



27 January 2016

## **QUARTERLY REPORT**

### **FOR PERIOD 31 December 2015**

**(ARK: code AHK)**

#### **OPERATIONAL HIGHLIGHTS FOR THE QUARTER**

- **Ark has commenced the Environmental work to support its Mine Management Plan for the Mt Porter Gold Mine in Pine Creek Northern Territory.**
- **Ark 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.**
- **Ark has successfully completed a drilling program at its Golden Honcho and Golden Slips prospects at Frances Creek in the Northern Territory (refer to Ark Announcement 30 October 2015),**
- **Extended the strike length of Golden Slips to approximately 1km.**
- **Subject to satisfaction of certain conditions precedent, including the completion of the Transaction, Ark intends to acquire 100% of the Glencoe Mining Lease ML 29679 (refer to Ark Announcement 13 October 2015)**
- **Ark concluded negotiations with Crocodile Gold Australia Operations Pty Ltd ACN 136 525 990 (Now Newmarket) and executed a binding toll treatment agreement for AHK's Mt. Porter gold ore. (refer to Ark Announcement 18 August 2015)**



### **Golden Honcho Drilling Program Highlights:**

- 22 inclined holes drilled with average depth 40m (*refer to Ark Announcement 29 October 2015*).
- All 22 holes intersected gold mineralisation, with a few failing to intersect the interpreted lode position, meaning mineralisation is still open at depth.
- Best new AHK 2015 intersections (*refer to Ark Announcement 29 October 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;
  - 1m @ 6.42g/t Au.
- The new drilling results complement high-grade gold intersections from past drilling:
- Best 2014 AHK intersections (*refer to Ark Announcement 29 October 2015*):
  - 2m @ 21g/t Au;
  - 2m @ 11.9g/t Au;
  - 2m @ 10.5g/t Au; and
  - 3m @7.5g/t Au;
  - with 21 other intersections over 1m over 5g/t Au.
- Best 2004 Arafura (ARU) intersections (*refer to Ark Announcement 29 October 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.

### **Frances Creek Project Highlights:**

- Golden Slips prospect is only 1km NNE from Golden Honcho prospect, with five other identified reefs within a 2km zone (*refer to Ark Announcement 29 October 2015*):
  - Golden Amigo
  - Golden Austerian
  - Golden Senorita
  - Golden Gulf, and
  - Golden Bandito.

All within the Ark tenement.

- Sub-vertical quartz veins and adjacent gold-bearing alteration zones outcrop on top of steep ridge crests that are amenable to simple, low cost, open pit mining.
- The deposits are only 20km from a gold plant, with current capacity to process oxide gold.
- Additional exposed gold veins, within the Frances Creek project area, require drill testing.
- The deposits are close to Ark's Mount Porter 34,000oz gold mineral resource and to Pine Creek Township



**Figure 1 Environmentalists water sampling at Mt Porter**



### **Glencoe Mining Lease Highlights:**

- ✓ 704,000 tonnes @1.9g/t Au with 253,000 tonnes @2.2 g/t Au oxide and 451,000 tonnes @ 1.7 g/t Au (refer to table below)
- ✓ Metallurgical testwork has shown high gravity/cyanidation recoveries of 95.85% (Ammtec 2012)
- ✓ The oxide zone is 30m below surface
- ✓ The deposit is proximal to the other Ark tenements and within trucking distance of Union Reef Gold Mill
- ✓ The Glencoe resource area extends over a strike length of 800m (from 3,300mE to 4,100mE) with potential for extensions
- ✓ Mineralisation at the Glencoe deposit is reported as being located in three mineralized zones, the largest of which is a round 700m in strike length, 100m down dip and up to 15m in width.
- ✓ Sealed road access
- ✓ Flat and easily accessible terrain
- ✓ No existing entitlement's

### **The Agreement**

- Newmarket and shall sell and Ark shall purchase Glencoe;
- within seven business days after the parties execute and exchange the Sale Agreement, Ark shall pay to Crocodile the sum of seventy five thousand Australian dollars (AUD\$75,000.00), which payment shall be non-refundable. The payment to be made by Ark shall, for clarity, include any and all bonds and other securities paid by Newmarket, which bond or security shall be assigned to Ark with effect from completion of the Sale Agreement;
- Ark shall pay to Newmarket the sum of one hundred thousand Australian dollars (AUD\$100,000) upon the commencement of Glencoe mining;
- in the event that Ark shall mine Glencoe, Ark shall pay to Newmarket a royalty of one percent (1.0%) to be applied against gold sales made from Glencoe ore.



**Newmarket Toll Treat Key terms and conditions include:**

- a term of 18 months after signing, extendable upon the express written agreement of the parties;
- AHK shall be responsible for mining (including rehabilitation) and delivering the Mt. Porter ore to Crocodile for processing. Crocodile shall provide AHK or its nominated contractors with such diesel fuel and necessary accommodations reasonably required to undertake mining at Mt. Porter;
- Crocodile shall be responsible for processing the Mt. Porter ore into gold doré and selling the gold doré on a monthly basis;
- each party shall absorb their own costs and expenses of performing their obligations under the Agreement, such costs and expenses to be deducted monthly from sales of gold doré. Crocodile's processing costs have been agreed at AUD\$30.00 per ton; and
- AHK and Crocodile splitting cash flows from the Mt. Porter mining project after payment of their agreed costs, expenses and royalties. From available net funds, AHK shall receive a 55% payment and Crocodile a 45% payment.

*AHK remains focused on its strategy to mine high grade gold and earn revenue as soon as is practicable. The board will continue its current efforts to locate and secure other suitable projects in Australia that support the AHK strategy.*