



Ark Proceeds with ‘Mining, Farm-in and Joint Venture’ of advanced Gold project and Mineable Gold Resource

Sydney, 13 March 2013: Ark Mines Ltd (ASX:AHK) is pleased to announce that it has completed its Due Diligence on the Mt Porter Mine and the Frances Creek Gold Project and related tenements with Arafura Resources Limited (ASX:ARU) (Arafura) to Mine, Farm in and Joint Venture gold projects in the Northern Territory’s highly prospective Pine Creek region.

THE DEAL CONSISTS OF 2 COMPONENTS

1 The right to Mine Mt Porter for a 5% royalty

- A resource of 34,200 oz Au comprising 355,000t @ 3.0 g/t Au (Mt. Porter Resource)
- Resource expandable, with well defined targets
- Shallow and conducive to open cut mining
- Located near Pine Creek, and proximal to working gold mills
- Environmental approval issued by the Northern Territory and Australian Governments (2007)
- Agreement with the Northern Land Council for mining operations (2004)
- Granted Mining Lease (ML 23839)
- Cash Positive Mining Case

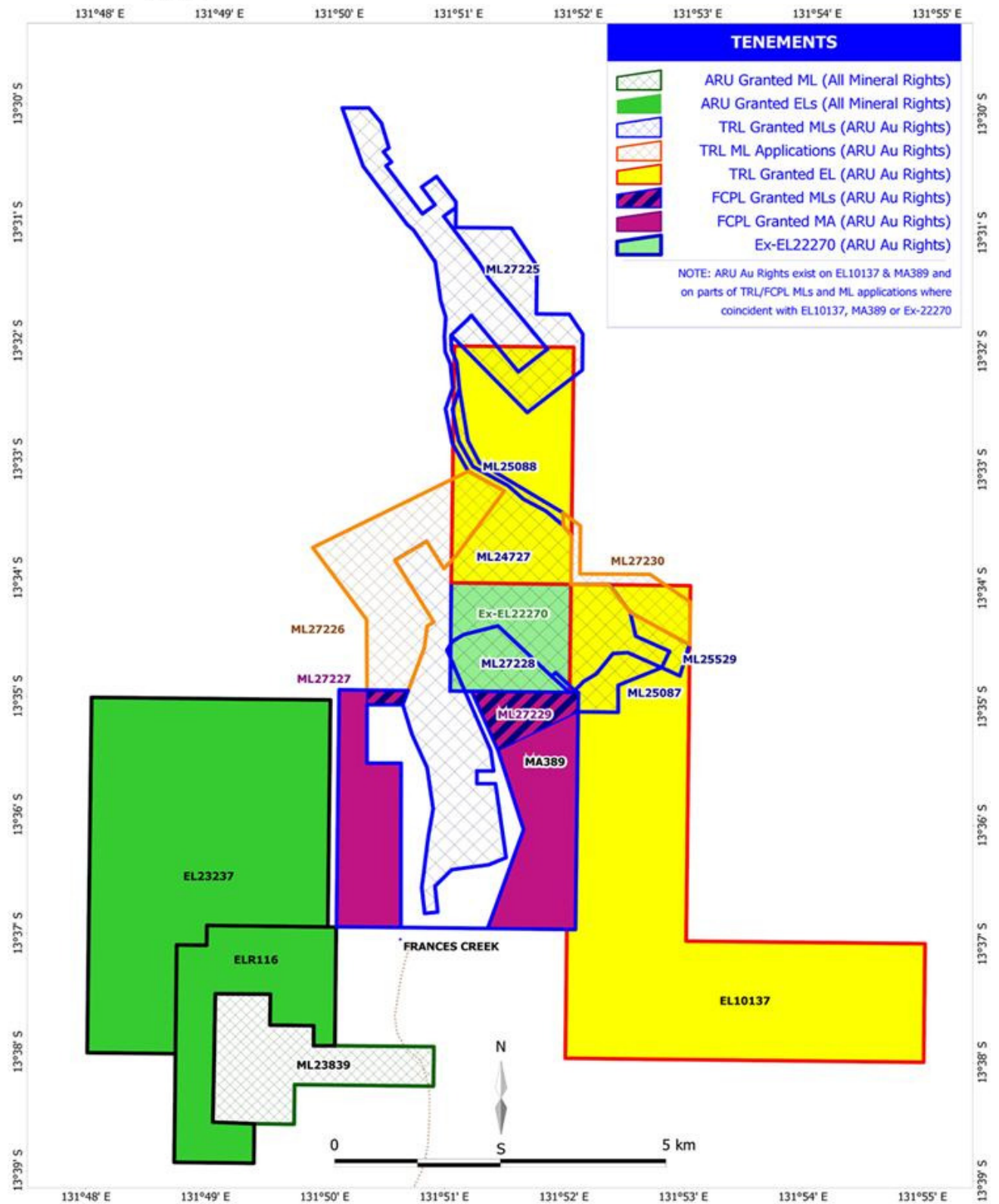
2 Farm in of the Frances Creek Advanced Gold Project

