



30 July 2015

QUARTERLY REPORT

FOR PERIOD ENDED 30 June 2015

(ARK: code AHK)

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Engaged IMO Perth to undertake metallurgical tests of the Mt Porter Ore and sent core to their lab
- Successfully determined a sound recovery process for the Mt Porter Gold
- Satisfactorily replicated the Metallurgical process to match the local plants process
- Determined recoveries to be greater than 73% and likely to be 76%
- Engaged a consultant to undertake an optimisation review using whittle to understand the commerciality of Mt Porter.
- Successfully determined from this study that Mining Mt Porter and treating the Ore in the nearby Gold plant will be financially sound and will provide Ark with Cash within 12 months.
- Ark commenced preparing the drilling program to further drill Golden Slips
- Ark commenced a Mine Operation plan for Mt Porter
- Ark commenced a Mine Operation plan for Golden Slips
- Successfully linked the Golden Honcho vein system to the Golden Slips vein, while planning, on site, the drill holes for the upcoming RC drill program.
- MD liaised with the Northern Territory Mines Department to update them on the proposed plan to move forward with their Mining plan in Northern Territory



MOUNT PORTER METALLURGICAL RESULTS

The results from the Mt Porter metallurgical test work were positive and support the economic viability of mining on the Mt. Porter Mining Lease 22389 in the Northern Territory.

Mt. Porter (Mining Lease 22389) is a 34,200 Au ounces 2004 JORC resource that AHK is permitted to mine during the continuance of the 2013 Mining, Farmin and Joint Venture Agreement (**Farmin Agreement**) with Arafura Resources Ltd (ASX: ARU).

Leach tests conducted on the material with no other pre-beneficiation yielded a maximum of 73% gold recovery, which is better than expected. This recovery was achieved with the addition of PbNO₃ and oxygen with a maintained NaCN concentration of 300 ppm. Additionally, at the conclusion of testing (48 hours), leaching still appeared to be occurring as evidenced by the absence of a plateau in the recovery/curve.

Minor increases in recovery will be achieved by using gravity before processing. A gravity circuit also offers benefit in terms of reduced elution costs and carbon attrition gold loss.

MOUNT PORTER GOLD PROCESSING MOU

Ark has signed a Memorandum of Understanding with Crocodile Gold Australia Operations Pty Ltd (**Crocodile**), to process ore from Mt. Porter into doré gold during the course of 2016.

The MoU is intended to facilitate:

- the immediate submission of a Mining Management Plan for Mt. Porter;
- mutual due diligence activities;
- the co-development of a mining, processing and rehabilitation plan for Mount Porter; and
- negotiation, execution and exchange of a final and binding processing agreement in respect of which AHK and Crocodile contemplate processing up to 550,000 tonnes of Mt. Porter ore, expected to produce in the region of 27,000 gold ounces, which outputs have been drawn from the Whittle optimisation study prepared by CSA Global Pty Ltd (**CSA Model**) – see AHK announcement dated 12 May 2015.

ARK 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.



JORC RESOURCE FOR FRANCES CREEK

- Following the upcoming RC drill program at the Golden Slips, and receipt of the results thereof Ark will engage a resource geologist to undertake a resource study of Golden Honcho and Golden Slips prospects at Frances Creek with a view to developing a 2012 JORC resource. This work is expected to be completed within 4 weeks;
- is actively engaged in acquiring other prospective mining leases in the Northern Territory with gold resources; and
- is currently finalising the phase of work to be undertaken at Frances Creek pursuant to the Farmin Agreement through which AHK shall earn a 40% interest in relevant Arafura gold assets and then be in a position to elect to either spend further funds to earn a further 30% interest in such assets or to exercise an option to acquire 100% of those gold assets.

FRANCES CREEK GOLDEN HONCHO UPCOMING PROGRAM

- **Targeting the oxide zone less than 50m vertical depth from surface**
- **Slips drilling – 12 angled RC holes up to 60m**
- **Honcho drilling - 10 angled RC holes up to 60m**
- **10 costeans to test the near surface Gold values of the Gold Reef**

Ark has successfully linked the Golden Honcho vein system to the Golden Slips vein, while planning, on site, the drill holes for the upcoming RC drill program. Ark Geologists have traced the vein, though difficult terrain across the Gorge to join the Honcho and slips veins, with intermittent outcrop exposures. This linkage indicates that there may be potential for linking other exposed veins within the prospect.

Golden Honcho Highlights so far:

- Intersections: 2m @ 21g/t; 2m @ 11.9g/t; 2m @ 10.5g/t; and 3m @7.5g/t, 5m @ 19.11g/t; 2m @ 13.29g/t; 2m@ 11.61g/t; 3m @ 10.96g/t and 3m @ 10.66 g/t with 9 intersections greater than 1m over 5g/t



- 260m Strike
- Drilling has shown the oxide zone to reach down to a vertical depth of between 40 and 50m.

