



Mt. Porter Mining Update

Sydney, 24 July 2017: The board of Ark Mines Ltd (**ASX:AHK**) has decided to postpone mining plans for the Mt. Porter project (**MTP**). Instead AHK will immediately bring forward gold mining acquisition projects on which it has been working, in tandem with MTP.

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.

MTP 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 and Table 1).



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.

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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.

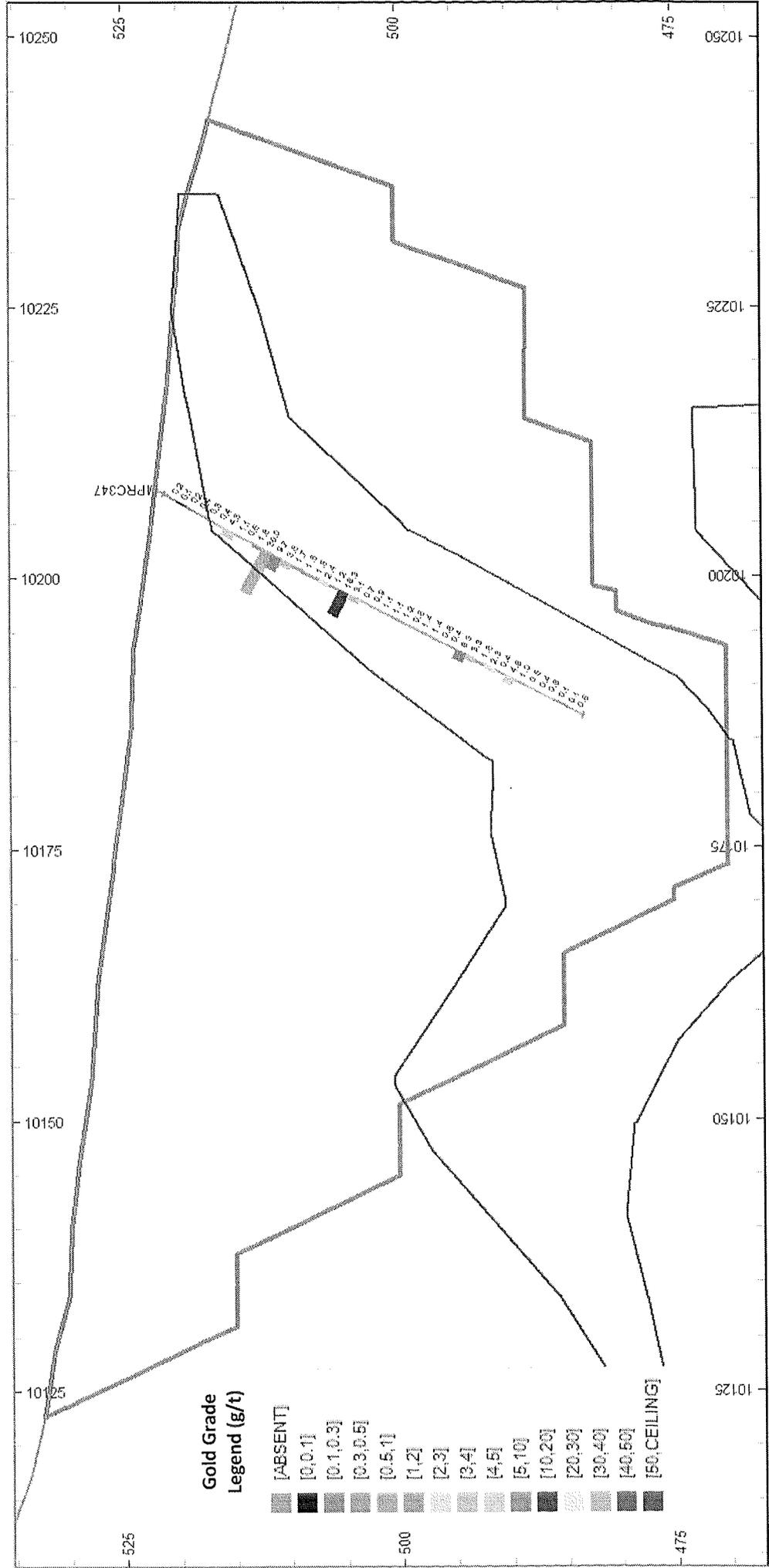


Figure 2: Mt Porter cross section 10400m Nth showing metallurgy drill hole MPRC350. Natural surface is green. Pit shell design is brown. 0.5 g/t Au grade shell is pink.

