

Arc Exploration Limited

Suite 1502, Tower B, 799 Pacific Highway, Chatswood NSW 2067

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Rule 5.3

Name of entity

Arc Exploration Limited

ACN or ARBN

48 002 678 640

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities

1.1 Receipts from product sales and related debtors

1.2 Payments for

(a) exploration and evaluation

(b) development

(c) production

(d) administration

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes paid

1.7 Other (provide details if Material)

Net Operating Cash Flows

Cash flows related to investing activities

1.8 Payment for purchases of:

(a) prospects

(b) equity investments

(c) other fixed assets

1.9 Proceeds from sale of:

(a) prospects

(b) equity investments

(c) other fixed assets

1.10 Loans to other entities

1.11 Loans repaid by other entities

1.12 Other (provide details if material)

Net investing cash flows

1.13 Total operating and investing cash flows (carried forward)

	Current quarter \$A'000	Year to date (3 months) \$A'000
	-	-
	(650)	(650)
	-	-
	(403)	(403)
	-	-
	83	83
	(34)	(34)
	-	-
	-	-
Net Operating Cash Flows	(1,004)	(1,004)
	-	-
	-	-
	(55)	(55)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Net investing cash flows	(55)	(55)
	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,059)	(1,059)

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(1,059)	(1,059)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares	6,863	6,863
1.15 Proceeds from sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings	(636)	(636)
1.18 Dividends paid		
1.19 Other (provide details if material)- Capital Raising Costs - Subscription money in advance	(446)	(446)
	-	-
Net financing cash flows	5,781	5,781
Net increase (decrease) in cash held	4,722	4,722
1.20 Cash at beginning of quarter/year to date	4,036	4,036
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	8,758	8,758

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.23 Aggregate amount of payments to the parties included in item 1.2	92
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Directors fees and consultancy fees at normal commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

3.1 Loan facilities

Unsecured Loans - US\$1.5M :

- Interest Rate of 5% payable in cash quarterly in arrears;
- Principal to be repaid in 2 equal tranches:

First repayment made on 31 March 2011 and then 31 March 2012

- Principal Repayments to be effected in one of the following ways (at Lender's election):

a) 50% cash + 50% shares (shares priced at 25% discount to 30 day VWAP prior to repayment date);

or

b) 100% shares (shares priced at 25% discount to 30 day VWAP prior to repayment date)

- Lender may elect to be repaid in full in shares (shares priced at 25% discount to 30 day VWAP prior to repayment date) at any time after 31 March 2011;

- ARX reserves the right to repay any outstanding balance early in full in cash at any time prior to an election above.

3.2 Credit standby arrangements

-

-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,423
4.2 Development	-
4.3 Production	-
4.4 Administration	286
Total	1,709

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	958	536
Deposits at call		-
Bank overdraft	-	-
Other - (Short-term Deposit balances)	7,800	3,500
Total: cash at end of quarter (item 1.22)	8,758	4,036

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 Ordinary securities	814,523,446	814,523,446		
7.4 Changes during quarter				
(a) Increases through issues- Exercise of ARXOA options	190,632,875	190,632,875	3.6	3.6
Scheduled loan repayment effected in part by issuance of shares	28,135,783	28,135,783	2.75	2.75
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.5 Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-

7.7 Options

Description and conversion factor		Total Number	Number Quoted	Exercise price	Expiry Date
Listed options - ARXO	1 share for 1 option	7,940,728	7,940,728	75 cents	30-Jun-12
Unlisted options	1 share for 1 option	17,775,000	-	2.5 cents	6-Jul-12
Unlisted options	2 share for 1 option	1,500,000	-	7.5 cents	23-Sep-12
Unlisted Director & Senior Management Options	1 share for 1 option	39,945,191	-	3.6 cents	11-Dec-14
	1 share for 1 option	3,000,000	-	4.6 cents	31-Mar-13
7.8 Issued during quarter					
Unlisted options	1 share for 1 option	1,500,000	-	7.5 cents	23-Sep-12
7.9 Exercised during quarter					
7.10 Expired during quarter					
7.11 Debentures					
7.12 Unsecured					

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company Secretary)

Print name:

Andrew J Cooke

Date:

29-Apr-11

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.