



Arc Exploration Limited
ACN 002 678 640

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION

This document does not take into account your individual circumstances. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

10.00 am
Friday, 22 May 2015
Level 15, 10 Shelley Street
Sydney NSW 2000

2014 Annual Report:

The 2014 Annual Report is available on the Company's Website:

www.arcexploration.com.au

and

http://www.arcexploration.com.au/IRM/content/newsreports_annual.html

Notice of Annual General Meeting

NOTICE is given that the Annual General Meeting of the Company will be held at KPMG, Level 15, 10 Shelley Street, Sydney NSW Australia at 10.00 am on Friday 22 May 2015.

ORDINARY BUSINESS

1. Receipt of the Financial Report for the year ended 31 December 2014

Receipt of the Company's Financial Report and the Directors' Report and the Auditor's Report for the year ended 31 December 2014.

2. Remuneration Report

To consider and, if thought fit, pass the following Resolution as an ordinary resolution: "That the Remuneration Report for the year ended 31 December 2014 be adopted."

3. Re-elect Mr Robert Willcocks as a Director of the Company

To consider and, if thought fit, pass the following Resolution as an ordinary resolution

To elect Mr Robert Willcocks as a Director of the Company, who retires in accordance with the Constitution of the Company, and being eligible, offers himself for re-election.

4. Elect Mr Max Ramajaya as a Director of the Company

To consider and, if thought fit, pass the following Resolution as an ordinary resolution

To elect Mr Max Ramajaya as a Director of the Company, who having been appointed as a Director by the Board since the date of the last Annual General Meeting, retires in accordance with the Constitution of the Company, and being eligible, offers himself for election".

5. Approve Allotment of Shares to Mr Bruce Watson in lieu of Directors Fees owed

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and all other purposes, the Company be authorised to issue to Mr Bruce Watson 3,283,072 fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting."

The company will disregard any votes cast on Resolution 5 by Mr Watson and any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Approve Allotment of Shares to Dr Jeffrey Malaihollo in lieu of salary owed

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and all other purposes, the Company be authorised to issue to Dr Jeffrey Malaihollo 20,136,173 fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting."

The company will disregard any votes cast on Resolution 6 by Dr Malaihollo and any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Approve Allotment of Shares to Mr John Carlile in lieu of Directors Fees owed

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That, for the purposes of Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange and all other purposes, the Company be authorised to issue to Mr John Carlile 2,188,714 fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 7 by Mr Carlile and any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Approve Allotment of Shares to Mr Cahyono Halim in lieu of salary owed

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the Company:

“That, for the purposes of Listing Rule 7.1 of the Listing Rules of the Australian Securities Exchange and all other purposes, the Company be authorised to issue to Mr Cahyono Halim 16,196,487 fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

The company will disregard any votes cast on Resolution 8 by:

- Mr. Halim; and
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Ratify Previous Issue of Shares – September 2014 Placement to Treasure Key Investments Limited

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Listing Rule 7.4 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the issue of 138,500,000 fully paid ordinary shares by the Company to Treasure Key Investments Limited as set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting, be approved.

The company will disregard any votes cast on Resolution 9 by Treasure Key Investments Limited and any of its associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING EXCLUSIONS – KEY MANAGEMENT PERSONNEL (KMP):

RESOLUTION 2:

The Company will disregard any votes cast on Resolution 2:

- by or on behalf of a member of the KMP (as defined in section 9 of the Corporations Act 2001 (Cth)) details of whose remuneration are included in the Remuneration Report;
- by or on behalf of a closely related party (as defined in section 9 of the Corporations Act 2001 (Cth)) such as close family members and any controlled companies) of a member of the KMP; or
- as a proxy by a member of the KMP or a KMP's closely related party,

unless the vote is cast as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

Important Notice for Resolution 2: If a shareholder appoints the Chairman of the meeting as the shareholder's proxy and does not specify how the Chairman is to vote on Resolution 2, the Chairman will vote, as proxy for that shareholder, in favour of Resolution 2.

RESOLUTIONS 5, 6, 7 & 8:

A vote must not be cast on Resolutions 5, 6, 7 and 8 by a KMP, or a closely related party of a KMP, acting as a proxy, if their appointment does not specify the way the proxy is to vote on these resolutions. This voting exclusion does not apply if the KMP is the Chairman of the meeting acting as proxy and their appointment expressly authorises the chair to exercise the proxy in accordance with the Chairman's stated voting intentions even though the resolution is connected with the remuneration of a member of the key management personnel for the Company, including the Chairman.

