28 April 2017

QUARTERLY REPORT

FOR Quarter ended 31 March 2017

(ASX code: AHK)

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- **AHK plans for mining after the wet season 2017**
- **AHK optimises Mine Plan for Mt. Porter Central and South**
- **AHK continues drilling at Mt. Porter South**

AHK to commence mining Mt. Porter and plans to also mine Mt. Porter South

AHK is scheduled to commence mining the Mt. Porter Central oxide in May/June 2017.

In the interim AHK will soon be submitting a Mine Management Plan for Mt. Porter South oxide ore, with the view to commence mining Mt. Porter South oxide material directly after mining Mt. Porter Central oxide. Following this AHK will either mine the sulphide material at Mt. Porter Central and or mine Mt. Porter North oxide material. AHK is also considering the potential of mining the sulphide material along the anticline by underground methods.

AHK will focus on mining production that meets the requirements of the Union Reef Mill.

At this point it is anticipated that 30,000 tons a month processing is available to AHK and AHK. will design its mining to work to this scale. AHK has now finalised the pit design and will undertake the project in three phases, namely:

- Phase 1 – Mt. Porter Central pit (western arm-higher grade)(refer to **figure 1**);
- Phase 2 – Mt. Porter Central cut-back pit (refer to **figure 2**); and
- Phase 3 – Mt. Porter South pit (partly drilled).

Advantages of the AHK model

- Brings more ounces forward earlier in the project
- Lowers risk – size and scale
- Lowers working capital
- More flexibility
- Reduces rehabilitation costs
- Smaller equipment required
- Less drill and blasting per unit

- More oxide to sulphide as a ratio of total material milled
- Less exposure to Acid Mine Drainage issues
- Nil to little overburden and up front mining costs
- Lower milling costs with the oxide material
- Potential for underground extension
- Mine tonnage per month to match the milling per month

