



ASX ANNOUNCEMENT

16 September 2013

DR JEFFREY MALAIHOLLO APPOINTED AS MANAGING DIRECTOR AND CEO

The Board of Arc Exploration Limited (ASX: ARX) is pleased to advise that it has appointed Dr Jeffrey Malaihollo as Managing Director and CEO of Arc effective 1 October 2013. The current Managing Director, Mr John Carlile, will retire from the position but remain as a non-executive director.

Dr Malaihollo's background and experience position him well to lead Arc. He is aged 47 and originally from Indonesia, with a PhD in Geological Sciences from the University of London researching the tectonics of eastern Indonesia. Dr Malaihollo has been involved in the exploration and mining industry for 20 years working with both major and junior exploration companies in Indonesia, Australia and elsewhere. He was the Managing Director and a founder of AIM-ASX listed GGG Resources Plc, which in 2010 acquired a four hundred thousand ounce gold resource in Western Australia and within less than three years increased this to over three million ounces. Prior to this he was the Head of Research at a specialist mining finance house in London.

In welcoming Dr. Malaihollo, Arc Chairman Mr Bruce Watson said:

'Dr Malaihollo has a strong technical and corporate background and the experience in Indonesia and Australia to take Arc to the next stage. We look forward to working with him.'

Dr Malaihollo commented:

'I have been following the progress of Arc with great interest. The quality of Arc's projects, its capable and respected technical team to drive the projects forward and its financial strength are a solid base on which to build a successful company. These are all in place.

I am looking forward to building on the solid work to date and unlocking the value of these assets for all stakeholders. In the coming months my priority will be to advance the Company's exploration projects and to raise the profile of the Company with the investing community.'

On Mr. Carlile's retirement Mr. Watson said:

'John Carlile has made a major contribution to Arc over the last 6 years steering Arc through some very difficult times and has created a solid platform on which to build. Mr Carlile leaves with the Company's finances in a sound condition, with a joint venture established with Anglo American at Trenggalek in Indonesia and having acquired a number of attractive gold-copper targets in eastern Australia. The Board respects his decision to retire from his executive role and looks forward to his ongoing contribution as a non-executive director.'

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About Arc Exploration:

Arc Exploration Ltd is exploring for gold, silver and associated base metal deposits in both Australia and Indonesia.

Trenggalek Project East Java (ARX 95%)

The Group has a joint venture with PT. Sumber Mineral Nusantara ("SMN"), an Indonesian company which holds the Trenggalek Exploration IUP tenement that covers an area of approximately 300 km² in the Southern Mountains of East Java. In December 2012, the Group announced that Anglo American had elected to enter into an agreement with the Group and SMN to farm into the Trenggalek Project. Exploration activities at Trenggalek are currently managed by ARX but fully funded by Anglo American.

Work thus far has identified a large high-sulphidation epithermal alteration system at Sumber Bening and other areas that may be linked to porphyry gold-copper targets at depth. The project area lies within the same belt of rocks that hosts major porphyry copper-gold deposits including Tumpangpitu in East Java, and Batu Hijau and Elang on Sumbawa. An initial drilling campaign to test potential porphyry targets at Trenggalek is in preparation.

Anglo American Strategic Alliance - Papua and West Papua, Indonesia (ARX -20%)

The Group has a 20% interest in a strategic alliance with the Anglo American Group to explore for large porphyry copper-gold deposits in the Papua and West Papua provinces. The interest is fully funded by Anglo American through to a development decision. The Alliance currently operates three Exploration IUP tenements held by Indonesian parties pursuant to the strategic alliance. These cover nearly 3,000 km² at the centre of the Bird's Head peninsula in West Papua Province which cover prospective ground in the same region that hosts Grasberg - Indonesia's largest porphyry copper-gold deposit. No ground work is planned until the necessary permissions are obtained to work within the forestry areas.

New South Wales Australia

The Group has an Option to Farm-in on two gold projects in New South Wales, Australia.

The projects are located in the Junee and Oberon districts, respectively, and are held 100% under exploration licences by New South Resources Limited. The two projects occur in the Lachlan Orogen, a complex geological province endowed with world-class gold and gold-copper deposits.

Each project contains an advanced gold target with a JORC-Compliant gold resource; Dobroyde (77,000 ounces) at Junee and Murphys (150,000 ounces) at Oberon. These show potential to be increased in size through the discovery of new gold and gold-copper resources, and occur near major mine operations and development infrastructure.

The key commercial terms are:

- The Group has a 1 year Option Period on one or both projects for a minimum expenditure of A\$ 100,000 on Junee and A\$ 135,000 on Oberon;
- The Group may then earn a 51% interest, in one or both projects, by sole funding A\$ 500,000 within two years on each project it elects to progress; and
- The Group may then earn up to an 80% interest, in one or both projects, by sole funding a further A\$ 580,000 within a further one year on each project it elects to progress.

Mount Garnet Project - Far North Queensland – Australia

The Group also has an Option to Farm-in on a gold project in the Mount Garnet district of Far North Queensland.

The project currently comprises three small mining leases that are 100% held by Snowmist Pty Ltd ("Snowmist") and located in the highly prospective Hodgkinson Province. The project area is underlain by metasedimentary rocks and limestone intruded by Carboniferous granites and related volcanic rocks of the highly mineralised Kennedy Igneous Association.

The project contains an advanced gold target with a JORC-Compliant gold resource; Triple Crown (69,000 ounces). This has potential to be increased in size through the discovery of new gold resources, and it occurs near major mine operations and development infrastructure.

The key commercial terms are:

- The Group has a 2 year option period by paying A\$ 50,000 to Snowmist and expending A\$ 150,000 during the option period;
- The Group may then earn a 51% interest by sole funding A\$ 500,000 within two years;
- The Group may then earn up to an 80% interest by sole funding a further A\$ 580,000 within a further one year.

Competent Person

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 is 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.' Mr. Wake is a full time employee of Arc Exploration Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Junee and Oberon Resources is extracted from the report entitled Junee and Oberon Projects - Statement of Resources created and released to the ASX on 10 July 2013 and is available to view on the Company's website: www.arcexploration.com.au The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the Mount Garnett Resource is extracted from the report entitled Statement of Resources Triple Crown Gold Deposit created and released to the ASX on 21 August 2013 and is available to view on the Company's website: www.arcexploration.com.au The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.