31 July 2017

QUARTERLY REPORT

FOR Quarter ended 30 June 2017

(ARK: code AHK)

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Ark suspends plans to Mine Mt Porter in 2017
- Ark Continues Mine Plan for Mt Porter central and South & North for 2018
- Ark plans for further Drilling at Mt Porter South
- Ark assays excellent Met hole results from Mt Porter Central

Mt Porter Mining suspension

The reason for suspending MTP is the inability to conclude an extension of the current toll treat agreement with NTMO on terms and conditions satisfactory to AHK. As a consequence of AHK's decision to postpone, the current agreement will automatically terminate on 14 August 2017.

The AHK board is very disappointed to not procure an extension of the NTMO toll treat agreement, despite its best efforts and being in a position to commence mining. In particular, AHK:

- ✓ procured an approval to mine issued by the Minister for Primary Industry and Resources in the Northern Territory;
- ✓ had drawn down a further US$1.35M tranche of its gold loan facility to fund payment of the MTP security bond and other start-up costs – which sum it will now hold pending further discussions with Panasia Ltd;
- ✓ had agreed equipment hire contract terms with Titan Mining Equipment Hire;
- ✓ put in place required technical personnel;
- ✓ had finalised metallurgical recoveries and optimisations for MTP ore – see further below; and
- ✓ had completed two thirds of resource drilling for MTP South with planning to complete MTP South and commence MTP North in 2017 – see further below.

AHK will now focus on concluding terms for Australian gold mining acquisition projects on which the board has been working over the last few months. Funding for these acquisition projects will be provided through Panasia Ltd in Hong Kong. A key focus for AHK in deciding to conclude acquisitions is to ensure such projects are not reliant on third party milling or toll treating.

Mount Porter Optimisation Metallurgy

The latest round of metallurgical testing was specifically designed by Independent Metallurgical Operations (**IMO**) in conjunction with Kirkland Lake Gold's processing engineers, to simulate the processing systems in place at the Union Reefs (**UR**) mill; including gravity, Acacia and leach circuits using UR process water. Gold ores for testing were sourced from four purpose drilled holes completed by AHK in April 2017, designed to provide a distribution of ore grades and ore types representative of the MTP minable envelope, including sub-ore grade diluting materials (see Figures 1, 2, 3, 4, Table 1 and Appendix A).

IMO's July 17 metallurgical results show that average gold recoveries under processing conditions achievable at UR are 92.5% for oxide ores, 85.7% for transitional ores, and 79.7% for fresh ores within the run of mine grade bands. These results are extremely encouraging as this is the first time that the MTP ores have been tested to include the full range of processing systems in use at UR and the resultant recoveries are well aligned to forecasts by AHK's technical personnel.

Figure 1: Mt Porter cross section 10375m Nth showing metallurgy drill hole MPRC347. Natural surface is green. Pit shell design is brown. 0.5 g/t Au grade shell is pink.

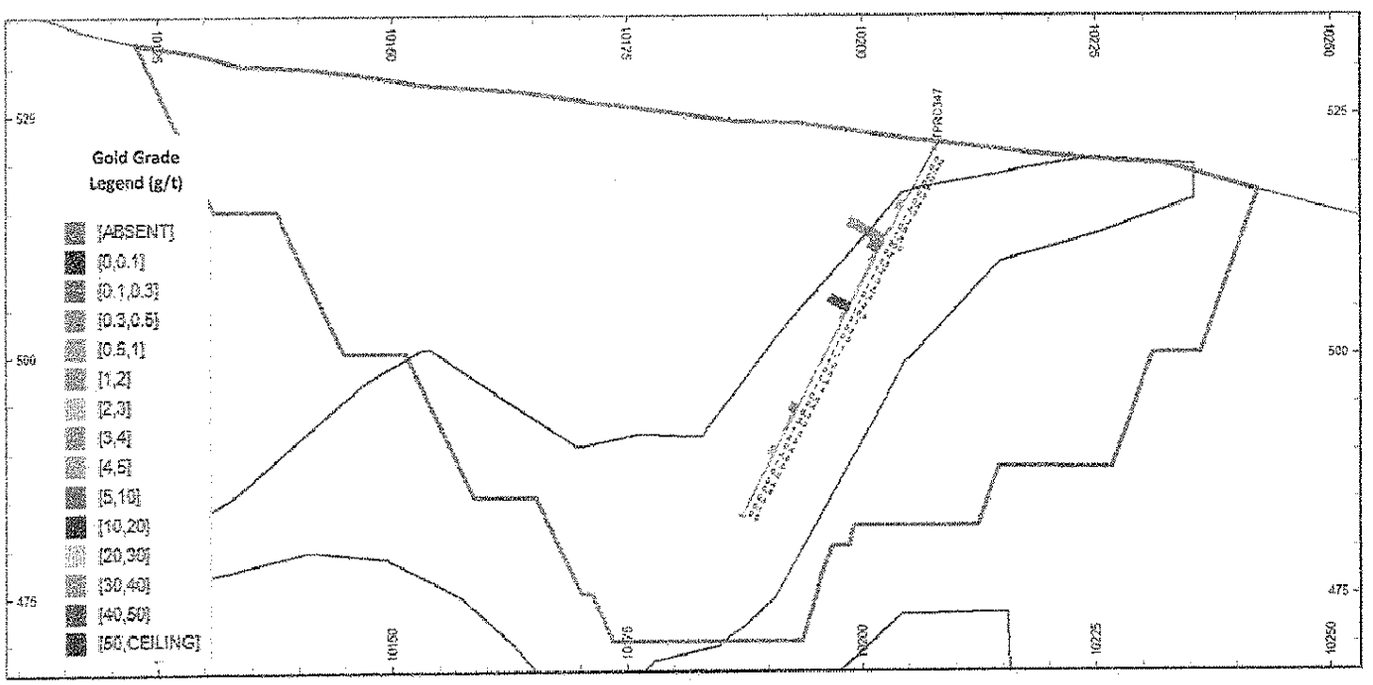

Figure 2: Mt Porter cross section 10400m Nth showing metallurgy drill hole MPRC350. Natural surface is green. Pit shell design is brown. 0.5 g/t Au grade shell is pink.

