



27 April 2018

## **QUARTERLY REPORT**

### **For Quarter ended 31 March 2018**

**(ARK: code AHK)**

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

- **Ark continued to advance MMP for the Union Extended Gold plant**
- **Union Extended option for a further 3 months obtained**
- **Progress on feasibility of CIL plant for Union Extended**
- **Pre-built CIL plants to be established on the Union Extended ML assessed**
- **Approval of MMP for Glencoe obtained**

#### **Union Extended Option Extension**

Finalisation and submission of the UE MMP to DPIR has been delayed by heavier than expected rains in the UE area which have prevented AHK's consultants accessing UE and performing critical studies to complete the UE MMP. The UE MMP is expected to be finalised in May after UE access is available.

#### **CIL Gold Processing Plant**

AHK directors have:

- had two sets of extensive meetings in China with two potential suppliers of a CIL gold processing plant proposed to be located at UE (**Plant**), providing circa. 450k/t/p/a capacity;
- satisfied themselves as to the quality of the equipment offered and the ability of the suppliers identified to design and deliver the required equipment; and
- obtained and discussed indicative terms proposed by the suppliers including pricing. Final terms remain to be negotiated.

AHK is now engaged with potential financiers and funders for the Plant and during recent China visits had the opportunity to meet with Chinese companies that may be interested in providing financing for the plant. Those discussions are continuing.



## Glencoe

The DPIR has now approved the mining management plan submitted by AHK concerning the Glencoe project (*refer AHK announcement 25/02/2016*) situated on ML29679 (**Approval**) and AHK is now arranging for payment of the required security bond.

The Approval continues, under AHK's custody, the care and maintenance status of the Glencoe project and permits AHK to recommence open cut mining subject to required notifications. Underground mining at Glencoe would require modification of the Approval.

AHK is now considering next steps with Glencoe to be aligned with mining and processing plans for Mt. Porter and UE.

## 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.

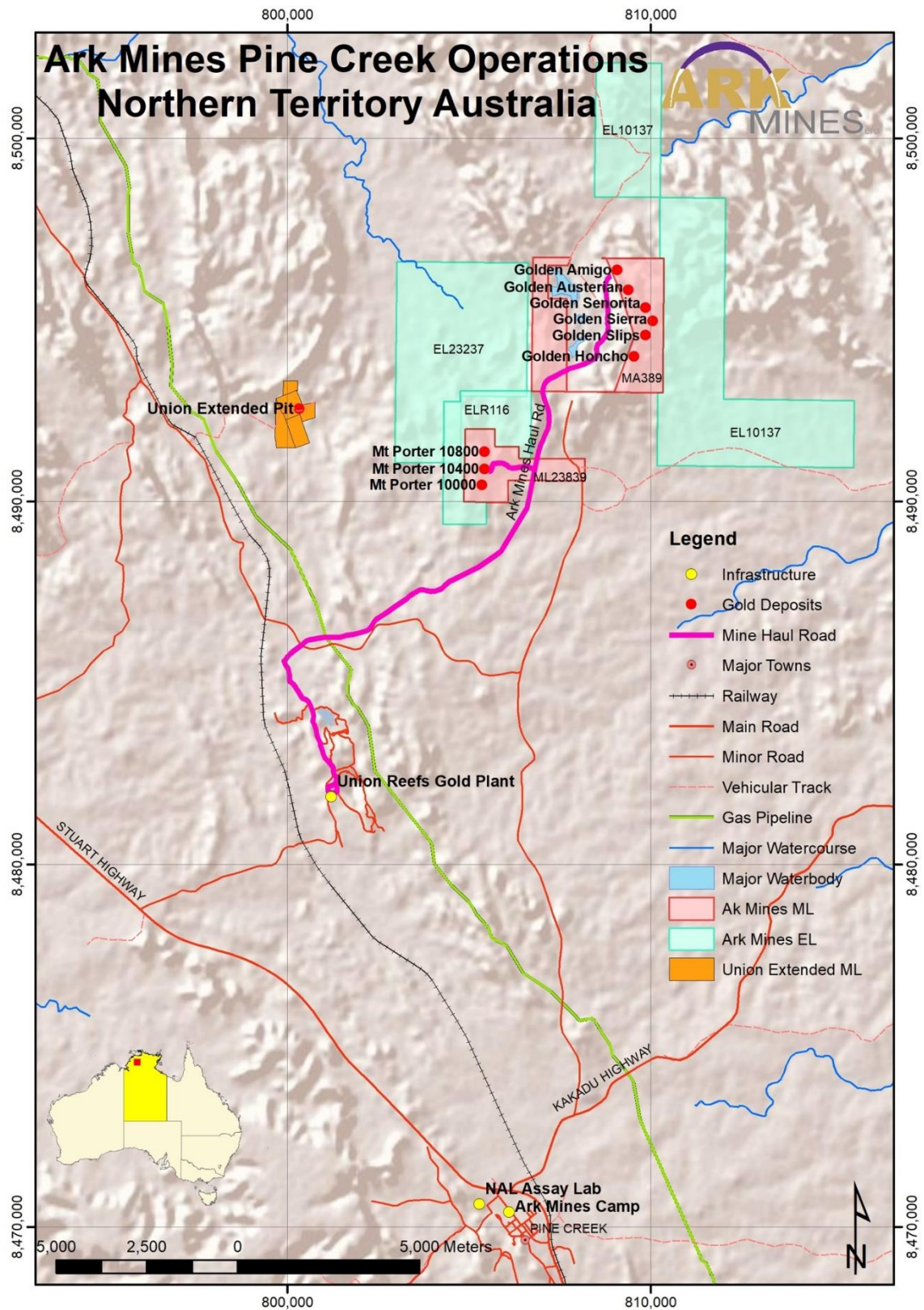
The UE Mill:

