Ark to acquire advanced Indonesian copper/gold project in company transforming transaction

Ark Mines Ltd is pleased to announce that it has signed an agreement with Fullway Limited to acquire ownership and control of the Masuparia Contract of Work (COW) tenement in Central Kalimantan, Indonesia.

Masuparia COW

- **US$22,000,000 spent on exploration to date**
- **18,000m of diamond drilling completed**
- **Ongkang Gold deposit will be in production within twelve months**
- **Ark can significantly upgrade Ongkang with limited infill drilling**
- **JORC resource on Ongkang will be undertaken upon purchase**
- **Project lies within Indonesia's Ring of Fire**
- **Total acquisition cost of AUD$4 million cash and issue of 10 million Ark shares @ 20c**
- **An initial placement will be made to make the first payment of $1,000,000 in the next 7 days using existing placement capacity**
- **6 major projects and numerous other targets across 20,840 ha**
- **Bonanza Gold grades in the Epithermal Zones**
- **Mineralisation deeper than 850m in the Porphyry Gold -Copper Targets**
- **Significant mine accommodation and Infrastructure**
- **River transport to major port**
- **6th Generation Contract of Work**
- **Advanced forestry permitting**
- **Walk-up operation - established team and all facilities in Jakarta and Kalimantan**
- **Ark to continue advancing exploration on NSW projects**

Sydney, 13 September 2011: Ark Mines Ltd **(ASX: AHK)** today announced that it will acquire 100% of Sphere Complex Limited, a company which is the indirect majority owner and controller of PT PMM (99.999575 %)which holds a highly prospective and advanced exploration project, the Masuparia Contract of Work (COW) ("Masuparia") located in Central Kalimantan, Indonesia.

The project is located in a region well known for copper-gold projects. The Mount Muro, gold project, which has historically produced 1.3 m oz Au, is located 20 kilometres from Masupuria, and the Kelian gold project, which to date has produced 7 million ounces of gold, is in the same region.

The Masuparia project is supported by a fully functioning office in Jakarta, headed by an Australian geologist with 25 years' experience working in Indonesia, and three senior

Indonesian geologists with a combined 40 years' experience. There is also an operational base camp at Masuparia with all accommodation, communication and staffing facilities.

Under the terms of the agreement, Ark will acquire the business and COW for $4 million cash, and issue the vendors 10M Ark shares. Ark will be funding this through equity. All personnel currently engaged on the project will continue to operate as part of Ark.

Ark's Managing Director Roger Jackson said: "This is a very exciting acquisition for Ark, as this advanced project gives us the capability to be producing gold within twelve months*, and the opportunity to define significant resources on the tenement. These are likely to be world class deposits as this is a geologically stunning location."

"Also encouraging about Masuparia is that it is well serviced by existing infrastructure, and with several mines in the region, toll treatment options are also potentially available. The project is well supported by a talented team of professionals, and with all infrastructure in place in Jakarta and near to the project, this is a walk-up opportunity for Ark."

The agreement should be finalised within six weeks from today and is subject to shareholder approval and the completion of funding to finalise the purchase and initiate a drilling program at Masuparia.

Mr Jackson added that Ark will remain active in the development of its New South Wales assets, and these are a priority for the company. "We currently have a RC rig operating in New South Wales and we remain committed to the development of these projects. Due to our successes, we propose to raise additional funds (equity) to further drill the Gundabooka, Babinda and Perserverance Projects This transaction does not alter our program in the Lachlan Fold Belt and we will continue to keep shareholders informed of our progress here.”

*Feasibility study completed by PT PMM

Figure 1: Drilling at Masuparia

THE PROJECTS

There are seven advanced projects in Masuparia, with a further nine projects within the eight principal exploration areas, which are significant on the COW. The Ongkang is the most advanced with production likely to commence within twelve months. These are:

- The **Ongkang and 290 Veins** – Low Sulphidation targets that require minimal additional drilling to define a substantial gold resource.

The principal gold area is along the Ongkang vein system, which is one of at least six separate gold-silver veins.

Significant drilling has been undertaken but with further exploration upon the purchase and permitting completion, ARK will be aiming for a target of between 600,000 and 1,000,000 tonnes of between 5 and 8 grams of gold. This is anticipated to be done with five diamond drill holes.

Note: The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

However the basis for this target is the substantial data obtained from drilling (18,000m +) and two feasibility studies the company has completed.

