



NEWS RELEASE

Southern Arc Year-end Financial Results and Projects Update

October 29, 2014 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) has released the results of its fiscal year ended June 30, 2014, 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, 2014	June 30, 2013	June 30, 2012
Total assets	\$ 9,423,679	\$ 18,192,286	\$ 60,884,512
Exploration properties	102,068	102,068	37,430,624
Working capital	2,481,827	16,060,362	21,035,112
Comprehensive loss	(8,680,792)	(41,945,170)	(4,312,411)
Basic and diluted loss per share	\$ (0.08)	\$ (0.38)	\$ (0.04)

At October 24, 2014, Southern Arc had approximately \$1.10 million in working capital.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Fiscal 2014 was an important year for Southern Arc, as the Company implemented its diversification strategy and made a significant investment outside of Indonesia. Southern Arc conducted an extensive search worldwide looking for a high-quality, well-advanced resource project in a premium mining jurisdiction, with upcoming revaluation opportunities. The Windfall Lake Gold Deposit, located in Quebec, Canada, met all of Southern Arc’s investment criteria. Since August 2013 Southern Arc has invested a total of \$8.85 million to acquire a 26.25% interest in Eagle Hill Exploration Corporation (“Eagle Hill”) (30.92% fully diluted), which owns 100% of the Windfall Lake project. Southern Arc and Dundee Corporation (29.4% interest in Eagle Hill) are managing development together and have significantly advanced the Windfall Lake project over the last year, completing more than 34,000 metres of drilling that demonstrated expansion potential along strike and at depth, upgrading and increasing the mineral resource estimate, and commencing a Preliminary Economic Assessment for the project. The Preliminary Economic Assessment is targeted for completion in Q1-2015 and should be a significant milestone for Eagle Hill, providing further clarity on the potential of advancing this promising, high-grade deposit to production with a preliminary timeline and economic parameters.

The significant progress at Windfall Lake has unfortunately not been reflected in share price performance for Southern Arc or Eagle Hill, underscoring sustained market challenges for junior mining companies. The gold price continues to languish in the \$1200 range – starting the year at US\$1225/oz and closing October 27 at US\$1228 – and even dipped below \$1200 in early October. The Junior Gold Miners Index is down 9.4% for the year, and the TSX Venture Exchange Index is down more than 16% for the year.

While market conditions are certainly a source of frustration, we cannot control the market and must focus on the things we can control: operating the Company with integrity and strong corporate governance, reducing costs to protect our treasury, and advancing our portfolio of projects so that when the market does turn around, Southern Arc will stand out as an investment of choice with a portfolio of high-quality, well-advanced projects.

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To this end, Southern Arc has continued to evaluate and implement opportunities to bring value from its Indonesian projects. In July 2014 Southern Arc successfully closed the sale of its Taliwang project for US\$1,600,000 plus a 5% net smelter royalty (“NSR”) to Southern Arc. The Purchaser can buy back 3% of the NSR for US\$3,000,000. Southern Arc has received US\$1,000,000 to date and will receive the remaining purchase price as a one-time payment of US\$600,000 by January 12, 2015, or as a cumulative payment of US\$750,000 from gross revenues from production on the property.

The Taliwang Purchaser has rapidly advanced the project, which may result in production revenue sooner than originally expected. The Purchaser has completed and received government approval for both an environmental impact statement and a feasibility study, has received an exploitation IUP granting property tenure for a further 20 years. The Purchaser has organized the local artisanal miners and intends to commission a series of small-scale mills, allowing local miners to safely mine and process gold from the Taliwang property. Commissioning of the first 20-tonne-per-day (scalable to 40 tpd) CIP processing plant will commence next week. The project is receiving strong support from local communities and the Ministry of Environment. Using proper mining and milling techniques will reduce health and safety risks for the miners, and ensure that mercury and cyanide are used sparingly and disposed of properly. We are watching progress with great interest and look forward to seeing the first gold produced from Taliwang.

