



ASX ANNOUNCEMENT

28 DECEMBER 2011

CLARIFICATION REGARDING MEDIA COMMENTS

Arc Exploration Limited wishes to clarify some recent media comments.

As reported to the ASX on 26 December, ARX has halted activities at its Bima Project in East Sumbawa, Indonesia as a result of the recent events at the port of Sape on 24 December 2011. ARX's activities at Bima are minor and have involved only a small number of geologists conducting field work such as soil sampling and trenching. The objective of this exploration work is to better understand the geology and mineral potential of the area, which currently is undefined. Contrary to some reports, there is no gold mine existing or under construction, nor is any gold mine presently contemplated. ARX is an exploration company and does not undertake mining.

ARX's activities involve only small mobile teams undertaking early stage work in the field. There is no specific "project site".

As a group that works closely with local communities, ARX regrets the loss of life and injury that was suffered during the events of 24 December. ARX's activities and staff have no connection with the port of Sape, and any suggestion that ARX was involved with Saturday's events at Sape is incorrect. It is understood that the Indonesian authorities are investigating the events at Sape.

ARX will promptly update the market with any material information.

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