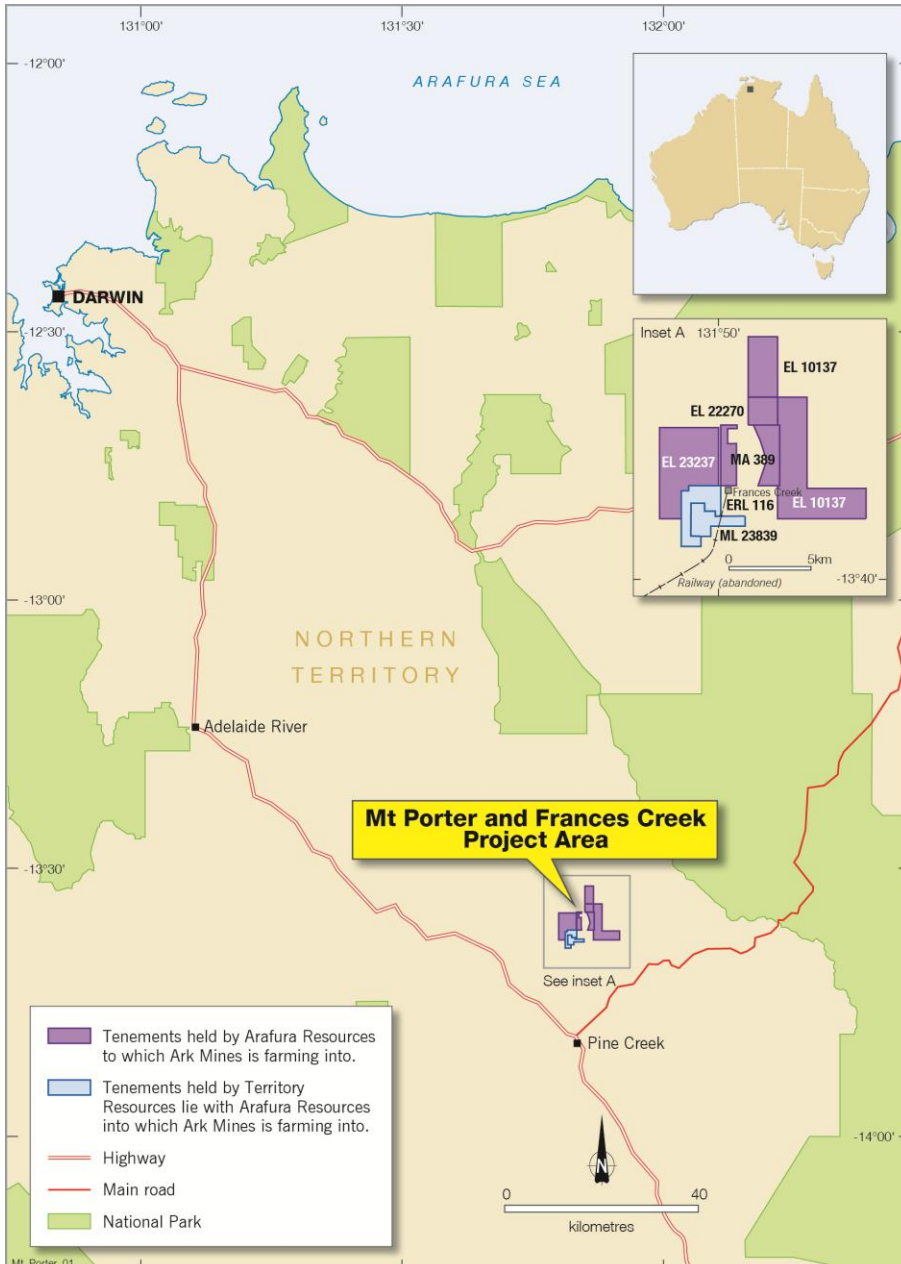
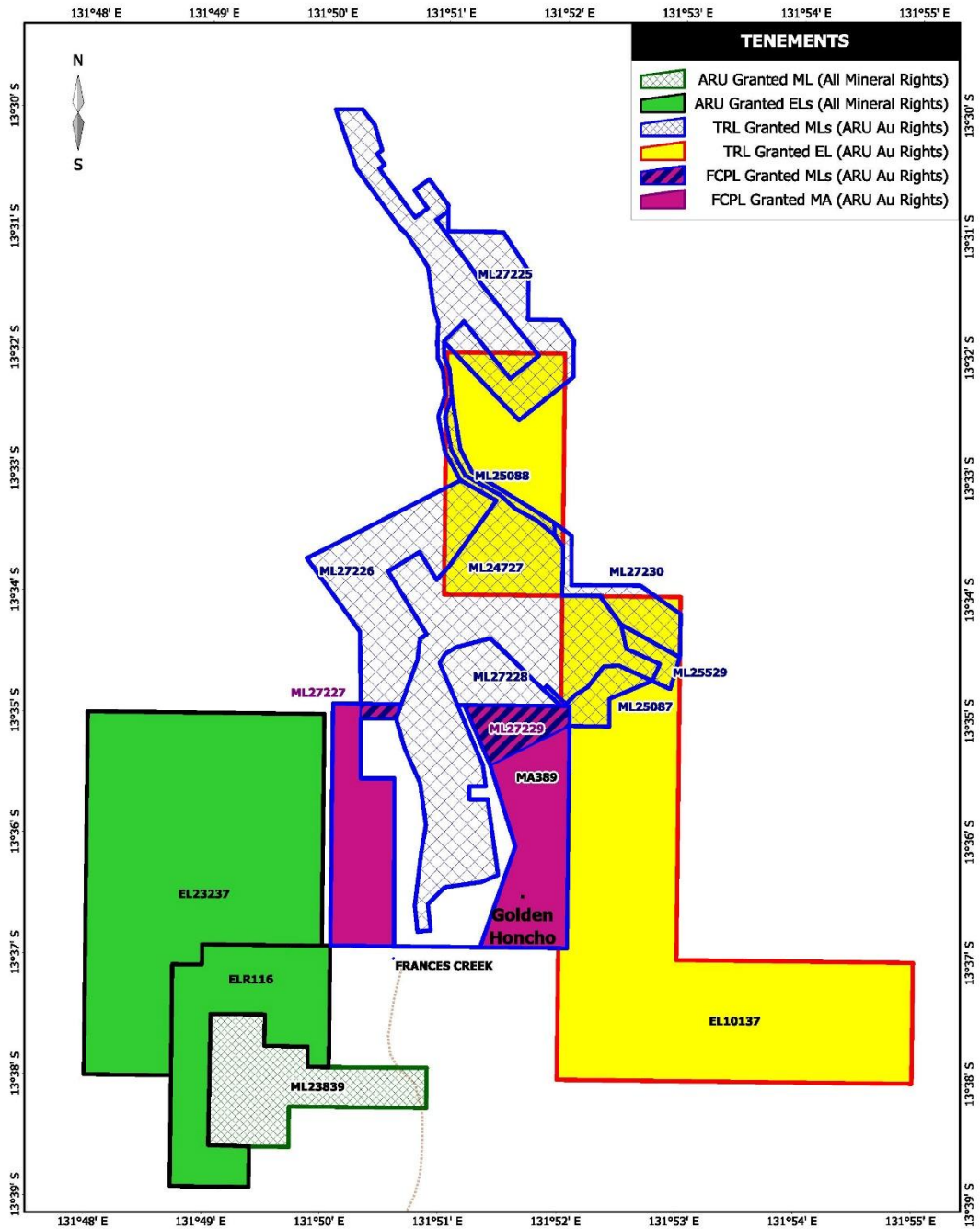


Figure 1 location of the Ark Tenements in Northern Territory



**Ark Mines Ltd  
 Mt Porter-Frances Creek  
 Project Map**

Figure 2 Tenement acquired from Arafura in the sale package



*ARK remains focused on its strategy to mine high grade gold and earn revenue as soon as is practicable. Ark now has a number of robust gold projects developed or partially developed which they intend to bring into production over the next few years. The board will continue its current efforts to locate and secure other suitable projects in Australia that support the ARK strategy.*

**FURTHER INFORMATION: Roger Jackson, Managing Director, Ark Mines Limited: +61 400 408 550**

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