ASX ANNOUNCEMENT **14 January 2014**

UPDATE ON SOIL SAMPLING PROGRAM AT TRENGGALEK

Highlights:

- 500-m x 1,000-m coincident gold-copper-molybdenum anomaly in soil identified at Singgahan
- One of at least four porphyry prospects identified within the Trenggalek Exploration Licence

Dr Jeffrey Malaihollo, ARX's Managing Director and CEO, commented: "These results are encouraging and support our belief in the potential for multiple targets within the Trenggalek Project. Trenggalek lies on the relatively underexplored western end of the segment of magmatic belt that hosts the Tumpangpitu gold-copper deposit in the Tujuh Bukit district further to the east."

Arc Exploration Limited (ASX Code: ARX) is pleased to report encouraging results from soil sampling recently completed on the Singgahan Prospect located in the southeast corner of the Trenggalek Exploration IUP.

Singgahan Prospect was previously highlighted by gold-copper drainage anomalies and from targets generated by an airborne magnetics survey.

Results of the soil sampling have highlighted several geochemical anomalies within the grid area, including a 500-m wide by 1,000-m long coincident gold-copper-molybdenum anomaly underlain by a silica-clay-pyrite altered diorite intrusion in andesitic volcanic and volcaniclastic rocks. The main anomaly is highlighted by +20 ppb gold, +90 ppm copper and +4 ppm molybdenum contours and contains peak results of 0.191 ppm gold, 585 ppm copper and 29 ppm molybdenum.

The Au-Cu-Mo soil anomaly occurs within a prominent NW-trending structural corridor that extends across the IUP and includes several other major gold and copper-gold prospects including Sentul, Buluroto, and Sumber Bening further to the northwest.

Follow-up work is in progress and will include benching, continuous rock sampling and Terraspec work (identifying alteration minerals) to provide further definition of the geochemical anomalies.

Background on the Trenggalek Project

ARX 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, ARX announced that Anglo American had elected to enter into an agreement with the Company 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.

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Competent Person Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Brad Wake, BSc(Applied Geology), who is a member of the Australian Institute of Geoscientists. Mr Wake has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which is being undertaking to qualify as a Competent Person as defined in the 2012 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.