In July 2013, Southern Arc published the first National Instrument 43-101 compliant resource estimate for the West Lombok project, outlining substantial inferred gold and copper resources with potential for expansion. Despite achieving this significant milestone, Southern Arc saw almost no impact to its share price, again highlighting market complacency and investors’ unwillingness to ascribe value to projects located in regimes considered to be politically less stable. As a result, Southern Arc’s Board of Directors made the decision to find a funding partner or outright buyer for the project. While a number of discussions have reached advanced negotiations, current market conditions and the Indonesian political climate have complicated the process. Southern Arc is focused on further reducing costs at West Lombok to protect the Company’s treasury, and hopes to execute a transaction in the near term that will bring value to Southern Arc’s shareholders.

At the East Elang property on Sumbawa Island, Vale International remains committed to the joint venture agreement that would allow Vale to earn a 75% interest by funding exploration through to bankable feasibility. The East Elang property is 60% primary forest and is subject to the moratorium on exploration and mining activities. Southern Arc has requested a reclassification of the property and applied for a temporary suspension of its exploration term until the reclassification is complete, at which point the appropriate exploration term would recommence. Based on discussions with Regency authorities, Southern Arc is hopeful that its request will be granted and believes this would allow Southern Arc and Vale adequate time to evaluate the potential of this promising “area-play” property.

Southern Arc’s board of directors and executive team remain committed and focused on one objective: leveraging our portfolio of properties and investments to rebuild shareholder value. We are working hard to conclude a transaction at West Lombok, and hope to see cash flow from Taliwang production in the new year. Completion of the Preliminary Economic Assessment at Windfall Lake will be a significant milestone for the project and a potential revaluation trigger for our Eagle Hill investment. We thank our shareholders for their loyalty during what is a challenging time for all mining companies.

SUMMARY OF QUARTERLY RESULTS

	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total assets	\$ 9,423,679	\$ 12,574,176	\$ 13,412,252	\$ 16,675,188
Exploration properties	102,068	102,068	102,068	102,068
Working capital	2,481,827	4,579,738	5,207,824	8,146,387
Net loss	(3,162,716)	(765,358)	(3,234,969)	(1,517,749)
Basic and diluted loss per share	(0.03)	(0.01)	(0.03)	(0.01)

	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)

PROPERTY REVIEW AND OUTLOOK

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 Mencanggah, 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 Mencanggah 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. The Company has spent \$36.3 million to date on its West Lombok project.

On July 11, 2013, Southern Arc released the first resource estimate for the West Lombok project (see July 11, 2013 press release). SRK Consulting (Canada) Inc. estimated an inferred resource totaling 1.49 million ounces of gold, 1.82 million ounces of silver and 397.3 million pounds of copper from three open-pittable 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.

Since releasing the West Lombok resource estimate in July 2013, Southern Arc has maintained low-level activities at West Lombok while continuing to advance discussions with a number of companies for a potential farm-in, partnership or outright sale of the project. While Southern Arc believes the West Lombok project holds great potential, the Company has determined that it can more effectively build shareholder value by redirecting the Company's treasury to high-quality projects in stable jurisdictions. While a number of discussions have reached advanced negotiations, current market conditions and the Indonesian political climate have complicated the process. Southern Arc is focused on further reducing costs at West Lombok to protect the Company's treasury, and hopes to execute a transaction in the near term that will bring value to the Company.

East Elang Property (Sumbawa Island)

The East Elang project covers 9,670 hectares immediately to the east of Newmont's Elang-Dodo property, which hosts a large copper-gold porphyry deposit. In October 2010, the Company entered into an option and joint venture agreement with Vale to advance the East Elang project pursuant to which Vale can earn a 75% interest in PT. Selatan Arc Minerals by funding exploration through to completion of a bankable feasibility study within an agreed-upon time frame. Phase 1 exploration would require a minimum of US\$1,200,000 of exploration expenditures within one year from the date that Southern Arc receives a *Pinjam Pakai* permit from the Ministry of Forestry.

