



ASX ANNOUNCEMENT

23 FEBRUARY 2011

TRENCHING CONFIRMS EMERGING GOLD DISCOVERY AT SORO, BIMA PROJECT, EAST SUMBAWA

Arc Exploration Limited (ASX Code: ARX) is pleased to announce that trenching results obtained at the Soro Prospect support an emerging gold discovery and have confirmed a new type of gold target at Bima.

- **Broad zones of gold-silver mineralisation intersected in silicified limestone**
- **Potential for bulk-tonnage replacement-style gold-silver deposits**

Recent trenching has tested part of a large gold soil anomaly measuring over 1,000m by 500m. Results of **38m at 1.41 g/t gold & 41 g/t silver** and **11m at 1.22 g/t gold, 14 g/t silver & 25.8% barium**, occur in two trenches located 300m apart. Gold is hosted in silicified limestone and is also associated with elevated arsenic, antimony and mercury.

Managing Director Mr. John Carlile commented:

“These first trench gold intersections at Soro occur over significant lengths and are widely separated. The results indicate potential for a significant bulk tonnage gold deposit and while it is early days we may have an emerging gold discovery of a different style to that at Baku and Kowo.

The geology of Soro, together with its geochemical association, suggests it is an example of replacement-style gold mineralisation in limestone in an island-arc setting.

In this style of deposit, gold grades in the order of 1 - 3 g/t gold at surface are highly significant as bulk tonnage targets and there is also potential for higher grade feeder structures. A well-known example of a replacement-style gold deposit in the region is Mesel located in North Sulawesi, which produced over 2 million gold ounces from a bulk tonnage deposit for Newmont.

Soro is particularly promising as it opens up the possibility of a different type of gold mineralisation with bulk tonnage potential across a sizeable area. Our results show the gold-soil anomaly is large and at this stage has only been partly tested by trenching. We will be undertaking more work at Soro to better define the extent and nature of the prospect.”

About Bima

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 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

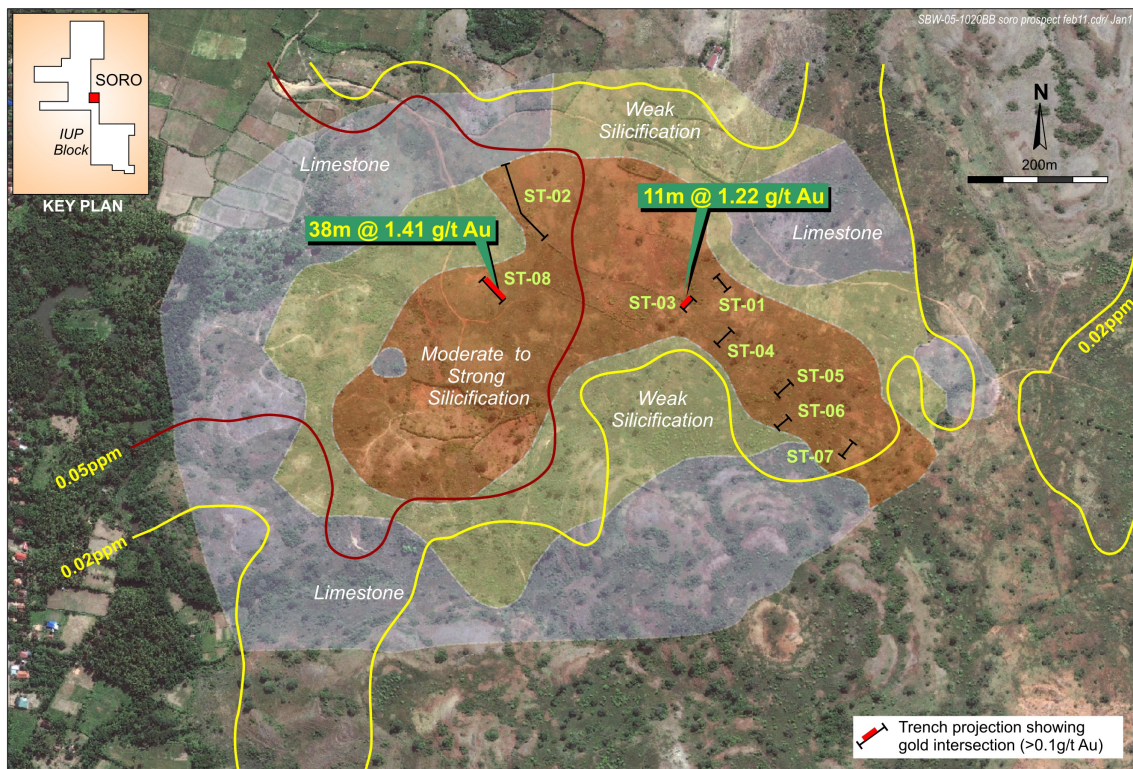
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Soro Prospect Simplified Geology Showing Trench Locations

The information in this report that relates to Exploration Results is based on information compiled by Mr Brad Wake, who is a member of the Australian Institute of Geoscientists and Dr Renato Bobis, who is a member of the Australasian Institute of Mining and Metallurgy. The samples were analysed by Intertek Laboratory in Jakarta. Standards and duplicate samples were routinely inserted in the sample batches. The results indicate acceptable precision levels. Mr Wake and Dr Bobis 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.

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