Significant Intercepts with other metals

- **6m @420.27 g/t Au 106.67 g/t Ag 1.17% Cu 0.38% Pb 0.75% Zn from 22m to 28m with 2m @ 1162.96 g/t Au.**
- **10m @10.53 g/t Au 74.2 g/t Ag 0.44 % Cu 0.23% Pb 0.55% Zn.**

Hole	From(m)	To(m)	Interval(m	Au(g/T)	Interval by Grade	Ag(g/T)	North(m)To	East(m)To	Level(m)To
OND26B	14	28	14	180.79	2531.06	54.26	10620.054	9904.565	231.716
OND23C	66	68	2	49.17	98.34	6	10276	10084.5	147.976
OND04	191	193	2	22.5	45	6.5	10559.198	9980.593	123.123
OND08	242	244	2	13.17	26.34	13	10424.8	10087	126.246
OND10	75	80.4	5.4	12.98	70.092	26.74	10475.66	10067.779	241.299
OND26B	8	10	2	12.5	25	138	10620	9907.671	243.307
OND01	67	71	4	11.05	44.2	9.75	10275.879	10105.676	151.444
OND19	137	138	1	11	11	6	10486.482	10121.933	187.635
OND24A	70	80	10	10.53	105.3	119.56	10330.492	10088.85	163.45
OND01	51	55	4	10	40	11.63	10275.879	10097.676	165.301
OND23C	84	90	6	7.61	45.66	4	10276	10094.5	130.656
OND24B	146	148	2	7	14	7.9	10328.637	10105.357	90.554
OND04	157	161	4	6.3	25.2	39	10559.198	9997.093	151.702
OND25B	6	10	4	6.04	24.16	1.15	10469	10007.167	257.743
OND16	108	110.5	2.5	6	15	1	11297.298	9734.48	318.439
OND08	235	237	2	5.5	11	2	10424.8	10090.5	132.308
OND03	97.7	114	16.3	4.95	80.685	39.72	10422.5	10074.766	212.657
OND27A	54	56	2	4.8	9.6	5.2	10225.9	10163.208	172.089
OND12	130.6	139	8.4	4.4	36.96	205.71	10590.103	10001.079	181.5
OND25B	16	22	6	4.37	26.22	16.3	10469	10011.758	247.747
OND25B	30	40	10	4.31	43.1	4.44	10469	10018.352	233.169
OND03	85.5	89.6	4.1	4.06	16.646	3.45	10422.5	10082.5	229.243
OND23A	104	108	4	3.5	14	2.75	10276	10119.135	124.799
OND23A	62	94	32	3.44	110.08	18.3	10276	10101.137	146.249
OND22	144	148	4	3.26	13.04	3.3	10496.6	10053.647	153.218
OND24A	150	152	2	2.83	5.66	12.9	10328.183	10132.106	101.009
OND24B	196	198	2	2.62	5.24	2.4	10327.036	10124.827	44.529
OND10	148	152	4	2.45	9.8	0.67	10470.006	10035.712	176.748
OND26	4	18	14	2.45	34.3	32.57	10620	9902.233	244.211
OND24A	140	144	4	2.31	9.24	14.7	10328.632	10126.967	108.383
OND01	20.7	24.6	3.9	2.22	8.658	11.08	10275.879	10082.501	191.585
OND01	87	97	10	2.1	21	3.38	10275.879	10117.176	131.526
OND09	9.1	15.2	6.1	2.05	12.505	14.11	10230.171	10150.85	216.839
OND01	4.9	10.8	5.9	1.79	10.561	10	10275.879	10075.101	204.402
OND24A	18	28	10	1.74	17.4	10	10331	10059.176	206.148
OND26A	8	20	12	1.72	20.64	50.97	10620	9902.972	239.892
OND19	111.86	120	8.14	1.67	13.5938	5.34	10491.137	10126.929	208.096
OND03	142	155.1	13.1	1.61	21.091	11	10422.5	10056.72	173.958
OND02	0.01	3.8	3.79	1.6	6.064	5	10282.6	9998.852	195.75
OND23A	52	58	6	1.35	8.1	7.53	10276	10086.353	163.868
OND08	268	274.6	6.6	1.3	8.58	3.75	10424.8	10072.85	101.737
OND24A	108	116	8	1.28	10.24	6.1	10329.718	10109.872	133.012
OND05	85	91	6	1.26	7.56	6.83	10620.4	9936.9	201.66
OND24B	88	122	34	1.19	40.46	4.45	10329.757	10088.935	129.195
OND25B	56	72	16	1.18	18.88	3.54	10468.986	10030.055	206.635
OND01	75	83	8	1.13	9.04	7.75	10275.879	10110.676	142.784
OND25A	54	94	40	1.06	42.4	17.32	10469	10045.847	177.607
OND23C	98	114	16	1.04	16.64	5.82	10276	10104	114.201
OND19	94	102	8	0.93	7.44	5.23	10495.145	10131.111	225.064
OND24A	86	104	18	0.82	14.76	5.99	10330.095	10100.217	146.999
OND25A	98	106	8	0.67	5.36	4.2	10469	10061.551	154.425
OND17	67	83.92	16.92	0.63	10.6596	1.07	11386.501	9774.634	361.134
OND23B	62	72	10	0.59	5.9	4.06	10276	10084.5	147.976

