



ASX ANNOUNCEMENT

26 JULY 2010

**HIGH-GRADE GOLD/SILVER INTERSECTED AT THE KOJAN PROSPECT,
TRENGGALEK, INDONESIA**

Arc Exploration Limited (ASX Code: ARX) is pleased to report a high-grade drill intersection of 11.28 g/t gold & 293 g/t silver over 1.9 metres from its Kojan Prospect. This result confirms the in-situ occurrence of gold-bearing veins in the northern part of the Exploration IUP adjacent to widespread gold-bearing vein float shed from multiple sources.

Eight scout holes totalling 625 metres have been drilled at Kojan to test three of at least five known veins in this prospect area. These veins are part of a north-northwest trending multiple vein swarm. Each has been traced at surface for at least 100 to 250 metres strike-length with widths ranging from less than 1 to over 5 metres.

All eight holes intersected gold mineralisation and contained significantly higher silver values than other prospects in the Trenggalek IUP. These holes have tested only a small part of this large multiple vein system to a shallow depth of about 75 metres. Further potential exists along the veins and below the currently shallow depths of investigation.

The best hole, TRDD-35, intersected 1.9 m at 11.28 g/t Au & 293 g/t Ag within a wider zone of 6.6 m at 4.89 g/t Au & 149 g/t Ag obtained from 62.45 m down-hole. This intersection occurs about 30 m below (down-dip) of a narrower low-grade vein intercept of 1.3 m at 1.45 g/t Au & 62 g/t Ag obtained from 23.7 m down-hole in TRDD-34.

Holes TRDD-34 and TRDD-35 were drilled on a single section across the Kenong Vein. The geology of these mineralised intercepts is indicative of a shallow preserved epithermal environment represented by lattice-bladed and colloform banded chalcedony-quartz-adularia veins hosted in locally sulphidic hydrothermal and other intrusive breccias. The results suggest that the vein is thickening and increasing in gold and silver grade with depth.

The initial scout drilling at Kojan has achieved its objective to demonstrate in-situ high-grade gold mineralisation in the northern part of the tenement.

The proximity of the gold-bearing Kojan vein system to the high-grade gold-bearing boulder field north and east of Kojan is encouraging and suggests that there are multiple vein sources in this northern area. A program of grid-based soil sampling and prospecting is in progress to help identify targets for future drill testing in this area.

A total of 35 holes in 3,770 m have been drilled to date in the scout program at Trenggalek, which represents about 75% of the 5,000 m program planned for this year.

Drill hole details and assay results for all holes reported in this announcement are summarized in the tables below.

