



Arc Exploration Limited  
ACN 002 678 640

## Notice of Annual General Meeting and Explanatory Statement

### **2015 Annual Report:**

The 2015 Annual Report is available on the Company's Website:  
[www.arcexploration.com.au](http://www.arcexploration.com.au)

and

[http://www.arcexploration.com.au/IRM/content/newsreports\\_annual.html](http://www.arcexploration.com.au/IRM/content/newsreports_annual.html)

**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  
Tuesday 31 May 2016  
Level 16, 1 Market Street  
Sydney NSW 2000**

## **Notice of Annual General Meeting**

NOTICE is given that the Annual General Meeting of the Company will be held at Nexia, Level 16, 1 Market Street, Sydney NSW Australia at 10.00 am on Tuesday 31 May 2016.

### **ORDINARY BUSINESS**

**1. Receipt of the Financial Report for the year ended 31 December 2015**

Receipt of the Company's Financial Report and the Directors' Report and the Auditor's Report for the year ended 31 December 2015.

**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 2015 be adopted.”

**3. Re-elect Mr Bruce Watson as a Director of the Company**

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

To elect Mr Bruce Watson 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. Re-elect Mr John Carlile as a Director of the Company**

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

To elect Mr John Carlile as a Director of the Company, who retires in accordance with the Constitution of the Company, and being eligible, offers himself for re-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** 11,758,333 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** 95, 833,333 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** 10,416,667 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. Robert Willcocks 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. Robert Willcocks** 10,416,667 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. Willcocks 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.

**9. Ratify Previous Issue of Shares to Employees and Officers**

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 120,069,422 fully paid ordinary shares by the Company to employees and officers of the Company 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 Employees and Officers of the Company who received shares referred to in this resolution or any of their 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.

**10. Consolidation of Capital**

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

“That for the purposes of Section 254H or the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on a one for five hundred basis, with any fractions rounded up to the nearest whole number”

**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 & 9:

A vote must not be cast on Resolutions 5, 6, 7, 8 and 9 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, 8 and 9 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, 8 and 9 by marking the appropriate box on the proxy form. Alternatively, shareholders can nominate as their proxy for the purpose of Resolutions 5, 6, 7, 8 and 9 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, 8 and 9.

Dated at Sydney, on the 21<sup>st</sup> day of April 2016

**By order of the Board**  
**Andrew J. Cooke**  
**Company Secretary**



**2015 Annual Report:**

The 2015 Annual Report is available on the Company's Website:

[www.arcexploration.com.au](http://www.arcexploration.com.au)

and

[http://www.arcexploration.com.au/IRM/content/newsreports\\_annual.html](http://www.arcexploration.com.au/IRM/content/newsreports_annual.html)

**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 (02) 8215 1600 (within Australia) or +61 2 8215 1600 (from outside of Australia);  
or
  - (ii) by **mail** :  
  
Arc Exploration Limited  
Level 8, 65 York Street  
Sydney NSW 2000  
Australia;  
or
  - (iii) **Email** : andrewcooke@arx.net.au

**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 29 May 2016.

## **EXPLANATORY STATEMENT**

### **Financial Report – Year ended 31 December 2015**

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.

A representative of the Auditor will be attending the Annual General Meeting.

As a shareholder, you are entitled to submit a written question to the Auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the Auditor's report; or
- the conduct of the audit in relation to the Financial Report.

All written questions must be received by the Company no later than 13 May 2016. All questions must be sent to the Company and may not be sent direct to the Auditor. The Company will then forward all questions to the Auditor.

The Auditor will answer written questions submitted prior to the Annual General Meeting.

The Auditor will also answer questions at the meeting from shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

### **Resolution 2 – Remuneration Report**

The Directors' report for the year ended 31 December 2015 contains a Remuneration Report which sets out the policy on remuneration of the Directors of the Company and specified executives of the Company.

The Directors believe that the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate for the size of the Company, its business and objectives.

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. However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, shareholders will then vote to determine whether the Directors, excluding the CEO, will need to stand for re-election (a "Spill Resolution"). If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

At the Company's 2015 annual general meeting, the votes cast against the remuneration report considered at that meeting were less than 25%. Accordingly, a Spill Resolution cannot be put at this meeting.

Members 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. Bruce Watson as a Director**

Mr Watson is the Managing Director of Cubic Corporate Advisory Pty. Limited and was previously Head, Corporate Advisory & Equities at Westpac Institutional Bank and prior to that a founding director of Grant Samuel & Associates Pty. Limited. Mr. Watson has a diverse and comprehensive background across the Australian banking and investment community and a high level of technical capability within the core areas of legal and financial structuring. Mr. Watson was also formerly a director of Arc Exploration Limited from 1998 until April 2001.