Figure 2: Ongkang Significant Drill Intercepts

- The **Rina Project** that has drill intercepts of Porphyry Copper – Gold mineralisation of 750m + , 10m from surface, and broad zones (+ 100m) of + 0.25% Cu, and 0.5 g/t Au. The hole was terminated due to rig capacity. The petrology indicates better grades at depth and into the core of the Porphyry.

Hole	From (m)	To (m)	Interval (m)	Cu %	Au g/t
RDH - 02	2	312	310	0.18	0.32
including	140	312	172	0.26	0.50
RDH - 08	0	500	500	0.11	0.18
including	214	326	112	0.21	0.38
RDH - 09	5	135	130	0.22	0.23
RDH - 14	78	862.8	785	0.15	0.18
including	104	312	208	0.17	0.26
and	202	256	54	0.20	0.40
and	513	864	341	0.19	0.18
RDH 15	231	342	111	0.23	0.29

Figure 3: Rina Significant Drill Intercepts

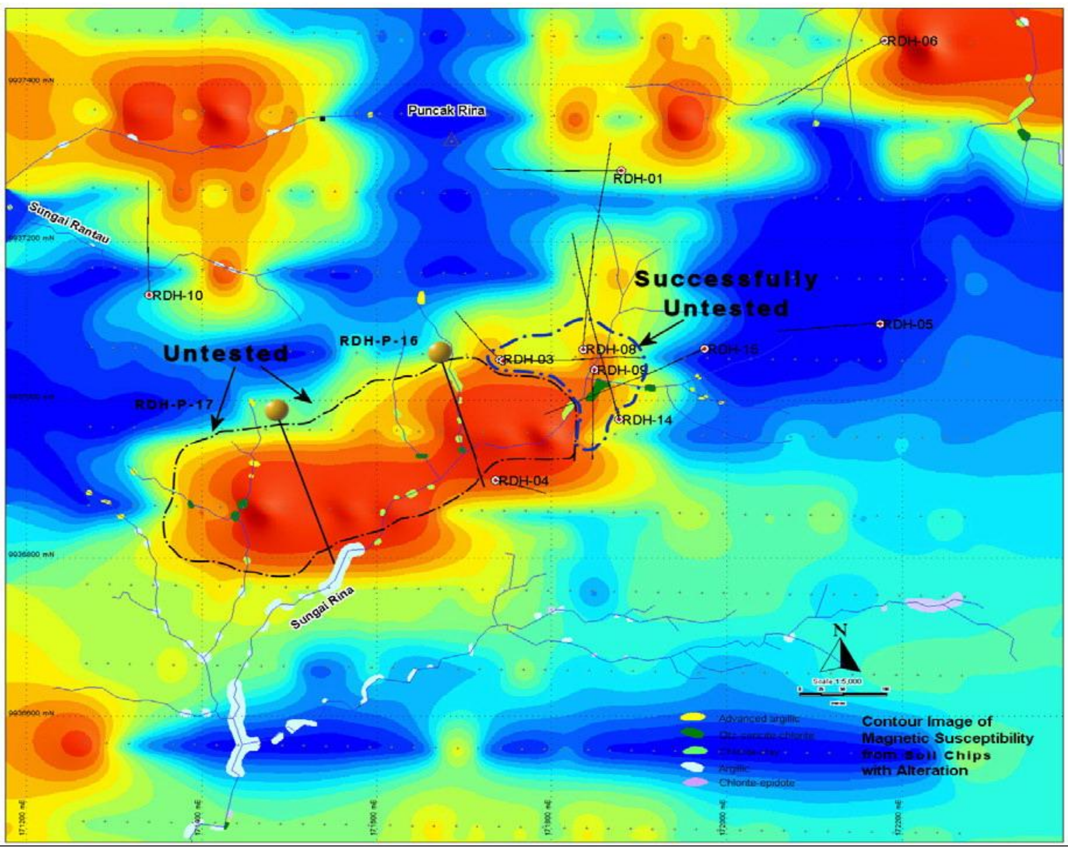
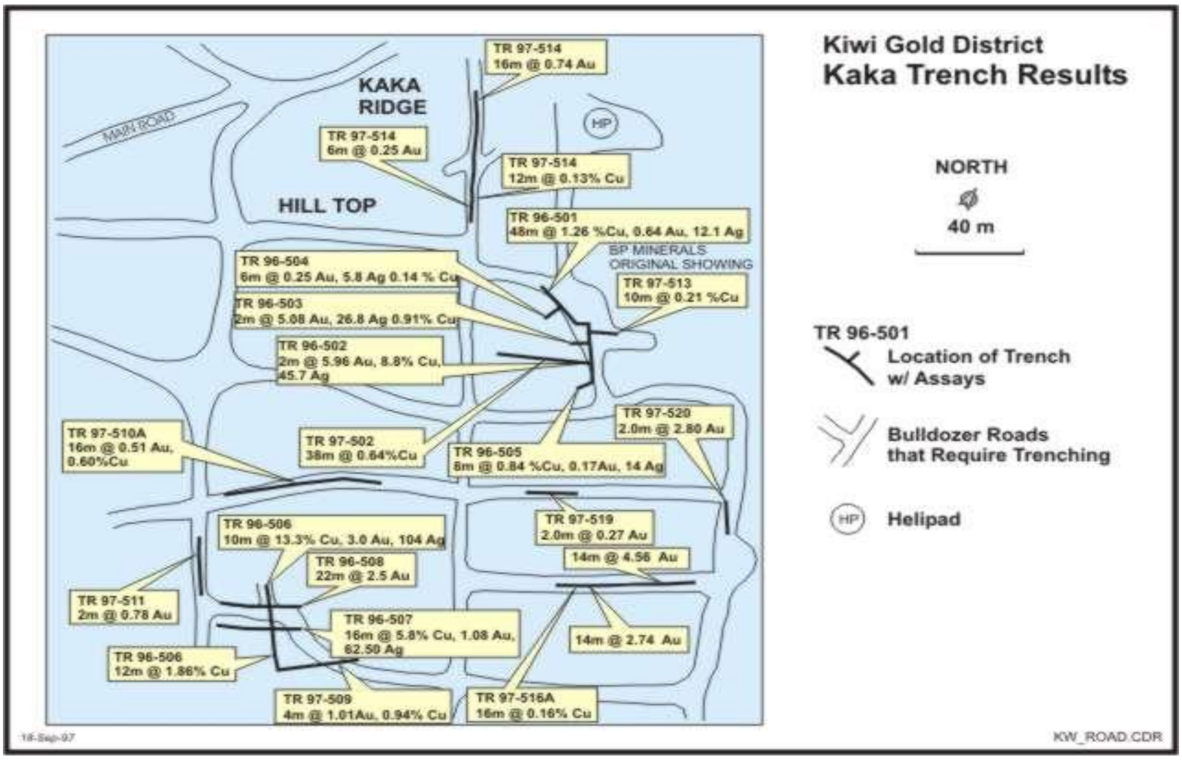


Figure 4: Rina Drill Locations and Magnetic Susceptibility Contour