Frances Creek Project Highlights:

- Golden Slips prospect is only 1km NNE from Golden Honcho prospect with 5 other identified gold exposed reefs within a 2km zone, Golden Amigo, Golden Austerian, Golden Senorita, Golden Gulf and Golden Bandito. All within the Ark tenement (see previous announcement for location).
- Sub Vertical quartz veins and adjacent gold bearing alteration zones outcropping on top of steep ridge crests are amenable to simple, low cost, open pit mining
- Prospects 20km from a gold plant with current capacity to process oxide gold
- Over 2,400 metres of strike length at Frances Creek (comprising gold exposed reefs) with only 390 metres drilled to date (see Table 2, page 6)
- Close to Ark's Mt Porter 34,200oz Au JORC Resource and Pine Creek township (This has not materially changed)

Drilling Results, Intersection Charts and Location Maps

Drilling results, intersection charts and location maps are as published by Ark in its December 2014 quarterly report.

The Mt Porter and Frances Creek Project Results as originally reported by Arafura Resources were first announced by Ark on 15 January 2013. Such information was prepared and first disclosed under the JORC Code 2004 by Arafura Resources in its announcement on 27 August 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Babinda

No further exploration work has been undertaken on this tenement during the quarter under review.



Mt Porter

The gold mineralisation at Mt. Porter was extensively explored by Pine Creek Goldfields Ltd (PCG), a subsidiary of Renison Goldfields Consolidated Ltd (RGC), between 1988 and 1994. Exploration by RGC/PCG at Mt. Porter included a total of 223 drill holes.

The final phase of PCG’s exploration at Mt. Porter (46 holes) concentrated on the “10400 Zone” where earlier drilling had identified a coherent zone of relatively high grade (3-4 g/t Au) gold mineralisation at shallow depths, less than 70 metres from the surface.

PCG completed ore body modeling of Mt. Porter early in 1994. The estimated global resources (JORC 1999) were:

Cut-off 1.5 g/t Au	240,000-250,000 t @ 3.6-3.8 g/t Au
Cut-off 1.7 g/t Au	215,000 t @ 3.9 g/t Au
Cut-off 2.0 g/t Au	176,000 t @ 4.4 g/t Au.

Between 1995 and 1997, an additional 14 drill holes, some as deep as 810 metres (600 metres vertical), were completed by Homestake Gold of Australia Ltd (Homestake) under a farm-in arrangement with RGC. Homestake explored for major new zones of mineralisation over a kilometre long section of the Mt. Porter mineralised trend, mainly to the north of the 10400 Zone.

In 2003, Arafura Resources Ltd (Arafura) completed a program of 7 inclined core holes totalling 417.5 metres into the 10400 Zone to confirm the continuity of the highest grade gold mineralisation. These holes all intersected medium to high grade quartz veins outcropping on ridge crests which are amenable to simple low cost open pit mining. The results showed similar grades and widths to the surface sampling.

In early 2004, an updated resource estimate was completed for Arafura by Reseval Pty Ltd. Published Identified Resources for the Mt. Porter 10400 Zone deposit, calculated in compliance with the requirements of the JORC Code, now stand at:

	Cut-off 0.5 g/t Au		Cut-off 1.7 g/t
Indicated Resources	694,000 t @ 2.0 g/t Au	Indicated Resources	300,000 t @ 3.1 g/t Au
Inferred Resources	184,000 t @ 1.55 g/t Au	Inferred Resources	55,000 t @ 2.6 g/t Au
TOTAL RESOURCES	878,000 t @ 1.9 g/t Au	TOTAL RESOURCES	355,000 t @ 3.0 g/t Au



In 2005, a review by Arafura of the geological model for the Mount Porter 10400 Zone gold deposit resulted in the identification of two small targets (“NW” and “SE”) which had potential to host minor additional gold resources which could conceivably be extracted at the same time as planned open cut mining of the 10400 Zone resources. Drilling commenced in late-2006 to test these targets but the program was abandoned prematurely after drilling equipment was lost in the fourth hole of the planned 11 hole program. Importantly, the westernmost hole in this program intersected a previously unknown zone of gold mineralisation (“248 Zone”) west of and deeper than the Identified Resources in the 10400 Zone (Goulevitch, 2007).

In 2006, Arafura was granted a mineral lease (ML 23839) over the Mount Porter deposit and in early 2007, in accordance with the requirements of the *NT Environmental Assessment Act 1994*, completed a Public Environmental Report (PER) in respect of mining the existing gold resource and processing off-site (MBS Environmental, 2006, 2007). The PER was formally accepted by the NT Government on 19 March 2007 and Commonwealth Government approval of the proposed open-cut development, under the provisions of the *Environmental Protection and Biodiversity Conservation Act 1999*, was issued in June 2007.