- Advanced gold project
- Exposed and traced on Surface
- Considerable Strike.
- Significant drilling completed
- Resource Drilling to commence immediately



The Agreement provides:

- an immediate right to mine the Mt. Porter Gold Resource on ML23839, subject to obtaining necessary governmental permissions
- a right to earn a 40% interest in Arafura's Mt. Porter tenements and their rights to explore for and mine gold in the Frances Creek tenements (Assets) over a period of 30 months subject to an expenditure of not less than \$400,000 (First Earnin)
- that Ark must spend not less than \$200,000 during the first 15 months of the First Earnin period (Minimum Obligation)
- Ark a right, upon completion of the First Earnin to either earn a further 30% interest in the Assets (making a total of 70%) over a period of 24 months subject to expenditure of not less than \$1,600,000 and the delineation of not less than 100,000 ounces of gold, excluding the Mt. Porter Resource and gold mined from Mt. Porter (Second Earnin) or to exercise an option to acquire 100% of the Assets for not less than \$2,000,000
- for the creation of a joint venture between Ark and Arafura, in the event that Ark completes the Second Earnin, in which case each party shall thereafter be required to contribute to that joint venture in proportion to their interests and otherwise comply with the joint venture agreement
- that Ark may withdraw from the Agreement at any time after satisfying the Minimum Obligation provided that any further spending obligations are satisfied on a prorated basis



Mt Porter-Frances Creek Tenement Package

DRAWN BY: AMETS (www.amets.com.au)
DATE: 12/09/2012
DATUM: GDA94

Figure 1 Arafura Resources (ARU) Granted ML, ELs and Granted Au Rights to be acquired by Ark Mines Ltd

Background

The Mt. Porter – Frances Creek projects lies approximately 20km to the North of Pine Creek and 165km South of Darwin in the Northern Territory.

Mt Porter

The gold mineralisation at Mt. Porter was extensively explored by Pine Creek Goldfields Ltd (PCG), a subsidiary of Renison Goldfields Consolidated Ltd (RGC), between 1988 and 1994. Exploration by RGC/PCG at Mt. Porter included a total of 223 drill holes.

The final phase of PCG's exploration at Mt. Porter (46 holes) concentrated on the "10400 Zone" (see cross section below for 10450 N) where earlier drilling had identified a coherent zone of relatively high grade (3-4 g/t Au) gold mineralisation at shallow depths, less than 70 metres from the surface.

PCG completed ore body modeling of Mt. Porter early in 1994. The estimated global resources (JORC 1999) were:

Cut-off 1.5 g/t Au	240,000-250,000 t @ 3.6-3.8 g/t Au
Cut-off 1.7 g/t Au	215,000 t @ 3.9 g/t Au
Cut-off 2.0 g/t Au	176,000 t @ 4.4 g/t Au.

Between 1995 and 1997, an additional 14 drill holes, some as deep as 810 metres (600 metres vertical), were completed by Homestake Gold of Australia Ltd (Homestake) under a farm-in arrangement with RGC. Homestake explored for major new zones of mineralisation over a kilometre long section of the Mt. Porter mineralised trend, mainly to the north of the 10400 Zone.

In 2003, Arafura Resources Ltd (Arafura) completed a program of 7 inclined core holes totalling 417.5 metres into the 10400 Zone to confirm the continuity of the highest grade gold mineralisation. These holes all intersected medium to high grade quartz veins outcropping on ridge crests which are amenable to simple low cost open pit mining. The results showed similar grades and widths to the surface sampling.

In early 2004, an updated resource estimate was completed for Arafura by Reseal 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 0.5 g/t Au		Cut-off 1.7 g/t
Indicated Resources	694,000 t @ 2.0 g/t Au	Indicated Resources	300,000 t @ 3.1 g/t Au
Inferred Resources	184,000 t @ 1.55 g/t Au	Inferred Resources	55,000 t @ 2.6 g/t Au
TOTAL RESOURCES	878,000 t @ 1.9 g/t Au	TOTAL RESOURCES	355,000 t @ 3.0 g/t Au

Hence, drill testing of the western limb of the Mt. Porter Anticline along its entire length and within the vicinity of the known resource will be the focus of the immediate exploration program by Ark. This and other defined targets at the Mt. Porter Gold Project represent an advanced stage exploration project in a proven gold bearing geological province and a comprehensive exploration program with the objective of building on the existing resources will be the main priority for Ark. Ark plan to Mine the Mt. Porter Gold Project immediately following the expanded drill program.