- **G. Menyawang Project**, a large High Sulphidation target with potential for oxide gold in silica cap (Yanacocha model); enargite copper – gold beneath silica cap (Lepanto model) and porphyry copper – gold at depth (FSE model).
- The **Kaka Project** that has stratiform copper mineralisation outcropping at surface and spectacular trench results.

Trench	Width(m)	Assay Results	
TR96-501	48.00	1.26% Cu	
TR96-502	2.00	8.30% Cu	
TR96-506	10.00	13.30% Cu	3.00 g/t Au
TR96-507	48.00	5.80% Cu	
TR96-508	20.00		2.25 g/t Au
TR97-501	48.00	1.26% Cu	
TR97-502	2.00	8.83% Cu	5.96 g/t Au
TR97-503	2.00		5.08 g/t Au
TR97-505	8.00	1.08% Cu	
TR97-506	10.00	13.40% Cu	6.69 g/t Au
TR97-507	16.00	5.18% Cu	1.08 g/t Au
TR97-508	4.00	1.11% Cu	32.10 g/t Au
TR97-516A	14.00		4.60 g/t Au



- The **Balai Deder –Torajan** project has potential for Kelian style (+ 5 M oz) mesothermal gold mineralisation in altered andesite.

- **Tosa – Ucang – Kunyi and Kiwi – Kea** project areas have potential for Mt Muro style (+1.5M oz Au – Ag) epithermal gold silver mineralisation in quartz and hydrothermal breccias.

