



NEWS RELEASE

Southern Arc Year-end Financial Results and Projects Update

October 29, 2013 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) today provided the results of its fiscal year ended June 30, 2013, along with an update on its portfolio of projects. Details of the Company’s financial results are described in the audited consolidated financial statements and Management’s Discussion and Analysis (“MD&A”), which are 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.

FINANCIAL SNAPSHOT

	June 30, 2013	June 30, 2012	June 30, 2011
Total assets	\$ 18,192,286	\$ 60,884,512	\$ 62,706,114
Exploration properties	102,068	37,430,624	22,796,908
Working capital	16,060,362	21,035,112	37,957,778
Comprehensive loss	(41,945,170)	(4,312,411)	(6,583,353)
Basic and diluted loss per share	(0.38)	(0.04)	(0.08)

RECENT EVENTS

- Completed strategic investment in Eagle Hill Exploration Corporation (“Eagle Hill”, TSX-V: EAG), owner of the high-grade Windfall Lake Gold Deposit in Quebec, Canada
 - Invested \$7.3 million to acquire a 26.14% interest in Eagle Hill
 - Southern Arc holds 97,654,000 common shares of Eagle Hill and 48,827,000 warrants, exercisable at \$0.10 per share until August 14, 2017
- Completed first resource estimate for the West Lombok Project
 - Inferred resource totalling 1.49 million ounces of gold, 1.82 million ounces of silver and 397.3 million pounds of copper from three open-pit-pitatable epithermal gold deposits and one porphyry copper deposit
- Booked a \$35.0 million write-down against West Lombok Project based on management’s assessment of International Financial Reporting Standards (“IFRS”) requirements to impair assets
- Renegotiated agreement for sale of Taliwang Project to \$3.5 million all cash (subject to certain conditions)

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

At the end of 2012, Southern Arc’s Board of Directors conducted a strategic review of the Company’s projects and exploration strategy. The Board ranked the Company’s projects and considered the best strategy to protect and promote shareholder value. On December 13, 2012, Southern Arc announced the Board’s decision to: proceed with drilling at the West Lombok project; retain the Company’s no-cost joint venture interest in the East Elang project; sell the Taliwang project, subject to certain conditions; relinquish the Sabalong project; and actively pursue new advanced-stage, gold-focused opportunities within Indonesia and other countries. This narrowed focus enabled Southern Arc to dedicate resources in the near-term to advancement of the West Lombok project while retaining the financial flexibility to consider new opportunities.

Southern Arc achieved significant progress at its West Lombok project over the last year. Following receipt of the required permit at the end of November 2012, Southern Arc immediately commenced exploration to collect

drilling data for the project's first resource estimate. In July 2013 the Company published an inferred resource estimate for the project, outlining substantial gold and copper resources with potential for expansion.

Despite completing a National Instrument 43-101 compliant inferred resource estimate for the West Lombok project, Southern Arc's market capitalization, like many of its peers, was not impacted. With the backdrop of a challenging market for junior mining companies, Southern Arc's management has determined that it is prudent to write down the West Lombok project at this time. Management continues to believe that both its West Lombok and East Elang projects hold great potential; the write down of West Lombok reflects management's interpretation of IFRS as it relates to impairing assets in a timely fashion.

Current market conditions have significantly devalued junior mining companies, and many high-quality projects are seeking financing. Southern Arc has taken this opportunity to bring a new high-quality project into the Company's portfolio. Southern Arc has carried out this strategy by purchasing a 26% interest in Eagle Hill, which holds an interest in one of the highest-grade development-stage gold projects in the world. Southern Arc continues its search for new projects with the belief that the Company can more effectively build shareholder value by redirecting its treasury to high-quality projects in stable jurisdictions.

Southern Arc's board of directors and executive team remain committed and focused on one objective: rebuilding shareholder value. We believe that current market conditions may provide the company with further opportunities to make similar investments in high-quality projects. We thank our shareholders for their loyalty during what is a challenging time for all mining companies.

EAGLE HILL INVESTMENT

In August 2013, following an extensive search worldwide for high-quality properties, the Company chose to invest in Eagle Hill. Eagle Hill owns the high-grade Windfall Lake Gold Deposit in Quebec, Canada. A resource estimate completed in July 2012 by SRK Consulting (Canada) Inc. ("SRK") outlined a mineral resource of 538,000 ounces @ 10.05 g/t gold in the indicated category and 822,000 ounces @ 8.76 g/t gold in the inferred category (see Eagle Hill press release dated July 25, 2012). With grades averaging 10.05 g/t gold in the indicated category, Windfall Lake is one of the highest-grade development-stage gold projects in the world. Eagle Hill owns 100% of the main zone (the "Main Zone"), which hosts the majority of the mineral resource.