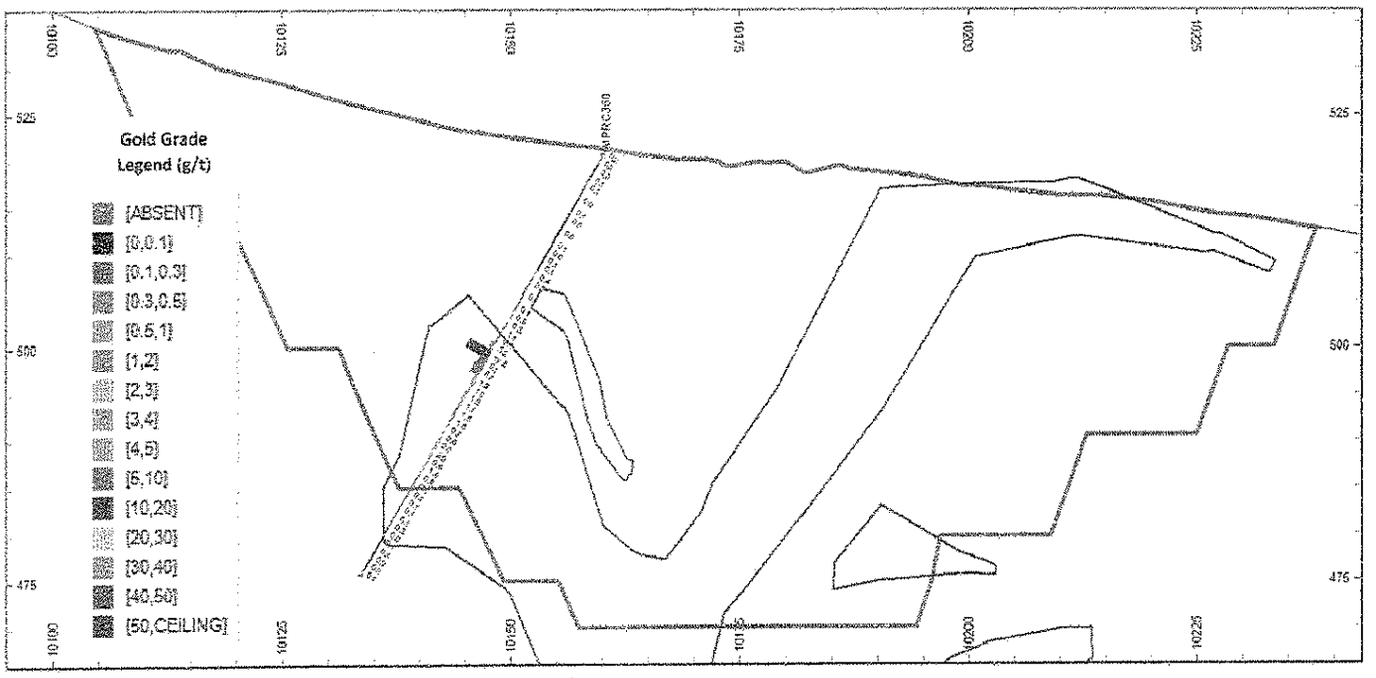

Figure 3: Mt Porter cross section 10445m Nth showing metallurgy drill holes MPRC349 and MPRC348. Natural surface is green. Pit shell design is brown. 0.5 g/t Au grade shell is pink.

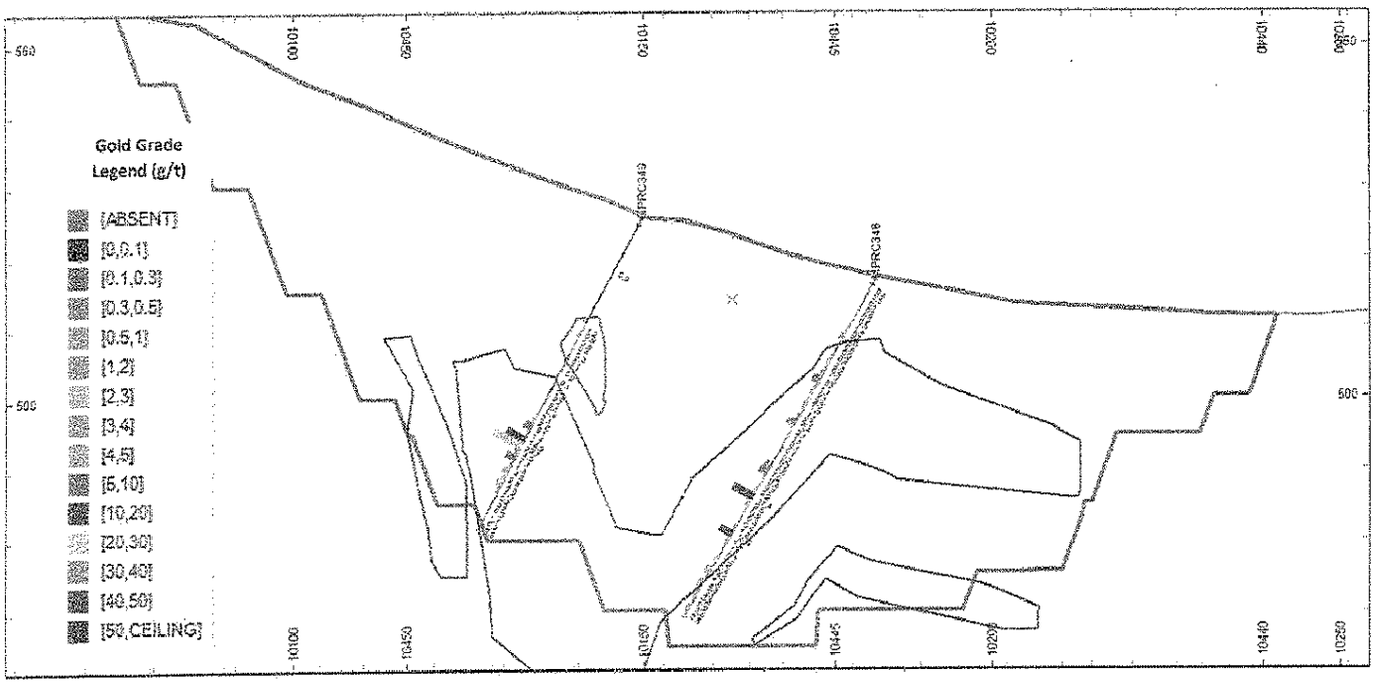

Figure 4: Mt Porter plan view showing the four metallurgy drill holes completed to provide sample for Ark's latest metallurgy testing. Pit design crest is brown.