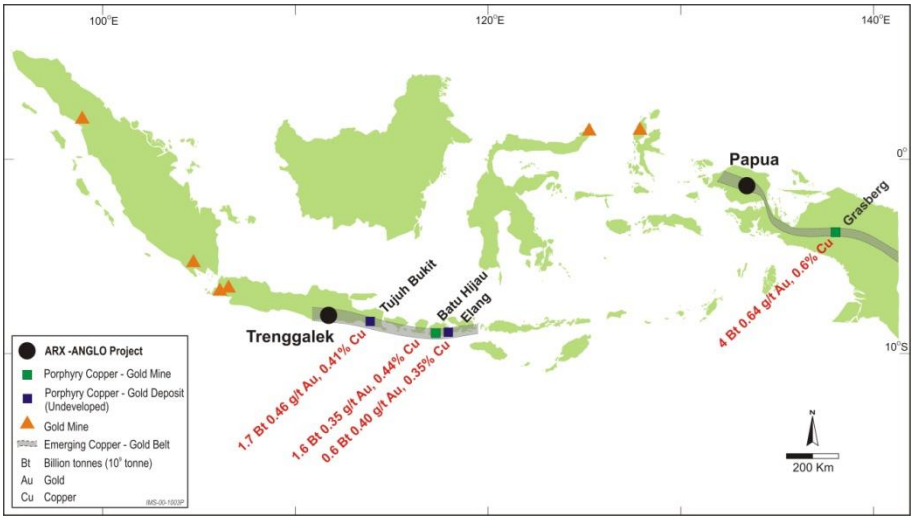


Figure 1. Trenggalek Project Location

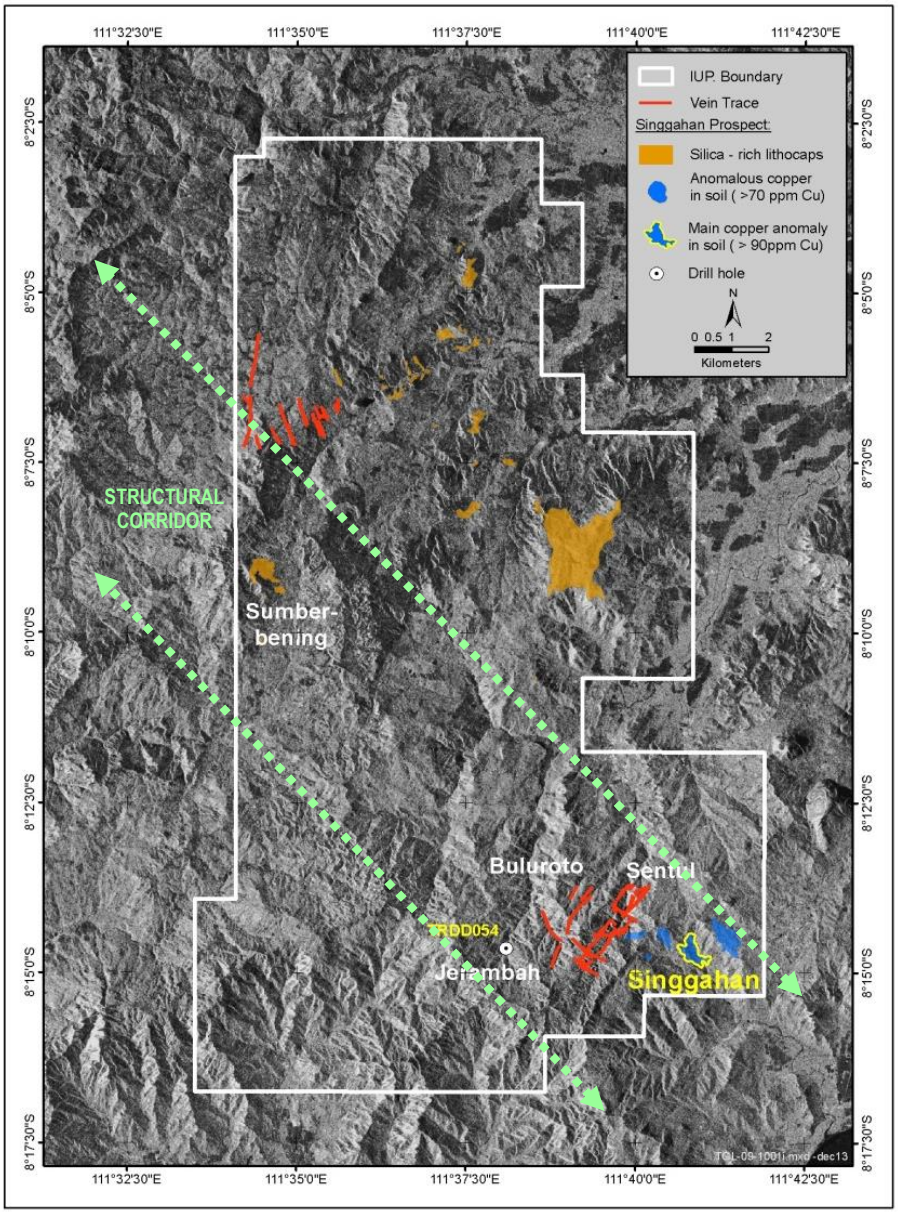