KIWI PROSPECT: SIGNIFICANT DRILLHOLE RESULTS

HOLE NO.	FROM	TO	SIGNIFICANT Au (ppm)
KID 08	52.00	70.00	18 m @ 0.57 Au
KID 16B	6.00	22.00	16 m @ 1.09 Au
KID 20	64.00	76.00	12 m @ 0.63 Au
	88.00	91.00	3 m @ 0.87 Au
KID 26	0.00	4.00	4 m @ 1.43 Au
	19.00	28.00	9 m @ 0.72 Au
KID 27	1.00	4.00	3 m @ 1.17 Au
KID 27A	1.00	12.00	11 m @ 1.20 Au
KID 30	46.00	52.00	6 m @ 1.08 Au

KEA PROSPECT: SIGNIFICANT DRILLHOLE RESULTS			
HOLE NO.	FROM	TO	SIGNIFICANT Au (ppm)
KED 07	37.00	61.00	24 m @ 0.62 Au
KED 08	22.00	58.00	36 m @ 0.47 Au
KED 10A	0.00	16.00	16 m @ 2.06 Au
	6.00	7.00	1 m @ 23.67 Au
KED 14	1.00	2.00	1 m @ 3.86 Au
	40.00	46.00	6 m @ 0.57 Au
KED 15A	0.00	79.00	79 m @ 0.44 Au
	31.00	79.00	48 m @ 0.61 Au
	46.00	67.00	21 m @ 0.75 Au
KED 17	43.00	58.00	15 m @ 0.84 Au
	43.00	46.00	3 m @ 1.26 Au
	55.00	58.00	3 m @ 1.68 Au
KED 17A	19.00	28.00	9 m @ 0.59 Au
	55.00	58.00	3 m @ 4.33 Au
	73.00	79.00	6 m @ 0.65 Au
KED 18	19.00	28.00	9 m @ 0.95 Au
	25.00	28.00	3 m @ 1.47 Au
KED 19	6.00	13.00	7 m @ 0.82 Au
	25.00	31.00	6 m @ 0.96 Au
	85.00	88.00	3 m @ 1.56 Au
KED 19A	0.00	85.00	85 m @ 0.34 Au

