

EXERCISE OF OPTIONS TO FARM-IN ON JUNEE & OBERON GOLD PROJECTS IN NSW

Arc Exploration Limited (ASX Code: ARX) is pleased to announce that it has exercised its options and will proceed to Farm-in on the Junee and Oberon gold projects owned by New South Resources Limited ("NSR"), located in New South Wales. ARX will now proceed to finalise and sign the Farm-in Agreements for both projects, the terms of which were announced on 3 July 2013.

Since July last year, ARX has undertaken a review of the historical work with various consultants and has undertaken its own surface evaluations. ARX has elected to exercise its options based on the view that there is significant potential to increase the known gold resources on each of these properties and has recognised potential for finding other deposit styles, including porphyry gold-copper.

Managing Director, Dr Jeffrey Malaihollo, commented:

"The decision to exercise our options to Farm-in on these two projects consolidates a firm foothold for ARX in a major gold and copper producing province that has excellent potential for further discoveries and growth."

Initial work programs are aimed to generate new targets on both projects by applying the latest knowledge and exploration technologies to the detailed geophysical and geological databases established by NSR and previous explorers. We need only look to the nearby Northparkes and Cadia districts to highlight the potential for major exploration successes through the application of new knowledge and persistence in a mature exploration environment".

Background on the Junee and Oberon Project Areas

The two projects occur in the Lachlan Orogen, a complex geological province endowed with world-class gold and gold-copper deposits.

The **Junee Project** is located close to existing mine operations and development infrastructure near the major regional centre of Wagga Wagga. It comprises four Exploration Licences (EL's 6516, 6658, 6768 & 8152). The total area of this tenement package is about 87 square-kilometres.

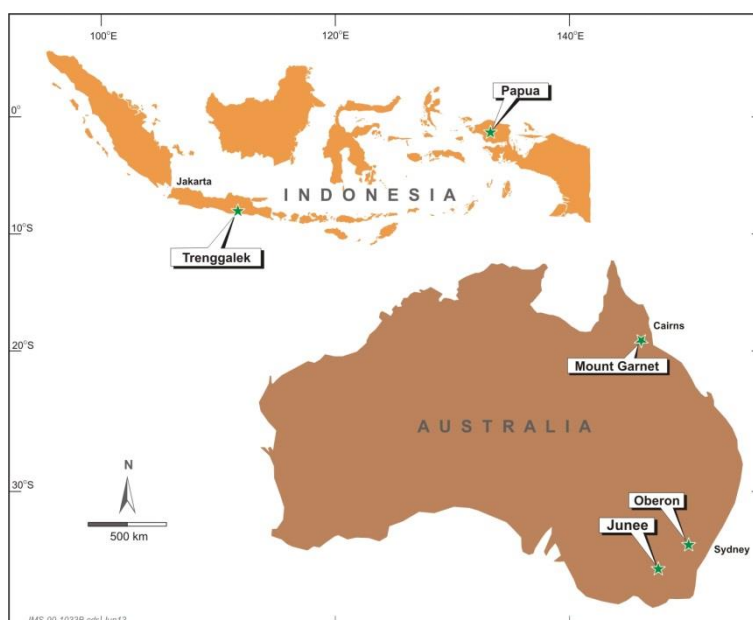
These tenements straddle the major regional Gilmore Fault Zone and contain rocks of the Junee-Narromine Volcanic Belt, part of the highly prospective Ordovician-Early Silurian Macquarie Volcanic Arc in the Lachlan Orogen. Large porphyry-related gold and gold-copper deposits, such as Northparkes, Gidginbung and Cowal, occur along this fertile volcanic belt and their distribution is believed to be spatially related to the Gilmore Fault Zone and its associated fault splays.

EL 6516 contains the 77,000-ounce *Dobroyde* gold deposit (see ASX announcements of 3rd and 10th July 2013) on which historic drilling has produced some spectacular high-grade gold intercepts within a low-grade mineralisation envelope, including 22m at 37.3 g/t gold, 16m at 10.5 g/t gold and 6m at 18.2 g/t gold (see ASX announcements of 9th October 2013).

The **Oberon Project** is located close to existing mine operations and development infrastructure near the major regional centre of Bathurst. It comprises one large licence EL 6525 and a smaller adjoining licence EL 8110. The total area of this tenement package is approximately 171 square-kilometres.

The project area covers Siluro-Devonian and Ordovician volcanic rocks of the Hill End Trough and the Macquarie Volcanic Arc and is located on the eastern side of the Lachlan Orogen. The Siluro-Devonian volcanosedimentary rocks in this region are host to VMS-related gold-base metal (McPhillamys, Lewis Ponds) and orogenic gold-vein (Hill End, Lucknow) deposits. Ordovician volcanic rocks within the project area are of a similar age and composition to those hosting the multiple gold-copper porphyry and gold-copper skarn deposits found in the nearby Cadia district. The Oberon Project area is therefore prospective for similar styles of mineralisation. Carboniferous granites intrude both of the older rock sequences and the edges of these intrusions are prospective for gold skarn deposits (Lucky Draw, Browns Creek).

EL 6525 contains the 150,000-ounce *Murphys* gold deposit (see ASX announcements of 3rd and 10th July 2013) on which historic drilling has produced some broad low-grade gold intercepts including 49m at 0.75 g/t gold, 23m at 1.05 g/t gold and 34m at 0.62 g/t gold.



Location Plan Showing ARX Project Areas

Competent Person Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Brad Wake, BSc(Applied Geology), who is a member of the Australian Institute of Geoscientists. Mr Wake has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wake is a full time employee of Arc Exploration Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Dobroyde and Murphy gold resources is extracted from the report entitled Junee and Oberon Projects - Statement of Resources created and released to the ASX on 10 July 2013.

The reports referred to above are available to view on the Company's website: www.arcexploration.com.au The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.