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NEWS RELEASE

May 29, 2012

Southern Arc Third Quarter Financial Results and Projects Update

May 29, 2012 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) today announced the results of its third quarter ended March 31, 2012, along with an update on exploration activities at its portfolio of projects. Details of the Company’s financial results are described in the unaudited condensed consolidated interim 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.

- Increased ownership to 90% in the West Lombok and Taliwang projects
- Completed Cooperation Agreement with West Sumbawa Regency Government, ensuring collaboration as the Taliwang project advances
- Terminated Heads of Agreement with Newcrest Mining Limited for the Taliwang project
- Completed drilling of third hole at the Sabalong project, targeting copper-gold porphyry mineralization, with results pending
- Completed drilling at the West Lombok project pending issuance of *Pinjam Pakai* permit, with 3,501.5 metres of drilling completed year to date
- Mapping and sampling at the West Lombok project ongoing, with 472.5 line kilometres completed year to date
- Initiated micro-credit schemes at village level as part of Company CSR efforts

FINANCIAL SNAPSHOT

Summary of Quarterly Results

	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total assets	\$ 62,872,227	\$ 61,274,365	\$ 62,268,305	\$ 62,706,114
Exploration properties	35,680,748	29,634,073	25,502,244	22,796,908
Working capital	22,901,030	29,897,586	35,017,284	37,957,778
Net loss	(1,272,920)	(1,569,848)	(285,270)	(1,224,222)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)

EXPLORATION UPDATE AND OUTLOOK

West Lombok Property (Lombok Island)

The West Lombok Project covers a 13km by 7km structural corridor of mineralization and alteration hosting porphyry copper-gold, high-sulfidation gold-copper and epithermal gold deposits. Two of the prospects on the property host a combined proven strike length of more than 26 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 spacings to define both near-surface and buried

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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.

On May 17, 2012, Southern Arc announced that it has increased its interest in the West Lombok project from 85% to 90%. Southern Arc simplified the ownership structure and increased its equity interest in the West Lombok project through the acquisition of additional shares in PT Indotan Lombok Barat Bangkit, the subsidiary that holds the mining business license (“IUP”) to explore the West Lombok project, from Southern Arc’s Indonesian partner, PT Permata Puri Mega (“PT PPM”). In consideration for transferring its 5% interest in both the West Lombok and Taliwang projects, PT PPM will receive US\$1,500,000 and 2,250,000 Southern Arc shares, subject to TSX Venture Exchange acceptance.

On December 29, 2011, Southern Arc announced the decision to focus its near-term drilling activities on targets within areas without forestry designation. As described in the press release issued on August 26, 2010, approximately 1.1% of the West Lombok property is designated Protected Forest (no open-pit mining allowed; underground mining allowed with the appropriate forestry permits), 55.1% is designated Production Forest (open-pit and underground mining allowed with the appropriate forestry permits) and 43.8% has no forestry designation (no restriction on mining activities). Since the property had been clear-cut logged in the 1990s, Southern Arc decided to proceed with exploration activities, with strong local government support and encouragement, while awaiting issuance of its forestry permit, known as a *Pinjam Pakai* (borrow to use) permit. Year to date Southern Arc has completed 14 holes on areas in the northwest section of the property, focused on epithermal gold mineralization, and 2 holes in the southeast section of the property, focused on porphyry copper-gold mineralization. Southern Arc has completed its current drill program and does not plan to resume drilling until the *Pinjam Pakai* permit is received. To conserve its treasury during this period, Southern Arc has reduced its in-country technical team. While some employees were laid off, a number of technical personnel were seconded to other exploration groups in the area to ensure Southern Arc has the technical capacity to resume exploration activities upon issuance of the *Pinjam Pakai* permit. Permitting is progressing as expected, and Southern Arc will continue to update the market of any material events at the property.

In late 2011 Southern Arc completed an airborne geophysical survey of the West Lombok project at 50-metre spacings to define both near-surface and buried copper-gold porphyry targets. Dr. Steve Garwin, Southern Arc’s Senior Technical Advisor, modeled and interpreted the results of the survey in conjunction with the Company’s geological and geochemistry database, and identified 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. In early 2012 Southern Arc initiated an exploration program to drill porphyry targets located in the south of the property in areas without forestry designation, and will continue to test the other targets when the Company receives the *Pinjam Pakai* permit and is able to resume full-scale exploration. In early 2012 the Belikat and Blongas East targets of the Selodong prospect, where previous exploration returned significant porphyry-grade intersections, were tested by two drill holes totaling 974.0 metres.

