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NEWS RELEASE

October 31, 2011

Southern Arc Year-end Financial Results and Projects Update

October 31, 2011 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA) (“Southern Arc” or “the Company”) today announced the results of its fiscal year ended June 30, 2011, along with an update on exploration activities at its portfolio of projects. Details of the Company’s financial results are described in the consolidated financial statements and Management’s Discussion and Analysis (“MD&A”), which will be available on the Company’s website at www.southernarcminerals.com and on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated.

During the year ended June 30, 2011 and in recent months, Southern Arc has completed a number of significant milestones toward the objective of building a strong team and advancing its portfolio of properties. The next six to nine months will be pivotal for the Company as the exploration team executes an aggressive drill program at its West Lombok property with the objective of completing two National Instrument 43-101 compliant resource estimates in the first half of 2012. Southern Arc has also initiated drilling at its Sabalong property, which is being advanced with Vale S.A. under an option and joint venture agreement.

Highlights

Exploration

- Completed 6,643 metres of drilling in 35 holes at the Pelangan prospect on the West Lombok property, confirming the Company’s geological model for the prospect and identifying three high-grade shoots that will be explored further with additional Phase 2 drilling in late Q4-2011 or early 2012.
- Initiated Phase 1 drilling at the Mencanggih prospect on the West Lombok property.
- Completed an airborne geophysical survey at the West Lombok property to define both near-surface and buried copper-gold porphyry targets. Results of the airborne survey are currently being reviewed and will assist in the identification of porphyry drill targets for 2012.
- Completed mapping and surveying activities at the Sabalong property that defined two main prospects and identified initial drill targets; drilling commenced in October 2011.

Properties

- Received a mining business license (“IUP”) for its West Lombok property, allowing the Company to pursue exploration activities through to the conclusion of a bankable feasibility study, at which point the IUP will automatically transition into the exploitation stage with the right to conduct mining operations on the property.
- Received an IUP for its Taliwang property, which is being advanced in partnership with Newcrest.
- Worked with the support of all levels of Indonesian authorities to bolster security at the West Lombok property.

Partnerships

- Entered into an Option and Joint Venture Agreement with Vale S.A. to advance the Sabalong and East Elang properties.
- Entered into a Heads of Agreement with Newcrest Mining Limited to advance the Taliwang property.
- Brought a new strategic shareholder to the company through a private placement in which Qatar Mining Company took a 9.99% interest in Southern Arc.

People

- Expanded the Board of Directors with the appointments of Mohammed Al-Shahwani and Bob Gallagher as Directors.
- Expanded the Board of Advisors with the appointments of Dr. Alwi Shihab as Advisor and Commissioner of two of Southern Arc's Indonesian subsidiaries, Dr. Steve Garwin as Senior Technical Advisor, and Malcolm Baillie and Bob Parsons as Advisors.
- Expanded the Senior Management Team with the appointments of Dr. Mike Andrews as President & Chief Operating Officer, Brian Richardson as Chief Financial Officer, Hamish Campbell as Executive Vice President Exploration, Celeste Curran as Vice President, Corporate & Legal Affairs, Rhylin Bailie as Vice President, Communications & Investor Relations and Peter Cranfield as West Lombok Project Manager.

Capital

- Raised approximately \$28 million through the issuance of 17,738,750 common shares at \$1.60.
- Raised approximately \$18 million through a private placement with Tadeen Cyprus holdings limited, a wholly-owned subsidiary of Qatar Mining Company, through the issuance of 10,670,770 common shares at \$1.70.

Results of Operations

During the year ended June 30, 2011, the Company had a loss of \$6,583,353 compared to loss of \$1,613,086 for the year ended June 30, 2010. Significant fluctuations occurred in the following categories:

- a) Stock-based compensation of \$4,060,214 (2010: \$333,661) increased as a result of stock options granted during the period. Stock-based compensation expense is accounted for at fair value as determined by the Black-Scholes Option Pricing Model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate.
- b) Consulting fees of \$227,067 (2010: \$42,557) increased as a result of increased activity during the period.
- c) Foreign exchange loss of \$50,406 was realized during the period ended June 30, 2011 (2010: \$18,843) due to the effect the fluctuation of the US\$/CDN\$ exchange rate had on the Canadian equivalent of the Company's holdings and transactions in its US\$ bank balance and US\$ loan balance.
- d) There were no expenditures on investor relations in 2011 (2010: \$67,893).
- e) Management fees decreased to \$348,000 compared to \$402,000 in 2010 and are discussed in detail in the related parties section.
- f) Office and miscellaneous expense increased to \$551,506 (2010: \$193,742) as a result of higher levels of activity, including increased administrative charges from a related party.
- g) Professional fees of \$507,547 (2010: \$423,758) increased as a result of increased exploration activity during the period.
- h) Property investigation costs of \$nil were expensed during the period ended June 30, 2011 (2010: \$190,271).
- i) Travel expenses of \$209,242 (2010: \$35,566) increased as a result of increased activity during the period.
- j) Other items included a \$54,852 gain on the sale of the Company's MAV II notes (2010: \$250,000 gain on settlement of a lawsuit).
- k) During the year ended June 30, 2011, the Company invested \$3,973,673 cash (2010: \$4,449,156) on resource properties and \$241,455 on property plant & equipment (2010: \$nil).
- l) During the year ended June 30, 2011, the Company received \$836,357 of exploration advances and spent \$631,931 on exploration activities related to its joint venture on the Sabalong and East Elang properties (2010: \$nil).

