



30 October 2017

QUARTERLY REPORT
FOR Quarter ended 30 September 2017
(ARK: code AHK)

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Ark secured a six month exclusive option to acquire Mining Leases 30214, 30215, 30216, 30217 and 30218 in the Northern Territory, collectively known as the Union Extended project
- Ark commences a Mining Management plan for Union Extended to establish a modularised Gold CIL plant to treat its Ore from the various tenements it has in the Pine Creek region of Northern Territory



Union Extended

Union Extended is a strategically convenient and cost-effective location potentially suitable for the establishment and operation of a relocatable processing plant with a capacity of circa. 450,000 tonnes per annum (**UE Mill**) to support mining of AHK's Mt. Porter, Glencoe and Francis Creek projects.

The UE Mill:

- Is expected to be a module unit and designed to maximise recoveries of Mt Porter Ore.
- should be amenable to the various types of gold and other ore commonly found within the Pine Creek region; and
- would be made available for processing of third party ore on fair, reasonable and economically viable terms.

The purpose of the Option is to secure AHK's rights over Union Extended while due diligence is carried out and plans for the UE Mill are being considered and modelled.

AHK's rationale for securing the Option and considering acquisition of Union Extended includes:

- closeness to current AHK projects, namely, Mt. Porter (Central, South and North) (12 km), Frances Creek (16 km) and Glencoe (50 km);
- closeness to other MLs, the acquisition of which AHK is considering;
- closeness to other mining projects that may want to treat ore at the UE Mill;
- large level areas suitable for establishing and operating the UE Mill;
- good road access to Mt. Porter and other nearby mining projects;
- closeness to rail spur near the Mt. Porter haul road;
- abundant water on site;
- power already established on site and available on demand;
- large open mined pits on site and potentially suitable for use as a tailings dam;
- offices, sheds, pumps and other useable mining infrastructure in place on site; and
- reasonably prospective gold mining potential.

Ark has commenced its MMP for the plant and expects the Environmental work to be completed in February 2018

Figure 1: Union Extended in relation to Ark Mines Pine Creek infrastructure.