The Mt Porter Deposit features;

- A JORC resource of 34,200 oz Au comprising 355,000t @ 3.0 g/t Au (Mt. Porter Resource)
- Resource expandable, with well defined targets
- Shallow and conducive to open cut mining
- Located near Pine Creek, and proximal to working gold mills
- Environmental approval issued by the Northern Territory and Australian Governments (2007)
- Agreement with the Northern Land Council for mining operations (2004)
- Granted Mining Lease (ML 23839)
- Cash Positive Mining Case



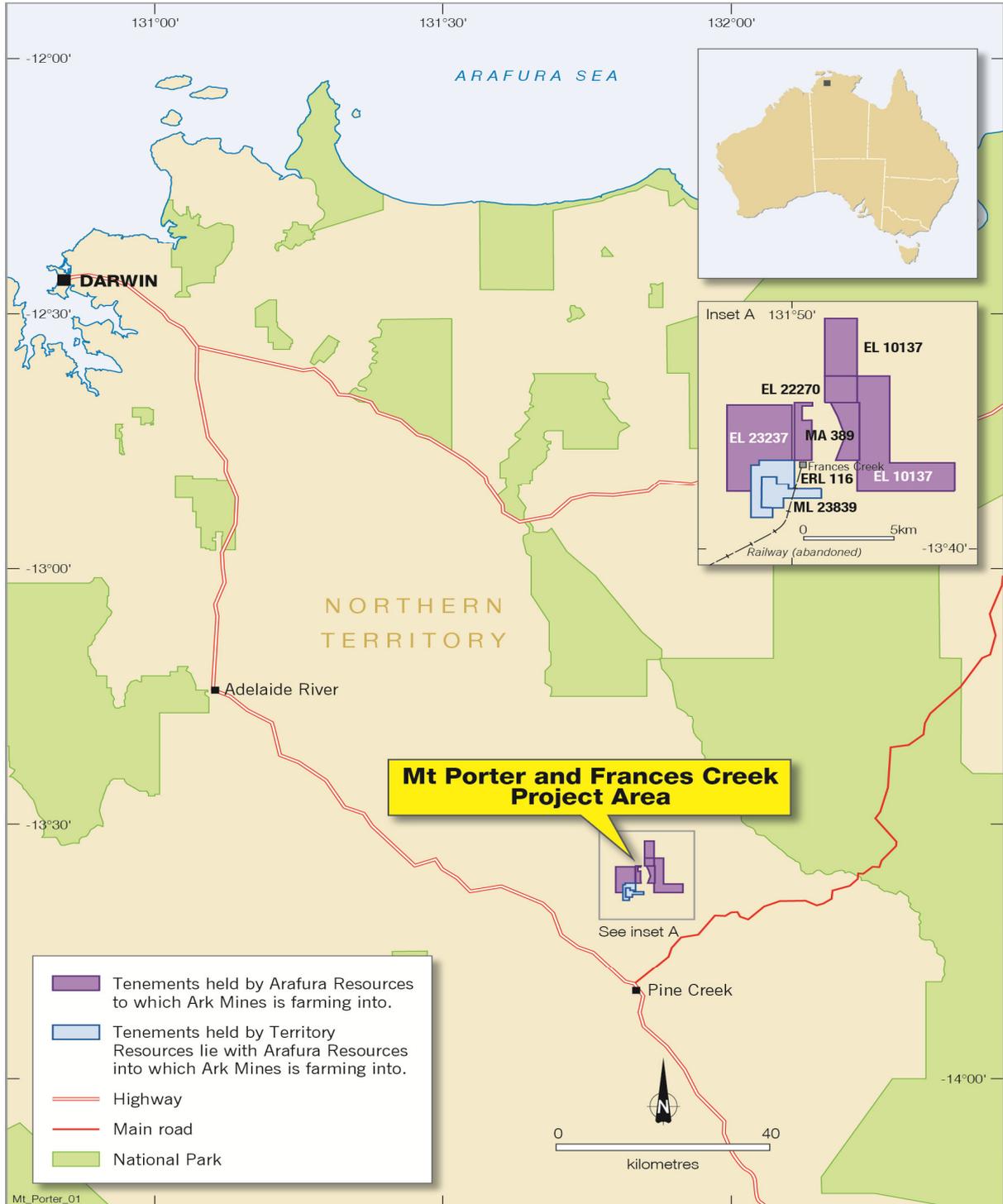
Schedule of Tenements

The Company's tenements as at the end of the quarter comprise:

Tenement	Location	Title Name	Interest
EL 7973	NSW	Babinda	100%
EL 6726	NSW	Nangerybone	100%
ML 22839	NT	Pine Creek	100%
EL 10137	NT	Frances Creek	Right to earn 70% or acquire 100% through option
EL 23237	NT	Pine Creek South	Right to earn 70% or acquire 100% through option
ELR116	NT	Mt Porter	Right to earn 70% or acquire 100% through option

There has been no change in the tenement schedule during the quarter under review.

Mount Porter and Frances Creek Project Location





The information in this announcement that relates to Exploration Results, has been compiled by Roger Jackson BSc, Grad Dip Fin Man, 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. Resources and reserve calculations were provided by Runge Limited.