Frances Creek

In the Frances Creek area, some 5km to the north-east of Mt. Porter, Arafura completed 40 RC holes by the end of 2004 on a number of vein deposits including the Golden Slips and Golden Honcho deposits. This drilling encountered high gold grades within quartz veins hosted by sandstone. Grades as high as **47.5 g/t Au** over intervals of up to 4 metres were recorded (see Table 1).

The Golden Honcho deposit is open along strike to both north and south and at depth. Ark will undertake a resource evaluation in conjunction with a major drilling program on these prospects in order to add to the gold inventory already apparent on this project.

Two mining related operations are currently active in the vicinity of Mt. Porter. Crocodile Gold are conducting milling operations at the Union Reefs Gold Mine, 10km SSW of Mt Porter. Ark proposes to have gold ore toll treated at this mill.

Territory Resources Ltd are mining iron ore at Frances Creek, 4km NNE of Mt. Porter. Mine products are being trucked along the old railway corridor located between Mt. Porter and the Frances Creek Road to a rail siding just north of Union Reefs. From there the ore is railed to Darwin for export to China.

Ark Mines Ltd Due Diligence

Ark has completed the initial computer modelling, and independent advice from Steve Gemell (Consultant Mining Engineer), confirmed previous comments about the refractory nature of Mt. Porter, and the possible lower recoveries as reported by Arafura.

In order to determine whether to proceed with investigation, Ark has modelled joint venture potential cash flows at a gold price of AUD\$1,600 per ounce. These estimates are subject to confirmatory drilling, confirmatory metallurgical test work, an acceptable custom

milling agreement, and detailed costing. They are conceptual in nature and may vary considerably from actual results should a mining operation be established. Note that joint venture, not Ark Mines, cash flows have been modelled.

The Ark modelling results defined a conservative 80,000 tonnes of oxide ore @ an average grade of 1.74 g/t Au, which could be toll treated by the conventional gravity and CIL circuit at Union Reefs. The models assumed 230,000 tonnes of sulphide ore @ an average grade of 2.68 g/t Au and recoveries ranging from 60% to 70% using a conventional gravity and CIL circuit. These tonnage estimates, grade and metallurgical recovery are based on previously reported RGC and Arafura reports.

Preliminary production estimates indicate that an open pit mine using contract miners and toll treating the ore at Crocodile Gold's Union Reefs mill will generate a positive cash flow if mined over a 1 or 2 year period (see table below).

Mt Porter Summary								
Maximum DCF Base Case								
Recovery	By Weathering Type				By Resource Category			
	Oxide		Primary		Indicated		Inferred	
	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t
60.00%	0.08	1.83	0.23	3.03	0.30	2.71	0.01	3.27
65.00%	0.08	1.77	0.26	2.88	0.34	2.60	0.01	2.99
70.00%	0.09	1.74	0.32	2.69	0.39	2.48	0.01	2.71
	Output	Income				Cashflow	DCF	DCF
	Au	Au	Mining	Processin	Selling			
	oz	\$M	Cost	g Cost	Cost Au	net	Best Case	Base case
			\$M	\$M	\$M	\$M	\$M	\$M
60.00%	17,737	28.38	-6.69	-12.58	-0.09	9.03	8.29	8.29
65.00%	20,395	32.63	-7.34	-14.23	-0.10	10.99	9.99	9.99
70.00%	23,776	38.04	-8.23	-16.57	-0.12	13.12	11.93	11.90
Assumptions								
	1 Mine stripping ratio is 4.1 to 4.4							
	2 Mine production assumed at 360,000 t/a							
	3 Based on a gold price of \$1,600 /oz.							

Source: Gemell Mining Services Pty Ltd Report 21/02/13

Note to table: Cash flow and Discounted Cash Flow figures are for comparative purposes only, and do not reflect actual net cash flows expected to be received by Ark Mines.

