

Monday 17 May 2010

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By e-lodgement

Dear Sir/Madam

REWARDS GROUP ENTERS VOLUNTARY ADMINISTRATION

The Board of The ARK Fund Limited (**ARK**) wishes to advise shareholders that it has been advised that Rewards Group Limited (**Rewards**) and a number of its subsidiaries, including Rewards Projects Limited (**Rewards Projects**) have been placed into voluntary administration.

The appointed joint and several administrators (**Administrators**) are Ferrier Hodgson partners Martin Jones, Andrew Saker and Darren Weaver.

Rewards Projects is the tenant on all of ARK's 32 properties. ARK has previously advised that Rewards Projects has been in arrears with its rent to ARK. In relation to this rent, and associated costs owing, ARK is now a creditor in the administration of Rewards and Rewards Projects. Rewards Projects remains in possession of the ARK properties, and ARK is in discussions with the Administrators in this regard.

ARK had announced on 31 March 2010 that an implementation agreement had been entered into with Rewards to effect a merger between ARK and Rewards. The agreement was subject to a number of conditions, including the securing of investor commitments to a proposed issue of convertible notes, which would have recapitalised the merged group. These commitments have not been secured and the merger as envisaged under the implementation agreement will not proceed.

Another component of the proposed merger arrangements was the entry by Rewards and ARK into separate standstill agreements with National Australia Bank Limited (**NAB**), which is the provider of finance facilities to ARK and Rewards. The standstill agreement between NAB and Rewards has been terminated and ARK remains in discussions with NAB regarding the standstill agreement between NAB and ARK.

The ARK Fund Limited
ABN 93 009 204 175

Ground Floor, 50 Colin Street
West Perth WA 6005, Australia
PO Box 803, West Perth WA 6872, Australia

T: +61 8 9324 1155 F: +61 8 9324 2155

E: ark@thearkfund.com.au

W: www.thearkfund.com.au

Voluntary Suspension

The Directors are of the view that the uncertainty around ARK's financial position remains as per previous updates. The Directors have therefore requested that the Company's shares continue to be suspended from trading on ASX.

Yours faithfully

THE ARK FUND LIMITED

A handwritten signature in black ink, appearing to be 'RC', written over a circular scribble.

Rowan Caren
Company Secretary