



Mr. Cameron Bill  
Adviser, Listings (Sydney)  
ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

3 June 2011

By Email:

Dear Cameron

We refer to the Appendix 3Y lodged with the ASX today for Mr. John Carlile relating to the expiry of ARXOA options on 31 January 2011 and your letter of today's date seeking our response to a number of questions as to why this Appendix 3Y was lodged late.

We respond to your questions as follows:

**1. Please explain why the Appendix 3Y was lodged late.**

There was no failure on the part of Mr. Carlile to notify the Company of a change in his notifiable interest.

The Company is well aware of its obligation to disclose any change in a Director's notifiable interest. The expiry of these options did not involve the Director concerned acquiring or disposing of the options. The options merely lapsed with the effluxion of time and thereupon ceased to exist without any action by the Director. To the extent the Director acquired securities upon exercise of some of the options, this was disclosed at the appropriate time, 25 January 2011 by Appendix 3Y.

The Company Secretary was not aware on the need to issue an Appendix 3Y in circumstances such as these where the option term expired and the options lapsed rather than where the Director concerned had either acquired or disposed of securities in the Company.

**2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?**

There was no failure on the part of Mr. Carlile to notify the Company of a change in his notifiable interest. Mr. Carlile had informed the Company of the exercise of some of his ARXOA options which the Company did advise to the market of in the form of an Appendix 3Y dated 25 January 2011.

The Company has written agreements in place with each of its Directors in the form of Attachment 1 to Guidance Note 22 dealing with Director Disclosure of Interests.

Each of the Company's Directors is aware of their obligations to inform the Company where there is a change in their notifiable interest.

**3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?**

The Company Secretary has been made aware of the requirement to lodge an Appendix 3Y with the ASX in circumstances where a Director holds options which expire unexercised by

**Arc Exploration Limited**  
ABN 48 002 678 640  
[www.arcexploration.com.au](http://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](mailto:info@arx.net.au)

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

T + 62 21 5316 0118  
F + 62 21 5316 0119

that Director. The Company Secretary has acknowledged the need for proper and timely disclosure in these circumstances.

The Chairman has instructed the Company Secretary to ensure that he and each of the Directors are reminded of and fully understand their disclosure obligations under ASX listing rule 3.19A.

Please do not hesitate to contact me if you require any additional information in regard to the above matters.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Andrew Cooke", with a stylized flourish at the end.

**Andrew J. Cooke**  
**Company Secretary**



ASX Compliance Pty Limited  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

Telephone 61 2 9227 0656  
Facsimile 61 2 9241 7620  
[www.asx.com.au](http://www.asx.com.au)

3 June 2011

Mr Andrew Cooke  
Company Secretary  
Arc Exploration Limited  
C/- Suite 1502, Level 15, Tower B  
799 Pacific Highway  
CHATSWOOD NSW 2087

By Email: [andrewcooke@arx.net.au](mailto:andrewcooke@arx.net.au)

Dear Andrew,

**Arc Exploration Limited (the "Company")**

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX today for Mr John Carlile;
2. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

*The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

3. Listing rule 3.19B which states as follows.

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicated that a change in Mr Carlile's notifiable interest occurred on 31 January 2011. It appears that the Appendix 3Y should have been lodged with ASX by 7 February 2011. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by email to [cameron.bill@asx.com.au](mailto:cameron.bill@asx.com.au). It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.S.T.) on **Wednesday, 8 June 2011**.

If you have any queries or concerns, please contact me immediately.

Yours sincerely



Cameron Bill

Adviser, Listings (Sydney)