

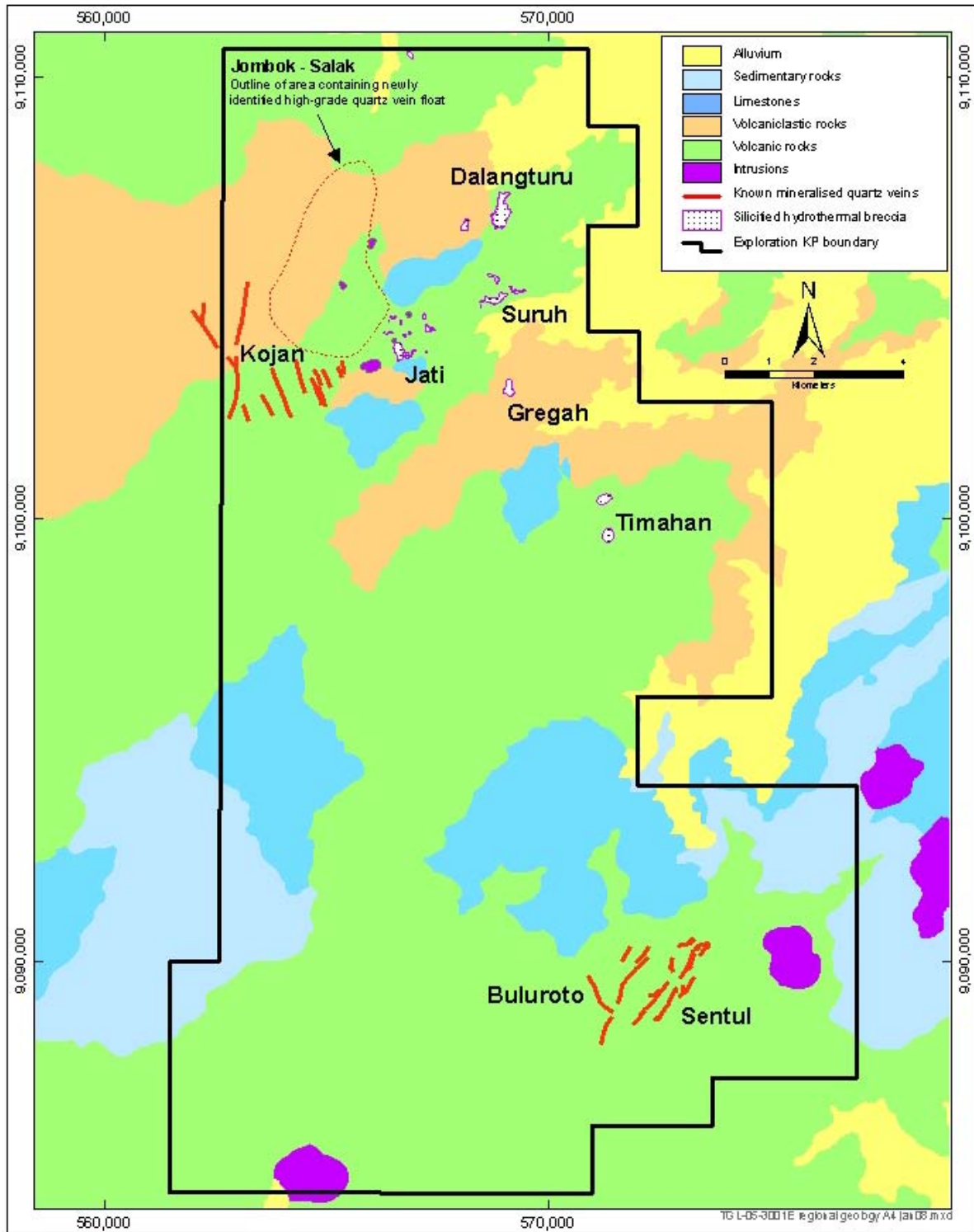
**DRILLING COMMENCES ON TRENGGALEK GOLD PROJECT, EAST JAVA**

Arc Exploration Limited (ASX Code: ARX) advises that drilling has commenced on the Trenggalek Project. The project is a 30,044 hectare Exploration IUP tenement located in the highly prospective Southern Mountains region of East Java, which is emerging as a new mineral province containing the Company's Trenggalek gold project and the Tujuh Bukit copper-gold project held by Intrepid Mines Limited located about 200 kms to the east.



