

HIGH-GRADE GOLD CONFIRMED AT DOBROYDE

- **NSR drill-hole NDD2 intercepts 22.5m grading 8.75 g/t gold**

Arc Exploration Limited (ASX Code: ARX) is pleased to announce the results of a single diamond hole that was drilled by New South Resources Limited ("NSR") on the Dobroyde gold deposit in late 2012. The hole, NDD2, was drilled to confirm a high-grade gold zone reported in historic drill intercepts and to provide material for metallurgical testing.

Previous high-grade drill intercepts reported from Dobroyde include 22m @ 37.3 g/t gold, 6m @ 18.2 g/t gold and 16m @ 10.5 g/t gold. These were previously reported in a separate ARX announcement released to the ASX on 9 October 2013.

Highlights from NDD2 are summarised in the table below.

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t)	Barium (%)	Core Recovery	Estimated True-width
NDD2	72.7	95.2	22.5	8.75	9.3	99%	12-15m
Including	77.0	85.9	8.9	13.0	20.6		
&	72.7	73.6	0.9	61.6	6.8		
&	80.6	81.4	0.8	35.9	31		

Gold by 30g Fire Assay with AAS Finish, Barium by lithium borate fusion XRF Finish

ARX has confirmed the gold results by check analyses done at another commercial laboratory.

Managing Director, Dr Jeffrey Malaihollo, commented:

"This recent intercept confirms the occurrence of high-grade gold at Dobroyde and raises our expectation that high-grade mineralisation may also occur in other parts of the project area."

The moderate gold resource we have previously announced at Dobroyde doesn't include this recent intercept. The geological controls on the high-grade gold distribution within the deposit are not well understood. We are using a consultant to analyse the historic gold intercepts for discernible patterns that might lead us toward finding extensions to the high-grade zone.

Another consultant is currently reprocessing and modelling the previous detailed geophysical data acquired over Dobroyde, including high-resolution airborne magnetics and a 3-Dimensional IP-Resistivity ground survey. Results from this will be used to help target for potential resource extensions and porphyry gold-copper targets that are commonly associated with high-sulphidation epithermal gold deposits like Dobroyde.

We look forward to reporting the results of this work in the coming months."

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Background on the Junee Project

ARX has an Option to Farm-in to the **Junee Project** located near the major regional centre of Wagga Wagga in central-western NSW.

The project comprises four contiguous Exploration Licences (EL's 6516, 6658, 6768 & 8152) covering about 87 km² that straddle part of the major regional Gilmore Fault Zone and contains rocks of the Junee-Narromine Volcanic Belt, part of the highly prospective Ordovician-Early Silurian Macquarie Volcanic Arc in the Lachlan Orogen.

Large porphyry-related gold and gold-copper deposits, such as Northparkes, Gidginbung and Cowal, occur along this fertile volcanic belt and their distribution is also spatially related to the Gilmore Fault Zone and its associated fault splays.

EL 6516 contains the 77,000-ounce *Dobroyde* gold deposit (see ASX announcements of 3rd and 10th July 2013) on which historic drilling has produced some spectacular high-grade gold intercepts within a low-grade mineralization envelope. The deposit is a high-sulphidation type epithermal gold system that occurs in structurally controlled zones of silica-sulphide alteration and cross-cutting baryte-rich breccias surrounded by clay-rich alteration zones in andesitic volcanic host rocks.

The project shows potential to increase in size through the discovery of new gold and gold-copper resources, and occurs near major mine operations and development infrastructure.

For further information please contact:

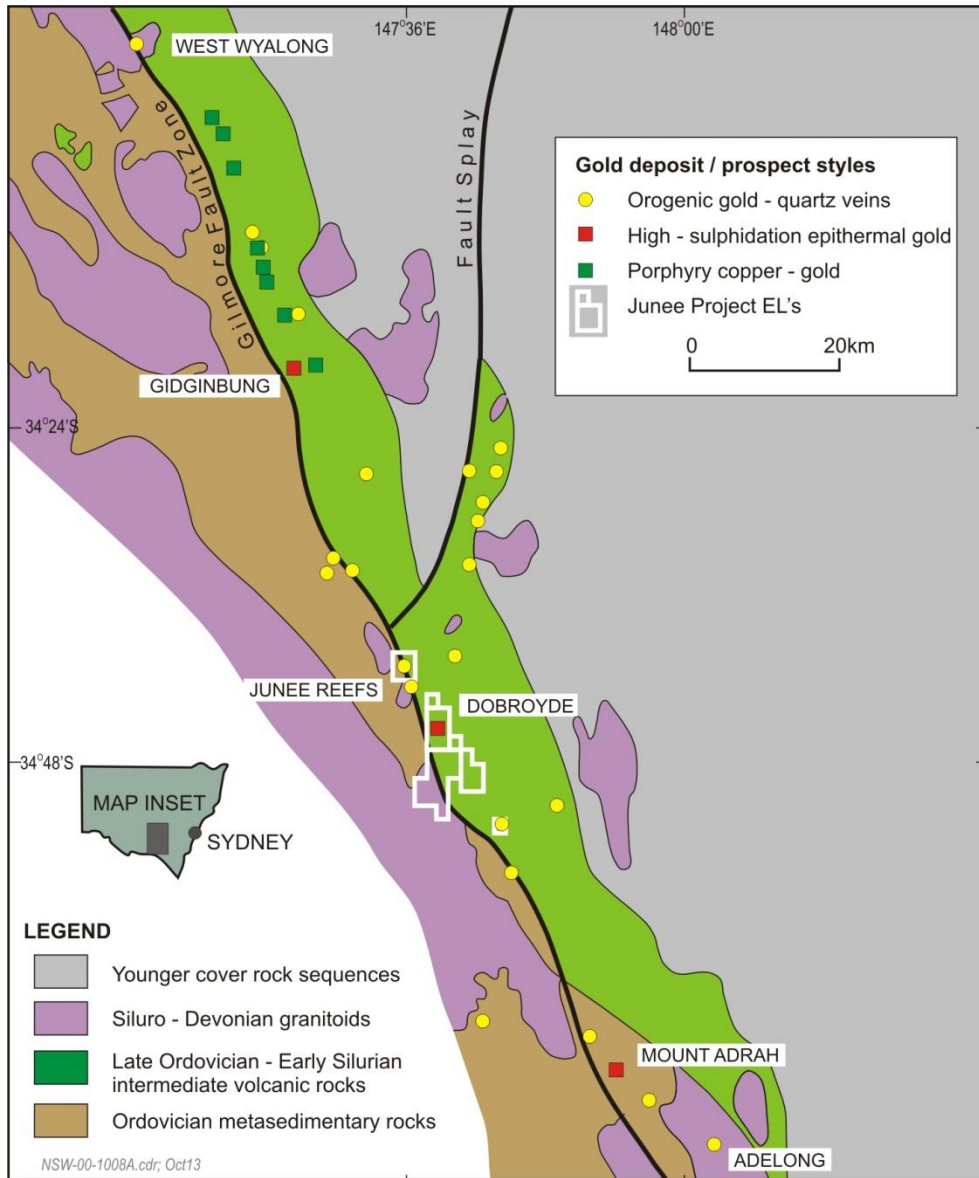
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Competent Person Statement

The information in this announcement 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 Competent Persons 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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LOCATION MAP of JUNEE PROJECT AREA