Exploration activities on West Lombok in 2011 and the first calendar quarter of 2012 have focused on Phase 2 exploration at the Pelangan prospect and Phase 1 exploration at the Mencanggih prospect. Initial activities on Mencanggih focused on the Waterfall target, where Southern Arc completed 27 holes for a total of 6,634 metres of drilling, with 17 of the 27 holes encountering gold mineralization (www.SEDAR.com). Southern Arc also completed eight holes on the Bising target, for a total of 2,286 metres. All eight holes encountered mineralization (www.SEDAR.com) and Bising remains a high-priority drilling target when Southern Arc is able to resume full-scale exploration.

Southern Arc completed 6,643 metres of drilling in 35 holes at the Pelangan prospect earlier in 2011, and results from all holes have been released (www.SEDAR.com). Drilling to date has confirmed the Company’s geological model for the prospect and identified three high-grade shoots that will be explored further with the next phase of drilling. Two rigs were operational this period at the Jati, Tanjung and Kayu Putih targets on the

Pelangan prospect, where previous exploration identified a continuous 1.5km-long mineralized epithermal breccia, hosting at least one high-grade lode structure. At May 25, 2012, the Company had completed 2,527.5 metres in 14 holes (including one re-drill).

Surface mapping has continued on the West Lombok property and the team has to date identified 18.5 km of mineralized structural breccias (“MSBs”) on the Mencanggih prospect with an additional 1.3 km of epithermal structural breccias (“ESBs”) with geochemical testing ongoing to determine mineralization, and 8.0 km of MSBs on the Pelangan prospect with an additional 1.7 km of ESBs. Encouraging assay results (+5.0 g/t Au) from continuous rock chip channels collected across the strike of MSBs have been received from a number of Pelangan and Mencanggih prospect localities.

Southern Arc has engaged SRK Consulting (Canada) Inc. (“SRK”) to complete a National Instrument 43-101 (“NI 43-101”) technical report for the property. Completion of the technical report requires more exploration and drilling data, and the timing of the report is contingent on Southern Arc’s ability to resume full-scale exploration. The Company will provide additional guidance on the timing of this report as more information becomes available.

Sabalong Property (Sumbawa Island)

The Sabalong property is being advanced in partnership with a wholly-owned subsidiary of Vale under an option and joint venture agreement whereby Vale has an option to earn a 75% interest in the property by funding all project expenditures through to completion of a bankable feasibility study. Southern Arc is the operator of the property. Geomapping along with geochemical and geophysical surveying activities at the Sabalong property have defined a number of potential porphyry intrusive targets. Southern Arc commenced drilling in October 2011 and has completed two holes to date, for a total of 1,342 metres. Although no significant assay results were returned, the geology and wallrock alteration recognized in the drill core provided sufficient encouragement to drill a third hole targeting potential porphyry copper-gold mineralization below a lithocap. Drilling of the third hole has just been completed with final target depth of 468.85 metres. . Vale has exceeded its US\$1 million Phase 1 funding obligations with the current drilling program. Results will be released when Phase 1 exploration is deemed complete, at which point Vale has the option to carry on to Phase 2 and complete US\$2 million of funding within two years.

East Elang Property (Sumbawa Island)

The East Elang property is located adjacent to Newmont’s Elang copper-gold deposit (25 Moz gold, 16 Blb copper - Newmont February 2011 press release). Aerial photography and lithographical studies suggest that the Elang mineralized structure extends onto Southern Arc’s East Elang property. While the property is considered highly prospective due to its location and results from aerial surveys, exploration of this property has been deferred pending reclassification of the property’s forestry status. Application has been made to the Regency authorities for suspension (back-dated for two years) of the IUP license until the reclassification process has been completed, ensuring that Southern Arc has adequate time to evaluate the property once exploration commences. The East Elang property is included in the Vale option and joint venture agreement. Vale can earn a 75% interest in both the Sabalong and East Elang properties by advancing either property to bankable feasibility study.