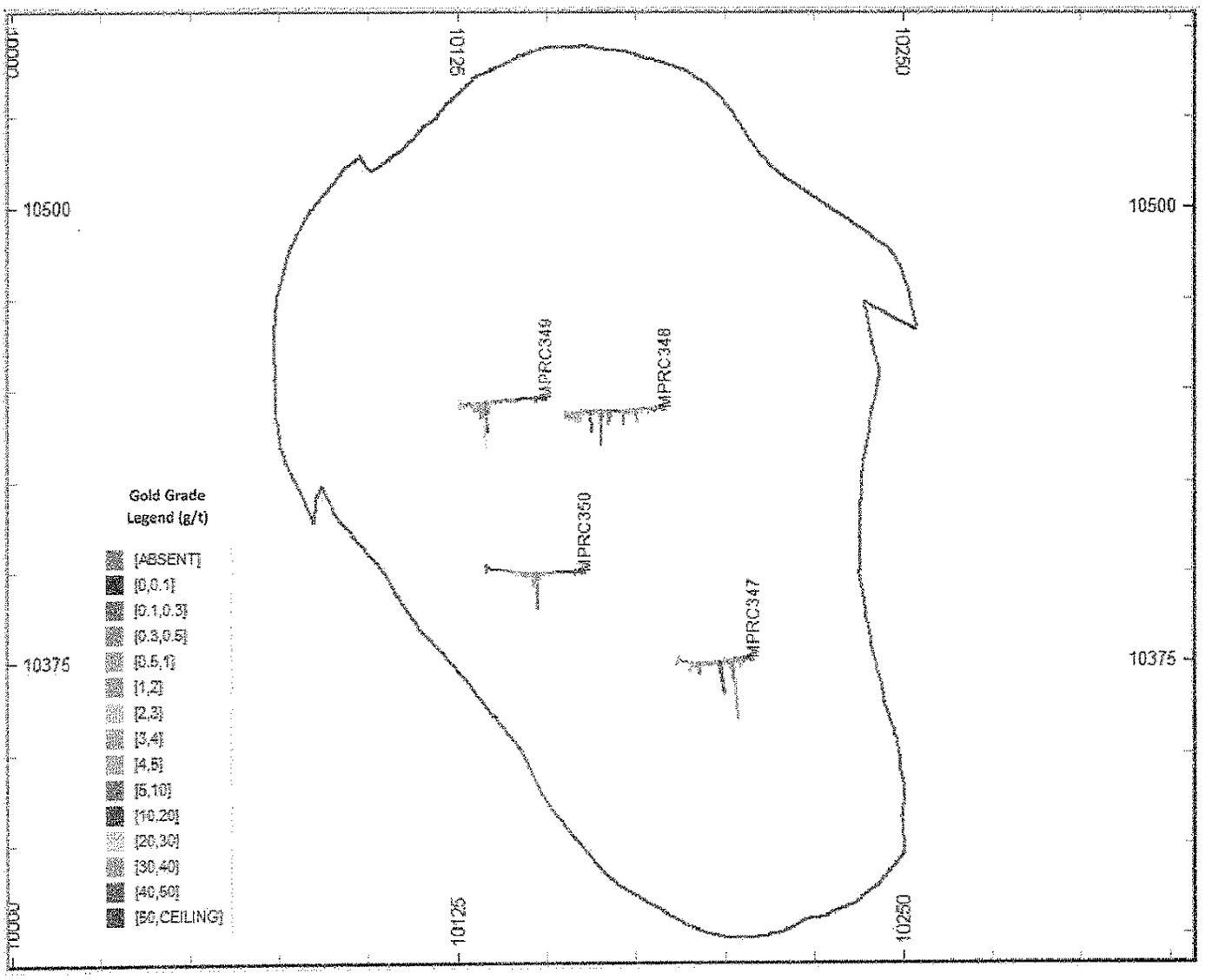

Figure 5: Mt Porter South plan view in MGA 94 grid showing major geological units and drill collar locations.

