



No. 12-08

NEWS RELEASE

May 17, 2012

## **Southern Arc Increases Ownership Interest in Lombok and Taliwang Properties and Enters into Cooperation Agreement with West Sumbawa Regency**

**May 17, 2012 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF)** (“Southern Arc” or “the Company”) is pleased to announce that the Company has acquired an additional 5% interest in both its West Lombok and West Sumbawa (Taliwang) projects in Indonesia, increasing its ownership in both projects to 90% with the remainder held by the local Regency Governments. In addition, Southern Arc has concluded negotiations with the Regency of West Sumbawa and has entered into a Cooperation Agreement that has been signed by the West Sumbawa Regent on behalf of that local government.

“Recognizing the geological potential of the West Lombok and Taliwang projects, Southern Arc has increased its interest to 90% and secured the support of the local government at both projects as a 10% equity partner,” said Dr. Mike Andrews, President of Southern Arc. “This emphasizes our vision of the great potential for both epithermal gold and copper-gold porphyry mineralization at both projects.”

Southern Arc has simplified the ownership structure and increased its equity interest in the projects through the acquisition of additional shares in PT Indotan Lombok Barat Bangkit (West Lombok project) and PT Indotan Sumbawa Barat (Taliwang project) from its Indonesian partner, PT Permata Puri Mega (“PT PPM”). In consideration for transferring its 5% interest in both projects to Southern Arc, PT PPM will receive US\$1,500,000 and 2,250,000 Southern Arc shares, subject to TSX Venture Exchange acceptance.

### **West Lombok Property**

Southern Arc now holds 90% of PT Indotan Lombok Barat Bangkit, the Indonesian subsidiary that holds a mining business license (“IUP”) to explore the West Lombok property. The remaining 10% is held by the local West Lombok Regency Government under a Cooperation Agreement forged in December 2010. Having the local regency as an equity partner creates a synergistic and mutually beneficial relationship, ensuring government support for the project and long-term benefits for local communities as the project advances.

The West Lombok project covers a 13km by 7km structural corridor of mineralization and alteration hosting porphyry copper-gold, high sulphidation gold-copper and epithermal gold deposits. Two of the prospects on the property host a combined proven strike length of more than 21 kilometres of mineralized epithermal breccias, with individual bodies ranging in thickness from 2 to 66 metres, with a strike length of up to 1,000 metres and a vertical extent of greater than 300 metres. Southern Arc has completed more than 22,000 metres of drilling to date focused on the epithermal gold mineralization, confirming high-grade events typical of epithermal boiling zones and identifying several high-grade shoots. In addition, the Company has completed an airborne geophysical survey of the West Lombok project at 50-metre line spacings to define both near-surface and buried copper-gold porphyry targets, identifying 17 porphyry targets on the property. A number of the targets have already had a limited amount of drill testing that demonstrated host zones of high-grade gold-rich porphyry copper mineralization, supporting the outcome of the prospectivity analysis.

Exploration on the property is currently focused on areas with epithermal gold mineralization in the northwest section of the property and areas with copper-gold porphyry mineralization in the southeast of the property, outside of the area designed as “production forest,” while Southern Arc awaits issuance of its Pinjam/Pakai

---

**Southern Arc Minerals Inc.**

Suite 1500 – 885 West Georgia Street, Vancouver, BC V6C 3E8 Canada

North American Toll-free: 1-888-676-5241

[www.southernarcminerals.com](http://www.southernarcminerals.com)

(borrow to use) forestry permit. Permitting is progressing as expected, and Southern Arc will continue to update the market of any material events at the property.

### **Taliwang Property**

Southern Arc also increased its holding to 90% in PT Indotan Sumbawa Barat, the Indonesian subsidiary holding the Taliwang IUP. As a result of the recently completed Cooperation Agreement, the West Sumbawa Regency Government holds the remaining 10% in the property, ensuring collaboration and support as the project advances.

Located adjacent to Newmont's world-class Batu Hijau copper-gold mine, the Taliwang property covers 31,200 hectares prospective for gold, silver and copper mineralization. Exploration to date at Taliwang has identified a gold-silver bearing epithermal vein system in which 56 drill holes have confirmed both lateral and vertical persistence of the mineralized structures, near-surface copper-gold porphyry targets with associated surface high-sulphidation epithermal signatures, and sedimentary gold-hosted targets.

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

*"John Proust"*

Chairman & Chief Executive Officer

### **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 copper-gold porphyry prospects on the Lombok and Sumbawa islands in Indonesia, two of which are being advanced in partnership with Vale S.A. 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 and on the OTCQX International under the symbol SOACF. More information is available at [www.southernarcminerals.com](http://www.southernarcminerals.com) or by emailing [info@southernarcminerals.com](mailto:info@southernarcminerals.com).

### **Southern Arc Contact**

Rhilyn Bailie  
Vice President, Communications & Investor Relations  
Phone: 604-676-5241  
Email: [info@southernarcminerals.com](mailto:info@southernarcminerals.com)

*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.*

### **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.*

### ***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 Principal 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.*

*The drill program and sampling protocols have been managed by Southern Arc under the supervision of Andrew Rowe. Diamond drill holes are drilled at PQ, HQ and NQ sizes depending on hole depth. Half core is cut by rock saw and is generally sampled according to geological contacts ranging between 0.2 to 2.5 metres in length. Three to four quality control samples (blank and standard reference materials) are inserted into each batch of 40 samples. The half core samples are securely transported from the project site to the Intertek Testing Services ("ITS") sample preparation laboratory in Sumbawa Besar via private truck hired by Southern Arc. Sample pulps are then sent to the ITS Jakarta laboratory by ITS. Gold is analyzed by fire assay with AAS finish and a four-acid digestion and an ICP-MS finish is used to analyze a full suite of elements including silver and base metals. Prior to 2008 the above method was used for gold and a four-acid digestion with AAS finish was used to analyze a full suite of elements including silver and base metals. ITS is one of the world's largest product and commodity testing, inspection and certification organizations. The Jakarta laboratory is ISO 17025 accredited and employs a Laboratory Information Management System for sample tracking, quality control and reporting.*