

ASX ANNOUNCEMENT

8 AUGUST 2012

**Arc Exploration and Anglo American enter agreement
on Trenggalek Project**

Highlights:

- **Airborne magnetic and radiometric surveys completed**
- **Surface exploration has commenced**

Arc Exploration Limited (ASX Code: ARX) is pleased to announce it has entered into an agreement with Anglo American covering its Trenggalek Project in East Java.

Anglo American has recently undertaken high resolution airborne magnetic and radiometric surveys over the entire 300 km² Trenggalek IUP tenement and is currently carrying out ground geochemical sampling and mapping in selected areas.

Flying of the airborne surveys is now complete and data processing and interpretation are under way along with surface geochemical and geological surveys.

The objective of these surveys is to obtain new data in order to identify porphyry copper-gold systems and generate additional targets for further exploration.

Following completion of the surveys and evaluation of results Anglo American may elect to move forward and earn a majority interest by sole funding ongoing activities at the Trenggalek Project.

ARX Managing Director John Carlile, commented:

"This new agreement with Anglo American is a very positive step forward for ARX. Trenggalek is an area with major porphyry copper-gold and epithermal gold potential as demonstrated by our results to date. The area clearly requires further exploration.

Increased exploration activity is now underway and will provide valuable new data that will help focus in on further targets for near term drill testing. We are confident that this work will support our views on the prospectively of the area.

This Trenggalek agreement builds on both our existing strategic alliance with Anglo American in Papua and our recent engagement to undertake geological evaluation and exploration services for Anglo American in Indonesia".

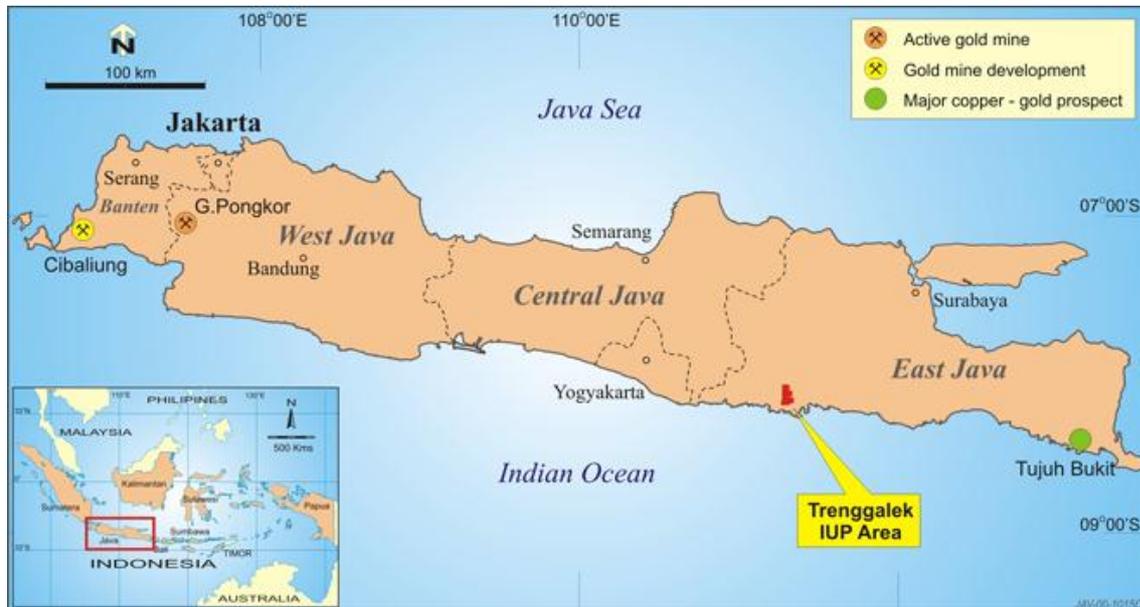
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About Trenggalek



The Trenggalek IUP tenement lies in the Southern Mountains of East Java in the same belt of rocks that host the giant 'Tujuh Bukit' porphyry copper-gold deposit that is being explored by Intrepid.

Competent Persons Statement

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.