

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.

Name of entity	ARC EXPLORATION LIMITED
ABN	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.

Name of Director	Bruce J. Watson
Date of last notice	17 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

Direct or indirect interest	Direct and Indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	Oblique Pty Limited <Watson Super Fund a/c>
Date of change	23 December 2009
No. of securities held prior to change	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
Class	Ordinary Shares + ARXOA Options
Number acquired	2,680,556 Ordinary Shares (Direct) + 1,340,278 ARXOA Options (Direct)
Number disposed	nil

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Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	1.8 c per ordinary share Options attaching 1 for 2
No. of securities held after change	8,680,556 Ordinary Shares (Direct) 4,095,278 ARXOA Options (Direct) 18,000 ARXO Options (Indirect) 3,328,766 Unlisted 11 Dec 2014 Options @ 3.6 c
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Off Market Transfer

Part 2 – Change of director's interests in contracts

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

Date of Notice: 23 December 2009

+ See chapter 19 for defined terms.