Windfall Lake is located in the Abitibi Gold Belt, a highly favourable jurisdiction for exploration and mining. The greenstone belts of the Abitibi region constitute one of the most prolific gold-producing regions in the world, having produced over 170 million ounces of gold to date. The project is easily accessible by paved highways and all-weather gravel roads and has substantial infrastructure on site, including a 58-person camp and a 1,450-metre access ramp (vertical depth of 100 metres). To date 641 diamond drill holes totaling 162,097 metres have been completed on the property, of which 356 (105,340 metres) were considered for geological and resource modelling.

On August 15, 2013, the Company invested \$7,324,050 (inclusive of a \$865,000 deposit paid in June 2013) to acquire 97,654,000 units of Eagle Hill by way of private placement at a price of \$0.075 per unit. Each unit comprises one common share of Eagle Hill and one half share purchase warrant, with each whole warrant entitling Southern Arc to acquire a further common share of Eagle Hill at a price of \$0.10 per share for a period of four years. Subsequent to this transaction the Company holds a 26.14% equity interest in Eagle Hill and will account for its investment using the equity method. Should Southern Arc choose to exercise all of its warrants, the Company would hold a 30.74% interest in Eagle Hill on a fully diluted basis, and be Eagle Hill's largest shareholder. Eagle Hill trades on the TSX Venture Exchange under the symbol "EAG" and on the OTCQX International Exchange under the symbol "EHECF". Dundee Corporation (TSX: DC.A) also participated in the private placement by investing \$4,675,950 to acquire an additional 62,346,000 units of Eagle Hill, thereby increasing its ownership of Eagle Hill from 18.8% to 26.14%. The \$12 million private placement allowed Eagle

Hill to acquire Noront Resources Inc.'s ("Noront") 25% interest, as well as Noront's royalty interests and rights associated with the Windfall Lake Property.

The \$12 million private placement has also funded an aggressive drill program. Three rigs started drilling on September 12, 2013 with the expectation of drilling 25,000 metres by year-end 2013. The majority of the mineral resource is hosted in the Main Zone, comprising the 27, Caribou, Mink and Mallard Gold Lenses. The deposit is well defined from surface to a depth of 500 metres, and remains open along strike and at depth. Eagle Hill plans to expand the resource by testing a large, sparsely drilled anomaly to the west of the Main Zone, drilling lateral extension of known gold lenses, and testing the extension of mineralization at depth. Following completion of this program in December 2013, Eagle Hill plans to release an updated resource estimate in early 2014.

Immediately following approval of the private placement, Eagle Hill's board of directors and executive team was reconstituted. John Proust and Dr. Mike Andrews, also Directors of Southern Arc, were appointed to the board along with David Christie and Carl Calandra. Robert Parsons and Daniel Racine have also been appointed to the board as independent directors. John Proust was appointed Interim CEO of Eagle Hill and Dr. Mike Andrews was appointed Interim President of Eagle Hill, while the board of directors conducts an executive search for a permanent CEO. Eagle Hill's board of directors also promoted Dr. Jean-Philippe Desrochers to the position of Vice President, Exploration. Dr. Desrochers joined Eagle Hill as Chief Geologist in 2010 and has been instrumental in the development of Eagle Hill's mineral resource.

INDONESIAN ACTIVITIES DURING FISCAL 2013

West Lombok Property (Lombok Island)

The West Lombok project covers a 13-km long by 7-km wide structural corridor of mineralization and alteration hosting porphyry copper-gold and epithermal gold deposits. The two main epithermal prospects on the property, Pelangan and Mencanggih, cover broad areas of 4 km by 5 km and 6.5 km by 4.5 km, respectively, that host numerous structurally-controlled silica ledges variably overprinted by high-grade quartz veins and breccias. Individual tabular ledge bodies range 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 26,477 metres of drilling to date on epithermal gold mineralization in the Pelangan and Mencanggih prospects, confirming broad zones of low-grade mineralization throughout the property, high-grade events typical of epithermal boiling zones and several high-grade shoots. At the Selodong porphyry copper-gold intrusive complex in the southeastern end of the property, Southern Arc has completed 20,046 metres of drilling to date with the majority of drill holes intersecting broad zones of significant copper-gold mineralization. In 2011, the Company 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. Industry experts including Dr. Steve Garwin, Southern Arc's Senior Technical Advisor, modelled 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 these targets have already had a limited amount of drill testing and demonstrated zones hosting high-grade gold-rich porphyry copper mineralization, supporting the outcome of the prospectivity analysis.