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

Union Extended site advantages include:

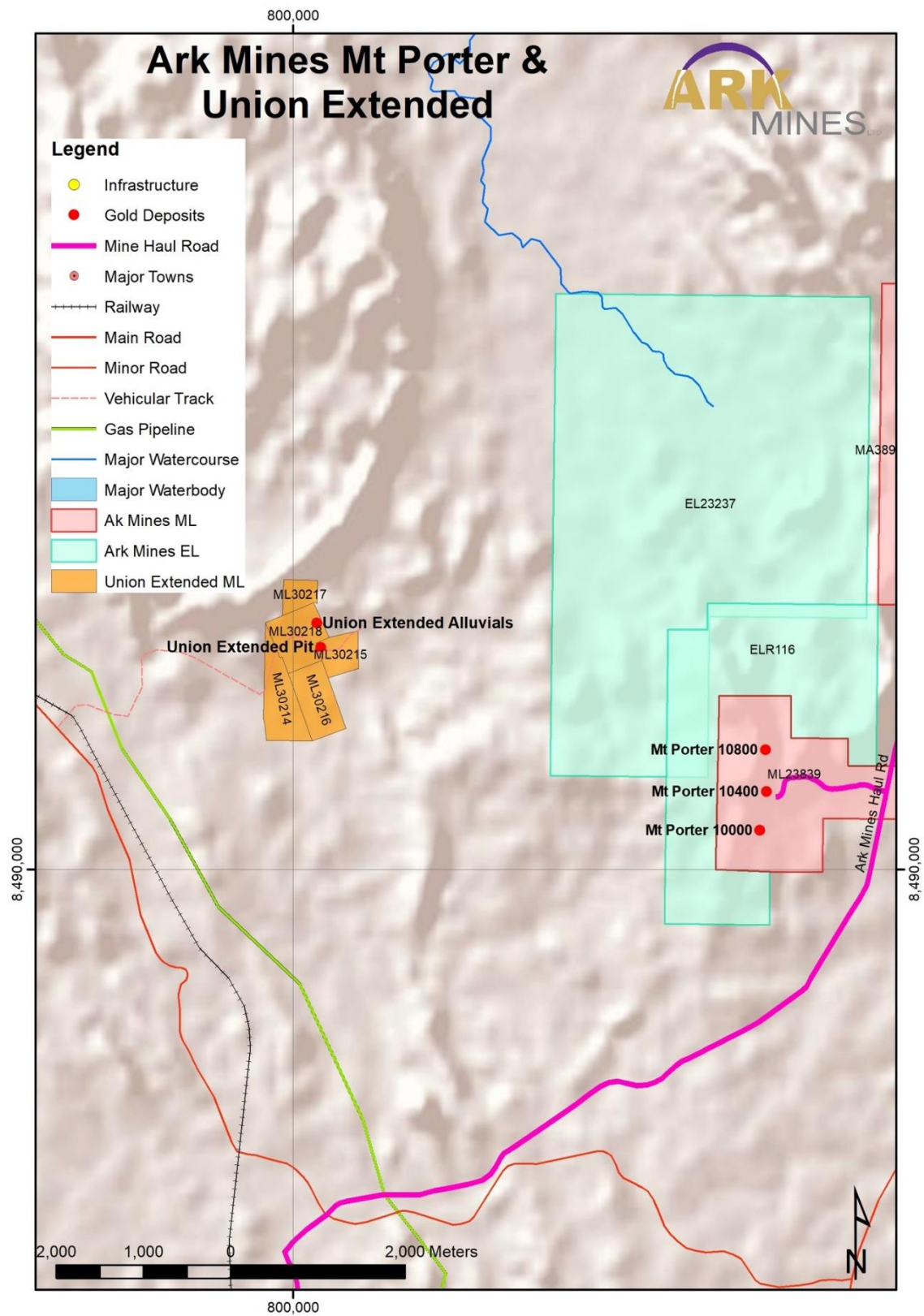
- proximity to current AHK projects, namely, Mt. Porter (Central, South and North) (7 km), Frances Creek (16 km) and Glencoe (50 km);
- proximity to other MLs, the acquisition of which AHK is considering;
- proximity to other mining projects that may want to treat ore at the UE Mill;
- large level areas suitable for establishing and operating the UE Mill;
- good road access to Mt. Porter and other nearby mining projects;
- proximity to rail spur near the Mt. Porter haul road;
- abundant water on site;
- power already established on site and available on demand;
- offices, sheds, pumps and other useable mining infrastructure in place on site; and
- reasonably prospective gold mining potential.