Mr Watson was appointed as a Director of the Company on 3 April 2005 and as Non-Executive Chairman on 23 June 2005. Mr Watson is also a member of the Audit Committee. He holds degrees in Commerce and Law and a Master of Arts in History.

### **Resolution 4 – Re-election of Mr. John Carlile as a Director**

Mr Carlile is a geologist with a BSc. (Hons) degree in Geology from the University of Reading and a MSc. (DIC) in Mineral Exploration from the Royal School of Mines, University of London. Mr. Carlile is a Fellow of The Aus.I.M.M. and Geo.Soc.Lond. He has over 30 years' experience in the mining industry, primarily in gold exploration, and has previously held senior positions in the Asian region with major mining companies including BHP and Newcrest Mining Limited.

Mr Carlile was appointed as a Director of the Company on 3 March, 1998 and was the Managing Director and Chief Executive Officer of the Company until 17 November 2002. From 18 November 2002 until 13 January 2008 Mr. Carlile was a Non-Executive Director. From 14 January 2008 to 30 September 2013 Mr. Carlile again served as the Managing Director of the Company. On 1 October 2013 he retired from the position of Managing Director and now remains as a member of the Board as a Non-Executive Director. Mr. Carlile was formerly a Director of Castlemaine Goldfields Limited and formerly Chairman of PEARL Energy Limited, a Singapore company focused on oil and gas exploration and production in South-East Asia.

### **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. Robert Willcocks in lieu of fees or salary owed by the Company to each of them.

Each of Bruce Watson, Jeffrey Malaihollo, John Carlile and Robert Willcocks are Directors of the Company and accordingly are related parties of the Company.

The shares are to be issued as part of an arrangement designed to preserve the Company's cash resources. From 1 April 2015 Non-Executive Directors of the Company elected to forgo 50% of their remuneration to the end of calendar 2015 while the Managing Director and senior management received 50% of their normal remuneration in cash and 50% in shares. From 1 July 2015 all Directors and senior management agreed to forgo 50% of their normal remuneration and the remaining 50% of their remuneration which they were to receive was to be paid by the issue of shares in the Company rather than in cash and as a result no cash remuneration was paid to Directors or senior management for that period. These arrangements continued for the March 2016 quarter. In the case of Directors these arrangements were expressed to be subject to shareholder approval and resolutions 5-8 deal with this approval requirement.

These arrangements have been discontinued with effect from 1 April 2016.

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

The issue price for the shares to be issued for the period from 1 April 2015 to 31 December 2015 was set at 0.18 cents being the price at which the Company conducted a Share Purchase Plan in July 2015. The issue price of 0.18 cents represents a substantial premium to the prevailing market price for that period. The issue price of 0.09 cents for the shares to be issued for the period from 1 January 2016 to 31 March 2016 was calculated on the basis of a 15% discount to the volume weighted average price of the Company's ordinary shares as traded on the Australian Securities Exchange (ASX) for that period:

<b>Quarter</b>	<b>VWAP</b>	<b>Maximum Number of Shares to be issued</b>
1 April to 30 June 2015	0.18 cents	25,685,000
1 July to 30 September 2015	0.18 cents	25,685,000
1 October to 31 December 2015	0.18 cents	25,685,000
1 January to 31 March 2016	0.09 cents	51,370,000
<b>TOTAL</b>		<b>128,425,000</b>

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 12 April 2016, being the last trading day before the Notice of General Meeting and Explanatory Statement were lodged to the Australian Securities Exchange for its review and approval was 0.10 cents.

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

<b>Director / Employee</b>	<b>50% to be paid by the issue of ordinary shares</b>	<b>Total and Maximum number of shares to be issued</b>
	<b>A\$</b>	
Bruce Watson	\$16,932	11,758,333
Dr. Jeffrey Malaihollo	\$138,000	95,833,333
John Carlile	\$15,000	10,416,667
Robert Willcocks	\$15,000	10,416,667
<b>TOTALS</b>	<b>\$184,932</b>	<b>128,425,000</b>

#### 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 Mr. Robert Willcocks. 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 3 June 2016 and in any event within one month of the date of the passage of these resolutions.