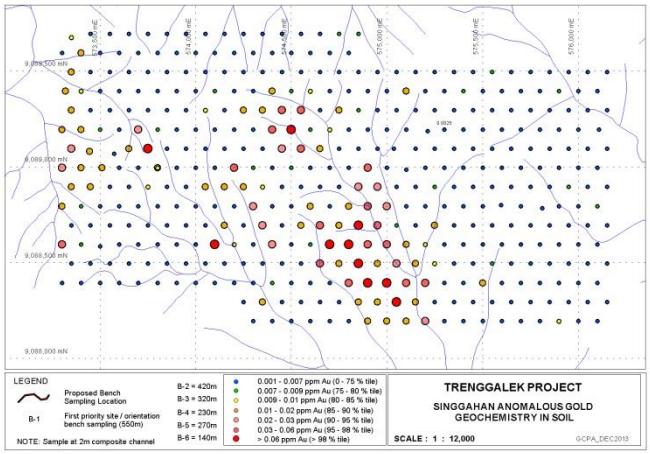
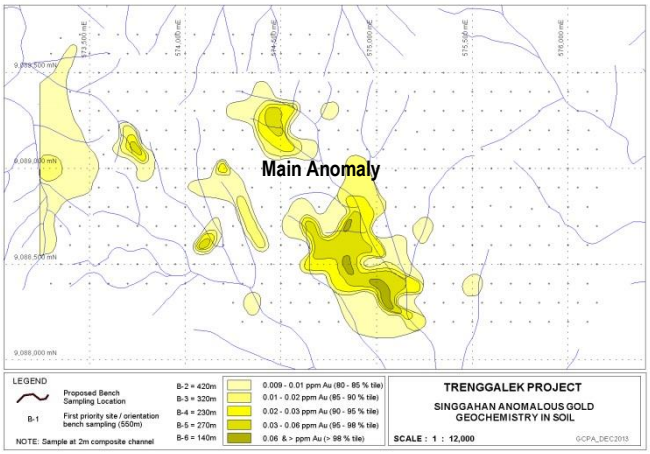
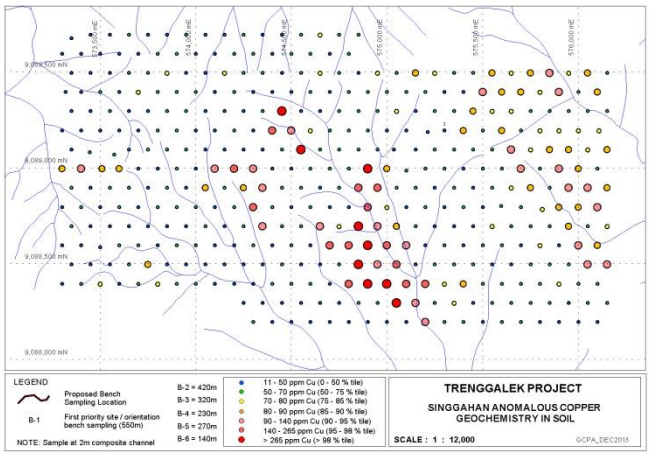


