

**ASX ANNOUNCEMENT**

**28 July 2015**

**EXERCISE OF OPTION TO FARM-IN  
ON MOUNT GARNET PROJECT, NORTHEAST QUEENSLAND**

Arc Exploration Limited (ASX Code: ARX) is pleased to announce that it has exercised its option to Farm-in on the Mt Garnet gold project located in northeast Queensland that comprises three mining leases owned by Snowmist Pty Ltd ("Snowmist"). ARX will now proceed to finalise and sign the Farm-in Agreement, the terms of which were announced on 21<sup>st</sup> August 2013.

During the option period ARX completed with various consultants a review of historical work on Triple Crown and also undertook surface evaluations to assess the property. ARX has elected to exercise its option based on the view that there is a significant potential to increase the known gold resource at Triple Crown and additional potential to identify new gold-breccia targets and other deposit styles, including base metal skarn similar to that exploited at the nearby Mount Garnet zinc-copper mine.

Managing Director, Dr Jeffrey Malaihollo, commented:

*"The project is located in a highly productive mineral province that contains several large historic and active gold mines including Kidston, Mt Leyshon and Red Dome-Mungana.*

*There is potential for early production from the gold-oxide zone located at the top of the 69,000 ounce Triple Crown gold resource and we will be assessing this possibility over the coming months.*

*Triple Crown is a gold-breccia pipe that has been tested to only shallow depth of about 200 meters. By analogy with similar gold-breccia deposits in the region, such as Mt Wright and Welcome Breccia, we believe there is potential for additional gold resources at greater depth and surrounding Triple Crown and will investigate this accordingly.*

*Mount Garnet is a fertile mineral district with historic production of multiple commodities including base metals, tin and silver. The Snowmist mining leases and our nearby exploration tenement contain highly prospective rock types. Our work during the option period produced strong polymetallic anomalies in surface sampling at Triple Crown South and Stockies prospects located close to the Triple Crown gold resource. These represent base metal targets in addition to the gold targets within the tenements.*

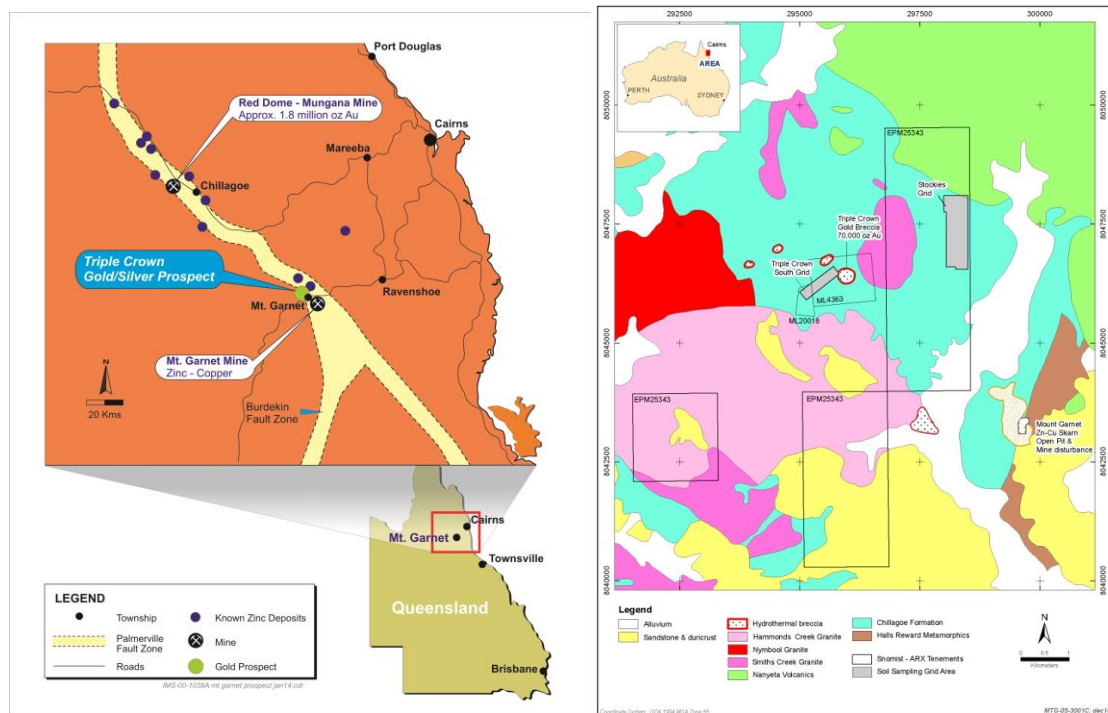
*We are confident of the potential for more gold and base metal discoveries at Mount Garnet and look forward to reporting on progress and results as they become available."*

**Background on the Mount Garnet Project Area**

The **Mount Garnet** Project, located near the major regional centre of Cairns, comprises three Mining Leases (ML's 4363, 4390, 20018) covering about 150 hectares that are 100% held by Snowmist Pty Ltd ("Snowmist"), and an exploration tenement (EPM 25343) covering about 17 km<sup>2</sup> that is held by Arc Exploration Limited ("ARX").

Arc Exploration Limited ("ARX") has exercised its option agreement with Snowmist Pty Ltd ("Snowmist") to farm into their package of mining tenements containing 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 21<sup>st</sup> August 2013).

The project area lies in the Mount Garnet tin-base metal mining subdistrict of the Herberton Tinfield and at the southern end of a belt of Siluro-Devonian metasedimentary rocks intruded by Permo-Carboniferous granites that are host to the large Mungana/Red Dome gold-base metal skarn, quartz-stockwork and breccia deposits in the Chillagoe mining district, located about 100 km to the northwest of Mount Garnet.



Mt Garnet Project, Northeast Queensland

### 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 Triple Crown gold resource is extracted from the report entitled "Intention To Proceed With Option On Queensland Gold Project" created and released to the ASX on 21 August 2013.

The reports referred to above are available to view on the Company's website: [www.arcexploration.com.au](http://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.