Undirected proxy voting by the Chairman of the meeting:

The Chairman of the meeting will not vote any undirected proxies in relation to Resolutions 5, 6, 7 and 8 unless the shareholder specifically authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note by completing the attached proxy form, you expressly authorise the Chairman to exercise your proxy on these Resolutions even though these Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chairman. If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolutions 5, 6, 7 and 8 by marking the appropriate box on the proxy form. Alternatively, shareholders can nominate as their proxy for the purpose of Resolutions 5, 6, 7 and 8 a proxy who is not a member of the Company's Key Management Personnel or Closely Related Party. That person would be permitted to vote undirected proxies.

The Chairman intends to vote all available proxies in favour of Resolutions 5, 6, 7 and 8.

Dated at Sydney, on the 10th day of April 2015



By order of the Board
Andrew J. Cooke
Company Secretary

2014 Annual Report:

The 2014 Annual Report is available on the Company's Website:

www.arcexploration.com.au

and

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Proxies

- A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two proxies to attend and vote instead of the shareholder.
- Where two proxies are appointed:
 - i) a separate proxy Form, should be used to appoint each proxy;
 - ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held e.g. “the Chair of the Meeting”.
- In the case of shareholders who are individuals, the Proxy Form must be signed:
 - i) if the shares are held by one individual, by that shareholder;
 - ii) if the shares are held in joint names, by any one of them.
- In the case of shareholders who are companies, the Proxy Form must be signed:
 - i) if it has a sole director who is also sole secretary, by that director (and stating the fact next to, or under the signature on the Proxy Form);
 - ii) in the case of any other company by either two directors or a director and secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

- If the person signing the Proxy Form is doing so under a power of attorney, or is an officer of a company outside those referred to above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy form, must be received by the Company by the time and at the place specified below.
- A Proxy Form accompanies this notice. To be effective, your proxy must be received by the Company no later than 48 hours before the time for the holding of the meeting:
 - i) **by facsimile:** on 1 800 783 447 (within Australia) or +61 3 9473 2555 (from outside of Australia); or
 - ii) **by mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia ; or
 - iii) **Lodge your vote Online:** www.investorvote.com.au using the Control Number and your SRN/HIN which are provided on the front side of your Proxy Form.

Custodians: Intermediary Online subscribers only, cast the shareholder's vote online by visiting www.intermediaryonline.com

Shareholders who are entitled to vote

In accordance with the Corporations Act 2001 (Cth), the directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7.00pm on 20 May 2015.

EXPLANATORY STATEMENT

Financial Report – Year ended 31 December 2014

The Corporations Act requires the financial report (which includes the financial statements and the directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the directors' report or the auditor's report. Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the financial report.

Resolution 2 – Remuneration Report

The Directors' Report for the year ended 31 December 2014 contains a Remuneration Report which sets out the policy on remuneration of the directors of the Company and specified executives on the Company.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory and does not bind the directors of the Company. Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Resolution 3 – Re-election of Mr Robert Willcocks as a Director

Mr Robert Willcocks is a former senior partner with King and Wood Mallesons (formerly Mallesons Stephen Jaques), a major Australian law firm and is now a corporate adviser. Mr Willcocks has represented clients in the energy and mining sectors for more than 30 years. He has a Bachelor of Arts and Bachelor of Laws (Australian National University) and Master of Laws (University of Sydney). Mr Willcocks is and has been a director of a number of listed and unlisted public companies. Mr Willcocks was appointed as a Non-Executive Director of the Company on 14 July 2008, and is also a member of the Audit Committee.

Resolution 4 – Election of Mr Max Ramajaya as a Director

Mr Max Ramajaya is the Head of Business for Katingan Timber Group responsible for the group's operation and performance in the forestry, agro forest plantation and related downstream industries. He is a graduate of the Indonesian Business and Information Institute (IBII, now the Kwik Kian Gie School of Business). Mr Ramajaya was appointed as a Non-Executive Director of the Company on 1 September 2014.

Resolutions 5, 6, 7 & 8 – Issue of Shares for Fees / Salary to preserve existing cash resources

The Company proposes to issue ordinary shares in the capital of the Company to each of Mr Bruce Watson, Dr Jeffrey Malaihollo, Mr John Carlile and Mr Cahyono Halim in lieu of fees or salary owed by the Company to each of them.

Each of Bruce Watson, Jeffrey Malaihollo and John Carlile are Directors of the Company and accordingly are related parties of the Company. Mr Halim is the Company's Chief Financial Officer.

The shares are to be issued as part of an arrangement designed to preserve the Company's cash resources. Pursuant to this arrangement Directors and Employees could elect to take 35% of their gross monthly fees or salaries for the period from July 2014 to March 2015 in shares instead of cash. It is anticipated that these arrangements may continue in the future subject to shareholder approval again at a later date.

Should shareholders not approve the issue of shares contemplated by these resolutions the outstanding fees and salaries will be paid in cash.