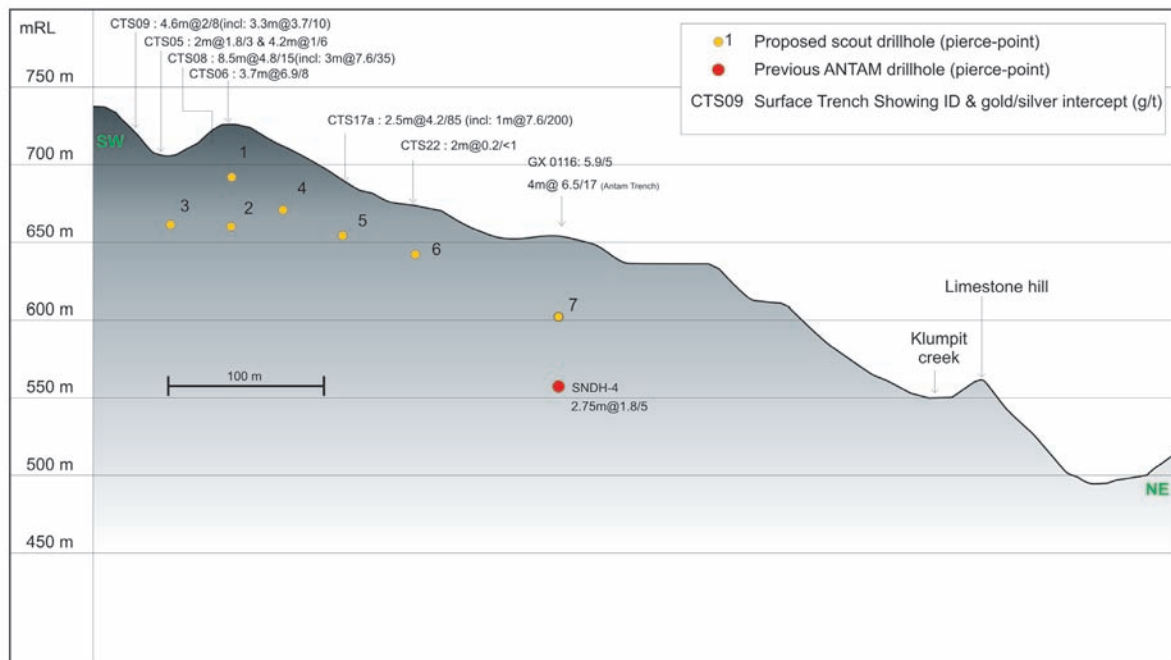
The Company will conduct 5,000 m of scout diamond drilling at Trenggalek utilizing a man-portable Maxi-195 drilling rig to test several high-grade vein targets (Sentul, Buluroto, Kojan and Jati ) and high-level breccias targets (Dalangturu and Suruh). The program will comprise about 50-60 inclined holes with about 5-10 holes drilled at each prospect to an average depth of between 50 and 150 m.

Initial drilling will test the Sentul Prospect at the southern end of the IUP (refer the Generalised Geology diagram below). The Sentul Prospect comprises two main north-northeast trending veins (Sentul East and West) that have a cumulative strike-length of over 2 km. They are connected by numerous intermediate tension veins and are largely untested along their strike-length and down-dip. Trench sampling results highlight locally high gold grades that suggest potential for the occurrence of high-grade ore-shoots within the vein structures. About 1,000 m of drilling in 10 inclined holes is planned to test the Sentul Prospect over the next few months (refer the Longitudinal Projection below).



**TRENGGALEK PROJECT**  
**Generalised Geology**

## Longitudinal Projection - Sentul West Vein ( Looking Northwest )



The information in this report that relates to Exploration Results is based on information compiled by Mr. Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr. Wake has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 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.

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### ABOUT ARC EXPLORATION LIMITED

Arc Exploration Limited (**ASX Code: ARX**) is an Australian listed gold company focused on exploration in Indonesia.

ARX aims to generate value through the discovery of high-grade gold, silver and associated base metal deposits within Indonesia's highly prospective magmatic arcs.

The company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Trenggalek tenement located in East Java prospective for low sulphidation epithermal gold-silver deposits and also holds a 95% interest in the Bima tenement located in East Sumbawa of West Nusa Tenggara Province.

In addition, in association with Anglo American Group, the company is also exploring for large porphyry copper-gold deposits in Papua.