

## 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 issued   | Directors and Senior Management Options   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 23,290,000  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Exercise Price: 4.2 cents<br>Expiry Date: 27 May 2016<br>50% vest 31 December 2011<br>50% vest 31 December 2012 |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No</p>						
<p>5 Issue price or consideration</p>	<p>Nil – Approved by Shareholders at Annual General Meeting held 27 May 2011.</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Incentive Options approved by shareholders at Annual General Meeting held 27 May 2011.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>30 May 2011</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1478 1021 1523">Number</th> <th data-bbox="1021 1478 1279 1523">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1523 1021 1646">825,024,776</td> <td data-bbox="1021 1523 1279 1646">Fully Paid Ordinary Shares</td> </tr> <tr> <td data-bbox="686 1646 1021 1753">7,940,728</td> <td data-bbox="1021 1646 1279 1753">June 2012 Options</td> </tr> </tbody> </table>	Number	+Class	825,024,776	Fully Paid Ordinary Shares	7,940,728	June 2012 Options
Number	+Class						
825,024,776	Fully Paid Ordinary Shares						
7,940,728	June 2012 Options						

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+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	39,945,191	<b>Directors &amp; Senior Management Options</b> ARXAI @ 3.6 c expiry 11/12/14
	17,775,000	<b>Unlisted Options</b> ARXAK @ 2.5 c expiry 06/07/12
	3,000,000	<b>Senior Management Options</b> ARXAM @ 4.6 c expiry 31/03/13
	1,500,000	<b>Unlisted Options</b> Exercise Price 7.5 c Expiry 23/09/12
	23,290,000	<b>Directors &amp; Senior Management Options</b> @ 4.2 c expiry 27/05/16  <b>US\$1.3M Unsecured Convertible Loan:</b> <ul style="list-style-type: none"> <li>• Interest Rate 5% payable in cash quarterly in arrears;</li> <li>• Repayable 31 March 2012 (at Lender's election): <ul style="list-style-type: none"> <li>a) 50% cash + 50% shares;</li> <li style="text-align: center;">or</li> <li>b) 100% shares (shares at 25% discount to 30 day VWAP)</li> </ul> </li> <li>• Lender may at any time elect to be repaid in full in shares (25% discount to 30 day VWAP);</li> <li>• ARX reserves the right to repay any outstanding balance early in full in cash at any time prior to an election above.</li> </ul>
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same	

+ See chapter 19 for defined terms.

**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 +Class of +securities to which the offer relates
- 15 +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.
- 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 brokers to the issue
- 23 Fee or commission payable to the broker to the issue

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+ See chapter 19 for defined terms.

- |    |   |  |
|----|---|--|
| 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 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 <i>in full</i> through a broker?   |  |
| 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 their entitlements (except by sale through a broker)?   |  |
| 33 | +Despatch date  |  |

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+ See chapter 19 for defined terms.

### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  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

#### **Entities that have ticked box 34(a)**

#### **Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

35  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 those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Entities 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)

	Number	+Class
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)	

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