



## NEWS RELEASE

### Southern Arc Second Quarter Financial Results and Projects Update

February 27, 2015 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) has released the results of its second quarter ended December 31, 2014, along with an update on 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 are available on the Company’s website at [www.southernarcminerals.com](http://www.southernarcminerals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). All amounts are in Canadian dollars unless otherwise stated.

#### FINANCIAL SNAPSHOT

|                                  | <u>December 31, 2014</u> | <u>June 30, 2014</u> |
|----------------------------------|--------------------------|----------------------|
| Total assets                     | \$ 7,783,759             | \$ 9,423,679         |
| Exploration properties           | 102,068                  | 102,068              |
| Working capital                  | 1,154,798                | 2,481,827            |
| Comprehensive loss               | (1,524,796)              | (8,680,792)          |
| Basic and diluted loss per share | (0.01)                   | (0.08)               |

At February 26, 2015, Southern Arc had approximately \$1.3 million in working capital.

#### 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. On July 11, 2013, Southern Arc released the first mineral resource estimate for the West Lombok property (see July 11, 2013 press release). SRK Consulting (Canada) Inc. 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-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.

On December 8, 2014 the Company announced that it has entered into a binding Memorandum of Agreement (“Agreement”) with PT Genesis Sumber Energi (“PT GSE”) to form a joint venture to advance the West Lombok project. Under the terms of the Agreement, PT GSE can earn a 25% interest in the West Lombok project by funding and obtaining Government approval of an environmental impact study and feasibility study for small-scale underground gold mines and processing plants on the property. PT GSE must also obtain Government approval to convert the West Lombok exploration permit into an exploitation permit, thereby securing tenure on the property for a further 20 years with the option to extend. Upon receipt of the exploitation permit, Southern Arc will enter into an Integrated Service and Support Agreement with PT GSE (the “ISS Agreement”) to conduct small-scale mining on the West Lombok Project using traditional methods to a maximum depth of 100 metres. Profits from the sale of gold and other minerals produced from such artisanal mining activities will be split 25% Southern Arc, 65% PT GSE and 10% Local Government.

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Southern Arc Minerals Inc.

Suite 1680 – 200 Burrard Street, Vancouver, BC V6C 3L6 Canada

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

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

Southern Arc and PT GSE can continue to explore for deeper gold and porphyry targets on the property, when market sentiment warrants the expenditure. Should the partners choose to mine deeper targets on the property (deeper than 100 metres), profits will be split 65% Southern Arc, 25% PT GSE and 10% Local Government.

Under the Agreement, PT GSE will assume all field costs associated with the West Lombok project as well as costs associated with administration of the project, including financial, environmental and technical reporting to the respected Government agencies to maintain all permits in good standing. As a result, Southern Arc anticipates that its Indonesian costs will be reduced to less than US\$20,000 per month, allowing the Company to protect its treasury while still participating in upside at West Lombok.

### **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. 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. Southern Arc has applied for and received a one-year suspension of the exploration IUP "clock" at the East Elang project, effectively extending its exploration tenure to December 2018. The Indonesian forestry moratorium is expected to expire in May 2015, at which time Southern Arc and Vale will apply for a *Pinjam Pakai* permit to allow exploration to commence. The exploration IUP "clock" has been suspended for 12 months to October 2015, and will then restart if the exploration moratorium has been lifted and Southern Arc has secured a *Pinjam Pakai* permit. If, come October 2015, the forestry moratorium is ongoing or the *Pinjam Pakai* has not been granted, Southern Arc may request another year's extension.

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

As at December 31, 2014, Southern Arc held 26.25% of Eagle Hill based on shares outstanding, or 30.92% on a fully diluted basis. Eagle Hill owns the high-grade Windfall Lake Gold Deposit ("Windfall Lake") in the Abitibi Gold Belt in Quebec, Canada. The current resource estimate for Windfall Lake, estimated by SRK Consulting (Canada) Inc., comprises 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 Project, Quebec dated March 3, 2014). These grades make Windfall Lake one of the highest grade resource-stage gold projects in the world. To further advance the Windfall Lake project, a Preliminary Economic Assessment study is underway, with completion targeted for the end of March 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 is advancing two 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 26.25% of Eagle Hill Exploration, which owns the high-grade Windfall Lake Gold Project in Quebec, Canada. More information is available at [www.southernarcminerals.com](http://www.southernarcminerals.com).

## **Southern Arc Contact**

Rhylin Bailie

Vice President, Communications & Investor Relations

Phone: 604-676-5241

Email: 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 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, 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.*

### **Qualified Person**

*The technical information in this document related to Southern Arc's Indonesian properties has 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 West Lombok drill program and sampling protocol has been managed by 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. The diamond drill holes are drilled at PQ, HQ and NQ sizes depending on hole depth and core recovery to date has averaged 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 property has 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. The diamond drill holes 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.*