

9 November 2017

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE – APPENDIX 3B NOTICE

Arc Exploration Limited (**Company**) announced on 9 November 2017 a capital raising by way of one for two pro-rata non-renounceable rights issue that does not require shareholder approval. In accordance with the Listing Rules of the Australian Securities Exchange (**ASX**), the Company is pleased to provide you with the following information about the rights issue.

Each eligible shareholder registered on the Company's register of members at 7.00 pm (Sydney time) on 14 November 2017 (**Record Date**) will be entitled to subscribe for one new fully paid ordinary share in the Company for every two ordinary shares held as at the Record Date at a price of \$0.51 per new share. The issue price of the new shares under the offer is equal to the volume weighted average price of the Company's shares during the 14 trading day period up to and including 8 November 2017.

In addition to being able to apply for new shares under the rights issue, eligible shareholders will also have the opportunity to apply for additional new shares that are not subscribed for under the rights issue.

Please note that the Company's shares will be quoted on an 'ex' basis from 13 November 2017, and therefore any of the Company's shares bought on market on and after this date will not be entitled to participate in the rights issue.

The maximum number of new shares to be issued (excluding the exercise of any unlisted options) is 2,100,122 new shares (New Shares), which would raise up to \$1,071,062 and would result in total issued shares in the Company of 6,300,366. It is intended that New Shares issued as a result of entitlements taken up will be quoted on ASX and will rank equally with existing issued ordinary shares of the Company.

Before making a decision whether to subscribe for any of these shares, please carefully read the Offer Booklet when you receive it. The offer opens 17 November 2017 and closes at 5.00 pm (Sydney time) 4 December 2017.

From 9 November 2017, the Offer Booklet will be available to download from ASX's website (at www.asx.com.au), and will subsequently be mailed to eligible shareholders on or around 17 November 2017.

The indicative timetable for the rights issue is as follows:

Activity	Date
Announcement of Entitlement Offer and Appendix 3B lodged with ASX	9 November 2017
Offer Booklet lodged with ASX	9 November 2017
Shareholder notice despatched	10 November 2017
Shares traded on an 'ex' Entitlement basis	13 November 2017
Record Date for eligibility to participate in the Entitlement Offer	14 November 2017 at 7.00 pm (Sydney time)
Offer Booklet and Entitlement and Acceptance Form despatched to Shareholders	17 November 2017
Opening Date for the Entitlement Offer	17 November 2017
Last day to extend the Closing Date for the Entitlement Offer	28 November 2017
Closing Date for the Entitlement Offer	4 December 2017 at 5.00 pm (Sydney time)
Securities quoted on a deferred settlement basis	5 December 2017
Notify ASX under subscriptions	7 December 2017
Issue of New Shares issue under the Entitlement Offer and deferred settlement trading ends	11 December 2017
Normal ASX trading for New Shares commences	12 December 2017

The timetable is indicative only and the Company reserves the right to vary it at any time without prior notice subject to the Listing Rules and the *Corporations Act 2001* (Cth).

If you have any queries, please contact the Company Secretary on andrewcooke@arx.net.au

Yours faithfully



Andrew J. Cooke
Non-Executive Director
Company Secretary



9 November 2017

Dear shareholder

Rights Issue

On 9 November 2017, Arc Exploration Limited (**Company**) announced a one for two non-renounceable pro rata rights issue at an issue price of \$0.51 per new Company share (**Rights Issue**). Eligible shareholders registered as at 21 September 2017 will be entitled to participate in the Rights Issue in respect of the number of shares they are the registered shareholder of.

The Company has decided, pursuant to Listing Rule 7.7.1 of the ASX Listing Rules, that it is unreasonable to make the offer to shareholders who have a registered address in a country outside of Australia or New Zealand (**Excluded Shareholders**) having regard to:

- the small number of shareholders with addresses in these other countries;
- the number and value of Company shares they hold; and
- the cost to the Company of complying with the legal requirements and the requirements of the regulatory authorities in each of the other countries concerned.

We regret that the Rights Issue is therefore not able to be extended to Excluded Shareholders. Excluded Shareholders will not receive a copy of the Offer Booklet.

Should you have any queries, please contact the Company Secretary on andrewcooke@arx.net.au

Yours faithfully

A handwritten signature in black ink, appearing to read "S. O'Loughlin".

Simon O'Loughlin
Chairman