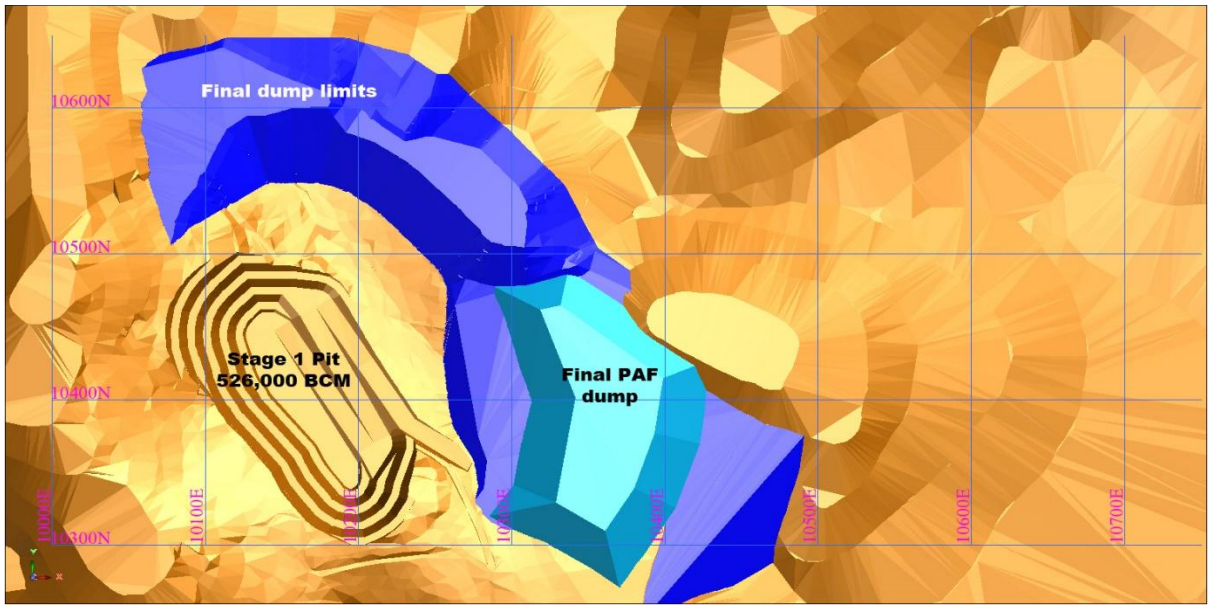

Figure 1 Phase 1 Pit Mt Porter Central Pit

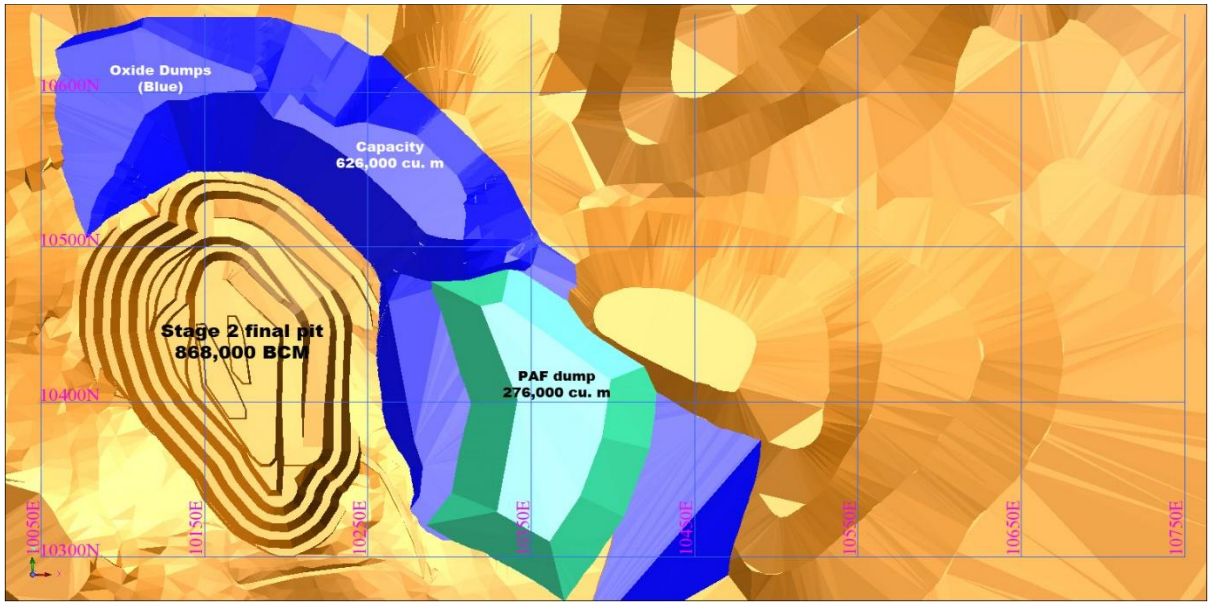

Figure 2 Phase 2 Mt Porter Central Pit (cut back)

Mt. Porter South Drilling

AHK has completed the first phase of a 27 hole (948m) RC program targeting the Mt. Porter South deposit (as at the end of the quarter). Subsequent drilling is approximately 1,200m.

AHK intends to supplement the Mt. Porter Central deposit. The Mt. Porter South deposit is generally lower in grade but essentially it is shallow and will have a low strip ratio when mined. Furthermore, it will be predominately oxide and will have higher recoveries.

The Mt. Porter South drill programme was designed in November 2016 after investigation of the historic drill data set indicated that there may be some potential for small near surface gold deposits within 200m along strike of the Mt. Porter Central pit design within ML23839, to both North and South.

The indications for the southern zone, based solely on the historic reconnaissance scale drill grid at an intermittent and incomplete 50m by 50m spacing, were that there was a good probability of mineralisation over a strike length of 700m with a width varying between 4 and 10m and a grade tenor in the range of 1.3 g/t Au.

The indications for the northern zone were that insufficient data existed to predict grade tenor, that tenor may be somewhat higher, but that a more difficult, extensive and deeper drill programme would be required to delineate viable portions of this structurally more complex zone.

AHK determined the initial programme should concentrate on drilling the southern zone to afford a small resource sufficient to allow MMP amendment and mining, with this oxide ore stream potentially available to offset pre-strip costs in the designed pit; now referred to as Mt. Porter Central.

Historic reports indicated that the original drilling had been spatially controlled using dGPS. This technology affords an accuracy of 2m in x and y, and 4m in z. On this basis a tight, non-fence based resource programme was design to infill the known mineralisation bounds and allow 5 to 8m of spatial uncertainty.

The initial drill programme comprised 89 holes for 3,073m however, 9 holes for 360m were cancelled based on their extension of the mineralisation into ELR116, which would complicate regulatory approval of any subsequent mining. The remaining 80 holes constituted an expected 2,713m of drilling on 29 lines; each line having between 1 and 4 holes, averaging 3 holes per line with many pads to encompass 2 holes for a total of 62 pads. Designed depths ranged from 20 to 55m with average depth being 34m.

Deductions drawn from Mt. Porter South results so far

- Results have shown that ore is narrower than expected, with most lode sections falling between 2 to 4m in thickness. However, the grade tenor in many areas is higher than expected, with many lode sections grading above 1.5 g/t Au rather than the expected 1.3g/t Au.
- The results give a strong indication AHK has a commercial shallow oxide pit, mineable after Mt. Porter Central.
- Grade and tonnes will be concluded after the completion of the second phase of drilling.
- AHK is aiming to commence mining Mt. Porter Central in 2017 and will aim to have an MMP for the South as soon as is practicable, so it can be mined directly afterwards.

Figure 3: Drill rig on Mount Porter South