

MARKET UPDATE

**ARC EXPLORATION TO UNDERTAKE SHARE PURCHASE PLAN
TO RAISE NEW CAPITAL FOR ONGOING EXPLORATION**

SUMMARY

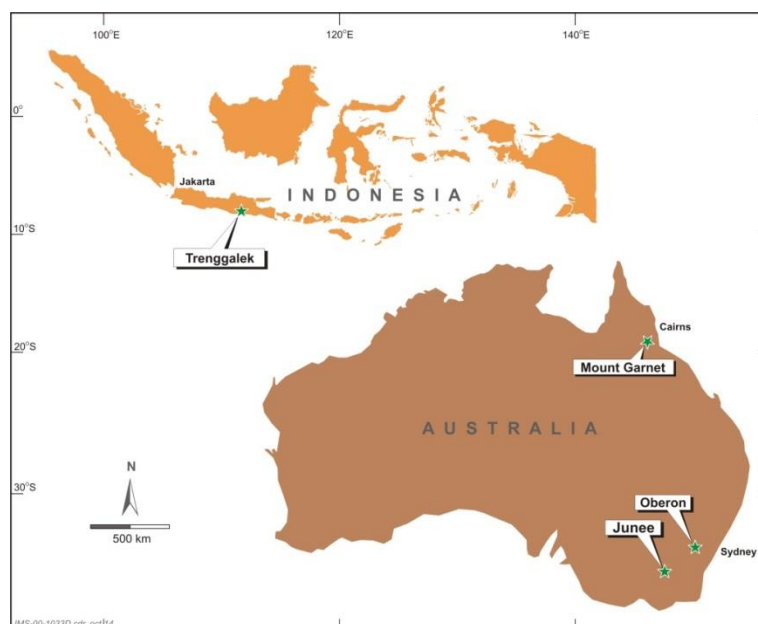
Arc Exploration Limited (ASX Code: ARX) is focused on exploration for gold and associated base metals in Australia and Indonesia.

The Company has interests in Australia where it is farming-in to two gold properties in New South Wales, Junee and Oberon and holds an Option to farm-in to another gold property in the Mount Garnet district of Far North Queensland. All three projects in Australia contain drill-delineated gold resources with potential for expansion through further exploration.

In Indonesia the Company has a joint venture on the Trenggalek Project in East Java. This project lies on the Sunda-Banda magmatic arc and is prospective for high-grade epithermal gold-silver veins and porphyry copper-gold systems.

The Company is currently engaged in ongoing discussions with potential joint venture partners who may wish to farm-in to each of the Company's projects.

The Company will undertake a Share Purchase Plan to raise new funds for working capital purposes while it pursues joint venture interest for the longer term exploration and development of the Company's projects.



Australian and Indonesian Project Locations

PROJECT SUMMARIES

AUSTRALIA

Junee Project, NSW (100% NSR; ARX earning up to 80%)

ARX has an agreement with New South Resources Pty Ltd ("NSR") to farm-in to their **Junee Project** which is located close to existing mine operations and development infrastructure and near the major regional centre of Wagga Wagga. It comprises three Exploration Licences (EL's 6516, 6768 & 8152). The total area of this tenement package is about 73 square-kilometres.

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 Junee Project is prospective for high-sulphidation epithermal gold and porphyry copper-gold styles of mineralisation.

Oberon Project, NSW (100% NSR, ARX earning up to 80%)

ARX also has an agreement with NSR to farm-in to their **Oberon Project** which is located close to existing mine operations and development infrastructure near the major regional centre of Bathurst. It comprises three Exploration Licences (EL's 6525, 8110 & 8349) covering about 200 square-kilometres.

EL 6525 contains the 150,000-ounce *Murphys* gold deposit (see ASX announcements of 3rd and 10th July 2013) from historic drilling which 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.

The Oberon Project is prospective for porphyry copper-gold and - VMS-related gold-silver-base metal styles of mineralisation.

Mount Garnet Project, Queensland (100% Snowmist, ARX has option to earn in)

ARX also holds an option to farm-in to the **Mount Garnet Project** owned by Snowmist Pty Ltd ("Snowmist") located in the Mount Garnet mining district of Far North Queensland. It is envisaged that the Company will exercise its option to farm-in to this project in August 2015. The Mount Garnet Project comprises three Mining Leases (ML's 4363, 4390, 20018) covering about 150 hectares that are 100% held by Snowmist, and an exploration tenement (EPM 25343) covering about 17 square-kilometres that is held by ARX.

The three Mining Leases held by Snowmist contain the Triple Crown gold deposit, which contains a drill-indicated gold resource estimated to be 69,000 ounces and includes a small oxide resource of about 25,000 ounces gold (see ASX announcement of 21st August 2013). Historic drilling at Triple Crown has produced some broad low to moderate grade gold intercepts including 22m at 2.33 g/t gold, 51m at 1.73 g/t gold and 35m at 1.39 g/t gold.

The Mount Garnet Project is prospective for granite/breccia pipe-hosted and skarn-hosted gold-silver-base metal styles of mineralisation.

INDONESIA

In Indonesia Arc has been exploring for gold and base metal deposits along Indonesia's highly prospective magmatic arcs and associated geological terranes. The primary exploration targets are porphyry-related copper-gold and high-grade epithermal gold-silver veins.