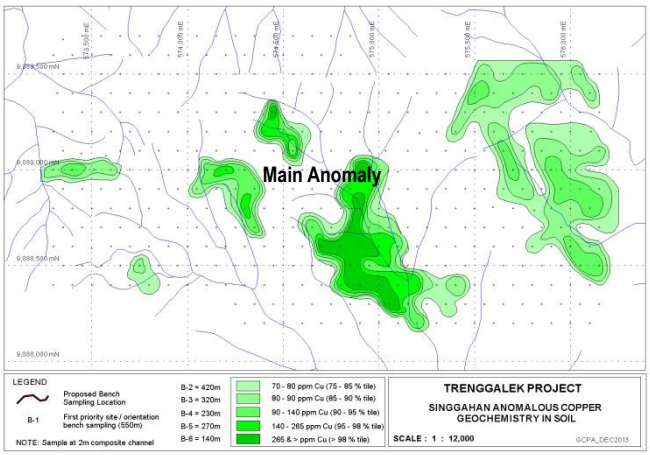
Figure 2. Trenggalek IUP - Singgahan Prospect Location



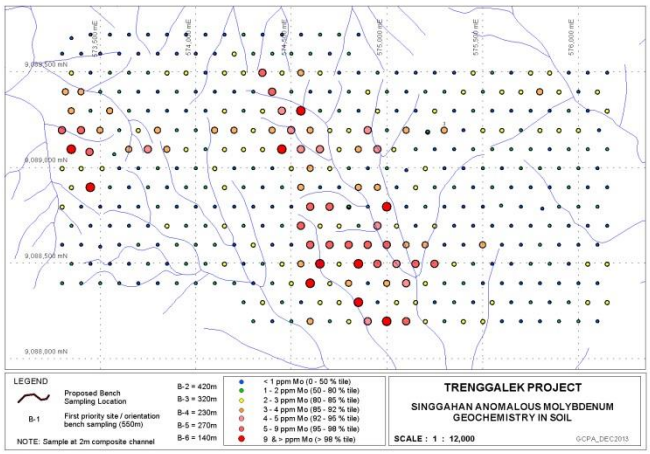


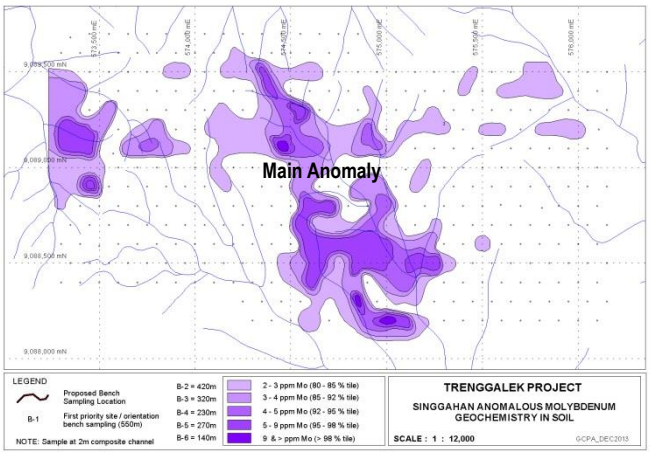
GOLD GEOCHEMISTRY





COPPER GEOCHEMISTRY





MOLYBDENUM GEOCHEMISTRY

Figure 3. Singgahan Prospect – Gold-Copper-Molybdenum Anomalies

Notes: Rectangular grid squares showing coordinates are 500-m spaced
B/C horizon bulk soil samples taken by crowbar and shovel
Gold determined by 50g Fire Assay/Lead Collection with AAS finish (PT Intertek Utama Services)
Copper and molybdenum determined by mixed acid digest with ICP-AES volumetric finish in a multielement package (PT Intertek Utama Services)
Strong anomalies defined by the >90th-percentile: >0.02 ppm gold, >90 ppm copper, >4 ppm molybdenum

ANNEXURE: Assessment and Reporting Criteria according to 2012 JORC Code

Section 1 – Sampling Techniques and Data

Criteria	Explanation
Sampling Techniques	• Soil samples were taken at 100m sample intervals along 100m spaced E-W oriented gridlines surveyed by slope-corrected compass-and-tape survey technique • Soil sample pits were dug with crowbar-and-shovel • About 1-2kg soil samples were taken unsieved from 30-50cm sample depth within the C soil horizon (skeletal immature soil development) in uniquely labelled, plastic bags • Sampling was supervised by project geologists & geotechnicians • Duplicate samples & geochemical standards were submitted with each sample batch for Quality Control • Samples were sent by road in secured boxes to the internationally certified commercial laboratory, PT Intertek Utama Services in Jakarta • Samples were weighed, dried and completely pulverised for sub-sampling and determination of: Gold by 50g Fire Assay/Lead Collection with AAS Finish Thirty-two multielement package (including copper and molybdenum) by four-acid mixed digest with ICP-AES volumetric finish
Drilling techniques	• Not relevant; No drilling has been previously done on Singgahan prospect
Drill sample recovery	• Not relevant; No drilling has been previously done on Singgahan prospect
Logging	• Soil samples were logged descriptively by trained geotechnicians
Sub-sampling techniques & sample preparation	• Soil samples were collected in-situ and bulk (unsieved) • All samples were completely pulverised and sub-split for pulp analysis at the labortatory
Quality of assay data & laboratory tests	• The laboratory inserts its own blank, standards & sub-split pulp duplicates for Quality Control and reports these results accordingly. • The Company also its own blanks, standards & duplicate samples for Quality Control • Results fall within acceptable levels of accuracy and precision
Verification of sampling & assaying	• No external check assaying has been done on the soil samples
Location of data points	• Soil samples were located by compass-and-tape and GPS surveying
Data spacing & distribution	• Soil samples were collected at 100m sample centres over a rectangular grid
Orientation of data in relation to geological structure	• There is insufficient geological data to comment at this early stage
Sample security	• Samples were bagged, sealed and dispatched under the supervision of a project manager, project geologists & geotechnicians
Audits or reviews	• No external audits or reviews of the data at this early stage

Section 2 – Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	• The Exploration IUP tenement is held by PT Sumber Mineral Nusantara ("SMN"). ARX holds a joint venture with SMN and holds 95% of the Trenggalek Project. Anglo American has recently entered into an agreement to farm-in to the project. • Singgahan Prospect is covered by freehold and government forestry land. SMN holds a valid *Pinjam-Pakai Permit* to work on the forestry land and negotiates access to freehold land with individual landowners.
Exploration by other parties	• No systematic exploration work has been previously conducted on the prospect area by other parties
Geology	• Oligo-Miocene volcanic rocks & intrusions • Targeting possible porphyry-related copper-gold mineralisation • But insufficient data to clearly establish at this stage
Drill hole Information	• Not relevant; No drilling has been previously done on Singgahan prospect
Data aggregation methods	• Not relevant to the sample media reported
Relationship between mineralisation widths and intercept lengths	• Not relevant; No drilling has been previously done on Singgahan prospect
Diagrams	• Diagrams depicting the distribution of soil sample locations & anomalies are attached
Balanced reporting	• Representative reporting of all relevant results have been provided in this announcement.
Other substantive exploration data	• None available at this early stage of work on Singgahan Prospect
Further work	• Follow-up work is planned to include benching, rockchip geochemical sampling and Terraspec analyses