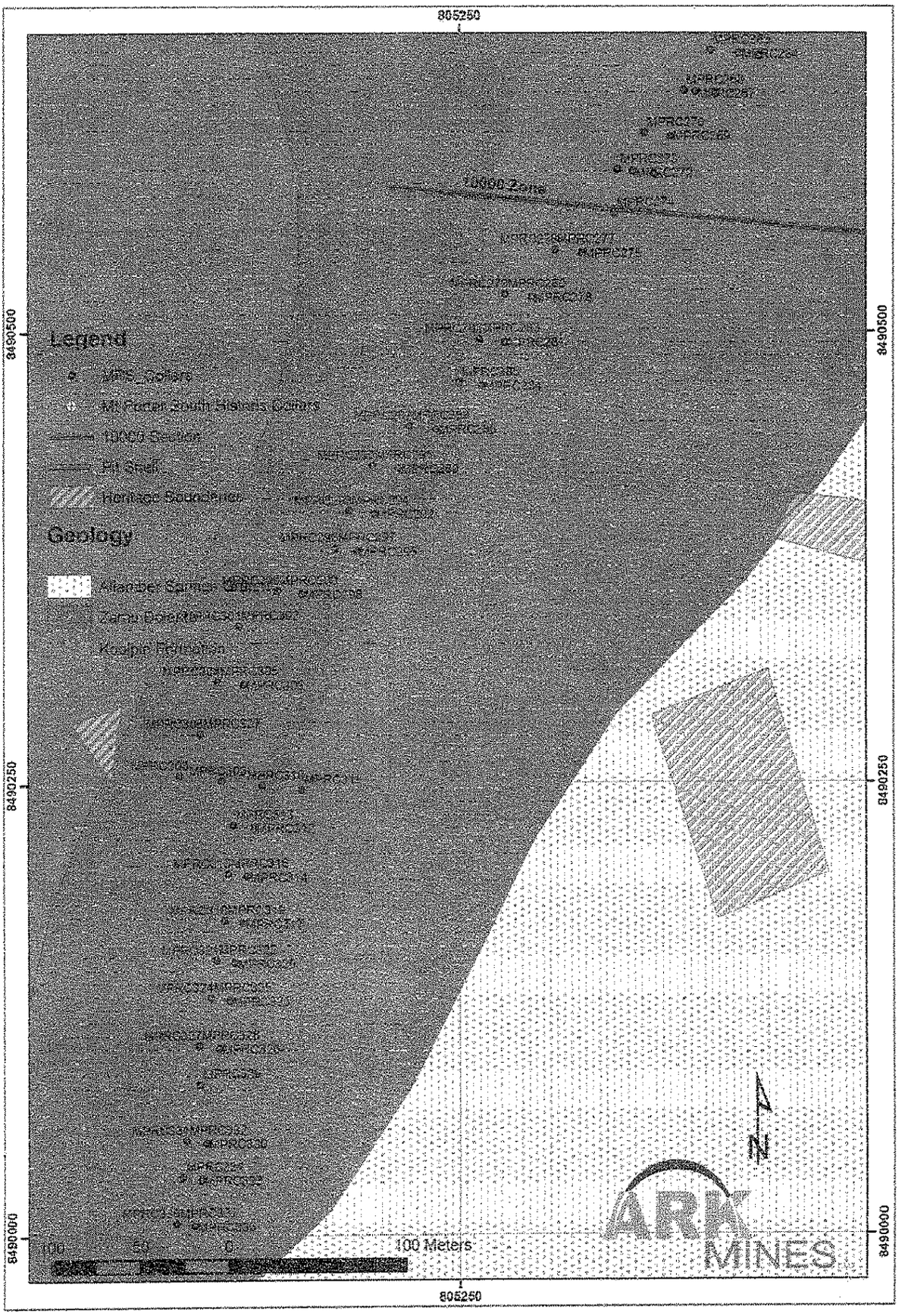

Table 1: Mt Porter Metallurgy Intervals

1. All Au results are based on 50g fire assays with ICP-AAS finish conducted by North Australian Laboratories (NAL) Pine Creek, with a detection limit of 0.01 g/t.
2. All grades are calculated on a 0.50 g/t Au lower cut-off.
3. The maximum internal waste within any given intercept is based on no more than 1 continuous metre of waste below the cut-off grade.
4. All intercept grades are calculated by the length weighted average of the primary Au assay. Repeat and duplicate assays of greater value than the primary (first) assay have not been substituted or averaged into the primary Au grade.
5. All raw grades are based on non top cut raw primary Au assay data.
6. All top cut grades are based on primary Au assay data with a geostatistically validated top cut of 20 g/t Au applied.
7. All intervals are down hole lengths.
8. All assaying is based on down hole intervals of 1 metre of RC drilled rock chip samples split by static cone splitter.
9. All holes drilled using 4.5 inch RC face sampling hammer and oriented approximately perpendicular to mineralisation strike and parallel to mineralisation dip for the purpose of maximising returned MET suitable sample.
10. QAQC regime applied comprises:
    a) Average of 1 in 5 duplicate samples split by static cone splitter and independently processed and assayed as checks.
    b) Average of 1 in 25 replicate assays, plus replicates of all assays of greater than 1 g/t Au.
    c) Average of 1 in 25 certified Gannet Au standards selected for appropriate grade and mineralisation type.
    d) Duplicates of all intervals conserved at Ark Mines storage facility against future QAQC requirements.

NB: These metallurgical intervals of are **not** Significant Intercepts for the purpose of resource evaluation, estimation and reporting due to their orientation being down dip to intentionally maximise ore recovery.

Spatial Data							Interval Data					
BHID	Easting	Northing	Elevation	Azimuth	Dip	EOH	Method	From	To	Interval	Top Cut Au Grade	Raw Au Grade
	(m)	(m)	(m)	(degrees)	(degrees)	(m)		(m)	(m)	(m)	(Au g/t <= 20,	(g/t)
MPRC347	10,208.176	10,375.395	521.734	269.841	59.60	44.0	RC	7	41	34	2.95	3.24
							including	*11*	*14*	*3*	*11.14*	*14.48*
							including	*17*	*21*	*4*	*5.78*	*5.78*
							including	*31*	*33*	*2*	*4.78*	*4.78*
							including	*36*	*37*	*1*	*4.63*	*4.63*
							RC	43	44	1	0.55	0.55
MPRC348	10,183.304	10,444.524	516.647	270.841	60.50	55.0	RC	5	11	6	1.13	1.13
							including	*9*	*10*	*1*	*3.03*	*3.03*
							RC	13	26	13	2.37	2.37
							including	*15*	*17*	*2*	*3.61*	*3.61*
							including	*22*	*25*	*3*	*3.50*	*3.50*
							RC	30	37	7	4.60	4.60
							including	*30*	*32*	*2*	*6.30*	*6.30*
							including	*34*	*37*	*3*	*7.40*	*7.40*
							RC	40	55	15	2.66	2.66
							including	*40*	*43*	*3*	*4.59*	*4.59*
							including	*47*	*54*	*7*	*3.02*	*3.02*
MPRC349	10,149.917	10,447.246	525.362	269.591	60.25	50.0	RC	17	20	3	0.95	0.95
							including	*17*	*18*	*1*	*1.21*	*1.21*
							RC	28	29	1	0.74	0.74
							RC	31	44	13	5.66	5.95
							including	*33*	*39*	*6*	*8.92*	*9.54*
							RC	47	50	3	0.62	0.62
							including	*47*	*48*	*1*	*1.06*	*1.06*
MPRC350	10,160.487	10,399.534	521.287	270.341	60.00	53.0	RC	20	41	21	2.47	2.47
							including	*24*	*29*	*5*	*6.94*	*6.94*

MTP South

To date two thirds of the mineralised zone of the surface expression at Mt Porter South, has been drilled, with a further 500 to 800m of RC remaining to complete the programme in Phase 3.