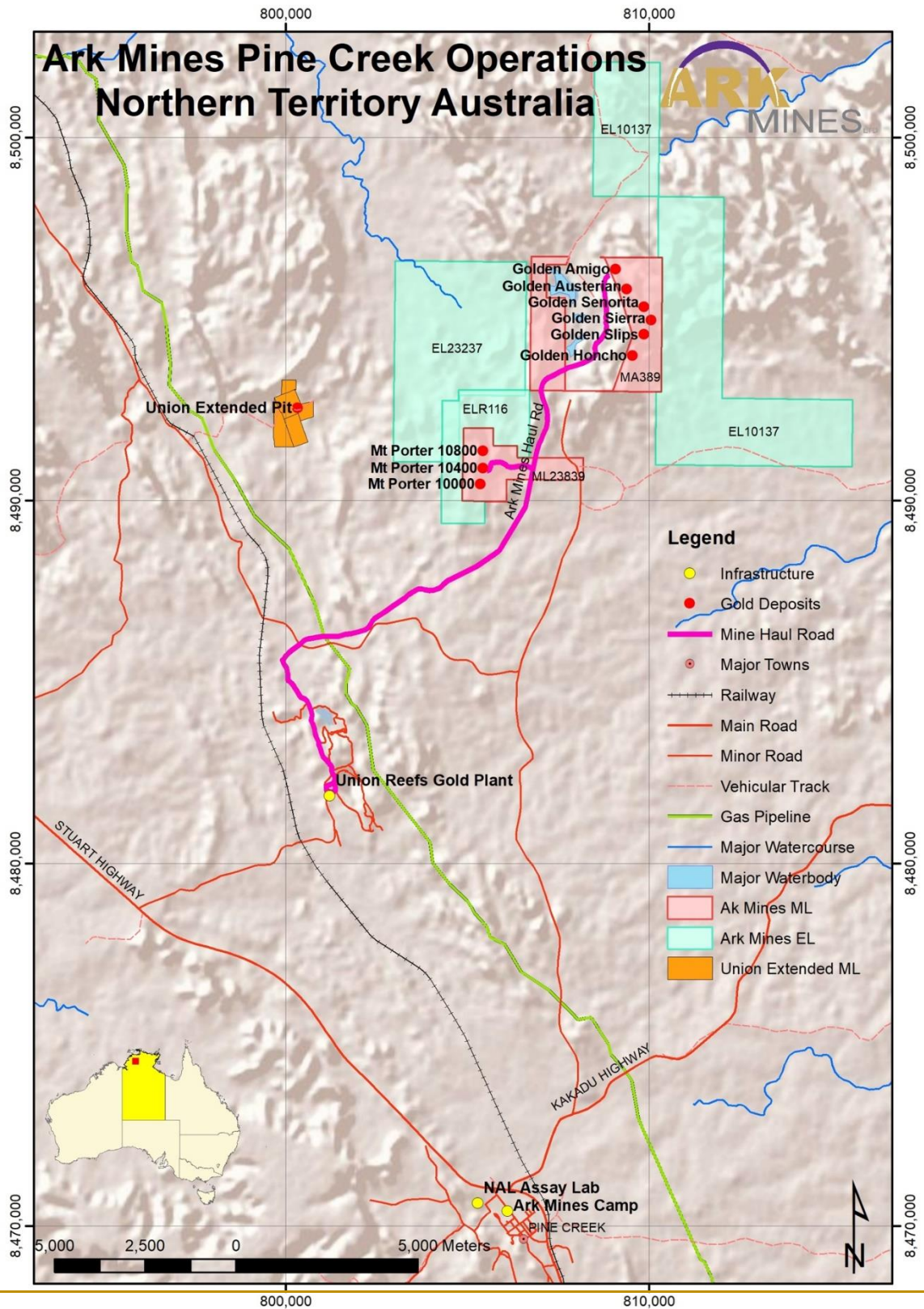


Figure 2: Union Extended tenement layout.

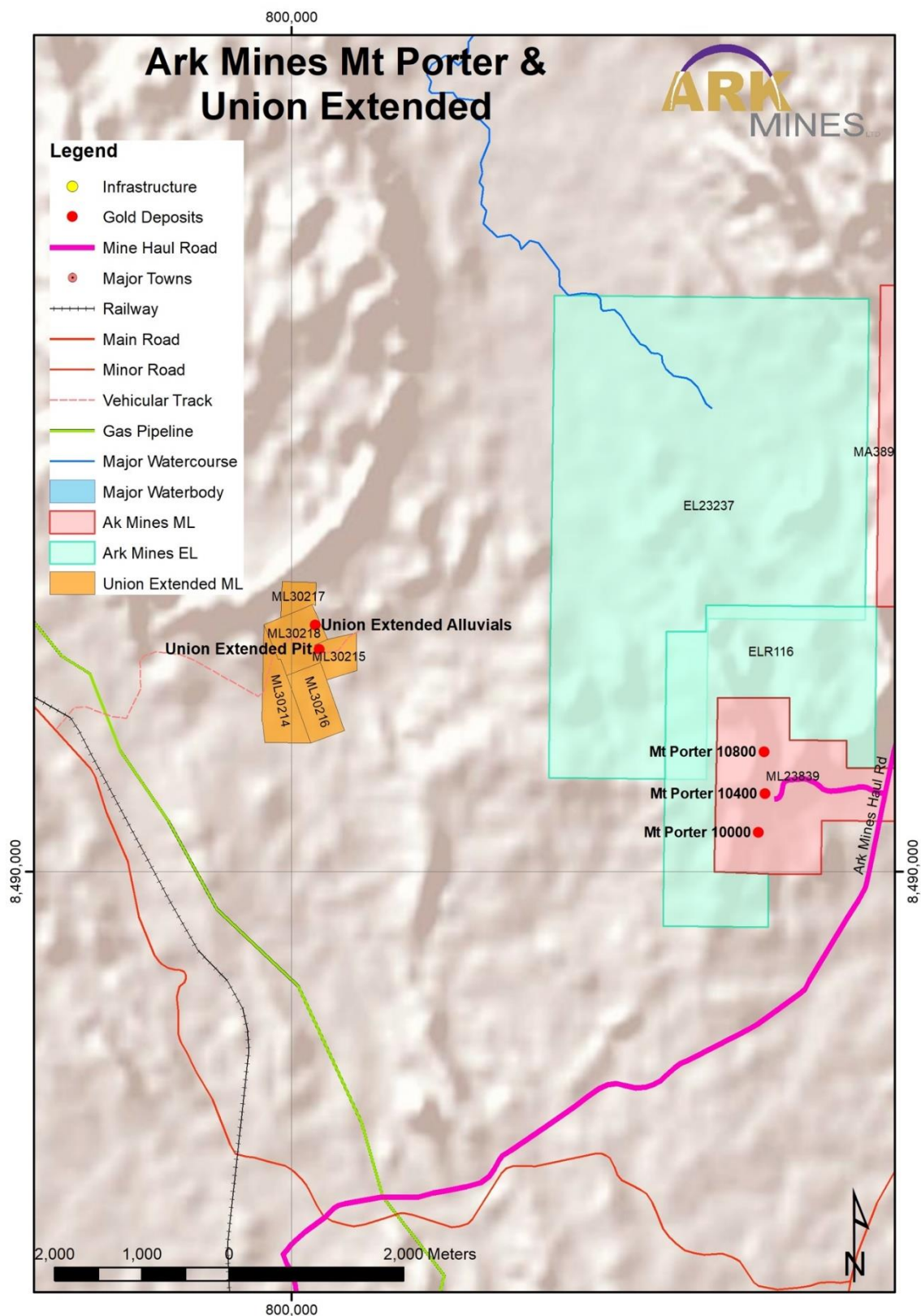




Figure 3: Union Extended Google maps image showing material features.