



ASX ANNOUNCEMENT

23 MAY 2013

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

This year has been one of progress for our company against a background of a continued depressed equities market for junior gold explorers. At our last AGM I noted that Arc had strengthened its relationship with global major Anglo American by our entering into an agreement for Arc to provide geological services to them on the ground in Indonesia. That relationship has deepened with Anglo farming into our Trenggalek project. Arc also holds a 20% free carried interest in Anglo's Papua Joint Venture.

We have great hopes for Trenggalek and a drilling program is about to start targeting those areas identified as most prospective from the airborne geophysical survey undertaken by Anglo American over the entire site.

During the year we diversified and looked for appropriate projects outside Indonesia. We looked at a number of opportunities before entering into a heads of agreement giving us the option to farm into two gold and copper projects in NSW. Both have small deposits on them and the attraction to us as explorationists is the opportunity to enlarge them.

At the corporate level we are well funded with a low cash burn rate. We do not anticipate looking for funding over the next year and would be reluctant to do so in the current market.

We are disappointed that our share price is low as it is close to our cash in the bank and attributes little value to our projects in Java and Papua and the potentially new projects in Australia. But we are not alone. In the last year some in the gold space have seen their share prices fall significantly, up to 70% despite having sound early stage projects or producing profitably. The overall ASX 300 gold index has more than halved in seven months from 6,250 points last October to 2,875 points this week.

But we do not control the stock market nor seek to do so. We have cash in the bank, low outgoings and a world class organisation joining in with us at Trenggalek. We are expanding our project portfolio and carefully husbanding shareholders' cash in doing so. Junior gold explorers will again have their time in the sun. Until then, we are getting on with business.

Bruce J. Watson
Chairman

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