The results, so far, have been very encouraging with the majority of holes including intercepts approximating or exceeding the 1.3 g/t gold grade which informed the initial targeting of the programme (see Table 2, Figure 5 and Appendix A). The oxide zone extends to depths of 25 to 35m comparable to those seen in the MTP mine zone. The depth to water table is topographically dependent, but in general sits at 30 to 40m in the dry season and 25 to 30m in the wet season.

Background water samples have been obtained and assayed from the Phase 1 and 2 drill holes to support the MMP application. Waste rock characterisation samples to support MMP application have also been collected and stored for compositing and assay in parallel with the Phase 3 programme.

Phase 3 of the MTP South resource development programme was scheduled to commence in late 2017, concurrent with mining at MTP. Phase 3 will now be postponed until commencement of MTP mining planned for 2018. This will allow the MTP mine infrastructure to support the programme and reduce costs.

Similarly, preliminary wire frame modelling has been completed for MTP North, with a detailed, targeted drill programme currently in development to follow on from completion of MTP South. These resource development programmes are expected to add significant mine life to MTP.

Table 2: Mt Porter South 2017 Phase 1 & 2 Drill Programme Significant Intercepts

1. All Au results are based on 50g fire assays with ICP-AAS finish conducted by North Australian Laboratories (NAL) Pine Creek, with a detection limit of 0.01 g/t.
2. All grades are calculated on a 0.50 g/t Au lower cutoff.
3. The maximum internal waste within any given intercept is based on no more than 1 continuous metre of waste below the cutoff grade.
4. All intercept grades are calculated by the length weighted average of the primary Au assay. Repeat and duplicate assays of greater value than the primary (first) assay have not been substituted or averaged into the primary Au grade.
5. All grades are based on non top cut raw primary Au assay data.
6. All intervals are down hole lengths.
7. All assaying is based on down hole intervals of 1 metre of RC drilled rock chip samples split by static cone splitter.
8. All holes drilled using 4.5 inch RC face sampling hammer and oriented approximately perpendicular to mineralisation strike and dip.
9. QAQC regime applied comprises:
   a) Average of 1 in 25 duplicate samples split by static cone splitter and assayed as per primary sample.
   b) Average of 1 in 25 replicate assays plus replicates of all assays of greater than 1 g/t Au.
   c) Average of 1 in 25 certified Gannet Au standards selected for appropriate grade and mineralisation type.
   d) Duplicates of all intervals conserved at Ark Mines storage facility against future QAQC requirements.

	Spatial Data						Intercept Data				
BHID	Easting	Northing	Elevation	Azimuth	Dip	EOH	Method	From	To	Interval	Au Grade
	(m)	(m)	(m)	(degrees)	(degrees)	(m)		(m)	(m)	(m)	(g/t)
MPRC267	10,145.505	10,075.932	507.859	89.341	60.25	32.0	RC	6	7	1	0.83
MPRC269	10,134.348	10,051.750	513.667	89.841	60.25	20.0	RC	3	4	1	1.04
MPRC270	10,118.983	10,052.147	514.149	89.341	60.50	32.0	RC	14	17	3	1.20
							including	*15*	*16*	*1*	*1.68*
MPRC271	10,127.386	10,028.722	516.416	90.341	60.50	23.0	RC	8	13	5	1.19
							including	*11*	*13*	*2*	*1.62*
MPRC272	10,116.667	10,028.249	516.949	90.341	60.00	35.0	RC	8	9	1	2.98
							RC	17	22	5	2.13
							including	*17*	*19*	*2*	*4.48*
							RC	31	32	1	0.73
MPRC273	10,106.857	10,028.351	518.077	89.841	78.00	35.0	RC	21	24	3	2.12
							RC	33	34	1	0.68
MPRC274	10,106.735	10,005.191	517.513	90.841	61.00	32.0	RC	3	4	1	0.50
							RC	28	31	3	0.66
							including	*14*	*16*	*2*	*8.95*
MPRC275	10,091.729	9,982.280	516.389	90.341	60.00	26.0	RC	12	17	5	4.13
							RC	20	21	1	2.33
							RC	20	21	1	2.33
							RC	23	25	2	1.30
							including	*24*	*25*	*1*	*1.92*
MPRC276	10,075.803	9,982.024	520.929	89.591	60.75	36.0	RC	3	4	1	0.75
							RC	16	19	3	0.64
							RC	21	23	2	0.74
							RC	31	35	4	1.47
							including	*31*	*32*	*1*	*2.25*
MPRC277	10,074.775	9,982.020	520.979	89.591	76.75	35.0	RC	26	27	1	1.84