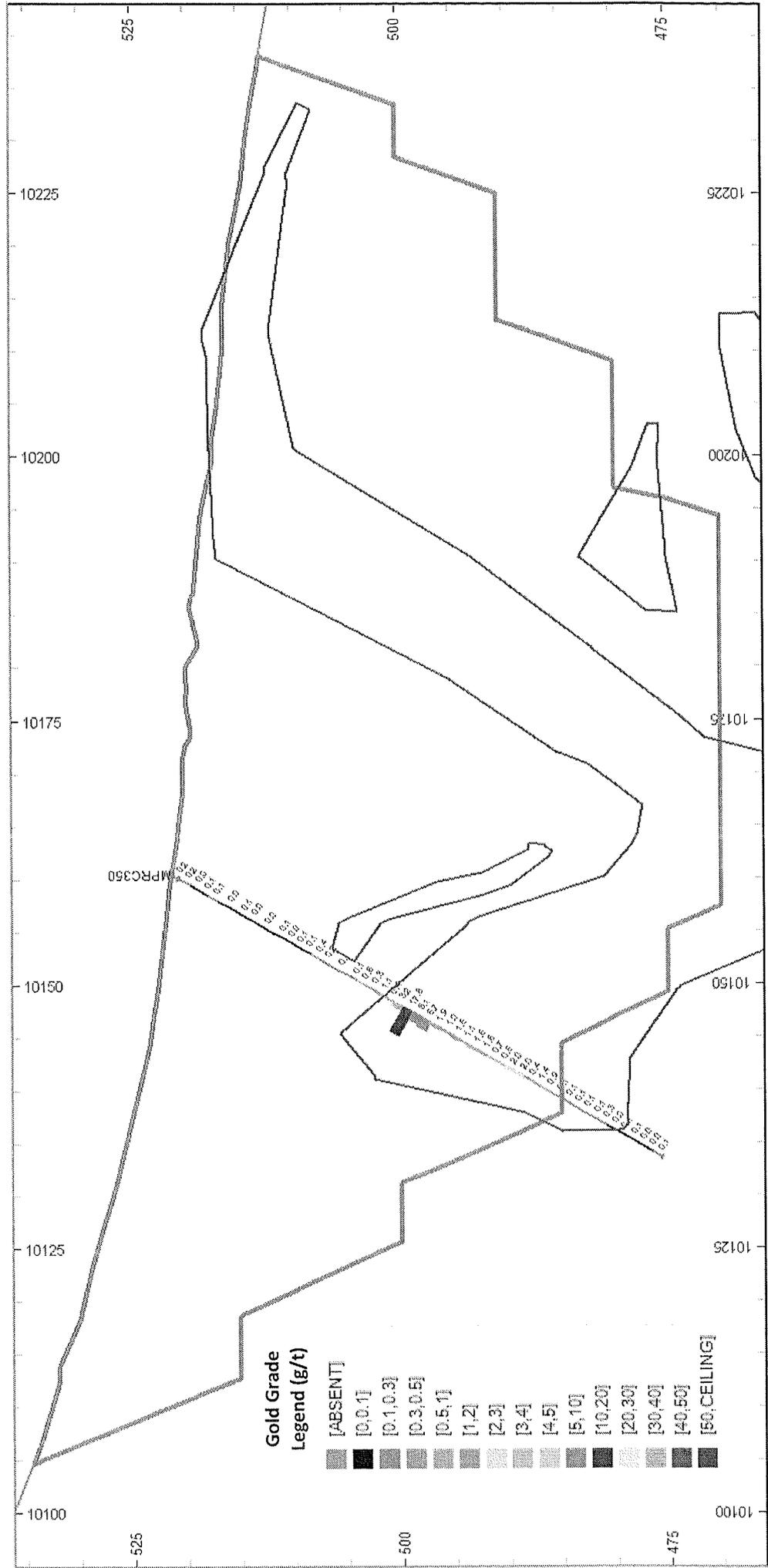


Figure 3: Mt Porter cross section 10445m Nth showing metallurgy drill holes MPRC349 and MPRC348. Natural surface is green. Pit shell design is brown. 0.5 g/t Au grade shell is pink.

