

**ANOMALOUS SOIL AND ROCK SURFACE RESULTS FROM
BIMA PROJECT IN EAST SUMABAWA**

Arc Exploration Limited (ASX Code: ARX) is pleased to announce the results of initial surface sampling from the Kowo Prospect on Bima in East Sumbawa. The project is a 24,980 ha General Survey KP license pending conversion to an Exploration IUP tenement under the new mining law.

The project is located about 230 km east of Newmont's Batu Hijau porphyry copper-gold mine on the same segment of the Sunda-Banda magmatic arc. Targets in the tenement are gold-base metal rich intermediate-sulphidation epithermal veins possibly related to a buried porphyry copper-gold deposit.



Grid-based soil sampling at Kowo in the northern part of the KP has outlined anomalous gold, base metal and barium in a 2 km² window of mineralised volcanic rock that forms a series of low hills surrounded by younger cover.

Results from a 50m x 100m soil sample grid on the northwest side of Kowo have so far defined a coherent gold soil anomaly over an area of 250 m x 500 m underlain by gossanous volcanoclastic rocks containing a stockwork of quartz-chalcedony-sulphide veins.

Fifteen of 33 soil samples collected in this area returned anomalous gold results ranging from 0.048 to 0.511 ppm Au, and averaging 0.154 ppm Au. Selective rock chip samples taken from the stockwork exposed within the soil anomaly returned 0.2 to 1.84 ppm Au in eleven of 31 samples. Silver, copper, lead and barium are also highly anomalous in the soils and rock, returning maximum results of 24 ppm Ag, 138 ppm Cu, 1550 ppm Pb and 1.68% Ba in soil, and 210 ppm Ag, 1580 ppm Cu, 1310 ppm Pb and 13.6% Ba in rock.

These early results are encouraging as they confirm the potential for bulk tonnage gold-silver-base metal sulphide deposits in the project area.

Soil sampling is continuing over the larger southern portion of the Kowo Prospect where the multi-element soil anomaly is open. The soil anomaly is also open to the north and northwest where its source is most likely to be covered by younger volcanic deposits and alluvium.



*Part of the area soil sampled in the northwest part of the Kowo Prospect:
Gold-anomalous, gossanous & stockwork-veined volcanic rocks crop out in foreground,
and are overlain by younger post-mineral volcanic cover in background*

The Company has three projects. **Bima, in East Sumbawa, the subject of this announcement,** Trenggalek in East Java, where scout drilling is underway, and a Strategic Alliance with the Anglo American group in Papua.

The information in this report that relates to Exploration Results is based on information compiled by Mr John Carlile, who is a Fellow of the Australian Institute of Mining and Metallurgy, and Mr Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr Carlile and Mr Wake have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr. Carlile and Mr. Wake are full time employees of Arc Exploration Limited and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

For further information please contact:

Andrew J. Cooke
Company Secretary

Tel: + 61 2 9419 8044
Email: andrewcooke@arx.net.au

Or visit the website:
www.arcexploration.com