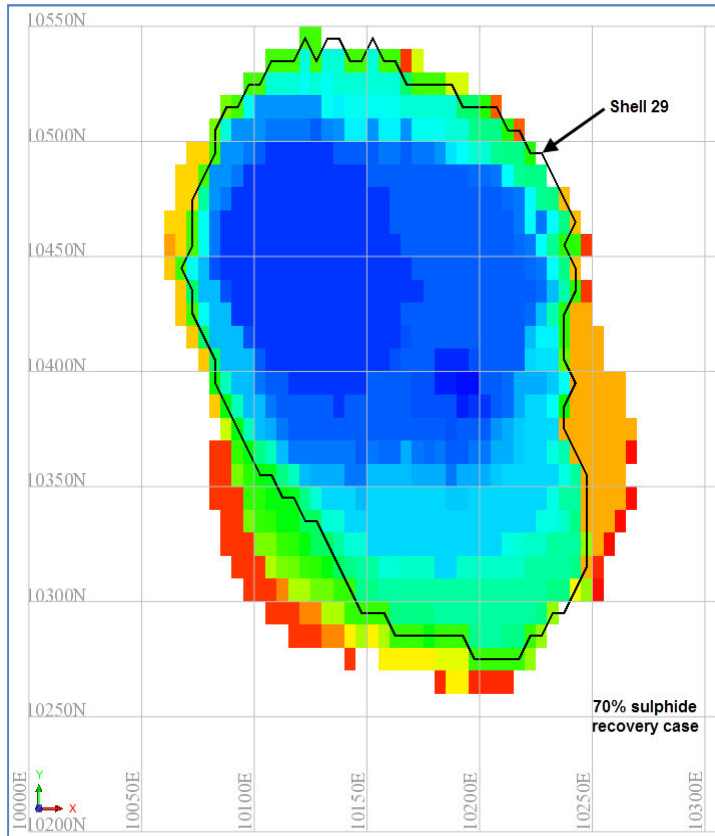


Figure 2 70% Recovery Pit Optimisation

Net Cash

Oxide + Sulphide Gold Recovery	60%	65%	70%
Net Cash Flow	\$3,000,000	\$4,500,000	\$6,200,000

Note 1: The 5% royalty to Arafura is not included in the Net cash flow numbers.

Note 2: Drilling and Metallurgy costs of \$450,000 are attributed to the costs of mining Mt Porter. Drilling targets are defined and Ark believes there is potential for an increase in grade and tons.