### **Resolution 9 – Ratify Allotment of Shares to Employees and Officers**

The Company issued a total of 120,069,422 shares to employees and officers of the Company in lieu of salaries or consulting fees as follows:

<b>Allotment Date</b>	<b>Remuneration Period</b>	<b>Number of Shares Allotted</b>	<b>Issue Price</b>	<b>Value of Salaries/Consulting Fees paid by Issue of Shares</b>
15 April 2016	1 April to 30 June 2015	15,416,667	0.18 cents	\$27,750
24 July 2015	July 2015	7,222,222	0.18 cents	\$13,000
2 September 2015	August 2015	10,819,444	0.18 cents	\$19,475
2 October 2015	September 2015	10,819,444	0.18 cents	\$19,475
10 February 2016	1 Oct to 31 Dec 2015	32,458,332	0.18 cents	\$58,425
11 April 2016	1 Jan to 31 Mar 2016	43,333,333	0.009 cents	\$39,000
<b>Totals</b>	-	<b>120,069,422</b>	-	<b>\$177,125</b>

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.

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

#### **Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

### **Resolution 10 – Consolidation of Capital**

#### Section 254H of the Corporations Act

Section 254(H) of the Corporations Act states that a company may convert all or any of its shares into a larger or smaller number by resolution passed a general meeting. In accordance with Section 254H(2) of the Corporations Act and Appendix 7A of the ASX Listing Rules, the Consolidation will take effect on the Consolidation Date. If Resolution 9 is passed, the Company will lodge a copy of the resolution with ASIC within 1 month of it being passed in accordance with section 254H(4) of the Corporations Act.

#### Reasons for the Share Consolidation

The Company has a very large number of Shares on issue (1,412,577,910 assuming that Resolutions 5-8 of this Notice of Meeting are approved by shareholders) due to historical equity-based capital raisings and other issues.

The purpose of the Consolidation is to provide the Company with a more appropriate capital structure for a company of its size and nature and potentially, will result in a Share price that is more appealing to a wider range of investors within Australia and globally.

#### Fractional Entitlements

The Consolidation may result in Shareholders receiving a fraction of a Share. These fractional entitlements will be rounded up as part of the Consolidation, so that the consolidated holding will be rounded up to the nearest whole number.

#### Effect of Share Consolidation

The effect the 500:1 Share Consolidation will have on the capital structure of the Company is as follows:

	Shares on Issue
Pre-Consolidation *	1,412,577,910
Post-Consolidation**	2,825,156

\* Assuming that Resolutions 5,6,7 and 8 are approved and shares allotted prior to consolidation

\*\* This table does not take into account any rounding discrepancies or fractional entitlement occurrences.

The Share Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

#### Taxation

It is not expected that any taxation consequences will arise from Shareholders arising from the Share Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Share Consolidation, and neither the Company, nor the Directors accept any responsibility for the individual taxation consequences arising from the Share Consolidation.


#### Timetable

Key Event	Indicative Date
Annual General Meeting	Tuesday 31 May 2016
Notification to ASX that Share Consolidation is approved	Tuesday 31 May 2016
Last day for trading in pre-consolidated securities	Wednesday 1 June 2016
Trading in the consolidated securities on a deferred settlement basis commences	Thursday 2 June 2016
Last day the registrar transfers on a pre-consolidation basis	Friday 3 June 2016
Share Consolidation effective Registration of securities on a post consolidation basis	Monday 6 June 2016
Despatch of new holding statements Deferred settlement trading ends	Friday 10 June 2016
Normal trading starts	Tuesday 14 June 2016

#### **Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

**Lodge your vote:**

 **By Mail:**  
 Arc Exploration Limited  
 Level 8, 65 York Street, Sydney  
 New South Wales, 2000, Australia

Alternatively you can fax your form to  
 (within Australia) 02 8215 1600  
 (outside Australia) +61 2 8215 1600

**For all enquiries call:**  
 (within Australia) 02 8076 6004  
 (outside Australia) +61 2 8076 6004

## Proxy Form

 **For your vote to be effective it must be received by 10:00 am (Sydney time) Sunday 29 May 2016**

### 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

**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](http://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.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**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.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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 Level 16, 1 Market Street, Sydney, NSW, 2000 on Tuesday, 31 May 2016 at 10:00am (Sydney time) 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 & 9 (except where I/we have indicated a different voting intention below) even though Items 2, 5, 6, 7, 8 & 9 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 & 9 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. Bruce Watson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-elect Mr. John Carlile 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. Robert Willcocks in lieu of Directors Fees owed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Ratify Previous Issue of Shares to Employees and Officers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Consolidation of Capital	<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 / /