Quarter	VWAP	Maximum Number of Shares to be issued
1 July to 30 September 2014	0.43 cents	11,659,884
1 October to 31 December 2014	0.39 cents	12,855,769
1 January to 31 March 2015	0.29 cents	17,288,793
TOTAL		41,804,446

Accordingly, the Directors consider that the shares are being issued on terms that would be reasonable in the circumstances if the Company were dealing with the Directors at arm's length.

The closing price of shares in the Company on 15 April 2015, being the last trading day before the Notice of General Meeting and Explanatory Statement were lodged to the Australian Securities and Investments Commission for its review and approval was 0.3 cents.

The table below sets out the number of shares to be issued to each Director/employee in lieu of fees/salaries:

Director / Employee	35% to be paid by the issue of ordinary shares A\$	Total and Maximum number of shares to be issued
Bruce Watson	\$11,812.50	3,283,072
Dr Jeffrey Malaihollo	\$72,450.00	20,136,173
John Carlile	\$7,875.00	2,188,714
Cahyono Halim	\$58,275.00	16,196,487
TOTALS	\$150,412.50	41,804,446

ASX Listing Rules

ASX Listing Rule 7.1 limits the number of equity securities that a company may issue without member approval to 15% of the issued capital of the company in any 12 month period (subject to certain exceptions).

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

The Company is seeking the approval of shareholders under ASX Listing Rule 10.11 to allow the Company to issue shares to each of Mr Bruce Watson, Dr Jeffrey Malaihollo, Mr John Carlile and under ASX Listing Rule 7.1 to allow the Company to issue shares to Mr Cahyono Halim. If shareholders approve the issue of the shares under ASX Listing Rule 10.11 approval is not required under ASX Listing Rule 7.1 so that the shares would not be taken into account in determining whether a future share issue will result in the 15% cap imposed by Listing Rule 7.1 being exceeded.

All of the shares being the subject of this resolution are ordinary fully paid shares which rank equally with all of the Company's existing ordinary fully paid up shares and are quoted on the ASX.

No new cash funds will be raised by the issue of these shares however the liability to pay the relevant fees/salaries will be extinguished.

Any shares issued pursuant to Resolutions 5, 6, 7 & 8 will be issued on or about 29 May 2015 and in any event within one month of the date of the passage of these resolutions.

Resolution 9 – Ratify Previous Issue of Shares – September 2014 Placement to Treasure Key Investments Limited

The Company issued 138,500,000 fully paid ordinary shares on 1 September 2014 at an issue price of 0.5 cents raising \$692,500.

ASX Listing Rule 7.1 limits the number of equity securities that a company may issue without member approval to 15% of the issued capital of the company in any 12 month period (subject to certain exceptions).

ASX Listing Rule 7.4 allows an issue of securities to be subsequently approved by shareholders and treated as having been made with approval of shareholders for the purpose of ASX Listing Rule 7.1. The Company is seeking subsequent shareholder approval for the issue of shares under ASX Listing Rule 7.4 to refresh the Company's capacity to issue up to 15% of its issued shares, if required, in the next 12 months without the need to obtain shareholder approval.

All of the shares being the subject of this resolution are ordinary fully paid shares which rank equally with all of the Company's existing ordinary fully paid up shares and are quoted on the ASX.

Funds raised have been applied to accelerate ongoing exploration in Australia, to seek new projects in Indonesia and for ongoing working capital.

Recommendation


The Board recommends that shareholders approve Resolution 9.



ARCEXPLORATION

— 000001 000 ARX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

 **Online:**
www.investorvote.com.au



 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

 <p>Vote and view the annual report online</p> <ul style="list-style-type: none">• Go to www.investorvote.com.au or scan the QR Code with your mobile device.• Follow the instructions on the secure website to vote.	
<p>Your access information that you will need to vote:</p> <p>Control Number: 999999</p> <p>SRN/HIN: I9999999999 PIN: 99999</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10:00am (Sydney time) Wednesday 20 May 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of ARC Exploration Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of ARC Exploration Limited to be held at KPMG, Level 15, 10 Shelley Street, Sydney NSW at 10:00am on Friday 22 May 2015 and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 5, 6, 7 & 8 (except where I/we have indicated a different voting intention below) even though Items 2, 5, 6, 7 & 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 5, 6, 7 & 8 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
2. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-elect Mr Robert Willcocks as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Elect Mr Max Ramajaya as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approve Allotment of Shares to Mr. Bruce Watson in lieu of Directors Fees owed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approve Allotment of Shares to Dr. Jeffrey Malaihollo in lieu of salary owed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approve Allotment of Shares to Mr. John Carlile in lieu of Directors Fees owed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approve Allotment of Shares to Mr. Cahyono Halim in lieu of salary owed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Ratify Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

ARX

999999A

Computershare +