

UPDATE ON DRILLING AT TRENGGALEK

Arc Exploration Limited (ASX Code: ARX) has received the results of a further four holes drilled at its Trenggalek Project in East Java. The program at Trenggalek is testing a number of areas that have the potential to prove up new gold resources.

Three holes drilled on the **Timahan Prospect** (TRDD050, TRDD052 & TRDD053) have tested two linear zones of surface gold mineralization hosted in silicified limestone ("jasperoid") on the eastern side of the prospect. Shallow trenching over these two zones produced up to 28 m at 0.29 g/t gold and 13 m at 0.74 g/t gold from continuous-chip samples taken across the silicified outcrops.

TRDD050 and TRDD052 are located about 250 m apart along the Macan Zone. These holes returned down-hole intercepts of 1.5 m at 0.18 g/t gold from 72.5 m in TRDD050 and 10.25 m at 0.21 g/t gold from 13.25 m in TRDD052.

TRDD053 was drilled about 500 m south of TRDD048 along the Genteng Zone, which lies about 300 m east of Macan. TRDD053 returned a down-hole intercept of 13 m at 0.23 g/t gold from 4.6 m.

These initial holes confirm low-grade disseminated gold mineralization in silicified limestone ("jasperoid") that is coincident with elevated arsenic and antimony. The holes have only tested a small part of the large silica capping at Timahan and may comprise a halo of low-grade gold adjacent to higher grade feeder structures.

TRDD051 was drilled at the **Kojan Prospect** at the very southern end of the Kenong Vein. The hole returned a down-hole intercept of 6.5 m at 0.17 g/t gold and 1 g/t silver from 126.0 m and is located about 50 m further south along strike from TRDD049. Both these holes are about 50 m away from TRDD035, which previously returned a strong down-hole intersection of 1.9 m at 11.28 g/t gold & 293 g/t silver.

The latest results at Kojan indicate the Kenong vein has pinched at its southern end and potential for an ore shoot in this part of the vein has been downgraded.

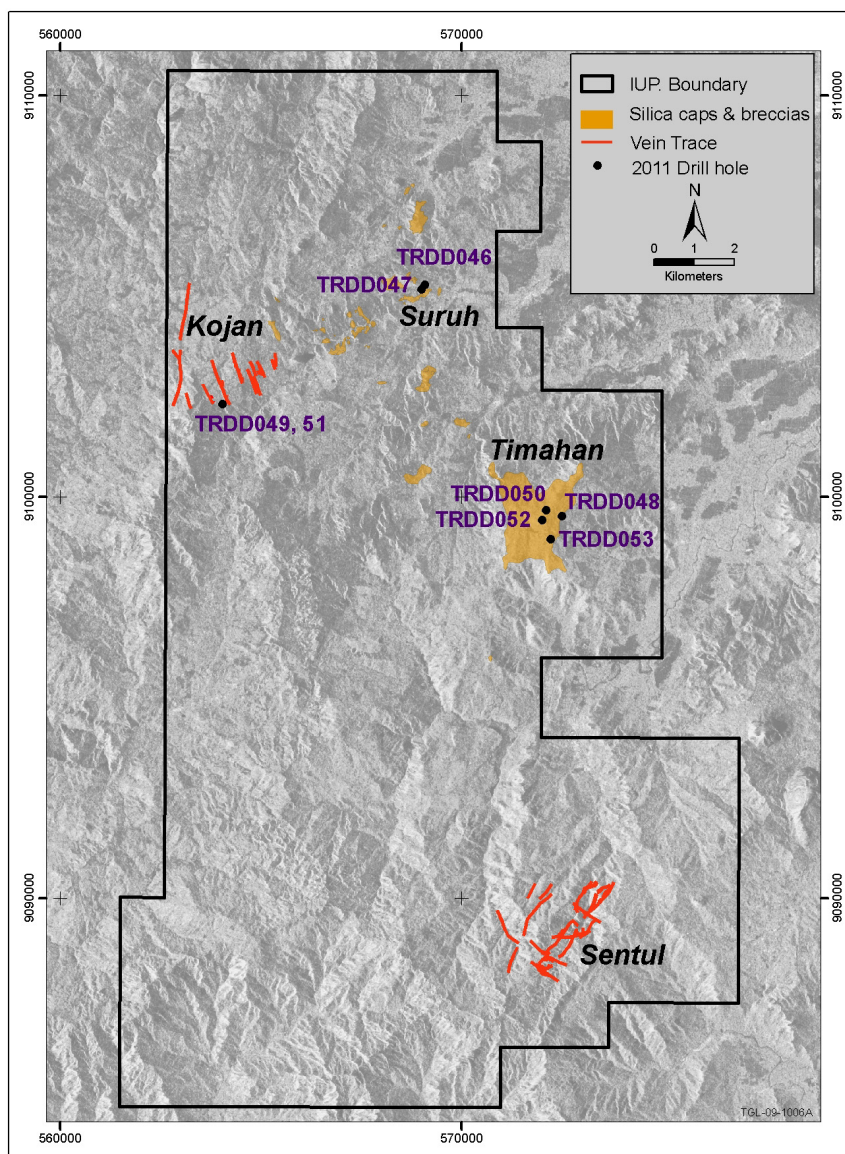
A summary of drill-hole details and mineralised intercepts is attached below.