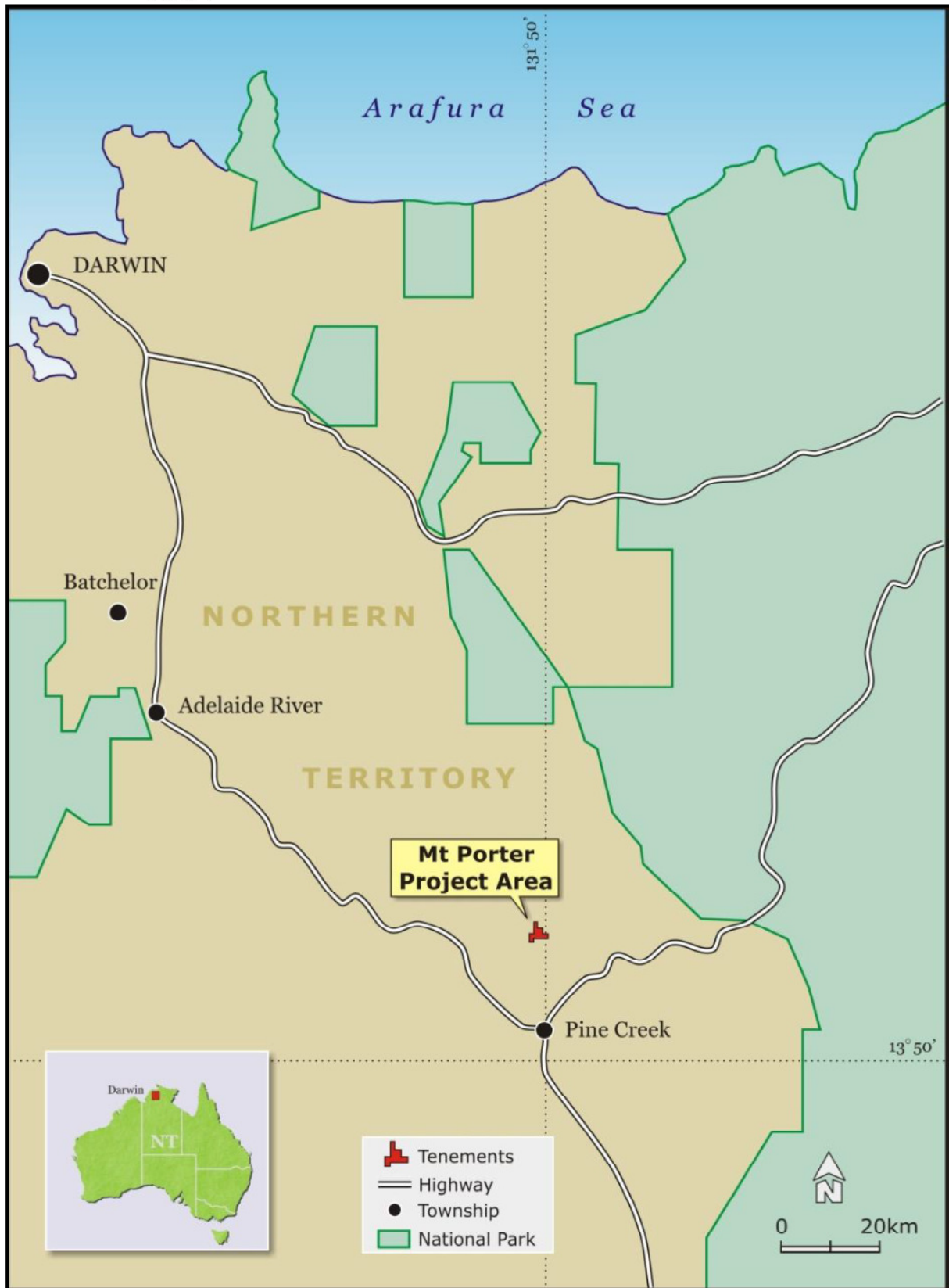


Figure 3 Mt. Porter and Frances Creek Location

Table 1 Frances Creek Drill Results - not true thickness

Hole Number	From m	To m	Interval m	Au avg ppm	Prospect
FCRC015	16	17	1	1.02	Golden Slips
FCRC016	6	8	2	2.47	Golden Slips
FCRC017	15	19	4	47.54	Golden Slips
FCRC017	21	23	2	1.68	Golden Slips
FCRC018	27	28	1	3.3	Golden Slips
FCRC019	27	28	1	1.47	Golden Slips
FCRC020	27	28	1	2.88	Golden Slips
FCRC023	33	34	1	10.32	Golden Slips
FCRC024	32	34	2	9.92	Golden Slips
FCRC035	32	33	1	5.07	Golden Slips
FCRC035	45	47	2	1.44	Golden Slips
FCRC037	33	35	2	10.07	Golden Slips
FCRC038	3	4	1	1.38	Golden Slips
FCRC040	10	12	2	1.67	Golden Slips
FCRC041	12	14	2	6.39	Golden Slips
FCRC042	13	14	1	2.58	Golden Slips
FCRC044	17	18	1	3.33	Golden Slips
FCRC045	1	3	2	1.56	Golden Slips
FCRC045	8	11	3	1.78	Golden Slips
FCRC045	14	15	1	3.75	Golden Slips
FCRC046	3	4	1	1.07	Golden Slips
FCRC046	7	8	1	2.06	Golden Slips
FCRC047	30	31	1	2.31	Golden Slips
FCRC048	46	48	2	2.09	Golden Slips
FCRC026	19	21	2	6.51	Golden Honcho
FCRC027	17	19	2	3.88	Golden Honcho
FCRC027	25	27	2	11.61	Golden Honcho
FCRC028	14	19	5	4.44	Golden Honcho
FCRC029	9	10	1	1.38	Golden Honcho
FCRC029	14	17	3	10.66	Golden Honcho
FCRC029	23	24	1	1.1	Golden Honcho
FCRC029	30	31	1	5.08	Golden Honcho
FCRC030	14	16	2	8.15	Golden Honcho
FCRC030	28	29	1	3.89	Golden Honcho
FCRC031	11	12	1	1.06	Golden Honcho
FCRC031	22	24	2	13.29	Golden Honcho
FCRC032	15	16	1	2.85	Golden Honcho
FCRC033	26	27	1	2.88	Golden Honcho
FCRC034	52	53	1	3.3	Golden Honcho
FCRC050	35	36	1	1.28	Golden Honcho
FCRC051	29	32	3	9.59	Golden Honcho
FCRC052	17	20	3	10.96	Golden Honcho
FCRC053	30	35	5	19.11	Golden Honcho