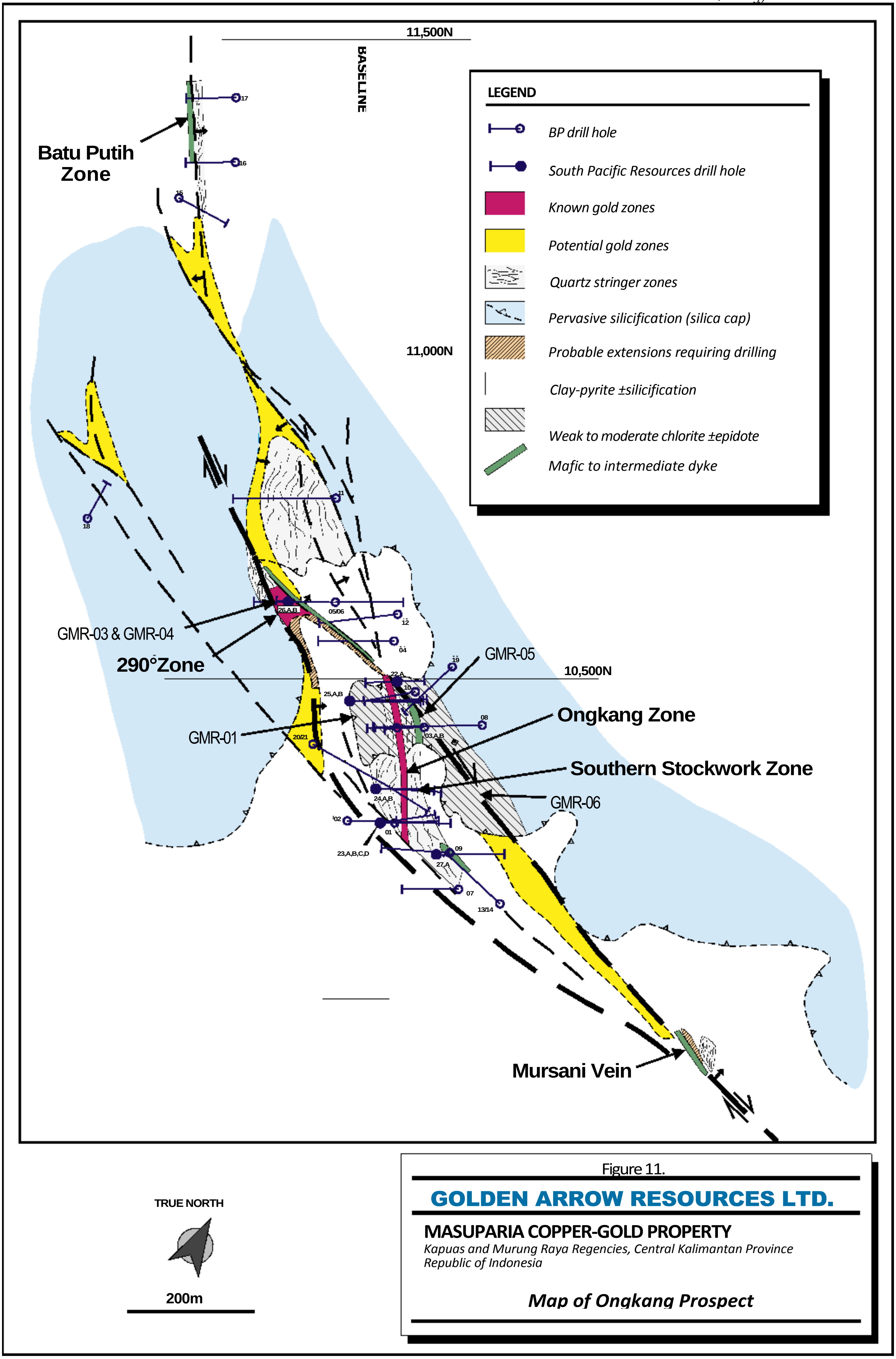


Figure 5: Ongkang structural vein study – known and potential gold zones

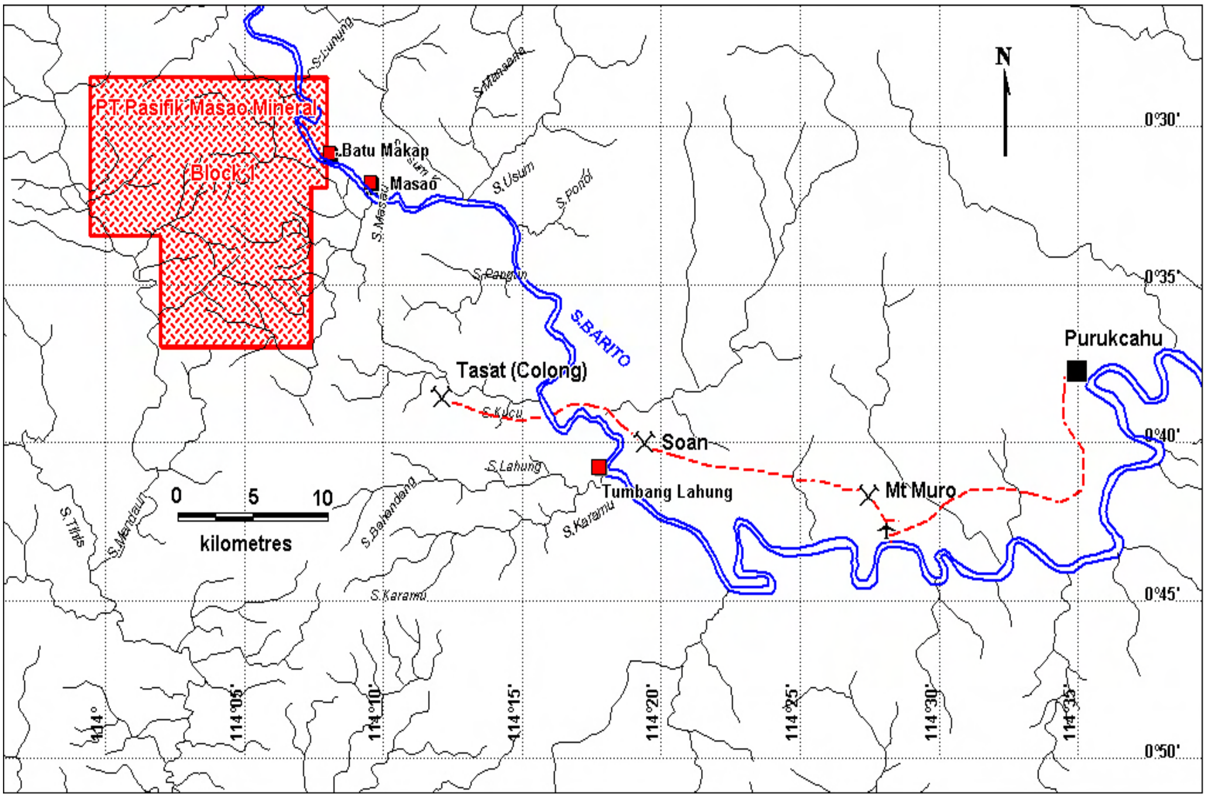


Figure 6: COW Location in Central Kalimantan

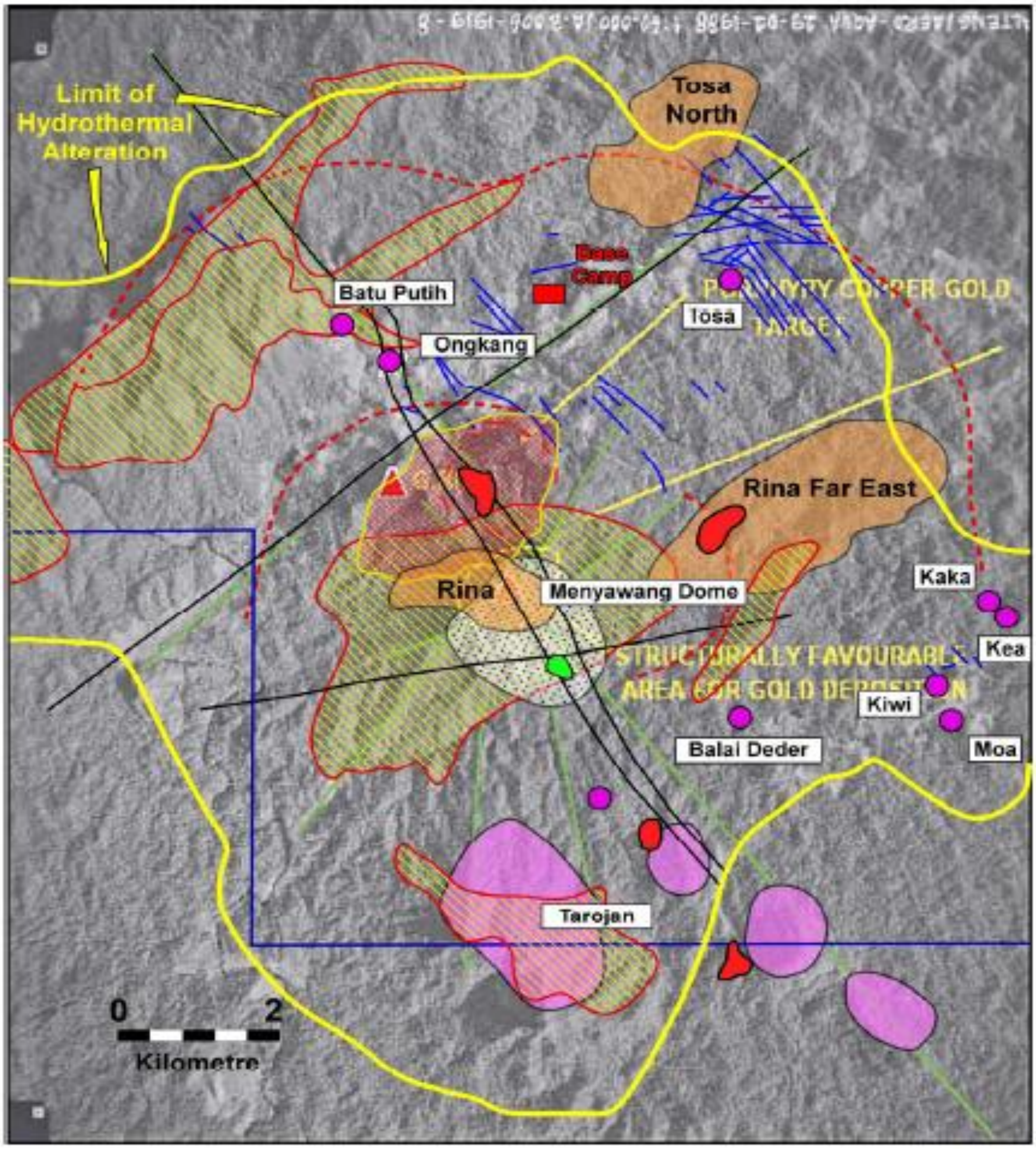


Figure 7: Locations of Projects on Masuparia

Figure 8: Masuparia Base Camp

TABLES TO DRILL RESULTS

Note: True widths in this instance cannot be determined

Hole No	Easting	Northing	Depth to EOH m	Dip	Azimuth
OND26B	170940mE	39485mN	74	60	240

