



AHK secures Option over Union Extended in NT

Sydney, 14 August 2017: The Board of Ark Mines Ltd (ASX:AHK) is pleased to announce it has secured a six (6) month exclusive option (**Option**) to acquire Mining Leases 30214, 30215, 30216, 30217 and 30218 in the Northern Territory, collectively known as the Union Extended project (**Union Extended**). See further Figures 1, 2 and 3 attached.

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 provide higher recovery at lower cost than a conventional CIL plant;
- 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.

Although AHK remains interested to toll treat its gold ore at the Union Reef mill, and will use reasonable efforts to secure another toll treat agreement with Northern Territory Mining Operations Pty Ltd (**NTMO**), it will only do so on terms and conditions that result in reasonable returns to AHK. Should NTMO not be prepared to engage, AHK's board believes the establishment of the UE Mill is a viable and cost-effective alternative to toll treating at Union Reef, subject to further due diligence, now underway.



AHK has:

- obtained initial quotations for the UE Mill and is now considering the best methodology to move forward including securing necessary debt funding and procuring required permits; and
- been canvassing holders of other mining projects in the Pine Creek area that may be interested to toll treat their ore at the UE Mill and will be continuing these discussions in earnest in the lead up to making a final decision.

In addition to the operational potentials outline above, Union Extended represents a brownfields exploration target with reasonable potential for identification and exploitation of further gold resources which may be added to AHK's portfolio of projects in the Northern Territory.

Union Extended sits within the prospective Burrell Creek formation where it hosts, and has been historically worked for, quartz lode gold mineralisation analogous to, and directly along strike from, Union Reefs on the Pine Creek shear zone (Ahmad & Munsen, 2013; Ahmad, Wygralak & Ferenczi, 2009). The Union Extended tenements are also known to host, and have been worked for, overlying placer gold deposits, analogous to Sundance mine (Ahmad & Munsen, 2013). Although Union Extended was identified as a prospective target by AngloGold in 2002, the package has had no significant exploration or development in over 25 years, and remains underexplored and prospective.

References

Ahmad, M. & Munson, T.J. (Eds) (2013). Geology and mineral resources of the Northern Territory. Darwin: Northern Territory Geological Survey.

Ahmad, M., Wygralak, A.S. & Ferenczi, P.A. (2009). Gold deposits of the Northern Territory (2nd Ed). Darwin: Northern Territory Geological Survey.

About Ark Mines

Ark Mines Ltd (ASX:AHK) is a publicly listed company with gold tenements in the Northern Territory. AHK 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: rjackson@arkmines.com.au

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.