BHID	Easting	Northing	Elevation	Azimuth	Dip	EOH	Method	From	To	Interval	Au Grade
MPRC279	10,050.328	9,952.412	528.994	90.341	60.00	38.0	RC	7	11	4	1.63
							including	*8*	*10*	*2*	*2.54*
							RC	29	30	1	0.59
MPRC280	10,049.467	9,952.503	529.053	90.341	75.75	53.0	RC	45	47	2	2.64
							RC	50	53	3	0.53
MPRC282	10,040.616	9,927.988	530.630	89.841	60.00	36.0	RC	16	17	1	0.50
MPRC283	10,039.616	9,927.985	530.630	89.841	80.50	40.0	RC	7	9	2	1.14
							including	*8*	*9*	*1*	*1.73*
							RC	10	26	16	1.02
							including	*11*	*12*	*1*	*1.73*
							including	*14*	*16*	*2*	*1.64*
							including	*23*	*24*	*1*	*1.43*
							RC	29	30	1	1.01
MPRC285	10,031.792	9,900.684	529.410	90.841	60.20	45.0	RC	13	19	6	1.31
							including	*17*	*19*	*2*	*1.98*
							RC	41	42	1	0.59
MPRC287	10,007.394	9,872.960	529.921	90.841	60.20	50.0	RC	15	16	1	0.67
MPRC288	10,004.444	9,873.003	529.921	90.841	80.50	71.0	RC	38	40	2	0.59
MPRC290	9,989.346	9,851.287	534.907	89.841	60.00	41.0	RC	8	9	1	1.09
MPRC291	9,988.286	9,851.354	534.999	89.841	76.00	44.0	RC	42	43	1	0.90
MPRC297	9,971.564	9,801.136	529.969	90.591	77.00	41.0	RC	39	40	1	0.53
MPRC299	9,943.201	9,774.274	529.736	89.341	60.00	22.0	RC	3	5	2	0.64
							RC	10	21	11	0.92
							including	*11*	*14*	*3*	*1.31*
							including	*17*	*18*	*1*	*1.44*
MPRC299B	9,942.739	9,774.193	529.724	89.341	60.00	41.0	RC	9	17	8	1.21
							including	*10*	*12*	*2*	*1.72*
							including	*14*	*16*	*2*	*1.60*
							RC	19	20	1	1.66
							RC	31	33	2	2.55
							including	*32*	*33*	*1*	*3.91*
MPRC300	9,942.139	9,774.632	529.764	89.341	76.50	40.0	RC	3	6	3	1.09
							including	*3*	*5*	*2*	*1.30*
							RC	25	26	1	0.86
							RC	36	37	1	2.38
MPRC301	9,924.111	9,753.532	529.490	90.841	60.25	41.0	RC	1	5	4	1.49
							including	*2*	*4*	*2*	*2.18*
							RC	10	14	4	1.84
							including	*11*	*13*	*2*	*3.01*
							RC	21	22	1	0.69
							RC	25	31	6	0.69
							including	*26*	*27*	*1*	*1.76*
							RC	33	36	3	1.68
							including	*33*	*35*	*2*	*2.24*
							RC	40	41	1	0.63
MPRC302	9,923.934	9,753.245	529.510	89.841	77.00	44.0	RC	17	18	1	1.54
							RC	22	25	3	2.30
							RC	33	34	1	1.18
							RC	39	44	5	0.78
MPRC304	9,915.898	9,722.495	527.511	90.591	60.25	38.0	RC	27	31	4	0.62
							RC	35	38	3	1.86

BHID	Easting	Northing	Elevation	Azimuth	Dip	EOH	Method	From	To	Interval	Au Grade
MPRC305	9,915.426	9,720.029	527.400	89.341	77.00	41.0	RC	26	29	3	1.10
							including	*26*	*27*	*1*	*1.67*
							RC	34	35	1	1.00
							RC	38	40	2	0.81
MPRC306	9,909.777	9,692.674	525.844	89.841	60.25	35.0	RC	13	15	2	1.27
							including	*13*	*14*	*1*	*1.99*
MPRC307	9,908.776	9,692.408	525.805	89.341	77.00	35.0	RC	23	24	1	0.61
							RC	27	28	1	0.58
MPRC310	9,947.090	9,666.685	515.948	89.341	60.00	41.0	RC	10	12	2	0.67
							RC	15	16	1	0.55
							RC	21	26	5	0.79
							including	*25*	*26*	*1*	*1.17*
							RC	34	35	1	0.95
MPRC311	9,971.020	9,667.312	510.169	92.341	60.25	29.0	RC	19	20	1	1.23
MPRC313	9,933.659	9,643.258	517.973	89.841	60.25	40.0	RC	25	28	3	1.29
							including	*25*	*26*	*1*	*2.44*
							RC	33	35	2	0.91
							including	*33*	*34*	*1*	*1.24*
MPRC315	9,934.165	9,616.902	516.679	89.841	60.25	41.0	RC	20	22	2	0.83
							RC	26	29	3	1.28
							including	*26*	*28*	*2*	*1.61*
MPRC316	9,934.077	9,615.217	516.510	89.841	76.75	47.0	RC	27	31	4	1.61
							including	*27*	*29*	*2*	*2.17*
							RC	33	34	1	0.51
MPRC318	9,936.984	9,590.337	515.361	90.591	60.25	35.0	RC	14	18	4	1.54
							including	*15*	*17*	*2*	*2.31*
							RC	20	25	5	0.98
							including	*21*	*23*	*2*	*1.32*
							including	*24*	*25*	*1*	*1.30*
MPRC319	9,935.936	9,590.403	515.378	90.591	77.50	38.0	RC	22	24	2	0.60
							RC	27	30	3	1.36
							including	*28*	*30*	*2*	*1.75*
MPRC321	9,934.485	9,567.078	516.182	90.341	59.75	35.0	RC	15	18	3	1.53
							including	*15*	*17*	*2*	*1.81*
							RC	21	26	5	1.72
							including	*21*	*24*	*3*	*2.52*
MPRC322	9,933.529	9,566.979	516.100	90.341	77.00	38.0	RC	18	21	3	1.55
							including	*19*	*21*	*2*	*1.82*
							RC	26	31	5	3.69
							including	*27*	*29*	*2*	*8.03*
MPRC324	9,933.273	9,546.167	516.812	90.841	60.50	38.0	RC	14	17	3	0.57
							RC	23	26	3	1.43
							including	*23*	*25*	*2*	*1.85*
MPRC325	9,932.460	9,546.064	516.779	90.841	77.00	48.0	RC	21	22	1	0.56
MPRC327	9,928.744	9,520.471	518.968	89.841	60.00	40.0	RC	20	21	1	0.65
							RC	26	29	3	0.94
							including	*27*	*28*	*1*	*1.25*
MPRC328	9,927.831	9,520.475	518.912	89.841	77.00	47.0	RC	27	32	5	3.13
							including	*29*	*32*	*3*	*4.60*
							RC	37	39	2	1.22
							including	*37*	*38*	*1*	*1.77*