Taliwang Property (Sumbawa Island)

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 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 porphyry copper-gold targets with associated surface high-sulphidation epithermal signatures, and sedimentary gold-hosted targets. Surface exploration activities during 2011 focused

on detailed lithological and alteration mapping of epithermal and porphyry prospect areas, as well as clay spectral analysis studies.

In March 2012, Newcrest Mining Limited (“Newcrest”) terminated a Heads of Agreement with Southern Arc whereby Newcrest could have earned a 63.75% interest in the project by funding exploration expenditures through to bankable feasibility study or US\$50 million in expenditures. Despite best efforts by Southern Arc and Newcrest, certain conditions precedent under the non-binding Heads of Agreement could not be met in the required timeframe, and accordingly the Heads of Agreement lapsed.

On May 17, 2012, Southern Arc announced the completion of a Cooperation Agreement with the West Sumbawa Regency, ensuring collaboration and support as the project advances. Under the terms of the agreement, Southern Arc has granted the West Sumbawa Regency a 10% free-carry equity interest in the project. Also on May 17, Southern Arc announced that it has increased its ownership in the Taliwang project from 85% to 90%. Southern Arc simplified the ownership structure and increased its equity interest in the project through the acquisition of additional shares in PT Indotan Sumbawa Barat (Taliwang Project), the subsidiary that holds the IUP to explore the Taliwang project, from Southern Arc’s Indonesian partner, PT PPM. In consideration for transferring its 5% interest in both the West Lombok and Taliwang projects, PT PPM will receive US\$1,500,000 and 2,250,000 Southern Arc shares, subject to TSX Venture Exchange acceptance.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2012

During the nine-month period ended March 31, 2012, the Company had a loss of \$3,624,672 compared to loss of \$5,359,131 for the comparable period ended March 31, 2011. Significant fluctuations occurred in the following categories:

- a) Share-based compensation of \$837,053 (2011: \$3,679,906) decreased as a result of fewer stock options granted during the period. Share-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 risk-free interest rate.
- b) Consulting fees of \$333,573 (2011: \$281,113) increased as more consultants were engaged during the period.
- c) Foreign exchange gain of \$473,267 was realized during the period ended March 31, 2012 (2011: \$17,583) primarily due to the effect the fluctuation of the \$US/\$CAD exchange rate had on the Canadian equivalent of the Company’s holdings and transactions in its \$US bank balance and \$US payables balance.
- d) Management fees increased to \$458,000 compared to \$301,500 in 2011 and are discussed in detail in the Related Parties section.
- e) Office and miscellaneous expense increased to \$872,108 (2011: \$405,748) as a result of staffing up to support the increased exploration activity, inclusive of increased administrative charges from a related party.
- f) Professional fees of \$434,670 (2011: \$448,296) decreased slightly with similar levels of corporate legal activity during the period.
- g) No property investigation costs were expensed during period ended March 31, 2012 (2011: recovery of \$94,500).
- h) Travel expenses of \$172,967 (2011: \$223,662) decreased as a result of a reduction in executive travel during the period.
- i) Interest income of \$217,710 increased significantly during the nine-month period ended March 31, 2012 (2011: \$3,711) due to higher cash balances from equity financings.
- j) Under other items in 2012, the Company recorded its share of the equity loss of Nickel Oil & Gas of \$52,289 and recorded an impairment charge related to Nickel of \$305,582. In 2011, other items included a \$54,852 gain on the sale of the Company’s MAV II notes.

- k) During the nine-month period ended March 31, 2012, the Company invested \$10,288,639 (2011: \$1,831,429) on exploration properties and \$206,090 on property, plant and equipment (2011: \$104,301).
- l) During the nine-month period ended March 31, 2012, the Company received \$1,090,307 (2011: \$407,555) of exploration advances in relation to its joint venture on the Sabalong and East Elang properties and expended \$1,038,624 on exploration activities related to this joint venture (2011: \$127,033).

**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 copper-gold porphyry prospects on the Lombok and Sumbawa islands in Indonesia, two of which are being advanced in partnership with Vale. 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 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.