



ASX ANNOUNCEMENT

9 FEBRUARY 2009

SALE OF CIBALIUNG GOLD PROJECT

Arc Exploration Limited ("ARX") advises that it has entered into a binding Heads of Agreement with PT Aneka Tambang Tbk ("Antam") and ANZ Bank for the sale of the Cibaliung Gold Project in Indonesia ("Cibaliung").

The key terms of the sale are summarised as follows:

- Antam will acquire ARX's interests in PT Cibaliung Sumberdaya ("CSD") for US\$1.00;
- Antam will acquire ANZ Bank's interest in Cibaliung.
- Antam will fund and manage Cibaliung with immediate effect.

The sale is conditional upon various approvals including, ARX shareholder approval, and is the culmination of an extensive process that commenced in early 2008 to secure a farm-in partner. ARX was unable to secure a farm-in partner or funding for Cibaliung and accordingly, in co-operation with ANZ Bank, a sale process was initiated in the latter part of 2008.

The sale will relieve ARX of its obligation to fund Cibaliung and to service the current debt to the ANZ.

The indicative timetable of the sale is as follows:

- Execution of binding Heads of Agreement: 9 February 2009
- ARX Shareholder Meeting to approve sale and associated matters: Late March 2009
- Completion following Indonesian regulatory processes and approvals: Around 30 June 2009

Following completion of the sale, ARX will seek to build on its demonstrated exploration strengths in Indonesia.

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