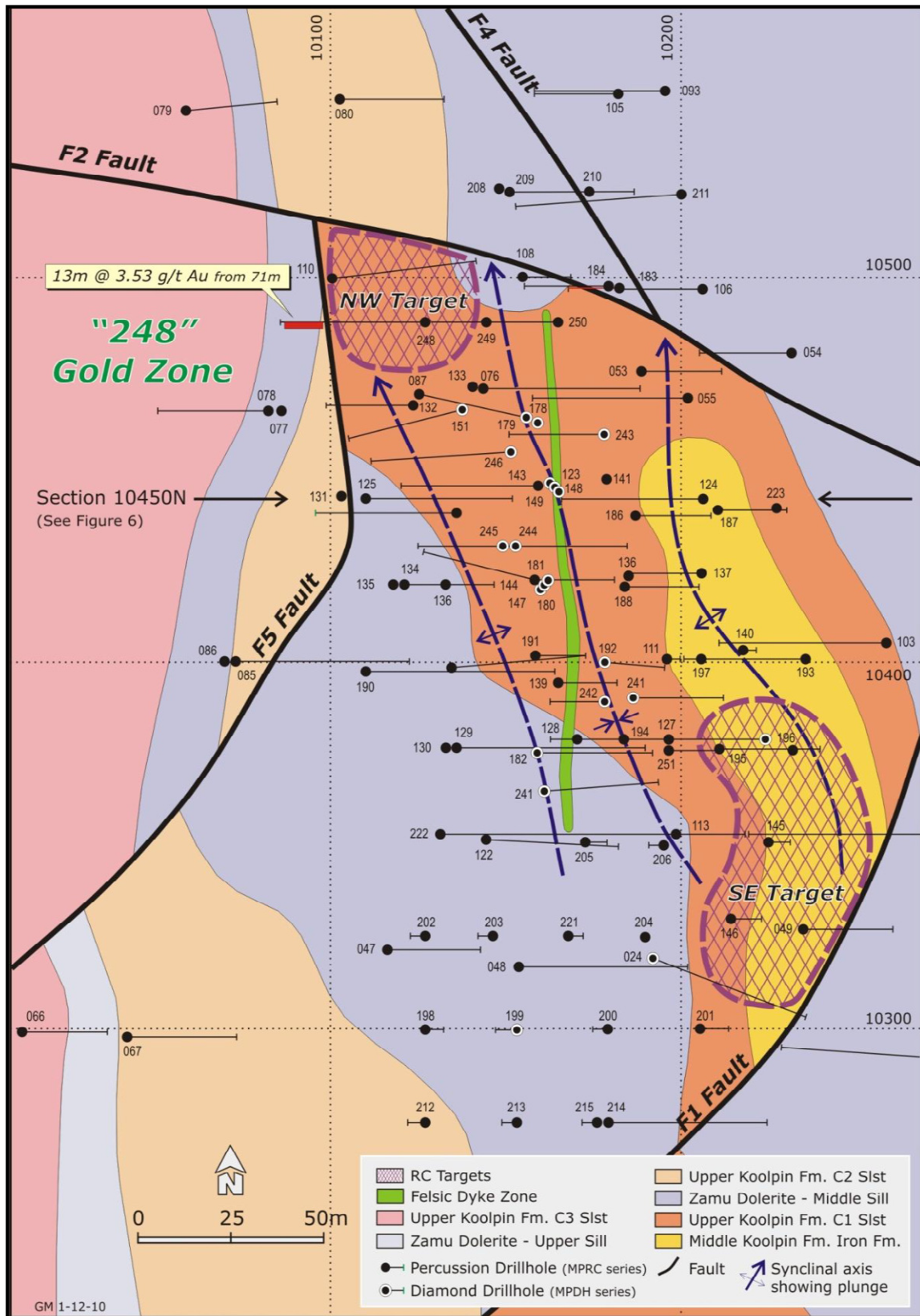


Figure 4 Mt. Porter Gold Resource with Target zones

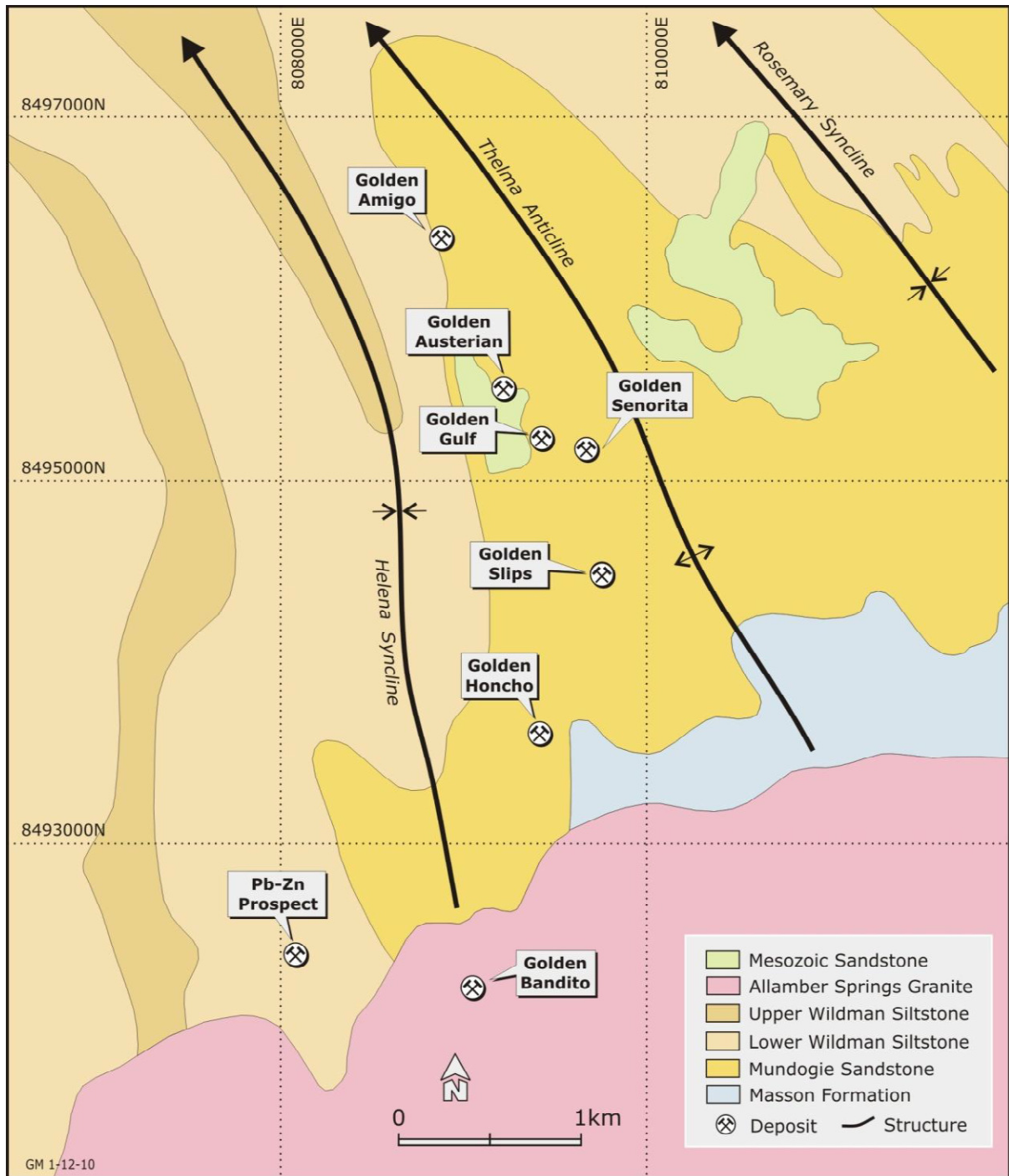


Figure 5 Frances Creek Gold Province

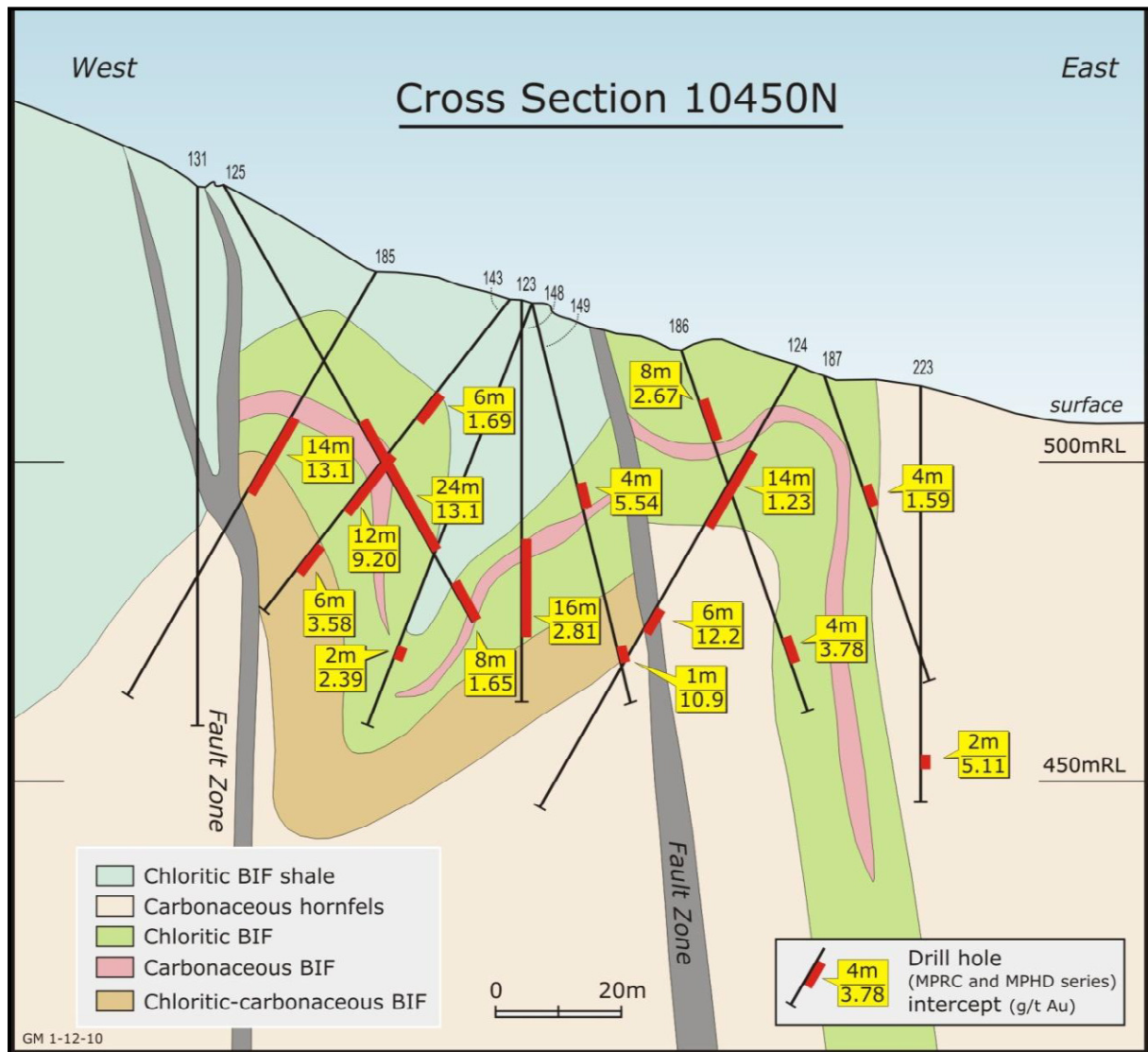


Figure 6 Mt. Porter Cross Section

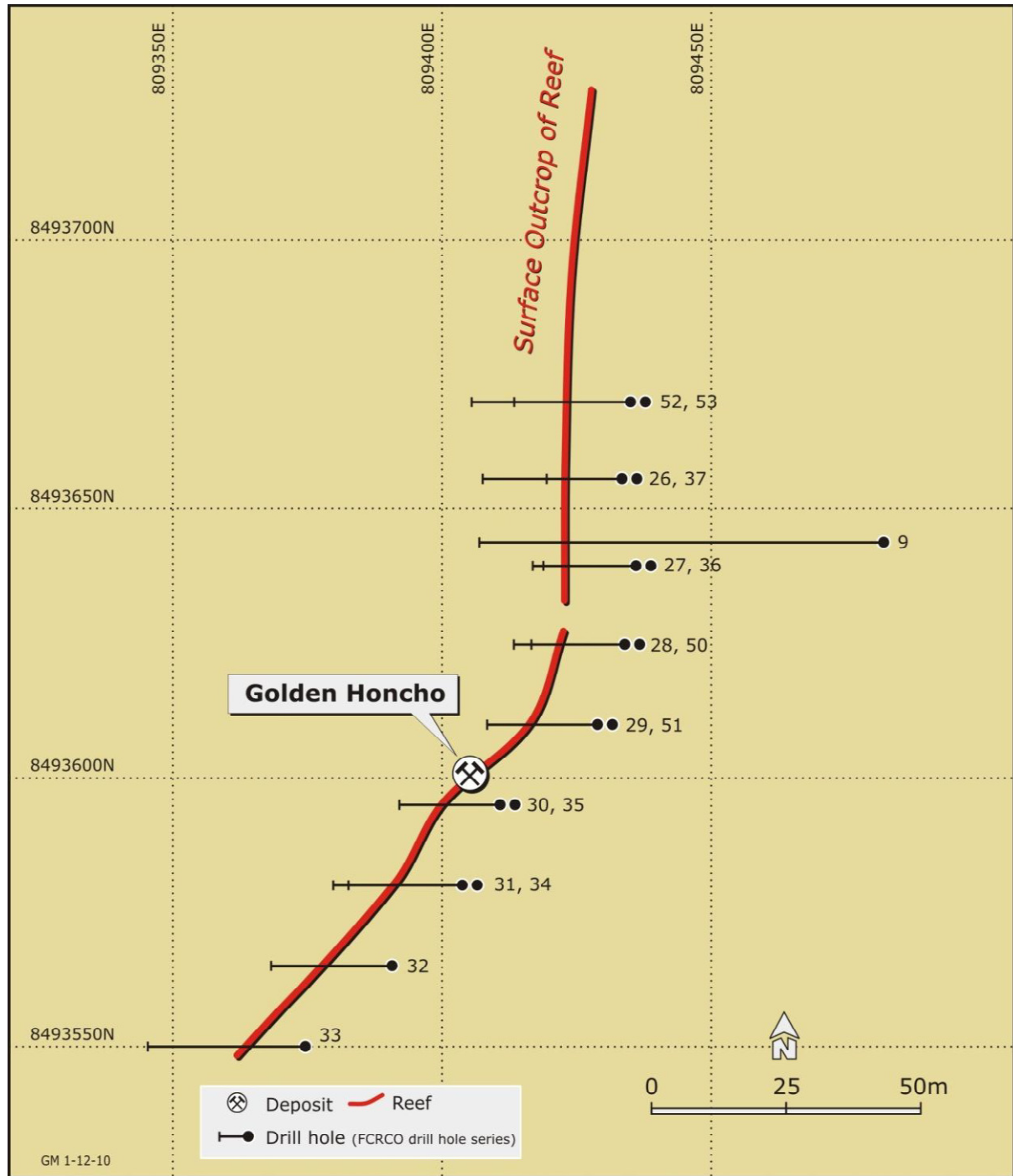


Figure 5 Golden Honcho Drill Collar Locations



About Ark Mines

Ark Mines Ltd (asx code AHK) is a publicly listed company with four 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.

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

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Robert McLennan BSc (Hons), MSc, MAIG, 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 McLennan is a director of the Company. Mr McLennan 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 McLennan 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)