



No. 12-05

NEWS RELEASE

February 29, 2012

Southern Arc Second Quarter Financial Results and Projects Update

February 29, 2012 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) today announced the results of its second quarter ended December 31, 2011, 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.

RECENT EVENTS

- Completed a porphyry prospectivity study for the West Lombok project after modeling the results of an airborne geophysical survey and extensive geological and geochemical data; the study identified 17 porphyry targets
- Initiated drilling of porphyry targets in the southeast section of the Selodong prospect, West Lombok project
- Initiated drilling of epithermal gold targets in the northwest section of the Pelangan prospect, West Lombok project
- Completed evaluation of the Waterfall target (27 holes), Mencanggih prospect, West Lombok project
- Completed eight holes at the Bising target, Mencanggih prospect, West Lombok project
- Re-focused drilling activities on the West Lombok project to areas without forestry designation, due to an ongoing delay in receiving the required forestry borrow/use (“Pinjam/Pakai”) permit
- Completed 1,342 metres of drilling on the Sabalong project and initiated groundwork of newly identified targets
- Wrote down Nickel Oil & Gas investment to a remaining value of \$nil as a result of the expectation of continued low natural gas prices
- Commenced trading on the OTCQX International on December 7, 2011 under the symbol “SOACF”

EXPLORATION UPDATE AND OUTLOOK

West Lombok Property (Lombok Island)

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 waiting for issuance of its forestry borrow/use permit, known as a Pinjam/Pakai (borrow to use) permit. Until the Company receives the Pinjam/Pakai permit, Southern Arc has refocused its drilling activities on areas with epithermal gold mineralization in the northwest section of the property and areas with porphyry copper-gold mineralization in the southeast and northeast sections of the property.

In Q4-2011 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. Southern Arc has initiated an exploration program to drill porphyry targets in the southeast and northeast of the property located 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. One rig is currently drilling in the Belikat target and Blongas East targets of the Selodong prospect, where previous exploration returned significant porphyry-grade intersections. At February 22, 2012, the Company had completed 974 metres in 2 holes.

Exploration activities on West Lombok in 2011 and the first 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 are currently drilling the Jati and Tanjung 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 February 22, 2012, the Company had completed 1,491 metres in 7 holes, with an additional hole in progress.

Surface mapping has continued on the West Lombok property and the team has to date identified 17.7 km of mineralized structural breccias ("MSBs") on the Mencanggih prospect with an additional 3.0 km of epithermal structural breccias ("ESBs") with geochemical testing underway to determine mineralization, and 6.1 km of MSBs on the Pelangan prospect with an additional 4.3 km of ESBs.

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 S.A. ("Vale") under an option and joint venture agreement. Southern Arc is managing the exploration program and Vale is funding all project expenditures. Vale has completed its US\$1 million Phase 1 funding obligations and has the option to fund US\$2 million in Phase 2 expenditures within two years. Mapping and 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. Southern Arc and Vale have identified additional areas of interest and initiated groundwork to determine whether drilling is warranted. As a result, Phase 1 exploration has been extended. Results will be released when Phase 1 exploration is deemed complete by Southern Arc and Vale.

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. The East Elang property is being advanced in partnership with Vale under an option and joint venture agreement whereby Southern Arc is managing the exploration program and Vale is funding all project expenditures. Southern Arc expects to initiate surface exploration on the property in 2012, at which point Vale will begin its Phase 1 US\$1.2 million funding obligations.

Taliwang Property (Sumbawa Island)

Southern Arc and Newcrest Mining have reached a heads of agreement and are working toward completion of a joint venture agreement to explore the Taliwang project whereby Newcrest funds all project expenditures and Southern Arc manages the exploration program. 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 have focused on detailed lithological and alteration mapping of epithermal and porphyry prospect areas, as well as clay spectral analysis studies. Phase 2 drilling is planned for 2012.

RESULTS OF OPERATIONS

During the six-month period ended December 31, 2011, the Company had a loss of \$1,855,119 compared to loss of \$3,543,890 for the comparable period ended December 31, 2010. Significant fluctuations incurred in the following categories:

- a) Share-based compensation of \$554,918 (2010: \$2,665,816) 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 \$41,493 (2010: \$89,291) decreased as fewer consultants were engaged during the period.
- c) Foreign exchange gain of \$392,113 was realized during the period ended December 31, 2011 (2010: \$10,963) 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 loan balance.
- d) Management fees increased to \$282,000 compared to \$201,000 in 2010 and are discussed in detail in the Related Parties section.
- e) Office and miscellaneous expense increased to \$573,231 (2010: \$129,753) 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 \$221,628 (2010: \$310,915) decreased as a result of lower corporate legal activity during the period.
- g) No property investigation costs were expensed during period ended December 31, 2011 (2010: \$94,500).
- h) Travel expenses of \$104,674 (2010: \$93,357) increased slightly as a result of similar levels of activity during the period.
- i) Interest income of \$147,017 was realized during the six-month period ended December 31, 2011 (2010: \$18).
- j) Under other items in 2011, 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 2010, other items included a \$54,852 gain on the sale of the Company's MAV II.

- k) During the six-month period ended December 31, 2011, the Company invested \$6,747,557 cash (2010: \$884,822) on exploration properties and \$196,592 on property, plant and equipment (2010: \$nil).
- l) During the six-month period ended December 31, 2011, the Company received \$797,314 of exploration advances in relation to its joint venture on the Sabalong and East Elang properties and expended \$785,866 on exploration activities related to this joint venture (2010: \$nil).

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

SUMMARY OF QUARTERLY RESULTS

	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Total assets	\$ 61,274,365	\$ 62,268,305	\$ 62,706,114	\$ 50,617,532
Exploration properties	29,634,073	25,502,244	22,796,908	24,216,140
Working capital	29,897,586	35,017,284	37,957,778	24,018,795
Net loss	(1,569,849)	(285,270)	(1,224,222)	(1,815,241)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.02)

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, 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 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.