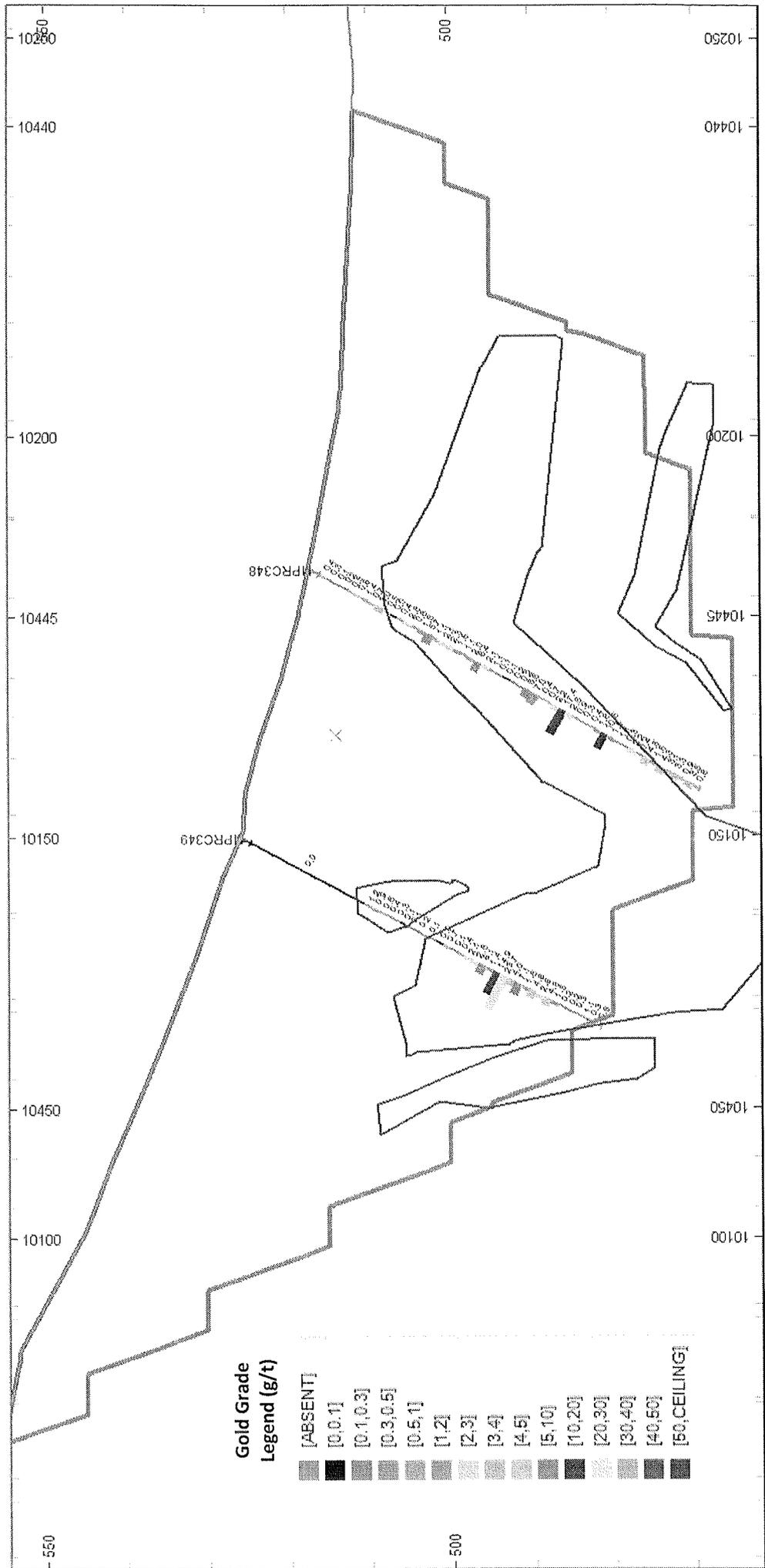


Figure 4: Mt Porter plan view showing the four metallurgy drill holes completed to provide sample for Ark's latest metallurgy testing. Pit design crest is brown.

