

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

ARC EXPLORATION LIMITED
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ABN

48 002 678 640
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Quarter ended ("current quarter")

30 June 2008
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a)exploration and evaluation	(70)	(171)
(b)development	(8,376)	(17,706)
(c)production	-	-
(d)administration	(377)	(981)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	98	226
1.5 Interest and other costs of finance paid	(536)	(635)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(9,261)</b>	<b>(19,267)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(91)	(153)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(91)</b>	<b>(153)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(9,352)</b>	<b>(19,420)</b>

**Notes: 1.** Development expenditure in relation to the Cibaliung Gold Project in Banten Province, Indonesia.

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1.13	Total operating and investing cash flows (brought forward)	(9,352)	(19,420)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	13,108	13,109
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	1,578	7,025
1.17	Repayment of borrowings	(5,259)	(5,259)
1.18	Dividends paid	-	-
1.19	Cost of Capital Raising	(82)	(82)
<b>Net financing cash flows</b>		9,345	14,793
<b>Net increase (decrease) in cash held</b>		(7)	(4,627)
1.20	Cash at beginning of quarter/year to date	7,555	12,229
1.21	Exchange rate adjustments to item 1.20	(240)	(294)
1.22	<b>Cash at end of quarter</b>	7,308	7,308

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	97
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Nil

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1a Loan facility –ANZ Project Facility Loan (This facility comprises a Project Loan Facility of US\$13m.)	13,505	13,505
3.1b Loan facility –ANZ Project Cost Overrun Facility (This facility comprises a Cost Overrun Facility of US\$2m.)	2,078	2,078
3.1c Loan facility –ANZ Project Second Cost Overrun Facility (This facility comprises a Second Cost Overrun Facility of US\$5m.)	5,194	1,558
3.1d Bridging Loan facility (This facility comprises a short-term facility of US\$2.5m.)	2,597	2,597
3.2 Credit standby arrangements	-	-

(i) The Group also has access to a further US\$2m as a Working Capital Facility with the ANZ. Drawdown on this facility is available with the commencement of production.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	120
4.2 Development	10,300
<b>Total</b>	<b>10,420</b>

Estimated expenditures for the next quarter to be funded by existing cash balances and the proceeds of a further equity raising during the quarter.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,308	7,555
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,308</b>	<b>7,555</b>

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased			
	Cibaliung Gold Project	Increased percentage under JV agreement	89.75%	95%
	Bima KP* (*held by PT Sumber Mineral Nusantara)	Majority Joint Venture Interest	0%	95%

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

**Note: Following shareholder approval at the Annual General Meeting, Arc Exploration Limited undertook a consolidation of capital on the basis of every 50 fully paid ordinary shares being consolidated into 1 fully paid ordinary share. The Company's options were also consolidated on the same basis. In the table below movements in securities during the quarter are all disclosed on a calculated post-consolidation basis.**

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference</b> <sup>+</sup> <b>securities</b> <i>(description)</i>	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	<b>+Ordinary securities</b>	147,761,559	147,761,559	
7.4	Changes during quarter			
	(a) Increases through issues	37,440,176	37,440,176	35
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	<b>+Convertible debt securities-</b> Convertible Notes	666,667	Nil	300
7.6	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through securities matured	-	-	-

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Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)	
7.7 <b>Options</b> ( <i>description and conversion factor</i> )	each to subscribe for one ordinary share in the capital of the Company		<i>Exercise price</i>	<i>Expiry date</i>
Options -ARXO	7,940,881	7,940,881	75	30/06/2012
Employee Options	160,00	-	350	31/07/2010
Employee Options	2,640,000	-	50	12/03/2013
Director Options	1,280,000	-	50	12/03/2013
7.8 Issued during quarter:			-	-
Director Options	1,280,000	1,280,000	50	12/03/2013
7.9 Exercised during quarter:				
Options	-	-	-	-
7.10 Lapsed during quarter:				
Employee Options	60,000	-	350	31/07/2010
7.11 <b>Debentures</b> ( <i>totals only</i> )	-	-		
7.12 <b>Unsecured notes</b> ( <i>totals only</i> )	-	-		

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