

AGREEMENT ON TRENGGALEK GOLD-COPPER PROJECT, INDONESIA

Further to the Company's announcement dated 29 September 2015, Arc Exploration Limited (ARX) is now pleased to announce that it has signed formal documentation with PT Danusa Tambang Nusantara (Danusa) to explore the Trenggalek Gold-Copper Project in Eastern Java. Danusa is a subsidiary of one of the largest contract miners in Indonesia.

Danusa may fund expenditure of up to US\$1,500,000 over the next 10 months for the First Stage of exploration and has the option to continue on to the Second and Third Stages of exploration within a total timeframe of 30 months.

Dr. Jeff Malaihollo, Managing Director of ARX commented:

"Danusa is part of the largest contract miner in Indonesia. We are pleased to be able to attract such a reputable Indonesian group, with an extensive mining experience and financial capability to take the Trenggalek Project forward.

Trenggalek has the prospect of hosting major gold and copper resources and we are excited that Danusa shares that view.

Danusa will concentrate its efforts on the epithermal gold veins, and it wishes to move the project quickly into production if a potentially viable gold resource can be demonstrated on any of the multiple gold prospects identified within the licence area. The Group has a proven capacity to quickly put mines into production in Indonesia.

Danusa has already commenced planning a drilling campaign at Trenggalek which is expected to commence early in 2016.

The Board believes that this transaction has the potential to deliver significant value to ARX shareholders. ARX will be keeping the market fully informed of the progress of Trenggalek."

Danusa has commenced preliminary work on the Trenggalek Project and ARX will keep the market and its shareholders fully informed of progress.

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