



ASX ANNOUNCEMENT

16 September 2013

DR JEFFREY MALAIHOLLO – MATERIAL TERMS OF EMPLOYMENT AGREEMENT

As previously advised, the Board of Arc Exploration Limited (ASX Code: ARX) has appointed Dr Jeffrey Malaihollo as Managing Director and CEO of Arc effective 1 October 2013.

Dr. Malaihollo will be based in the Company's Jakarta office and for an initial transition period of 4 months will receive a gross salary of \$165,600 per annum. Upon completion of the transition period Dr. Malaihollo's gross salary will increase to \$276,000 per annum.

The Company will also provide Dr. Malaihollo with appropriate accommodation in Jakarta, access to a Company motor vehicle and driver, medical, hospital and evacuation insurance and economy airfares for rotations to his home base in London.

It is proposed that options may be granted to Dr. Malaihollo from time to time to acquire ordinary shares in the capital of Arc at a strike price and upon such other terms and conditions as shall be determined by the Board and approved by shareholders.

Dr. Malaihollo's employment may be terminated on three month's notice from Arc or without notice in the event of serious misconduct. Dr. Malaihollo must give three month's notice if he wishes to terminate the agreement.

On termination by Arc with notice, or by Dr. Malaihollo due to Arc's default, Dr Malaihollo is entitled to receive a termination payment equal to the amount payable to him had he completed a three month period of notice.

For further information please contact:

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