

Introduced 30/9/2001.

*Rule 3.19A.2*

## Appendix 3Y

### Change of Director's Interest Notice

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

<b>Name of entity</b>	<b>ARC EXPLORATION LIMITED</b>
<b>ABN</b>	48 002 678 640

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

<b>Name of Director</b>	Bruce J. Watson
<b>Date of last notice</b>	1 December 2009

#### Part 1 - Change of director's relevant interests in securities

*In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust*

<b>Direct or indirect interest</b>	Direct and Indirect
<b>Nature of indirect interest (including registered holder)</b> Note: Provide details of the circumstances giving rise to the relevant interest.	Oblique Pty Limited <Watson Super Fund a/c>
<b>Date of change</b>	14 December 2009
<b>No. of securities held prior to change</b>	980,000 Ordinary Shares (Direct) 245,000 ARXOA Options (Direct) 18,000 ARXO Options (Indirect)
<b>Class</b>	Ordinary Shares + ARXOA Options and Unlisted 11 Dec 2014 Options @ 3.6 c
<b>Number acquired</b>	5,020,000 Ordinary Shares (Direct) + 2,510,000 ARXOA Options (Direct) + 3,328,766 Unlisted 11 Dec 2014 Options @ 3.6 c
<b>Number disposed</b>	nil

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<p><b>Value/Consideration</b>          Note: If consideration is non-cash, provide details and estimated valuation</p>	<p>1.8 c per ordinary share – Rights Issue Options attaching 1 for 2 - Rights Issue</p> <p>Nil for Unlisted options – approved by shareholders at General Meeting held 11 December 2009</p>
<p><b>No. of securities held after change</b></p>	<p>6,000,000 Ordinary Shares (Direct)          2,755,000 ARXOA Options (Direct)          18,000 ARXO Options (Indirect)          3,328,766 Unlisted 11 Dec 2014 Options @ 3.6 c</p>
<p><b>Nature of change</b>          Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back</p>	<p>Participation in the Rights Issue Shortfall as approved by shareholders at General Meeting held 11/12/09 @ Rights Issue Price of 1.8 cents + attaching options.</p> <p>Unlisted options – approved by shareholders at General Meeting held 11 December 2009.</p>

**Part 2 – Change of director's interests in contracts**

<b>Detail of contract</b>	
<b>Nature of interest</b>	
<b>Name of registered holder (if issued securities)</b>	
<b>Date of change</b>	
<p><b>No. and class of securities to which interest related prior to change</b>          Note: Details are only required for a contract in relation to which the interest has changed</p>	
<b>Interest acquired</b>	
<b>Interest disposed</b>	
<p><b>Value/Consideration</b>          Note: If consideration is non-cash, provide details and an estimated valuation</p>	
<b>Interest after change</b>	

**Date of Notice:** 17 December 2009

+ See chapter 19 for defined terms.