

ASX ANNOUNCEMENT

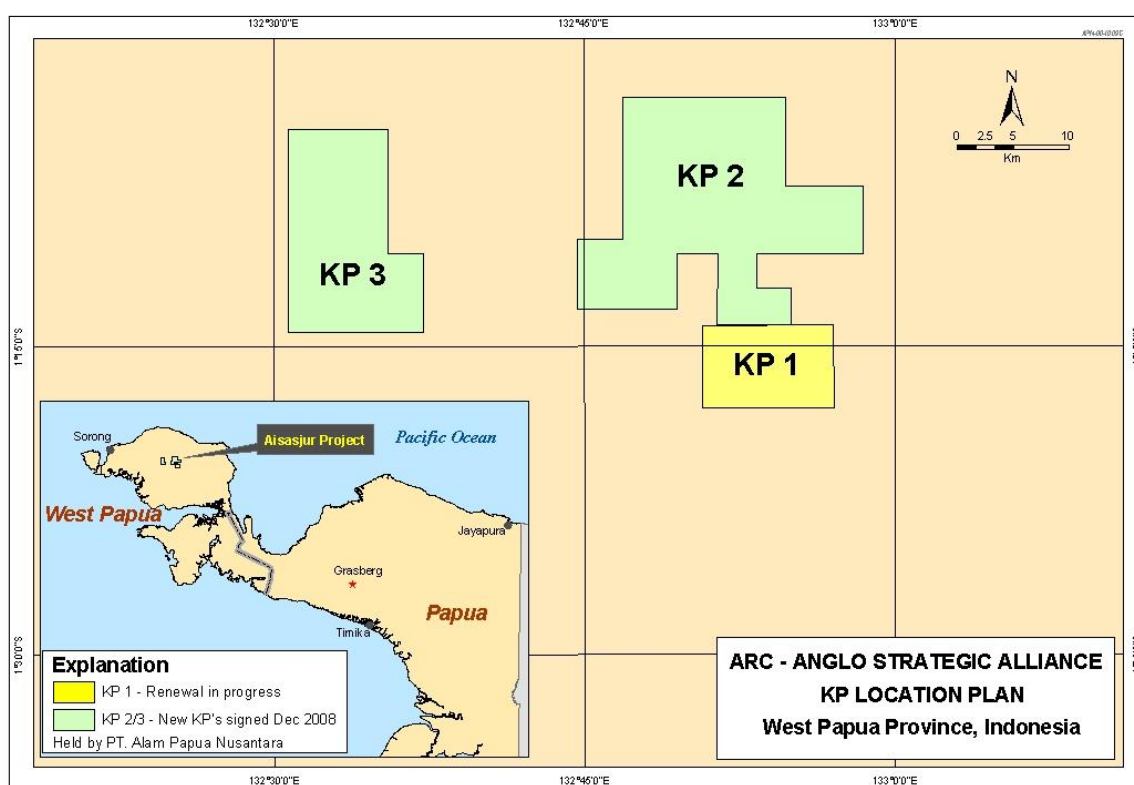
3 June 2009

New Exploration Titles granted in West Papua Pursuant to Anglo American Strategic Alliance

Arc Exploration Limited ("ARX") is pleased to announce that two new exploration titles have been granted in West Papua around the Aisasjur Project pursuant to the Company's Strategic Alliance ("Alliance") with PT Minorco Services Indonesia ("Minorco") of the Anglo American Group ("Anglo").

The Aisasjur Project is located on the medial Papua-New Guinea magmatic arc which is host to the giant copper-gold and gold deposits of Grasberg, Ok Tedi and Porgera. The original Aisasjur Exploration KP (KP#1) licence covers 9,486 hectares in West Papua.

The new exploration KP's (KP#2 and KP#3) are located to the North and Northwest of KP#1 and add a total of 51,410 hectares to the project area as shown in the diagram below. KP#2 and KP#3 are valid for an initial one-year term to 4 December 2009 and have a General Survey Status. The Project KP's are each held by P.T. Alam Papua Nusantara. Two additional exploration KP have also been applied for in the Aisasjur Project area and are awaiting approval.



Anglo propose to undertake an aeromagnetic survey of the entire project area during the course of 2009.

The focus of the Alliance with Anglo is to explore for large copper-gold porphyry deposits in the Provinces of Papua and West Papua in Indonesia.

Key elements of the Alliance are summarised as follows:

- Anglo will sole fund exploration expenditure and has an initial 80% interest in projects while ARX retains a 20% interest;
- ARX is carried (not free carried) through to a Decision to Mine – with 10% of all predevelopment costs to be repaid by ARX out of project proceeds (non-recourse to ARX);
- If following completion of a Feasibility Study, Anglo makes a Decision to Mine then a Joint Venture shall be formed and each of Anglo and ARX shall participate (and fund capital expenditure) according to their 80/20 project interests. ARX dilutes if it does not contribute;
- In the event that a resource of less than one million tonnes of contained copper equivalent or 1 million ounces of gold is identified, then Anglo may elect that such project shall either revert to ARX on an 80/20 basis (with ARX holding 80%) or that 100% be transferred to ARX with Anglo retaining a 2% NSR;

Together with Anglo, ARX believes that the Provinces of Papua and West Papua are highly prospective for large copper gold porphyry deposits. The Alliance has the potential to add very significant value to ARX and it looks forward to continuing our work with Anglo in this regard.

For further information please contact:

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