On November 20, 2012, Southern Arc announced that the forestry permit required to conduct drilling on the property, known as a *Pinjam Pakai* (borrow to use) permit, had been received, allowing Southern Arc to commence drilling. Commencing in mid-December 2012 Southern Arc drilled 14 holes at the Bising target and 16 holes at the Tibu Serai target in the Mencanggih prospect. Drill results are available on SEDAR and on the Company's website.

With this phase of drilling complete, Southern Arc had enough data to complete a National Instrument 43-101 compliant resource estimate for portions of the property. Southern Arc had worked closely since December 2011 with SRK, an internationally renowned, independent consulting service to major, intermediate and junior mining

and exploration companies. SRK helped to prepare the drill program for epithermal gold targets within the Pelangan and Mencangguh prospects and reviewed the data throughout the drilling process. On July 11, 2013, Southern Arc released the first resource estimate for the West Lombok property (see July 11, 2013 press release). SRK estimated an inferred resource totalling 1.49 million ounces of gold, 1.82 million ounces of silver and 397.3 million pounds of copper from three open-pit epithermal gold deposits and one porphyry copper deposit. The Raja, Bising and Tibu Serai epithermal gold deposits are estimated to contain 11,783,000 tonnes averaging 1.5 g/t gold for contained metal of 567,820 ounces of gold, with an additional 1.82 million ounces of silver in the Raja deposit. The Selodong porphyry copper mineralization is estimated to contain 66,750,000 tonnes averaging 0.43 g/t gold and 0.27% copper for contained metal of 922,800 ounces of gold and 397,324,000 pounds of copper within two zones: Montong Botek and Blongas.

Southern Arc's management has determined that it is prudent to write down the West Lombok project at this time. Management continue to believe that its West Lombok project holds great potential and the write down of this asset reflects management's interpretation of IFRS as it relates to impairing assets in a timely fashion.

East Elang Property (Sumbawa Island)

The East Elang property is located adjacent to Newmont's Elang-Dodo property, which hosts a large copper-gold porphyry deposit. Aerial photography and lithographical studies suggest that the Elang mineralized structure may extend onto Southern Arc's East Elang property. While the property is considered highly prospective due to its location and results from aerial surveys, exploration has been deferred pending reclassification of the property's forestry status and issuance of the appropriate permits.

Under the terms of the October 2010 option and joint venture agreement, the property will be advanced in partnership with Vale, whereby Vale can earn a 75% interest in the East Elang property by advancing the property to bankable feasibility study with a minimum Phase 1 expenditure of US\$1.2 million within one year from the date on which Southern Arc receives a Ministry of Forestry *Pinjam Pakai* permit for the property. Southern Arc has not yet applied for the *Pinjam Pakai* permit because the majority of the East Elang property, including the most prospective areas, is designated as primary forest and subject to a moratorium on exploration and mining activities. In May 2013 the Indonesian government extended the moratorium to May 2015. As a result, there can be only very limited exploration activity on the property until either a reclassification is granted or the moratorium is lifted. Southern Arc has requested a reclassification of the property's forestry status and has also applied for suspension (back-dated for two years) of the mining business license ("IUP") until the reclassification process has been completed, ensuring that Southern Arc and Vale have adequate time to evaluate the property once exploration commences. In the interim, Company field activities continue to focus on CSR engagement at the village and sub-district levels.

Taliwang Property (Sumbawa Island)

In December 2012, following a strategic review of the Company's projects and exploration strategy, the Company agreed to sell its 90% interest in the Taliwang project in exchange for US\$500,000 and 15 million shares of the acquiring company, Coke Resources Limited ("Coke"). The transaction was contingent on Coke completing its initial public offering on the Australian Securities Exchange and certain other conditions. Coke has been unable to complete its initial public offering, but an individual related to Coke has proposed to continue with the transaction on substantially the same terms. Consequently, Southern Arc has agreed to a revised purchase and sale agreement whereby the individual will purchase Taliwang in exchange for US\$3,500,000, of which US\$100,000 has been received as a non-refundable deposit.

As a result, during the year ended June 30, 2013, the Company recognized a \$3,291,080 impairment provision against its book value of the Taliwang property. The Taliwang property has been classified as an Asset Held for Sale pending completion of this transaction, which remains contingent on completion of due diligence and other requirements.