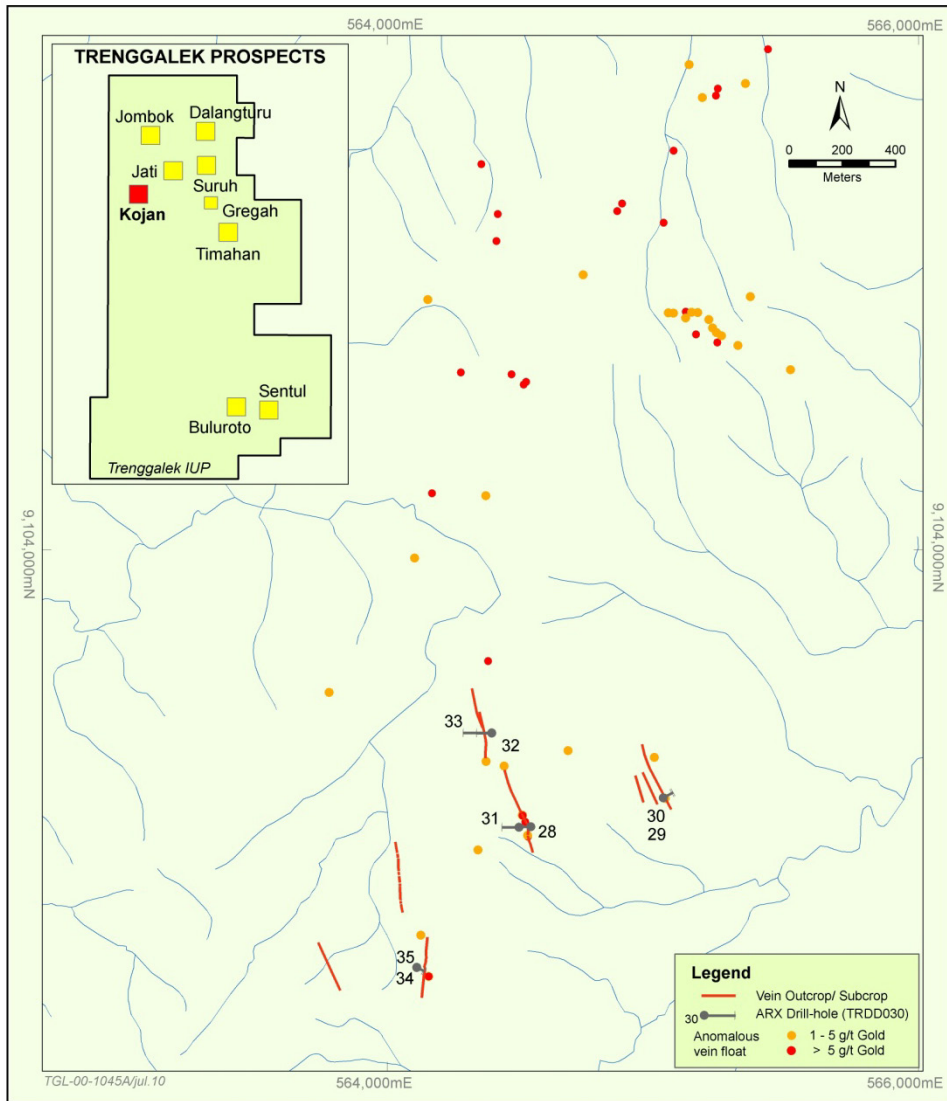
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KOJAN PROSPECT
Drill - hole Locations & Vein Outcrops

KOJAN PROSPECT
Summary of Drill-hole Details

Hole ID	Coordinates			Dip	Azimuth	Final Depth (m)
	mN	mE	mRL			
TRDD028	9,102,958	564,540	778	-45 ⁰	270 ⁰	68.3
TRDD029	9,103,066	565,039	550	-60 ⁰	060 ⁰	54.1
TRDD030	9,103,067	565,039	550	-80 ⁰	060 ⁰	87.0
TRDD031	9,102,956	565,495	781	-45 ⁰	270 ⁰	92.2
TRDD032	9,103,310	564,393	830	-45 ⁰	270 ⁰	82.9
TRDD033	9,103,311	564,393	830	-65 ⁰	270 ⁰	109.2
TRDD034	9,102,428	564,111	843	-45 ⁰	118 ⁰	46.7
TRDD035	9,102,429	564,111	843	-70 ⁰	118 ⁰	84.6

KOJAN PROSPECT
Significant Mineralised Drill-hole Intercepts

Hole ID	From (m)	To (m)	Interval (m)	Au g/t	Ag g/t	Core Rec (%)
TRDD028	13.80	15.80	2.00	1.19	12	100%
	35.90	38.10	2.20	1.81	96	95%
TRDD029	24.60	25.60	1.00	0.42	32	100%
TRDD030	36.40	36.80	0.40	1.06	98	100%
TRDD031	69.00	73.50	4.50	1.87	61	100%
	Incl 71.00	72.00	1.00	3.37	123	100%
TRDD032	64.10	65.10	1.00	0.57	40	100%
TRDD033	103.50	104.50	1.00	0.52	5	100%
TRDD034	23.70	25.00	1.30	1.45	62	100%
TRDD035	62.45	69.05	6.60	4.89	149	94%
	Incl 63.45	65.35	1.90	11.28	293	82%

- Notes: 1) Assay results are from half-core samples split with a power saw. Logging, allocation of sample intervals, sampling & dispatching were done under the strict control of the Company's geologists.
2) Sample preparation and analyses were conducted by P.T. Intertek Utama Services in Jakarta.
3) Gold was assayed by 50g Fire Assay/AAS Finish.
4) Silver was assayed by Mixed Acid Digest/AAS Finish

The Company has three projects. **Trenggalek, in East Java, the subject of this announcement**, Bima in East Sumbawa, 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.

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