On the East Elang project, 60.3% of the area is designated primary forest, 34.2% is designated production forest and 5.5% has no forestry classification. The Indonesian government has imposed a moratorium on exploration and mining activities in areas designated as primary forest, and has extended the moratorium to May 2015. 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 and receipt of the appropriate permits. Unless such reclassification is granted or the moratorium lifted, the Company cannot commence any significant exploration activities on the property. Southern Arc has requested reclassification of the property and has applied to the Regency authorities for temporary suspension of the term of the IUP license until the reclassification process has been completed, at which point the appropriate exploration term related to the IUP would recommence. Southern Arc is hopeful that its request will be granted, which should give Southern Arc and Vale adequate time to evaluate the property.

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 July 2014 the Company announced that it had finalized the Taliwang Sale Agreement and closed the sale of its interest in the Taliwang project. Pursuant to the terms of the amended Taliwang Sale Agreement, the Company sold its 90% share of the Indonesian company that owns the Taliwang project to the Purchaser for US\$1,000,000 and a 5% net smelter royalty ("Taliwang NSR") payable to Southern Arc. The Purchaser has the option to buy back 3% of the Taliwang NSR by paying the Company US\$3,000,000. The Purchaser is also required to pay the Company 40% of gross revenue generated from the Taliwang project, after payment of the Taliwang NSR, until the aggregate amount of such payments equals US\$750,000. Alternatively, the Purchaser has the option of making a one-time payment of US\$600,000 if the payment is made before January 12, 2015.

The Purchaser has successfully completed, and received Government approval for an Environmental Impact Statement and Feasibility Study for the development of small-scale gold mining and processing within the Taliwang IUP area. The West Sumbawa Regency has issued an exploitation IUP to Indotan Sumbawa Barat granting tenure for a further 20 years. The Purchaser has organized the local artisanal miners and intends to commission a series of small-scale mills on the property. Commissioning of the first 20-tonne-per-day (scalable to 40 tpd) CIP processing plant is expected to commence shortly.

Windfall Lake Gold Project (Quebec, Canada) – Eagle Hill Investment

In August 2013, the Company partnered with Dundee Corporation ("Dundee") to invest a total of \$12 million in Eagle Hill, which owns the high-grade Windfall Lake Gold Deposit ("Windfall Lake") in Quebec, Canada. Windfall Lake is located between Val-d'Or and Chibougamau in the Abitibi Gold Belt, a highly favourable jurisdiction for exploration and mining. 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).

Immediately following approval of the August 2013 private placement, Eagle Hill's board of directors and executive team was reconstituted. John Proust and Dr. Mike Andrews, also Directors of with David Christie and Carl Calandra, representing Dundee. John Proust was also appointed Interim CEO of Eagle Hill and Dr. Mike Andrews was appointed Interim President of Eagle Hill.

Southern Arc and Dundee's investment funded an aggressive exploration program at Windfall Lake. From September 12 to December 20, 2013, Eagle Hill drilled a total of 28,232 metres in 68 drillholes with the objective of expanding the known mineral resource. The drill program achieved its primary objectives, confirming continuity of mineralization below the Red Dog intrusion, confirming the extension of mineralization southwest of the Main Zone, and expanding Zone 27. The 3,333-metre Winter 2014 drill program tested for gold mineralization below shallow lakes in the Main Zone. The results confirmed continuity of the Zone 27 gold mineralization and demonstrated lateral extension of the zone. All drill results are available on Eagle Hill's website at www.eaglehillexploration.com and on SEDAR.