BHID	Easting	Northing	Elevation	Azimuth	Dip	EOH	Method	From	To	Interval	Au Grade
MPRC329	9,931.605	9,500.253	520.097	90.041	77.00	47.0	RC	14	22	8	2.46
							including	*14*	*20*	*6*	*2.92*
							RC	27	30	3	1.04
							including	*27*	*28*	*1*	*1.80*
MPRC331	9,928.491	9,467.785	522.690	90.841	61.00	39.0	RC	18	23	5	1.49
							including	*18*	*20*	*2*	*2.10*
							RC	26	28	2	0.92
MPRC332	9,927.488	9,467.759	522.726	90.841	77.00	44.0	RC	24	30	6	2.52
							including	*25*	*29*	*4*	*3.30*
							RC	35	37	2	1.25
							including	*36*	*37*	*1*	*1.45*
MPRC334	9,929.081	9,448.389	522.786	90.591	77.00	53.0	RC	27	34	7	1.73
							including	*30*	*34*	*4*	*2.39*
							RC	38	43	5	1.42
							including	*39*	*41*	*2*	*1.95*
MPRC336	9,928.523	9,421.943	523.661	88.841	60.25	44.0	RC	32	33	1	4.19
							RC	35	36	1	1.01
MPRC337	9,927.669	9,421.942	523.532	88.841	77.00	56.0	RC	47	53	6	1.21
							including	*48*	*50*	*2*	*2.14*

JORC Code, 2012 Edition – Table 1 – Mount Porter Prospect – ML 23839 – Drilling Results – JORC 2012

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• For all holes prefixed MPRC, drilling was carried out by reverse circulation (RC) with drill cuttings collected over one metre intervals. • Samples were passed through a cyclone and static cone splitter in order to obtain a larger sample collected in a plastic bag, and two smaller representative sample weighing approximately 3kg collected in pre-numbered calico bags for each metre drilled. Field duplicates were produced for all samples. • All primary 3kg interval samples were submitted to the laboratory, pulverised to produce a 50g charge for fire assay and then analysed for gold. Assays for SG by pycnometer were carried out at a rate of 1 in 7. Field duplicates were submitted to the laboratory for assay at a rate of 1 in 25 for gold and SG. Certified Gannett standards for an appropriate range of values and a comparable mineralisation type were used with each laboratory job at a rate of 1 in 25. • Each sample collected was noted qualitatively for moisture content with the vast majority of samples collected being essentially dry. • Each sample had volumetrically recovery estimated, with estimation periodically calibrated by spring balance mass at a rate of 1 in 50.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• WJ Drilling was contracted to undertake RC drilling. • Drilling was completed using a 5 3/8 inch (11.4cm) face sampling hammer. • All drilling was inclined at 60 to 80 degrees. • Down hole surveys were taken using a Reflex single shot digital down hole tool at approximately 20m intervals and end of hole. • 4m of stainless steel drill rod was used above the hammer to allow down hole azimuth measurement without magnetic intereference.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• A volumetric estimate log of percentage recovery was made for each one metres drilled, with estimation periodically calibrated by spring balance mass at a rate of 1 in 50. • Each sample was qualitatively logged for moisture content and sample size consistency of the calico bag samples was continuously monitored while drilling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill cuttings qualitatively logged and representative cuttings collected in chip trays on one metre intervals. • Qualitative logging includes colour, lithology, description, weathering, alteration and mineralisation. • Each hole was logged over the entire interval drilled.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• See sampling section for a description of sampling and duplicate sampling techniques. • Duplicate samples were taken using the same cone splitting method as collected from the drilling rig whilst the holes were drilled. • Duplicate sample results for a range of assay values indicate that original assay results are largely reproducible, with no obvious sample bias. • The nature, quality and appropriateness of the sampling technique are considered adequate for the style of mineralisation.

APPENDIX B: JORC COMPLIANCE TABLE

Criteria	JORC Code explanation	Commentary
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are considered appropriate for the nature and grain size of the gold mineralisation intersected.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• A certified and accredited laboratory, North Australian Laboratories (NAL) was used for all assays. • Samples were analysed utilising the industry standard fire assay technique, using a 50g charge and ICP-AAS finish (0.01ppm detection limit). All assays over 1 ppm have been routinely re-assayed at least once and in some cases twice to establish acceptable levels of accuracy and precision. • Internal certified QA/QC is carried out by NAL. In addition, certified Gannett standards for a range of values were used with each laboratory job, reported at the end of each sample sequence.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Primary data is verified on digital reports certified by the laboratory and significant intersections initially calculated by direct reference to the drill logs produced in the field. The data is then entered into Excel spreadsheets for further processing and cross validation checks before importation into CAD for final verification. • No adjustment has been made to the data except replacing L for gold assays <0.01ppm with a numerical value of 0.005, equating to half the assay method detection limit.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All co-ordinates are recorded in Local Mine Grid, using Real Time Kinetic Differential GPS (RTKdGPS). • Local Mine Grid was established by appropriately qualified surveyors using established control points and Total Station survey, with validation using high accuracy (20mm) Real Time Kinematic (RTK) dGPS. • Accurate conversion parameters between Local Mine Grid and national Grid GDA94 MGA Zone 52 were established by appropriately qualified surveyors and validated using RTKdGPS. • Drill hole collar locations were established using RTKdGPS, then surveyed by appropriately qualified surveyors post drilling, to provide suitably accurate spatial control for each drill hole. Surveyors provided easting, northing and elevation coordinates in both local and national grids to an accuracy of at least ± 20mm and RLs within approximately ± 0.1-0.2m. • Down hole surveys were taken using a Reflex single shot digital down hole tool at approximately 20m intervals and at end of hole, with any survey showing significant magnetic interference repeated.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Line spacing between drilling lines is approximately 25m ±3. • Collar spacing on drilling lines is varies between approximately 15m ±2 and 2m, with hole dip design adjusted to give approximately 10m down dip separation of mineralisation intercepts. • The data spacing is adequate for the current resource development stage of the prospects. • No sample compositing has been carried out for the current program.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The south target drilling program has been designed to identify and intersect moderately west dipping lode structures with easterly directed holes at inclinations of 60° to 80° and it is considered that this provides a consistent unbiased result. • As the drilling orientation has been appropriate with respect to the lode orientation which is predictable at this stage of work, it is not considered that a sampling bias has been introduced.
Sample security	• *The measures taken to ensure sample security.*	• Sample numbers were recorded on the drill logs against the logged interval at the time of sampling by Ark Mines Ltd personnel. Sample intervals sent to the laboratory have been collected in individually numbered calico bags and then loaded into large plastic bags