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

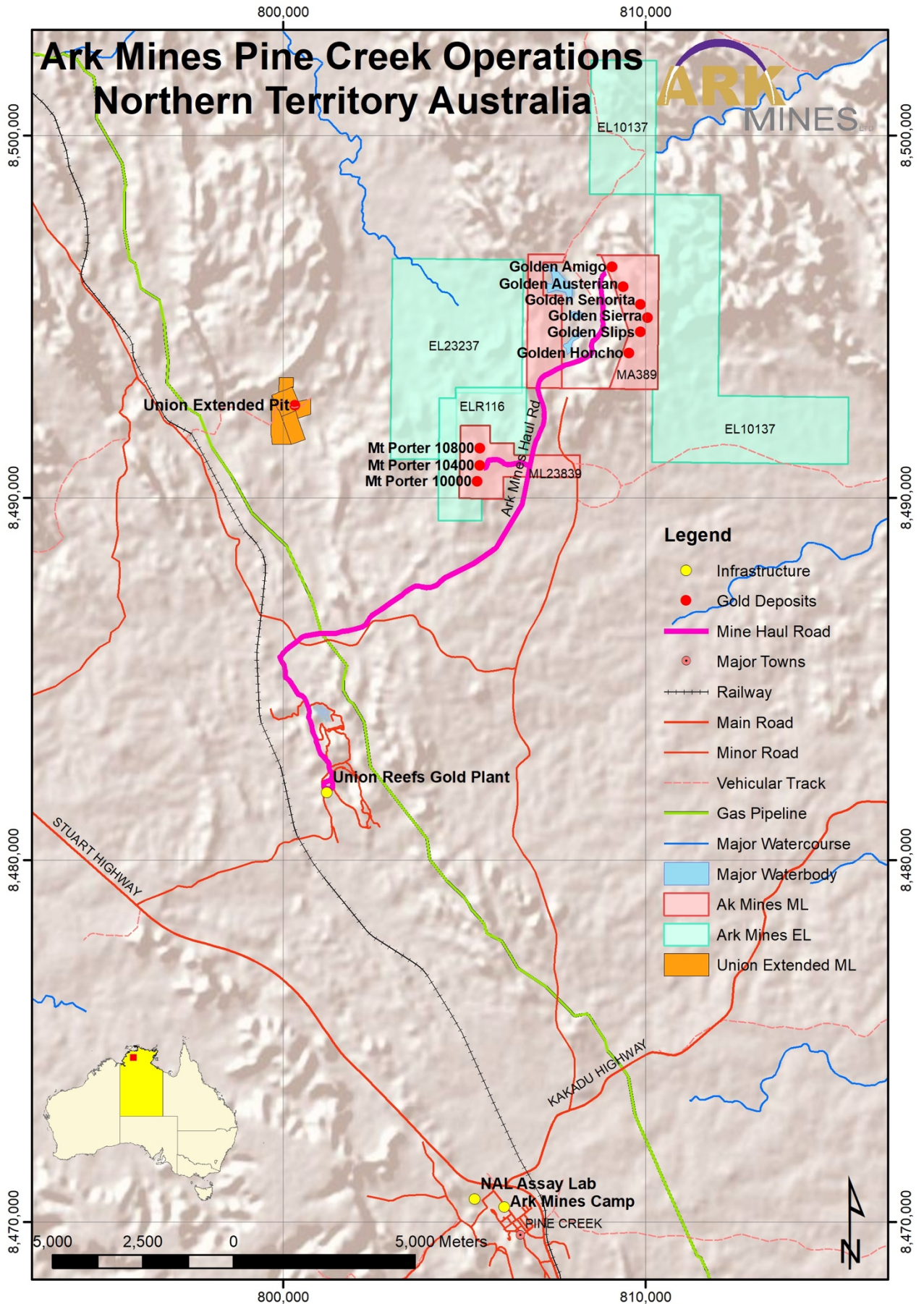


Figure 2: Union Extended tenement layout.

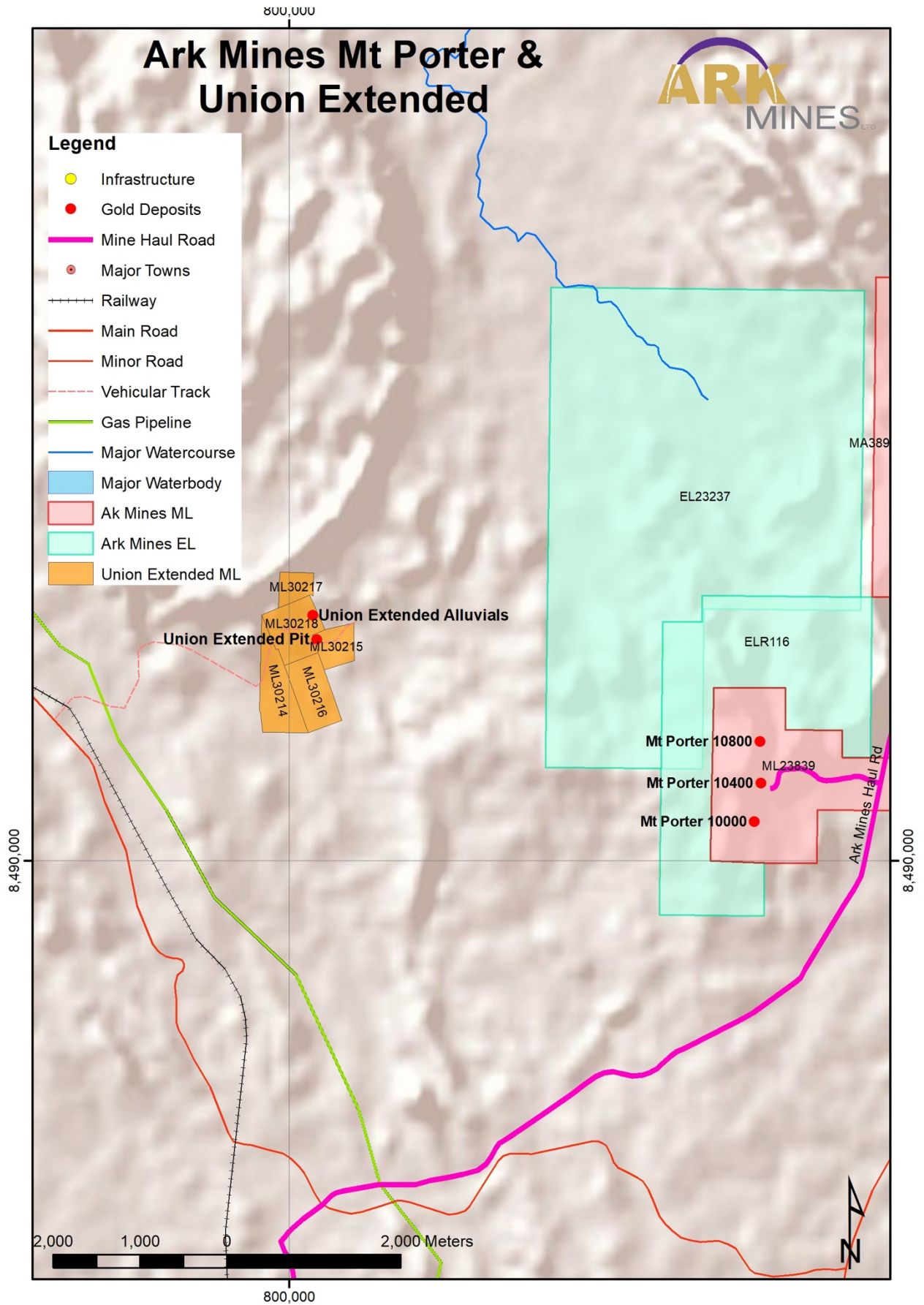


Figure 3: Union Extended Google maps image showing material features.

08/08/2017

Google Maps

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