In March 2014, Eagle Hill released an updated mineral resource estimate for the Windfall Lake project, increasing the indicated mineral resource tonnage and contained gold by 43% and 38%, respectively. SRK Consulting (Canada) Inc. estimated an indicated mineral resource of 2,375,000 tonnes grading 9.75 g/t gold for contained gold of 744,000 ounces, with an additional inferred mineral resource estimated at 3,084,000 tonnes grading 7.37 g/t gold for contained gold of 731,000 ounces (see technical report for the Windfall Lake Gold Projects, Quebec dated March 3, 2014). These grades make Windfall Lake one of the highest grade resource-stage gold projects in the world.

On April 8, 2014, Eagle Hill closed the flow-through portion of a non-brokered private placement announced on March 28, 2014, raising \$1 million to be used for exploration at Windfall Lake. Southern Arc participated in the flow-through portion of the private placement by purchasing 7,518,797 units at a price of \$0.07 per unit for an investment of \$526,316. Each unit consists of one common share (“a Share”) and one share purchase warrant (a “Warrant”) of Eagle Hill. Each Warrant entitles Southern Arc to acquire one Share at a price of \$0.10 until April 8, 2016. On June 20, 2014, Eagle Hill announced that it had closed the final tranche of the working capital portion of the private placement announced on March 28, 2014. Eagle Hill raised a total of \$2.74 million in three different tranches to be used for general working capital. Southern Arc purchased 20 million units of Eagle Hill at a price of \$0.05 per unit for an investment of \$1,000,000. Each unit consists of one Share of Eagle Hill and one Warrant of Eagle Hill. Each Warrant entitles Southern Arc to acquire one Share of Eagle Hill at a price of \$0.08 until May 8, 2016. The Shares, Warrants and Shares issuable upon exercise of the Warrants were subject to a four-month hold period.

As at June 30, 2014, Southern Arc owned 26.25% of Eagle Hill on an undiluted basis, and 30.92% on a fully diluted basis.

On August 5, 2014, Eagle Hill announced that it had commenced a 2,800-metre drill program targeting the extension of Zone 27 to the northeast below the Red Dog intrusion. The Company also plans to complete a hole-to-hole IP survey to further define drill targets at depth.

On June 24, 2014, Eagle Hill announced plans to complete a Preliminary Economic Assessment (“PEA”) for the Windfall Lake property, and on September 17 announced that work on the PEA is underway. Different components of the project have been awarded to three internationally recognized engineering firms: Tetra Tech, Soutex and SRK Consulting (Canada). Completion of the PEA is targeted for Q1-2015.

**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 holds two exploration properties in Indonesia: West Lombok, a resource-stage property with several gold-rich copper porphyry and epithermal gold vein prospects, and East Elang, a grassroots exploration property that will be advanced in partnership with Vale International SA. Southern Arc also owns 26% and is joint operator of Eagle Hill Exploration, which owns the high-grade Windfall Lake Gold Project in Quebec, Canada. More information is available at www.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 related to Southern Arc's Indonesian projects 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.

The technical information in this document related to the Windfall Lake project has also been reviewed by Eagle Hill's Vice President Exploration, Jean-Philippe Desrochers, PhD, PGeo, 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 Eagle Hill under the supervision of Jean-Philippe Desrochers. Core boreholes are drilled at NQ sizes and core recovery to date has averaged better than 95.0%. Half core is cut by rock saw and is generally sampled using nominal 1-metre intervals; however, sample intervals vary according to geological contacts and have ranged between 0.3 to 1.5 metres in length. Two quality control samples (one blank and one certified reference material) are inserted into each batch of 20 samples. All assays were performed by ALS Chemex Laboratory Group, in Val d'Or, Quebec. The half core samples are securely transported from the project site to the ALS Chemex laboratory by Eagle Hill personnel. Gold analyses reported in this release were performed by standard fire assay using a 50-gram charge with atomic absorption finish and a gravimetric finish for assays greater than 10 grams per tonne and by metallic sieve method for samples containing significant amounts of pyrite or visible gold. In addition, an Aqua regia digestion with ICP-AES finish is used to analyse a full suite of elements including silver and base metals.