Managing Director, Mr. John Carlile, commented:

"The initial drilling results from Timahan are low grade but confirm the presence of gold on the edge of the large 4-km² silica capping that is anomalous in gold, arsenic and antimony. These latest holes indicate the upper levels of an epithermal system that has potential to host gold veins at depth. We plan to do more surface work before further drilling.

The southern limit of the Kenong vein seems to have been defined. Kenong is part of a multiple vein system at Kojan and areas of high-grade vein float to the north and east are currently being evaluated by test-pitting to guide further drilling.

We now plan to drill some more holes at Sentul at the southern end of the IUP to further test this large and open vein system."



About Trenggalek

The Trenggalek Exploration IUP tenement covers 300 square kilometres and is prospective for intermediate to low-sulphidation epithermal gold and possibly 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. **Trenggalek, in East Java, the subject of this announcement**, Bima in East Sumbawa, 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 Mr Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr Wake has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wake are full time employees of Arc Exploration Limited and consents to the inclusion in this report of the matters based on the 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

Summary of Drill Hole Details:

Hole ID	Prospect	Target	Collar Coordinates			Dip	Azimuth	Final Depth (m)
			mN	mE	mRL			
TRDD046	Suruh	Breccia	9,105,295	569,101	222	-55 ⁰	180 ⁰	270.5
TRDD047	Suruh	Breccia	9,105,171	569,025	261	-45 ⁰	225 ⁰	301.1
TRDD048	Timahan	Genteng	9,099,525	572,514	649	-45 ⁰	320 ⁰	113.3
TRDD049	Kojan	Koneng	9,102,320	564,056	855	-60 ⁰	079 ⁰	223.5
TRDD050	Timahan	Macan	9,099,667	572,129	624	-45 ⁰	131 ⁰	130.8
TRDD051	Kojan	Koneng	9,102,319	564,055	855	-52 ⁰	116 ⁰	210.4
TRDD052	Timahan	Macan	9,099,420	572,021	700	-45 ⁰	120 ⁰	70.85
TRDD053	Timahan	Genteng	9,098,948	572,239	708	-45 ⁰	085 ⁰	108.30

Summary of Mineralised Intercepts:

Hole ID	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t	As ppm	Sb ppm	Core Recovery
TRDD046	65.0	69.0	4.0	0.55	3.5	1230	8.5	100%
TRDD047 Incl	77.0	93.8	16.8	0.18	3	443	<5	100%
	77.0	83.0	6.0	0.35	3	445	<5	
	158.5	159.5	1.0	0.58	4	714	<5	100%
	268.5	272.5	4.0	0.24	2	162	<5	100%
TRDD048	55.8	61.1	5.3	0.15	<1	227	9	100%
	64.3	70.8	6.5	0.17	1	218	14	100%
TRDD049 Incl	104.2	105.3	1.1	1.39	40	51	<5	100%
	161.3	163.95	2.65	0.43	27	181	<5	81%
	163.6	163.95	0.35	1.04	63	11	<5	86%
TRDD050	72.5	74.0	1.5	0.18	<1	581	<5	100%
TRDD051	126.0	132.5	6.5	0.17	1	97	<5	91%
TRDD052	1.2	3.05	1.85	0.27	1	99	19	100%
	13.25	23.5	10.25	0.21	<1	193	17	90%
TRDD053	4.6	17.6	13.0	0.23	1	263	20	100%