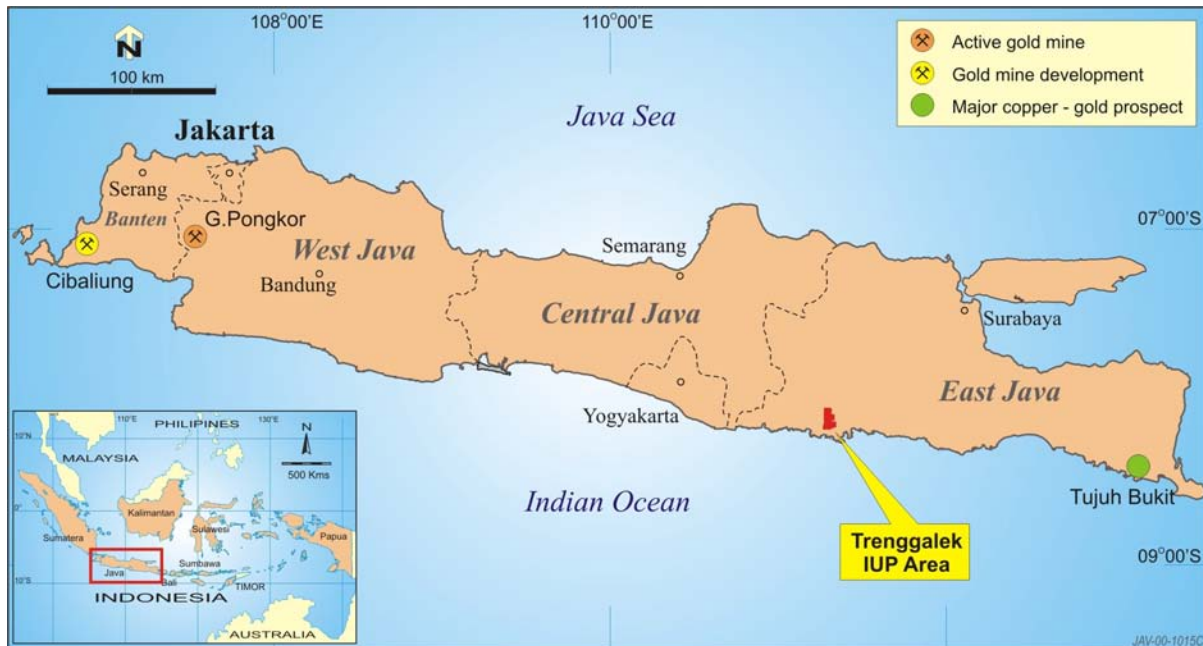


ENCOURAGING NEW GOLD RESULTS FROM THE TRENGGALEK PROJECT, EAST JAVA

Arc Exploration Limited (ASX Code: ARX) is pleased to announce encouraging new gold results from rock chip sampling on its Trenggalek Project in East Java.