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

	Year ended June 30, 2011 \$	Year ended June 30, 2010 \$	Year ended June 30, 2009 \$
Total revenues	-	-	-
Loss for the year	(6,583,353)	(1,613,086)	(5,240,556)
Basic and diluted loss per share	(0.08)	(0.02)	(0.07)
Total assets	63,311,011	24,898,967	19,496,869
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

Summary of Quarterly Results

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Total assets	\$ 63,311,011	\$ 50,617,532	\$ 25,002,393	\$ 24,538,433
Resource properties	23,401,805	24,216,140	23,195,375	22,769,384
Working capital (deficit)	37,352,881	24,018,795	(530,251)	(323,688)
Net loss	(1,224,222)	(1,815,241)	(444,126)	(3,099,764)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.04)

	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Total assets	\$24,898,967	\$ 22,910,770	\$ 23,434,431	\$ 19,243,326
Resource properties	22,410,416	20,626,421	20,318,136	15,691,274
Working capital	479,631	758,642	1,652,957	2,632,708
Net income (loss)	(542,816)	(392,176)	(90,028)	(588,066)
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.00)	(0.01)

Outlook

The Company is currently focusing its exploration efforts on its West Lombok property, which hosts the Pelangan, Mencanggih and Selodong prospects. The Company has identified 21 kilometres cumulative strike length of epithermal gold-bearing mineralized structural breccias ("MSB") (steeply dipping silica ledges cut by epithermal quartz veins and breccias) at the Pelangan and Mencanggih prospects, along with indications of near-surface buried porphyries, and 14 porphyry copper-gold drill target areas at Selodong. Phase 2 drilling of epithermal gold-silver targets at the Pelangan prospect commenced in late March 2011, while Phase 1 drilling at the Mencanggih prospect was initiated in August 2011. The Company plans to complete enough drilling to prepare National Instrument 43-101 ("NI 43-101") compliant resource estimates for both the Pelangan and Mencanggih prospects in the first half of 2012. The Company is also reviewing the results of a magnetic and radiometric airborne survey that was flown over the West Lombok property to assist in the identification of porphyry drill targets for 2012.

On Sumbawa Island, following modeling of ground geophysical data, a number of potential porphyry intrusive targets have been defined on the Company's Sabalong property, which is being advanced under the terms of an Option and Joint Venture Agreement between Southern Arc and Vale S.A. ("Vale"). Phase 1 drilling of the

Sabalong property commenced on October 21, 2011. Work with Vale on the East Elang property, also governed by the Option and Joint Venture Agreement, is also ongoing.

The Company is working towards completion of a Joint Venture Agreement with Newcrest Mining Limited (“Newcrest”) regarding its Taliwang property on Sumbawa Island, which is subject to completion of definitive documentation. Low-key surface exploration activities on Taliwang have been ongoing since Q1-2011. The current exploration program is based on the results of informal discussions between the Company and Newcrest.

**On behalf of the Board of
Southern Arc Minerals Inc.**

“John Proust”

Chairman & CEO, Director

About Southern Arc

Southern Arc Minerals Inc. is a Canadian mineral exploration company with an aggressive exploration, acquisition and growth strategy. The Company’s portfolio includes four exploration projects with epithermal gold and gold-copper porphyry prospects on the Lombok and Sumbawa islands in Indonesia, three of which are being advanced in partnership with major mining companies Vale and Newcrest. The Company’s key exploration property is its West Lombok project, with several gold-rich copper porphyry and epithermal gold vein prospects. Southern Arc is listed on the TSX Venture Exchange under the symbol SA. More information is available at www.southernarcminerals.com or by emailing info@southernarcminerals.com.

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Forward-looking Statements

This news release contains forward-looking statements relating to expected or anticipated future events and operations, timing of projects and anticipated results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and the company's capability to execute and implement future plans. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. There is no representation by the company that actual results achieved during the forecast period will be the same in whole or in part as that forecast.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Qualified Person

The technical information in this document has been reviewed by Southern Arc’s Chief Geologist, Andrew Rowe, B. App. Sc. Geology, MAusIMM. Mr. Rowe has over 18 years of international mineral exploration experience throughout Southeast and Central Asia and Australia. During this time he has held such positions as Chief Geologist – Feasibility Studies, Senior Geologist and Consulting Geologist. The technical information in this document has also been reviewed by Southern Arc’s President & Chief Operating Officer, Dr. Mike Andrews, PhD, FAusIMM, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101.