

**NEW GOLD RESULTS EXTEND THE POTENTIAL OF BAKU HILL  
AND HIGHLIGHT A NEW GOLD ZONE.**

**BIMA PROJECT, EAST SUMBAWA**

- **The Baku Hill gold zone has been extended**
- **A new gold zone has been confirmed at Baku East**
- **The bulk tonnage gold potential of Baku has been increased**

Arc Exploration Limited (ASX Code: ARX) is pleased to report further progress and new highly encouraging gold results from Baku Hill and the identification of a new gold zone at Baku East.

Four new trenches at Baku Hill have intersected broad zones of gold mineralisation in quartz stockwork. The best result of **22m at 2.15 g/t Au** contains higher grade intervals of **2m at 12.1 g/t Au** and **2m at 7.49 g/t Au** and is located over 170 metres east of a previously reported continuous channel result of **86m at 2.78g/t Au**.

Managing Director Mr. John Carlile commented that:

*“These new results are particularly encouraging as they increase the size potential of Baku and support our interpretation that it may host a large near surface bulk-tonnage gold resource. The identification of Baku East indicates that there are more gold zones to be found in the area”.*

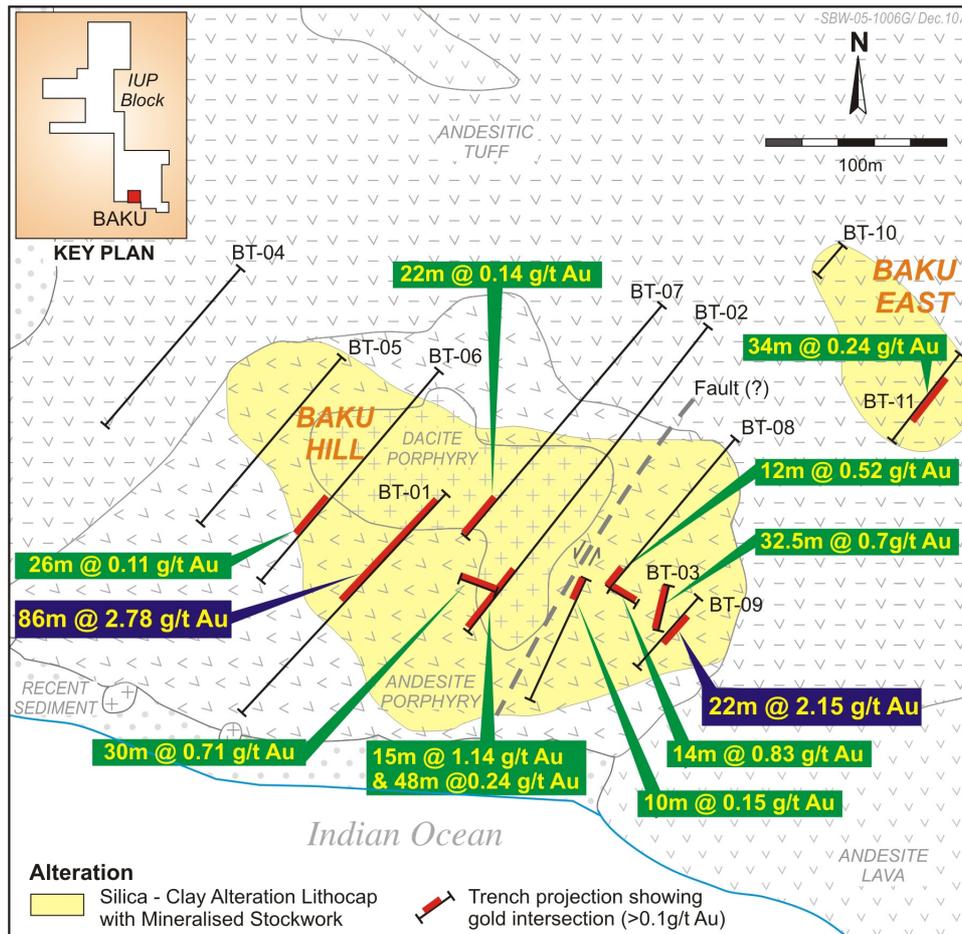
*“We are also excited about what could be beneath these zones of shallow gold mineralisation as our Bima Project sits on a major copper-gold belt that includes the Batu Hijau and Tujuh Bukit deposits. We are targeting both surface gold and deeper porphyry copper-gold systems”.*

*“Further trenching and a program of geophysics are underway to define the surface extent of the gold zones at Baku and get an idea of what may occur at depth. We are well on track to start scout drilling during the first quarter of 2011.”*

Significant new results from Baku Hill trenching are:

| Trench ID    | Length (m) | Au (g/t)    |
|--------------|------------|-------------|
| BT-06        | 26         | 0.11        |
| BT-07        | 22         | 0.14        |
| BT-08        | 12         | 0.52        |
|              | 10         | 0.15        |
|              | 14         | 0.83        |
| <b>BT-09</b> | <b>22</b>  | <b>2.15</b> |
| Incl         | <b>2</b>   | <b>12.1</b> |
| &            | <b>2</b>   | <b>7.49</b> |

Initial trenching has also been undertaken on the new gold-soil anomaly at Baku East and has returned **34m at 0.24 g/t Au** across another quartz stockwork zone. Baku East is located 300 metres northeast of Baku Hill.



## TRENCH GOLD RESULTS

The Bima Exploration tenement covers 250 square kilometres and is prospective for intermediate to high-sulphidation epithermal gold and porphyry copper-gold deposits. The project has excellent infrastructure with a network of sealed to graded roads traversing almost all of the tenement area.

The Company has three projects; **Bima, in East Sumbawa, the subject of this announcement**, Trenggalek in East Java and a Strategic Alliance with the Anglo American group in Papua

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The information in this report that relates to Exploration Results is based on information compiled by Dr Renato Bobis, who is a member of the Australian Institute of Mining and Metallurgy, and Mr Brad Wake, who is a member of the Australian Institute of Geoscientists. Dr Bobis 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.' Dr Bobis 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.