Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

# New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity ARC EXPLORATION LIMITED ABN 48 002 678 640 We (the entity) give ASX the following information. Part 1 - All issues You must complete the relevant sections (attach sheets if there is not enough space). 1 +Class of +securities issued or to be **Ordinary Shares** issued 2 Number of +securities issued or to 7,348 Ordinary Shares be issued (if known) or maximum number which may be issued Principal terms of the +securities (eg, Ordinary Fully Paid Shares if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates payment; if +convertible securities, the conversion price and dates for conversion)

<sup>+</sup> See chapter 19 for defined terms.

4 Do the \*securities rank equally in all respects from the date of allotment with an existing \*class of quoted \*securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 5 Issue price or consideration

7,347 issued at 3.6 c upon exercise of ARXOA Options.

1 issued at 75.0 cents upon exercise of ARXO Option

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)

**Exercise of Options** 

Yes

7 Dates of entering \*securities into uncertificated holdings or despatch of certificates

24 February 2010

8 Number and \*class of all
\*securities quoted on ASX
(including the securities in clause 2
if applicable)

Number	+Class
346,571,106	Ordinary Fully Paid Shares
154,392,774	Jan 2011 Options
7,940,728	June 2012 Options

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<sup>+</sup> See chapter 19 for defined terms.

9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
17,775,000	Unlisted Options ARXAK @ 2.5 c expiry 06/07/12
39,945,191	Directors & Senior Management Options ARXAL @ 3.6 c expiry 11/12/14

Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Same			

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the *securities will be offered	
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	
15	<sup>+</sup> Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has *security holders who will not be sent new issue documents	
	Note: Security holders must be told how their entitlements are to be dealt with.	
	Cross reference: rule 7.7.	

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<sup>+</sup> See chapter 19 for defined terms.

### Appendix 3B New issue announcement

19	Closing date for receipt of acceptances or renunciations
20	Names of any underwriters
21	Amount of any underwriting fee or commission
22	Names of any hydrogents the issue
22	Names of any brokers to the issue
23	Fee or commission payable to the broker to the issue
24	Amount of any handling fee payable
	to brokers who lodge acceptances or renunciations on behalf of  +security holders
25	If the issue is contingent on  +security holders' approval, the date of the meeting
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
27	If the entity has issued options, and
21	the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
28	Date rights trading will begin (if applicable)
29	Date rights trading will end (if applicable)
30	How do *security holders sell their entitlements in full through a broker?
2.1	TT 1 + 2 1 11 11 .
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?
32	How do +security holders dispose of

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<sup>+</sup> See chapter 19 for defined terms.

		entitlements (except by sale gh a broker)?
33	+Desp	atch date
		uotation of securities omplete this section if you are applying for quotation of securities
34	Type (tick o	of securities one)
(a)	$\sqrt{}$	Securities described in Part 1
(b)		All other securities  Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities
F.,.4:4:	41	
Entiti	es tna	t have ticked box 34(a)
		ecurities forming a new class of securities
Addit	ional s	.,
<b>Addit</b> Tick to	ional s	ecurities forming a new class of securities
Addit Tick to docume	ional s	ecurities forming a new class of securities  e you are providing the information or  If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by

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<sup>+</sup> See chapter 19 for defined terms.

Entitie	es that have ticked box 34(b)		
38	Number of securities for which +quotation is sought		
39	Class of *securities for which quotation is sought		
40	Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?		
	If the additional securities do not rank equally, please state:  • the date from which they do  • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment  • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment		
41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period		
	(if issued upon conversion of another security, clearly identify that other security)		
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Number	+Class

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<sup>+</sup> See chapter 19 for defined terms.

#### **Quotation agreement**

- <sup>+</sup>Quotation of our additional <sup>+</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>+</sup>securities on any conditions it decides.
- We warrant the following to ASX.
  - The issue of the \*securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those \*securities should not be granted \*quotation.
  - An offer of the \*securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any \*securities to be quoted and that no-one has any right to return any \*securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the \*securities be quoted.
- If we are a trust, we warrant that no person has the right to return the \*securities to be quoted under section 1019B of the Corporations Act at the time that we request that the \*securities be quoted.
- We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before <sup>+</sup>quotation of the <sup>+</sup>securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Andrew Cooke Date: 24 February 2010

(Company secretary)

Print name: Andrew J. Cooke

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<sup>+</sup> See chapter 19 for defined terms.