

**ARC TO COMMENCE GEOPHYSICAL SURVEYS
TO DEFINE DRILL TARGETS AT BIMA, EAST SUMBAWA**

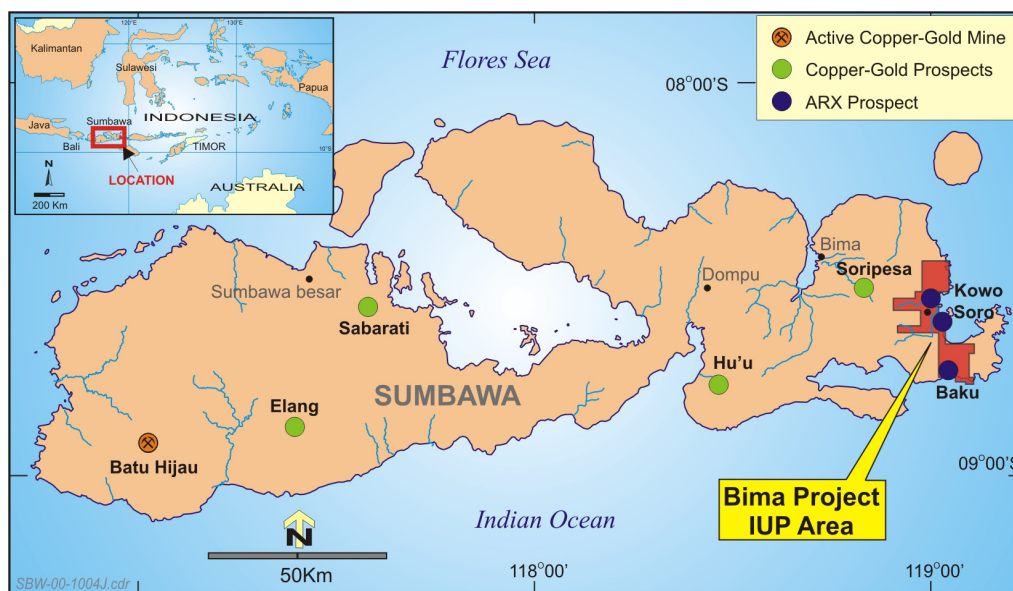
Arc Exploration Limited (ASX Code: ARX) is pleased to report that it will soon commence electrical and ground magnetic geophysical surveys on the Baku and Kowo prospects. The objective of this work is to define targets for scout drill testing in early 2011.

ARX is currently undertaking further mapping, trenching and soil geochemical sampling over the Baku and Kowo prospects, where the Company has previously reported highly encouraging gold, silver and base metal results in surface sampling. At both prospects large zones of silicification and stockwork veining have produced rock chip results of up to 12.3 g/t gold at Baku, and up to 2.7 g/t gold, 686 g/t silver and 0.2% copper at Kowo.

Three-Dimensional Induced Polarisation (3D-IP) and ground magnetics surveys are planned to commence in early November at Baku and Kowo to help define drill targets and confirm the potential for substantial shallow and deeper gold-silver-base metal mineralisation at both prospects.

Geophysical surveys of this nature have proven useful in the discovery of major mineral deposits in similar settings. Bima is in the same belt of rocks that host Newmont's Batu Hijau copper-gold deposit 200 kilometres to the west.

The geophysical surveys will provide subsurface data which with surface geochemical data will be used to design a scout drilling programme that will commence in early 2011.





About ARX's Bima Project

The Bima Exploration tenement covers 250 square kilometres and is prospective for intermediate to high-sulphidation epithermal gold and porphyry copper-gold deposits.

The project is located in Bima Regency, West Nusa Tenggara Province. The project has excellent infrastructure with a network of sealed to graded roads traversing almost all of the tenement area.

The Company has three projects; **Bima, in East Sumbawa, the subject of this announcement**, Trenggalek in East Java and a Strategic Alliance with the Anglo American group in Papua.

The information in this report that relates to Exploration Results is based on information compiled by Dr Renato Bobis, who is a member of the Australian Institute of Mining and Metallurgy, and Mr Brad Wake, who is a member of the Australian Institute of Geoscientists. Dr Bobis and Mr Wake have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr Bobis and Mr Wake are full time employees of Arc Exploration Limited and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

For further information please contact:

Andrew J. Cooke

Company Secretary

Tel: + 61 2 9419 8044

Email: andrewcooke@arx.net.au

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

Arc Exploration Limited
ABN 48 002 678 640
www.arcexploration.com.au

Sydney
Suite 1502, Level 15
Tower B
799 Pacific Highway
Chatswood NSW 2067
Australia

T + 61 2 9419 8044
F + 61 2 9419 8099
E info@arx.net.au

Jakarta
Perkantoran CBD/BIDEX
Blok F, No.5
Jl. Pahlawan Seribu
BSD City - Tangerang 15321
Indonesia

T + 62 21 531 60118
F + 62 21 531 60119