

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

ABN

48 002 678 640

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a)exploration and evaluation	(137)	(137)
(b)development (see Note 1)	(1,164)	(1,164)
(c)production	-	-
(d)administration	(347)	(347)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	15
1.5 Interest and other costs of finance paid	(16)	(16)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,649)	(1,649)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
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	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,649)	(1,649)

Note: 1. Development expenditure relates to the Cibaliung Gold Project in Indonesia. In February 2009 the Group entered into a binding Heads of Agreement for the sale of the subsidiary PT Cibaliung Sumberdaya which is the holder of the Cibaliung Gold Project assets and associated debt. The sale transaction is expected to be completed by mid 2009 subject to Indonesian regulatory approvals.

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1.13	Total operating and investing cash flows (brought forward)	(1,649)	(1,649)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (PT Aneka Tambang Tbk)	494	494
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Cost of Capital Raising	-	-
	Net financing cash flows	494	494
	Net increase (decrease) in cash held	(1,155)	(1,155)
1.20	Cash at beginning of quarter/year to date	3,515	3,515
1.21	Exchange rate adjustments to item 1.20	28	28
1.22	Cash at end of quarter	*2,388	*2,388

*The March cash balance includes an amount of A\$806k relating to the subsidiary PT Cibaliung Sumberdaya. As noted above the Group has entered into a binding Heads of Agreement for the sale of this subsidiary.

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	52
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

Nil

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.)	18,915	18,915
3.1b Loan facility –ANZ Project Cost Overrun Facility (This facility comprises a Cost Overrun Facility of US\$2m.)	2,910	2,910
3.1c Loan facility –ANZ Project Second Cost Overrun Facility (This facility comprises a Second Cost Overrun Facility of US\$5m.)	7,275	7,275
3.1d Loan facility –ANZ Project Third Cost Overrun Facility (This facility comprises a Third Cost Overrun Facility of US\$3m.)	4,365	4,365
3.1e Loan –ANZ Hedge Termination Loan (This facility comprises a loan for US\$40.359m for close-out of hedges in October 2008.)	58,721	58,721
3.1f Capitalised Interest –ANZ Facilities & Loan (Capitalised Interest on the above items 3.1.a to 3.1.e. – USD\$2.031m)	2,955	2,955
3.1g Unsecured Loan facility (This facility comprises a loan facility of US\$2.692m.)	3,917	3,917
3.1h Loan facility from PT Aneka Tambang Tbk (“Antam”) (This facility comprises a short-term loan facility of Indonesian Rupiah of 8,450m. This facility has been provided to fund PT Cibaliung Sumberdaya during the completion of the sale transaction of this subsidiary to Antam)	1,058	473
3.2 Credit standby arrangements	-	-

Note: Facilities 3.1a, b, c, d, e, f, h all relate to loans provided to the subsidiary PT Cibaliung Sumberdaya. As noted above the Group has entered into a binding Heads of Agreement for the sale of this subsidiary. Following completion of this sale transaction the remaining Arc Exploration Group will be released from all guarantees and fixed and floating charges in relation to these ANZ facilities.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development (See note below)	*675
4.3 Production	-
4.4 Administration	370
Total	1,145

All development expenditures for the June quarter will be funded by the remaining cash balances in PT Cibaliung Sumberdaya and the Antam loan facility.

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 (see note below)	*2,388	3,515
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	*2,388	3,515

***The March cash balance includes an amount of A\$806k relating to the subsidiary PT Cibaliung Sumberdaya. As noted above the Group has entered into a binding Heads of Agreement for the sale of this subsidiary.**

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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	Pekalongan	95%	0%
6.2	Interests in mining tenements acquired or increased	-	-	-

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.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>	-	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	149,761,711	149,761,711	
7.4	Changes during quarter			
	(a) Increases through exercising of options	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities- Convertible Notes (2,084,210 notes convertible into 694,770 ordinary shares on or before 29 January 2010)	694,770	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 Options (<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	7,940,729	7,940,729	75	30/06/2012
Employee Options	160,000	-	350	31/07/2010
Employee Options	2,320,000	-	50	12/03/2013
Director Options	1,280,000	-	50	12/03/2013
7.8 Issued during quarter:	-	-	-	-
7.9 Exercised during quarter:	-	-	-	-
7.10 Lapsed during quarter				
Employee Options	320,000	-	50	12/03/2013
7.11 Debentures (<i>totals only</i>)	-	-		
7.12 Unsecured notes (<i>totals only</i>)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2009
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(Company Secretary)

Print name: Andrew J. Cooke

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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