



14 November 2008

ASX/MEDIA ANNOUNCEMENT

UPDATE ON CIBALIUNG GOLD PROJECT

PLACED ON CARE AND MAINTENANCE ONLY

Arc Exploration Limited advises that activities at the Company's Cibaliung Gold Project site have been reduced to provide for care and maintenance only. This action has been taken to preserve cash pending resolution of project funding.

In order to preserve cash the Company has commenced the process of terminating the employment of staff and contractors on site. A limited number of personnel will be engaged to provide site security and to carry out underground and surface maintenance work.

The ANZ Bank, the project lender, has supported this course of action and provided certain undertakings to the Company to allow it to continue to pursue a funding solution for the Cibaliung Project. The Company is in ongoing discussions with a number of parties in this regard.

In addition the 30 November 2008 Convertible Noteholders have agreed in principle to an extension of the Redemption Date to 29 January 2010.

ABOUT ARC EXPLORATION LIMITED (ARX)

Formed in 1983, Arc Exploration Limited is an Australian company focused on exploring Indonesia.

The Company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Trenggalek and tenements located in East and Central Java respectively, areas prospective for gold/silver deposits. The Company also holds a 95% joint venture interest in the East Sumbawa prospect which is prospective for high grade epithermal silver and bulk tonnage porphyry base metal deposits.

In addition, the Company has a strategic alliance with the Anglo American Group to explore for large porphyry deposits in Papua.

The Company also retains a 95% interest in the Cibaliung Gold Project, a high gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Cibaliung is expected to produce at an overall 70,000 oz (gold equivalent).

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