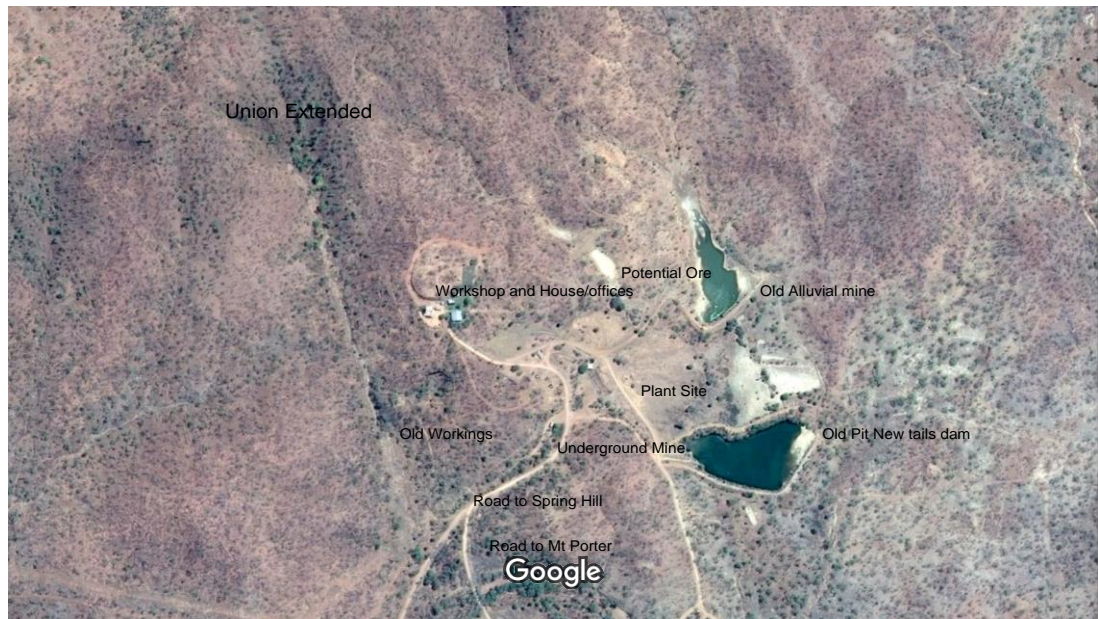
**Figure 1:** Union Extended in relation to Ark Mines Pine Creek infrastructure.





**Figure 2:** Union Extended tenement layout.





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