Trenggalek Project, East Java (95% ARX)

ARX operates a joint venture with its local Indonesian partner, P.T. Sumber Mineral Nusantara, which holds the Trenggalek Exploration IUP tenement, located in the Southern Mountains of East Java. The Southern Mountains

is composed of an older segment of the Sunda-Banda magmatic arc which hosts the Tumpangpitu porphyry copper-gold located about 200 kilometres to the east of Trenggalek, and the large Batu Hijau and Elang porphyry copper-gold deposits located on Sumbawa Island. Trenggalek contains a similar package of rocks to those hosting these three major porphyry deposits.

The Trenggalek Exploration IUP tenement is valid until November 2016 and covers an area of about 300 km².

Several epithermal gold-vein prospects on the Trenggalek IUP have had limited drill testing but have produced some significant gold-silver intercepts including 9 m at 4.5 g/t gold & 8 g/t silver at Sentul, 13.7 m at 3.2 g/t gold & 60 g/t silver at Buluroto, and 6.6 m at 4.9 g/t gold & 149 g/t silver at Kojan. High-grade gold-vein float identified at the Jati and Jombok prospects have yet to be traced to source and are priority exploration targets.

Scout drilling of targets identified at the Jerambah and Singgahan prospects in the south-eastern corner of the IUP in late 2013 – early 2014 confirmed the occurrence of large porphyry-style alteration systems containing low-grade copper-gold-molybdenum mineralisation at both prospects. These large alteration systems remain open and have only been partly explored.

PROJECT OBJECTIVES FOR THE SECOND HALF OF 2015

ARX believes that each of the projects that it currently has an interest in have considerable value and excellent prospects.

The strategy of the Company remains to attract joint venture partners to farm-in and fund development of properties, a recent example being the joint venture with Anglo-American at Trenggalek where Anglo-American expended US\$3.5 million, at no cost to ARX, which generated a wealth of new data that significantly advanced our understanding of the porphyry potential at Trenggalek. While Anglo-American elected not to proceed with the Trenggalek project, ARX considers that this is the most appropriate way for junior exploration companies to advance their projects in difficult markets where their own access to equity funding may be constrained.

For the second half of 2015 ARX proposes to continue to conserve cash by undertaking only such work on its existing projects which is essential or involves minimal cash outlay while it pursues joint venture interest for their longer term development. Until market conditions improve, this will primarily involve further analysis of existing data with the following objectives in mind:

PROJECT	OBJECTIVE FOR SECOND HALF OF 2015
Junea	Increase understanding of resource and seek joint venture partner
Oberon	Evaluation of Cu-Au potential and seek joint venture partner
Mount Garnet	Exercise option, review project feasibility and seek joint venture partner
Trenggalek	Evaluation of gold and copper potential and seek joint venture partner

COST REDUCTION PROGRAM

ARX has also commenced a cost reduction program to conserve cash across all of its operations in both Australia and Indonesia.

Directors and senior management of the Company have elected to forgo 50% of their remuneration to the end of calendar 2015. The remaining 50% of their remuneration which they are to receive will be paid by the issue of shares in the Company rather than in cash and as a result no cash remuneration will be paid to Directors or senior management for the remainder of this year. In the case of Directors these arrangements are subject to shareholder approval which will be pursued at the next general or annual general meeting of the Company.

SHARE PURCHASE PLAN

ARX announces that it will offer a Shareholder Purchase Plan (SPP) to give existing eligible shareholders the opportunity to invest in ARX to meet the project objectives outlined above and for working capital purposes.

New shares to be issued under the SPP will be priced at 0.18 cents per share, which is a 14.3% discount to the volume weighted average market price for the Company's shares, calculated over the last 30 days on which sales were recorded prior to the date of this announcement.

Participation in the SPP is voluntary and will be available exclusively to shareholders who are registered as holders of ARX ordinary shares on the Record Date and whose registered address is in Australia, New Zealand, Singapore or Indonesia.

INDICATIVE SPP TIMETABLE

<i>SPP Record Date</i>	<i>Tuesday 14 July 2015</i>
<i>Announcement of Share Purchase Plan</i>	<i>Wednesday 15 July 2015</i>
<i>Share Purchase Plan Opens</i>	<i>Wednesday 22 July 2015</i>
<i>Offer Document Dispatched</i>	<i>Wednesday 22 July 2015</i>
<i>Share Purchase Plan Offer Closes</i>	<i>Monday 10 August 2015</i>
<i>Allotment of Shares</i>	<i>Monday 17 August 2015</i>

For further information please contact:

Dr Jeff Malaihollo

Managing Director

Tel: + 62 21 531 60118

Email: jeffmalaihollo@arx.net.au

Andrew J. Cooke

Company Secretary

Tel: + 61 2 8076 6004

Email: andrewcooke@arx.net.au

Or visit the website: www.arcexploration.com.au

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 *Murphys* 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 information in this report that relates to the *Triple Crown* gold resource is extracted from the report entitled Mount Garnet Project - Statement of Resources created and released to the ASX on 21 August 2013.

The report referred to above is 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.