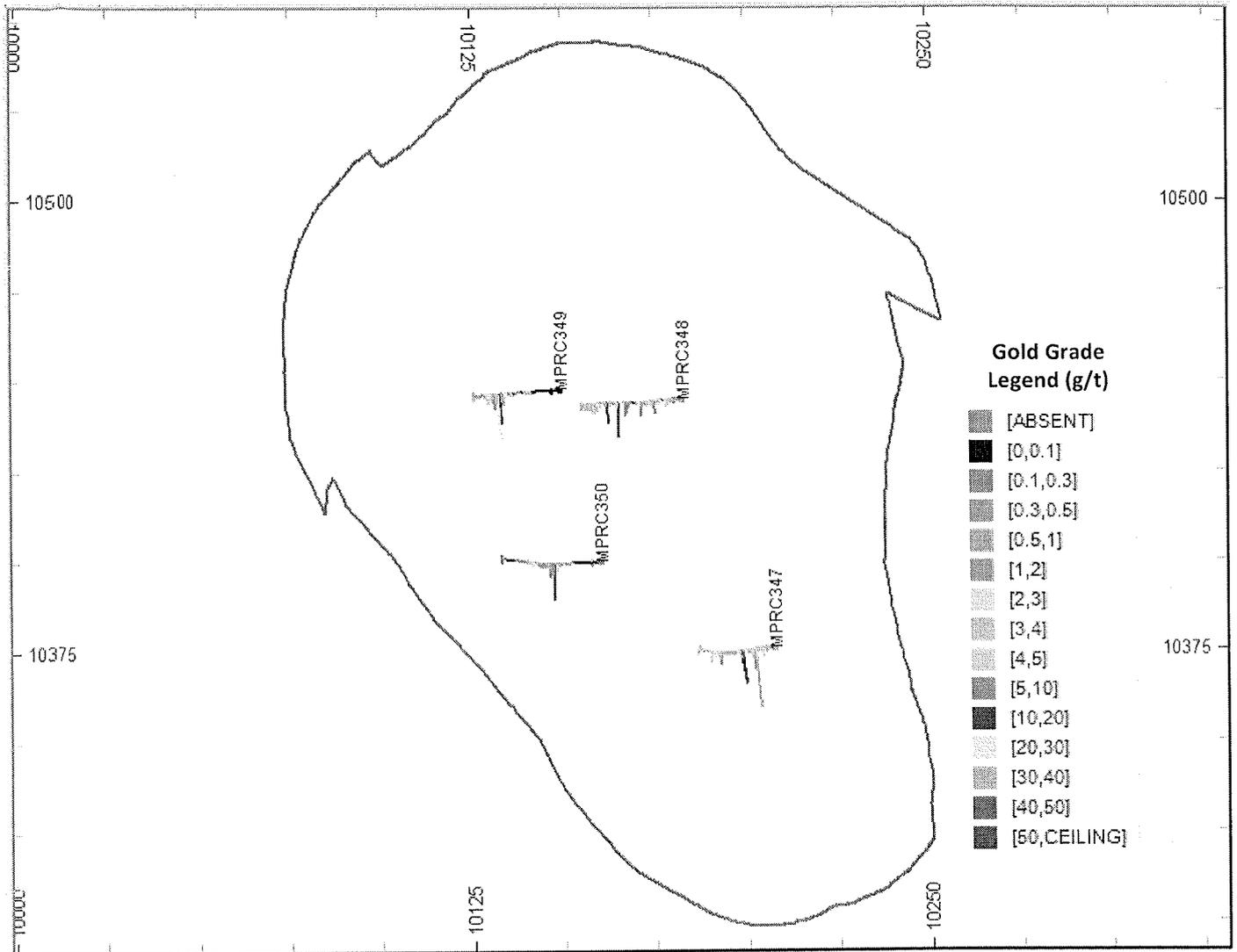


Table 1: Mt Porter Metallurgy Intervals

1. All Au results are based on 50g fire assays with ICP-AAS finish conducted by Australian Assay Laboratory (AAL) 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
							<i>including</i>	11	14	3	11.14	14.48
							<i>including</i>	17	21	4	5.78	5.78
							<i>including</i>	31	33	2	4.78	4.78
							<i>including</i>	36	37	1	4.63	4.63
MPRC348	10,183.304	10,444.524	516.647	270.841	60.50	55.0	RC	43	44	1	0.55	0.55
							RC	5	11	6	1.13	1.13
							<i>including</i>	9	10	1	3.03	3.03
							RC	13	26	13	2.37	2.37
							<i>including</i>	15	17	2	3.61	3.61
							<i>including</i>	22	25	3	3.50	3.50
							RC	30	37	7	4.60	4.60
							<i>including</i>	30	32	2	6.30	6.30
							<i>including</i>	34	37	3	7.40	7.40
							<i>including</i>	40	55	15	2.66	2.66
MPRC349	10,149.917	10,447.246	525.362	269.591	60.25	50.0	<i>including</i>	40	43	3	4.59	4.59
							<i>including</i>	47	54	7	3.02	3.02
							RC	17	20	3	0.95	0.95
							<i>including</i>	17	18	1	1.21	1.21
							RC	28	29	1	0.74	0.74
							RC	31	44	13	5.66	5.95
							<i>including</i>	33	39	6	8.92	9.54
RC	47	50	3	0.62	0.62							
MPRC350	10,160.487	10,399.534	521.287	270.341	60.00	53.0	<i>including</i>	47	48	1	1.06	1.06
							RC	20	41	21	2.47	2.47
							<i>including</i>	24	29	5	6.94	6.94



MTP South

Following the April 2017 metallurgy drill programme at MTP, AHK completed Phase 2 of the MTP South resource development drill programme, for a further 1,465m of RC drilling. This brings the MTP South programme to a total of 2,413m drilled; representing approximately two thirds of the mineralised zone, with a further 500 to 800m of RC remaining to complete the programme in Phase 3.