Criteria	JORC Code explanation	Commentary
		annotated with the sample sequence. These bags have then been transported directly from the drill site to the NAL laboratory in Pine Creek by Ark Mines personnel. • Coarse residue and assay pulps were securely stored at the NAL laboratory in Pine Creek.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Auditing and review of sampling is currently in progress using QAQC duplicates at a rate of 1 in 25, laboratory replicates of all assays above 1 ppm Au and at a rate of 1 in 25 below 1 ppm Au, certified standards at a rate of 1 in 25, geological logs including recovery and moisture. QAQC results are not yet finalised.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All results pertaining to the current program are from ML 23839, held by AHK. • ML 23839 is located on PL 815/ Mary River West Station. • AHK has consulted with the Traditional Owners (TOs) of ML 23839, the Jaywon People on cultural heritage and the TOs have been kept informed of exploration activities carried out by AHK.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The work referred to in this announcement was informed by previous exploration carried out by Rension Goldfields Consolidated Exploration Pty Ltd including open hole percussion drilling in 1989 and reverse circulation drilling in 1989 and 1990.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The drilling has targeted shallow to moderately dipping quartz vein associated saddle lode mineralisation on both east and west limbs of the north northwest trending Mount Porter Anticline, within the low grade meta-pelites of the Koolpin Formation and the Zamu Dolerite. The Mount Porter Anticline is close to isoclinal and has a shallow northerly plunge. The Palaeoproterozoic Koolpin formation is dominated by lower greenschist facies meta-mud and meta-silt stones with sulphide facies banded iron formation horizons. The Palaeoproterozoic Zamu Dolerite is fine to medium grained gabbroic intrusive emplaced as regionally extensive sills within the Koolpin Formation. The Southern Target is approximately 280m along strike to the south of the AHK Mount Porter Resource.

Drill hole information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• All drill hole information is retained in the AHK database and full drill hole details are shown in Appendix A Table 2 accompanying this document.
		• No material information is excluded.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation*	• In reporting of mineralised intercepts quoted in this announcement, these are shown both with and without top cuts, using standard length weighted averaging techniques with a maximum internal dilution of one metres, non- consecutive for mineralised intervals stated > 0.5 g/t gold. • The top-cut applied in table 2 was statistically determined at 20 g/t gold, the raw grade in 2 is the uncut grade over the same intercept.

APPENDIX B: JORC COMPLIANCE TABLE

Criteria	JORC Code explanation	Commentary
	should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Higher grade results within longer lengths of lower grade results are indicated where considered significant (refer Tables 2). • There are no metal equivalents reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• For each intercept, intercepts quoted are as downhole length with the drill holes angles at 60° to 80°. True thicknesses, as calculated by 3D CAD sectional interpretation of desurveyed drill hole data are not reported in this instance as solid modelling is still in progress.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See Figures 5, showing drill hole locations
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Appendix A Table 2 accompanying this document also describes targeted sub-economic mineralised gold intercepts.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Earlier geomagnetic, rock chip, soil and trench sampling results have been incorporated into targeting the current drilling and contribute to the geological understanding and interpretation, but do not inform the reported intercepts. • From targeting shallow, easily mineable gold mineralisation the depth of partial oxidation has been observed down to 20-40m vertical depth. • Water table is variable depending on topographic height but generally in the range of 40-50m downhole depth in dry season, rising to 25 to 30m in wet season.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work is in planning for the South Targets, based on staged infill and extension drilling aligned to mapping and mineralisation modelling to take in the extents of the targets. • Assaying on infill drilling will incorporate density and waste rock characterisation work preparatory for mine planning.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Ark Mines Limited

ABN	**Quarter ended ("current quarter")**
31 123 668 717	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(102)	(855)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(211)	(705)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	(15)	(84)
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (Net GST)		(6)
1.9	**Net cash from / (used in) operating activities**	**(328)**	**(1,650)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		(354)
	(c) investments		
	(d) other non-current assets *		(67)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets *		14
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (refund of bond)		
2.6	**Net cash from / (used in) investing activities**	**0**	**(407)**

*Environmental bonds.

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		638
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		(45)
3.5	Proceeds from borrowings		3,394
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		(444)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**0**	**3,543**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,913	101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(328)	(1,650)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(407)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	3,543
4.5	Effect of movement in exchange rates on cash held	(47)	(49)
4.6	**Cash and cash equivalents at end of period**	**1,538**	**1,538**

+ See chapter 19 for defined terms

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,469	1,879
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Credit card advances)	42	34
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,538**	**1,913**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	90
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees and in the case of Mr Corel, legal fees, paid at normal commercial rates.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.5	15
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Interest payments on loan made by a related party of a Director.

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	7,589	3,289
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The Company has secured a gold loan facility with Chan Investments Ltd (registered in Hong Kong), for an amount of US$6M. The facility permits the company to draw down cash sums in support of approved purposes. Initial cash draw-downs up to US$2.6M are repayable in an agreed number of gold ounces. The balance of the loan when drawn is repayable with interest in cash between 7 and 12-months after each tranche is drawn. Interest is charged at 17% per annum on these tranches.

The term of the gold loan facility agreement is three years after 4 August 2016, subject to earlier termination.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	20
9.2	Development	40
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	185
9.6	Other (interest)	23
9.7	**Total estimated cash outflows**	**268**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NIL			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	No change			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2017
(Director/Company secretary)

Print name: Ian B Mitchell

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.