

**ENCOURAGING TRENCH RESULTS AND START OF GEOPHYSICAL SURVEYS  
AT THE SURUH PROSPECT, TRENGGALEK PROJECT**

Arc Exploration Limited (ASX Code: ARX) is pleased to announce the first results of trenching and the commencement of a ground geophysics survey at the Suruh Prospect in Trenggalek, East Java.

- **Elevated gold and pathfinder geochemistry in breccias**
- **Potential for underlying gold-bearing veins & stockwork**

Suruh is one of several targets in the north-eastern part of the Trenggalek IUP tenement comprising silica cappings, hydrothermal eruption breccias and sinters that may be the surface expression of underlying gold-bearing veins and stockworks.

The first trenches at Suruh focussed on a 400m x 200m zone of silicified hydrothermal breccia and silica sinter boulders surrounded by quartz stockworked volcanic rocks.

Trenches in the stockworked volcanics returned a number of broad low-grade gold intercepts including **14m at 0.16g/t gold** (SHT04), **26m at 0.16g/t gold** (SHT07), and **20m at 0.3g/t gold** (SHT09). Trenches in the hydrothermal breccia returned strongly elevated gold-pathfinder elements including **44m at 806ppm arsenic, 86ppm antimony & 0.46ppm mercury** (SHT01) and **41m 995ppm arsenic, 39ppm antimony & 0.20ppm mercury** (SHT02).

Managing Director Mr. John Carlile commented:

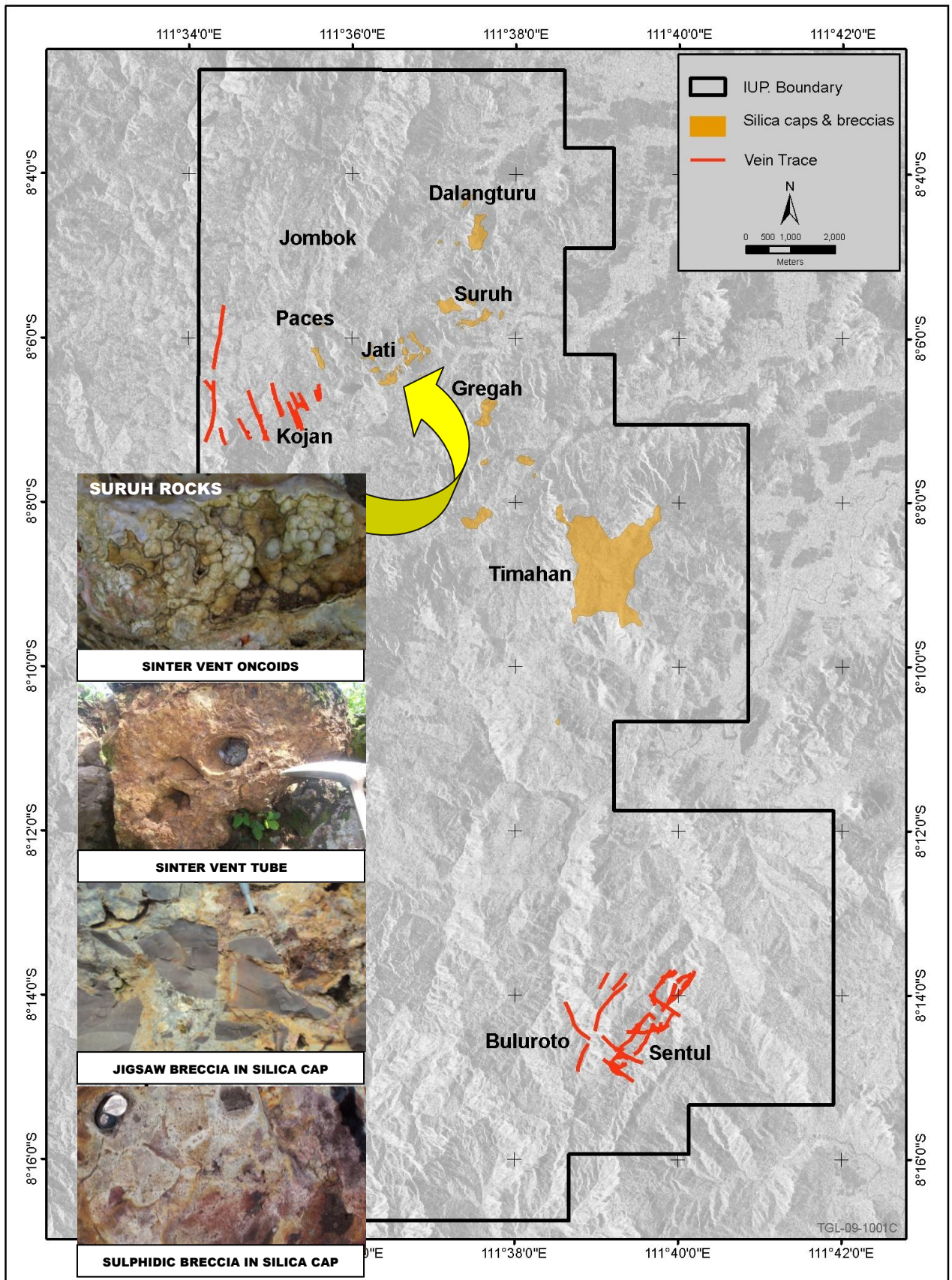
*“These first trench results from Suruh are encouraging as we feel that they indicate potential for a significant gold deposit at depth.*

*A good analogy is the 750,000-oz Toka Tindung gold deposit in North Sulawesi, which is currently under development by Archipelago Resources PLC. Some of our geologists were involved in the discovery and exploration of Toka Tindung and, based on their first hand experience, they feel that Suruh is similar in character to Toka Tindung. Toka Tindung, a gold stockwork deposit averaging 3-4 g/t, is partly overlain by a package of breccias and silica sinters up to 75m thick that contain only low-levels of gold (<0.1 g/t) but elevated arsenic (100’s ppm), antimony (10’s ppm) and mercury.*

*The work in progress at Suruh will rapidly advance this target towards first drill testing in the next few weeks.”*

The combination of arsenic-antimony-mercury-anomalous breccias surrounded by a gold-bearing stockwork suggests a shallowly eroded epithermal system that has potential for underlying gold-bearing vein and stockwork mineralisation. Known gold-bearing vein systems within the IUP include Sentul, Buluroto and Kojan. These were scout drilled in 2010 and produced some high-grade gold intercepts, including 2m at 17.2 g/t gold within an overall intersection of 9.6 m at 4.5 g/t gold & 8 g/t silver in hole TRDD-4 at Sentul.

Geophysical surveys now in progress at Suruh will help plan the first phase of scout drilling to test the underlying gold targets. Surface work on other shallow epithermal targets is also in progress.



**TRENGGALEK IUP PLAN SHOWING PROSPECTS ON PALSAR IMAGERY**



## **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. 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 has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 is a full time employee of Arc Exploration Limited and consents to the inclusion in this report of the matters based on this 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](mailto:andrewcooke@arx.net.au)

Or visit the website: [www.arcexploration.com.au](http://www.arcexploration.com.au)