Results of the Phase 2 programme are currently undergoing processing, sectional analysis and QAQC validation, with a detailed announcement not planned until these critical steps are complete. The preliminary results, however, 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, and the oxide zone extending to depths comparable to those seen in the MTP mine zone.

Phase 3 of the MTP South resource development programme is scheduled to commence in the late 2017, concurrent with mining at MTP. 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.

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About Ark Mines

Ark Mines Ltd (ASX: AHK) is a publicly listed company with Gold Tenements in Northern Territory. Ark is focussed on Mining its tenements and to develop further cash generating projects in the Northern Territory.

**FURTHER INFORMATION: Roger Jackson, Managing Director, Ark Mines Limited:
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The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Roger Jackson BSc, Grad Dip Fin Man, Dip Ed, AICD, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on. Mr Jackson is a director of the Company. Mr Jackson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jackson consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Note:

Runge Limited who purchased the assets of Resource Evaluations Pty Ltd have reviewed the documentation relating to the Mount Porter resource and have confirmed that this resource estimation conforms to the reporting guidelines of the JORC Code (2004).

Note

In early 2004, an updated resource estimate was completed for Arafura by Reseval Pty Ltd. Published Identified Resources for the Mt. Porter 10400 Zone deposit, calculated in compliance with the requirements of the JORC Code, now stand at:

	Cut-off 1.7 g/t
Indicated Resources	300,000 t @ 3.1 g/t Au
Inferred Resources	55,000 t @ 2.6 g/t Au
TOTAL RESOURCES	355,000 t @ 3.0 g/t Au
	34,000ozs