Sabalong Property (Sumbawa Island)

Southern Arc acquired the Sabalong property in 2007 and in 2010 entered into an option and joint venture agreement with Vale to advance the property. Southern Arc and Vale drilled three holes on the property commencing in October 2011, for a total of 1,811 metres, with Vale funding all exploration expenditures. As no significant assay results were returned, Vale elected not to proceed to Phase 2 exploration at Sabalong and relinquished all rights to the property. Subsequent to completion of Vale's Phase 1 work on the property, Southern Arc regained a 100% economic interest in the Sabalong property and between July and September 2012 completed a six-hole drill program totaling 1,035.6 metres to test epithermal gold vein targets in the Toyang prospect as defined by historical Newmont (1986–92), Rio Tinto Zinc ("RTZ") (1993–98) and Company (2007–present) exploration work. While a number of the holes revealed mineralized intervals similar in scale and tenor to historical RTZ results, Southern Arc's drilling failed to demonstrate any increase in grade or width with depth, and did not establish lateral extension of the mineralization.

In December 2012, the Company decided that it would not pursue any further exploration at the property and that it would relinquish all rights to the Sabalong property. As a result, the Company has written down the book value of the property to \$nil and recorded an impairment charge of \$1,192,789 during the year.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2013

During the year ended June 30, 2013, the Company had a loss of \$41,945,170 compared to loss of \$4,312,411 for the year ended June 30, 2012. Significant fluctuations incurred in the following categories:

- a) Share-based compensation of \$343,022 (2012: \$1,037,887) decreased as a result of fewer share options vested 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 share-based compensation, the fair value of the Company's stock and risk-free interest rate.
- b) Foreign exchange gain of \$81,647 was realized during the year ended June 30, 2013 (2012: \$354,697 gain) primarily due to lower US\$ balances and reduced fluctuation of the US\$/CDN\$ exchange rate and the net effect on the CDN\$ equivalent of the Company's holdings and transactions in its US\$ bank balance and US\$ payables balance.
- c) Management fees increased to \$824,500 from \$614,000 in 2012 and are discussed in detail in the Related Parties section.
- d) Office and miscellaneous expenses decreased to \$674,278 (2012: \$1,613,100) as a result of lower levels of corporate activities.
- e) Professional fees of \$391,581 (2012: \$553,324) decreased as a result of lower corporate legal activity during the period.
- f) Travel expenses of \$86,391 (2012: \$188,260) decreased as a result of reduced executive travel during the period.
- g) Interest income of \$175,684 (2012: \$278,209) decreased during period due to lower cash balances.
- h) The Company invested \$7,093,371 cash (2012: \$12,847,509) on exploration properties and \$2,445 on property, plant and equipment (2012: \$205,090).
- i) The Company wrote down the value of the Sabalong property to \$nil and recognized a \$1,192,789 impairment provision.
- j) The Company recognized a \$3,291,080 impairment provision against its book value of the Taliwang property.
- k) The Company recognized a \$34,986,812 impairment provision against its book value of the West Lombok property.

- 1) In 2013 the Company recorded a write-down of \$51,443 (2012: \$nil) on property, plant equipment. Under other items in 2012, the Company recorded its share of the equity loss of Nickel Oil and Gas (“Nickel”) of \$52,289 and recorded an impairment charge related to Nickel of \$305,582.

SUMMARY OF QUARTERLY RESULTS

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Total assets	\$ 18,192,286	\$ 53,939,440	\$ 54,333,738	\$ 60,321,920
Exploration properties	102,068	37,212,907	35,612,324	38,808,405
Working capital	16,060,362	15,164,760	17,208,413	19,027,865
Net loss	(35,487,971)	(527,628)	(5,172,518)	(757,053)
Basic and diluted loss per share	(0.32)	(0.00)	(0.05)	(0.01)

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Total assets	\$ 60,884,512	\$ 62,872,227	\$ 61,274,365	\$ 62,268,305
Exploration properties	37,430,624	35,680,748	29,634,073	25,502,244
Working capital	21,035,112	22,901,030	29,897,586	35,017,284
Net loss	(1,184,372)	(1,272,920)	(1,569,849)	(285,270)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)

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 focused on gold and copper-gold exploration. 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 20 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 protocol is managed by Southern Arc under the supervision of Andrew Rowe. The diamond drill holes are drilled at PQ, HQ and NQ sizes depending on hole depth and core recovery to date has averaged better than 98.0%. Half core is cut by rock saw and is generally sampled using nominal 1-metre intervals; however, sample intervals are varied according to geological contacts and have ranged between 0.2 to 2.5 metres in length. Three quality control samples (one blank and two standards) 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 analysed by fire assay with AAS finish and a four-acid digestion with ICP-MS finish is used to analyse 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.