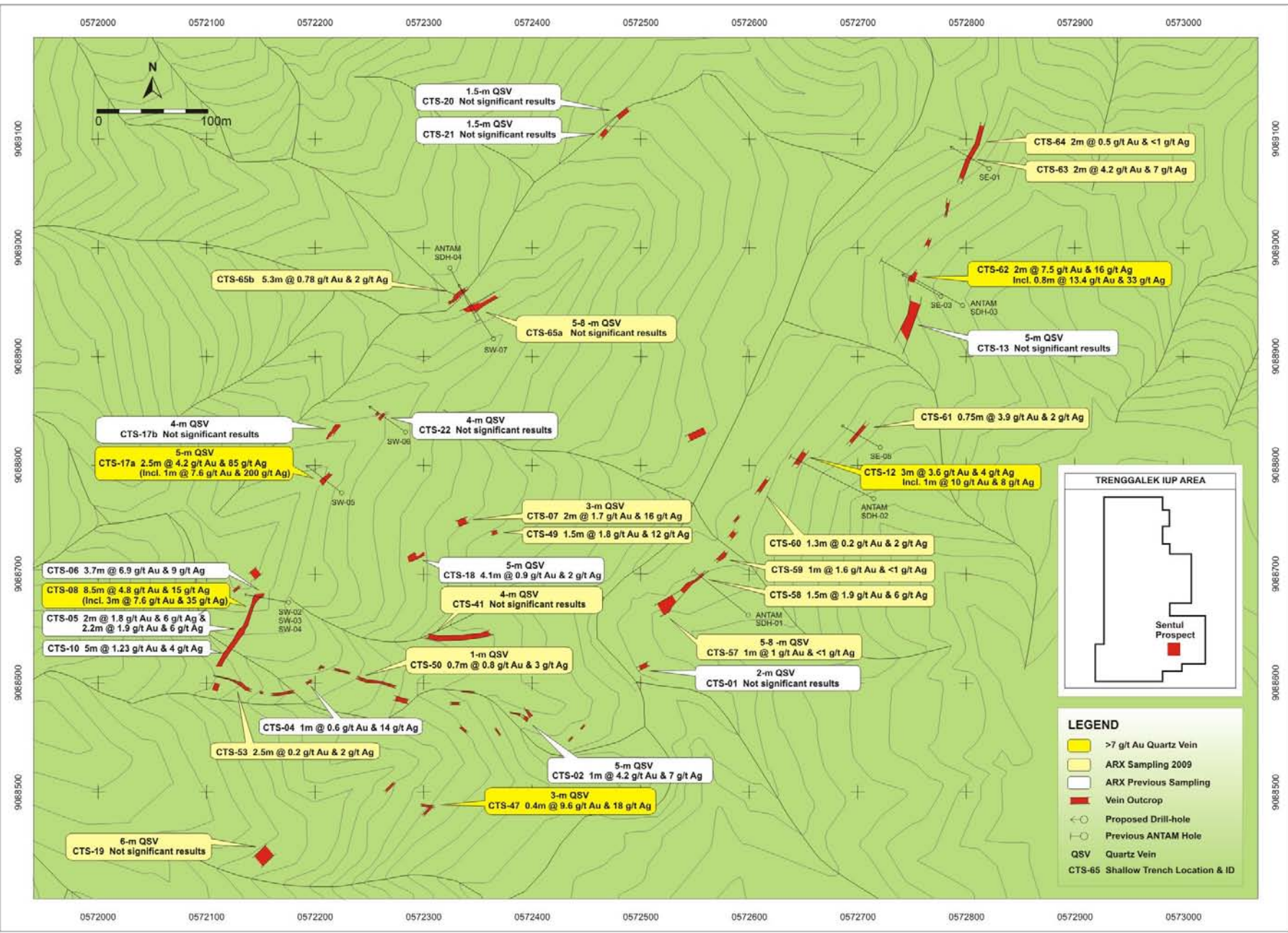
Continuous-chip samples taken across the Sentul East Vein in trenches recently excavated at the Sentul Prospect are: -

- 0.4 m at 9.6 g/t Au & 18 g/t Ag in trench CTS-47
- 2.0 m at 7.5 g/t Au & 16 g/t Ag including 0.8 m at 13.4 g/t Au and 33 g/t Ag in trench CTS-62
- 2.0 m at 4.2 g/t Au & 7 g/t Ag in trench CTS-63

The Sentul East Vein is one of two mineralized veins identified at the Sentul Prospect, which together have a currently identified cumulative strike length of over 2 km. Surface mapping indicates that the average width of these veins is at least 2-3 m and in places up to 10 m.

Results from trench samples between the above intersections returned low to medium gold grades. Such variation of gold grade is typical of low-sulphidation epithermal gold-vein systems. The presence of high gold results along the Sentul East, and the previously reported Sentul West Vein indicate potential for the occurrence of high-grade ore shoots along these vein-structures.

The Sentul East and West Veins, and the numerous narrower tension veins between them are largely untested along strike-length and down-dip. Approximately 1,000 m of drilling in 12 inclined holes is planned to test these veins as the initial part of the Company's proposed scout diamond drilling program.



SENTUL VEIN OUTCROPS Location Plan (UTM Grid)

The information in this report that relates to Exploration Results is based on information compiled by Mr. Brad Wake, who is a member of the Australian Institute of Geoscientists. Mr. Wake has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr. Wake is a full time employee of Arc Exploration Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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ABOUT ARC EXPLORATION LIMITED

Arc Exploration Limited (**ASX Code: ARX**) is an Australian listed gold company focused on exploration in Indonesia.

ARX aims to generate value through the discovery of high-grade gold, silver and associated base metal deposits within Indonesia's highly prospective magmatic arcs.

The company has a 95% joint venture interest with PT Sumber Mineral Nusantara in the Trenggalek tenement located in East Java prospective for low sulphidation epithermal gold-silver deposits and also holds a 95% interest in the Bima tenement located in East Sumbawa of West Nusa Tenggara Province.

In addition, in association with Anglo American Group, the company is also exploring for large porphyry copper-gold deposits in Papua.