Figure 9: Ongkang Significant drill intercept collar locations

Hole No	From	To	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
OND26B	20m	22m	95.83	116.00	290	33	88
	22m	24m	2.02	34.00	156	41	125
	24m	26m	1162.96	170.00	3060	1080	2060

Numbers of drill holes at the specific Projects	
Tosa	20
Kiwi Kaka Kea	100
Menyawang	20
Rina	50
Ongkang	50

Table 1 Rina Drill Collar locations

Hole Number	Easting	Northing	Hole Azimuth NE	Hole Inclination	TOTAL DEPTH(M)
RDH-02	171745.00	9937050.00	90	-60.0	312.0
RDH-08	171855.00	9937020.00	4	-62.0	500.0
RDH-09	171845.00	9937000.00	190	-64.0	254.5
RDH-14	171877.41	9936975.75	345	-75.0	863.0
RDH-15	171974.78	9937064.82	250	-75.0	900.0

Table 2 Kiwi drill collar locations

Hole Number	Easting	Northing	Hole Azimuth NE	Hole Inclination	TOTAL DEPTH(M)
KID-08*	178354	9935234	240	-60	70
KID-16B	178834	9935076	120	-60	100
KID-20	178985	9935190	0	-60	99
KID-26	179458	9935213	0	-60	79
KID-27	179517	9935194	0	-60	48
KID-27A	179513	9935200	0	-60	58
KID-30	179516	9935158	0	-60	58

Table 3 Kea drill collar locations

Hole Number	Easting	Northing	Hole Azimuth NE	Hole Inclination	TOTAL DEPTH(M)
KED10A	178997	9935760	80	-60	67
KED14	179112	9935827	360	-90	88
KED15A	179081	9935862	30	-60	79
KED17	179036	9935919	360	-90	94
KED17A	179036	9935919	30	-60	88
KED-18	179205	9936073	110	-60	73
KED19	178920	9935990	360	-90	88
KED19A	178920	9935990	30	-60	85

COW details

Company:	PT Pasifik Masao Mineral	
Shareholders:	Golden Arrow Resources Ltd (BVI)	85%
	PT Sinarcaya Mineralindo (Indonesian Partner)	15%
COW Signed:	28 April 1997 (6th Generation)	
Location:	Kapuas and Murung Raya Regencies, Central Kalimantan, Indonesia	
Original Area:	1,068 sq.kms. (106,848 hectares)	
Current Area:	208.55 sq.kms. (20,855 hectares)	
COW Timetable:	General Survey Period – 1 year + 1 year extension	
	Exploration Period – 3 years + 2 years extension	
	Feasibility Study Period – 1 year + 2 year extension	
	Construction Period – 3 years	
	Production Period – 30 years + possible 2x10 year extensions	
Current Phase:	Feasibility Period Year 3+ which expires on 27 April 2012	

Tenement Description:

The Masuparia COW comprises of one exploration and mining block with an area of 208.55 km^2 (20,855 hectares) bounded by the following coordinates:

Corner	Longitude	Latitude
Masuparia COW Block 1		
1	113° 59' 30.0"	0° 28' 30.0" South
2	114° 08' 00.0"	0° 28' 30.0" South
3	114° 08' 00.0"	0° 32' 00.0" South
4	114° 07' 26.0"	0° 32' 00.0" South
5	114° 07' 26.0"	0° 37' 00.0" South
6	114° 02' 00.0"	0° 37' 00.0" South
7	114° 02' 00.0"	0° 33' 30.0" South
8	113° 59' 30.0"	0° 33' 30.0" South

NOTE

Ark will require:

- **A Forrest Permit before commencing drilling**
- **An AMDAL (environmental Permit) to complete the feasibility study**
- **To apply for a Mining permit to commence mining**

ENDS

About Ark Mines

Ark Mines Ltd (Ark) is a publicly listed company with five highly prospective tenements in the Lachlan Fold Belt, in the central west of New South Wales. Ark's exploration efforts are focussed on gold and base metals, whilst potential for "rare earth" and iron provide Ark with a diversified suite of valued commodities.

FURTHER INFORMATION: Roger Jackson, Managing Director, Ark Mines Limited :+61400 408 550

Released through Ben Jarvis, Six Degrees Investor Relations: +61413150448

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Robert Pyper B.Sc FAusIMM GAICD, who is a Fellow of The Australasian Institute of Mining and Metallurgy and who has more than ten years experience in the field of activity being reported on. Mr Pyper 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 2004 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pyper consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears