



30 October 2018

QUARTERLY REPORT

For Quarter ended 30 September 2018

(ARK: code AHK)

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Ark during the quarter entered into a binding term sheet with Territory Iron Pty Ltd to sell Mt. Porter (ML23839 and ELR116), Frances Creek (EL23237) and gold rights over various mining leases and exploration tenements held by Territory and associated companies.
- AHK unfortunately was unable to find a debt funder for the Old Pirate project and has opted to mutually terminate the option agreement with Prodigy Gold.
- AHK has maintained a very tight capital structure of less than 50M ordinary shares, which has intrinsic value to shareholders particularly when earnings are generated.
- AHK is continuing its strategy to look at other mining opportunities.

Key points of the sale of Mt Porter and Frances Creek

- On the 20th of July Ark entered into a binding term sheet with Territory Iron Pty Ltd to sell Mt. Porter (ML23839 and ELR116), Frances Creek (EL23237) and the gold rights over various mining leases and exploration tenements held by Territory and associated companies in the Pine Creek region.
- The sale price for the Pine Creek Assets is \$4M cash plus GST, if any is payable.
- Territory has paid a \$500,000.00 non-refundable deposit.
- Sale terms have been agreed with Chan Investments Limited (**Chan**), which provided AHK a gold loan facility (*refer AHK announcement 05/08/2016*), secured by charges over AHK property including the Pine Creek Assets. Under this facility AHK drew down US\$2.6M.
- Pursuant to the agreement with Chan, AHK has paid Chan \$250,000.00.
- \$3.75M from the Sale will repay Chan in full and upon completion of the relevant sales Chan will fully release AHK from any and all claims.