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26 October 2020

QUARTERLY REPORT

For Quarter ended 30 September 2019

(ASX:AHK)

On 30 July 2019, the Company announced that it had agreed in-principle, the terms of a joint venture ("JV") agreement with Trendsheer Holdings Pty Ltd ("Trendsheer") and ICA Mining Services Pty Ltd ("ICA)" to mine and produce gold dore' from its NT tenements and gold rights, for treatment in an environmentally friendly gold processing hub to be established by the JV in the Frances Creek / Pine Creek area.

Trendsheer had recently purchased various MLs and ELs and associated infrastructure in the Frances Creek area from Territory Resources Pty Ltd. ICA had secured the NT rights to the Thiosulphate gold extraction process from the CSIRO and would acquire the rights to build a plant utilising this technology on the Trendsheer tenements. ICA was well advanced in raising the necessary capital for this purpose.

The in-principle terms of the JV agreement contemplated the establishment of a JV Company the NT that would have had exclusive access to explore, mine and process the ore mined, and sell the gold produced. Ark would have had Board representation on the JV Company and executive roles and would have been entitled to 30% of JV distributions. Ark would not have been required to contribute capital to the JV.

Once the gold processing plant was completed, Ark expected to mine and process up to 150k tonnes of Glencoe ore in the first 12-months of operation and mine and process up to 500k tonnes of Mt Porter ore in the first 18-months of operation.

Repayment of the Chan Facility was expected to be made by the JV from the proceeds of gold sales.

On 25 September 2019 Richard Tucker and Craig Shepard of KordaMentha ("Administrators") were appointed Voluntary Administrators of the Company by Chan. On appointment, the Company's Board of Directors' ("Board") powers were suspended and the Administrators assumed control of the Company's affairs and assets.

On 4 October 2019, the first meeting of creditors of the Company was held. This meeting provided an update on the Administration to date and allowed for creditors to vote on whether a committee of inspection be appointed and if the Administrators were to be replaced. It was determined by creditor vote that a committee of inspection would not be formed and the Administrators were not to be replaced.

On 30 October 2019, the second meeting of creditors of the Company was held. The purpose of this meeting was to consider the Administrators' report to creditors to determine the future of the Company and to approve the Administrators' remuneration. At this meeting the Administrators considered it was in creditors' best interests to adjourn the second meeting of creditors for up to 45 business days, to enable the Administrators to;

- have sufficient time to complete negotiations with interested parties to finalise a sale of assets and/or Deed of Company Arrangement proposal; and
- report back to creditors with sufficient information to accurately determine whether entering into a Deed of Company Arrangement provided a better return to creditors compared to winding up the Company.

The reconvened second meeting was held on the 6th of January.

Roger Jackson

"by authority and as directed by the Deed Administrators"