



16 OCTOBER 2008

ASX/MEDIA ANNOUNCEMENT

UPDATE ON CIBALIUNG GOLD PROJECT

DEVELOPMENT REDUCED PENDING RESOLUTION OF PROJECT FUNDING

Arc Exploration Limited advises that ongoing development at the company's Cibaliung Gold Project has been further reduced pending the resolution of project funding.

For the time being activities on site will be limited to underground maintenance and upgrading of site infrastructure in advance of the wet season.

The Company is continuing discussions with a number of parties to earn an interest in the project.

ABOUT ARC EXPLORATION LIMITED (ARX)

Formed in 1983, Arc Exploration Limited is an Australian listed exploration company focused on exploring In

The Company has a 95% joint venture interest in Sumbawa Mineral Nusa Tenggara in the Trenggalek and Pekalongan and tenements located in East and Central Java respectively, areas prospective for high grade gold/silver deposits. The Company also holds a 95% joint venture interest in the East Sumbawa area 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 grade gold/silver vein system located southwest of Jakarta in Banten Province, western Java. Cibaliung is expected to produce at an overall rate of 70,000 oz (gold equivalent).

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