



NEWS RELEASE

Southern Arc Third Quarter Financial Results and Projects Update

June 2, 2015 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA) (“Southern Arc” or “the Company”) has released the results of its third quarter ended March 31, 2015, 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 and on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless otherwise stated.

FINANCIAL SNAPSHOT

	March 31, 2015	June 30, 2014
Total assets	\$ 4,005,145	\$ 9,423,679
Exploration properties	102,068	102,068
Working capital	873,818	2,481,827
Comprehensive loss	(5,356,814)	(8,680,792)
Basic and diluted loss per share	(0.05)	(0.08)

At May 29, 2015, Southern Arc had approximately \$830,000 in working capital.

RECENT EVENTS

On May 20, 2015, Southern Arc announced that based on a desktop review of historical gold production and Japan’s extensive geoscientific database, Southern Arc has applied for exploration licenses through its wholly-owned subsidiary, Southern Arc Minerals Japan Inc. (“SAMJ”). SAMJ has lodged 38 contiguous exploration applications in northern Hokkaido, Japan, targeting high-grade epithermal gold deposits.

In May 2015, the Indonesian Government announced another two-year extension to the Indonesian forestry moratorium, which is now expected to expire in May 2017. Southern Arc’s East Elang property, which is being advanced in partnership with Vale International S.A. (“Vale”) is subject to forestry moratorium and, as a result, the partners are not able to initiate exploration at the property until the forestry moratorium is lifted. In 2014 Southern Arc received a one-year suspension of the exploration IUP “clock” at the East Elang project, effectively extending its exploration tenure to December 2018. As a result of the moratorium extension, Southern Arc will likely request another extension to its IUP to ensure Southern Arc and Vale have adequate time to explore the property once the forestry moratorium is lifted.

On April 13, 2015, Southern Arc appointed two new directors: John Carlile and Morris Klid. David Stone has stepped down as a director but will continue with Southern Arc as a strategic advisor. John Carlile is a geologist with more than 35 years of experience in the resource industry. Mr. Carlile has held senior executive and director positions with both major and junior resource companies, and has served on the boards of several resource companies. Mr. Carlile currently holds the position of director for Equator Gold and ARC Exploration Limited. Morris Klid has worked as an entrepreneur for over 30 years, providing innovative services primarily in the corporate due diligence, legal, financial, and search and registration markets. Mr. Klid established the Cyberbahn Group of Companies, which was acquired by Thomson Reuters in 2008. Mr. Klid is currently involved in angel financing for several companies, and actively participates as an advisor and board member for all.

On April 28, 2015, Eagle Hill announced the results of a Preliminary Economic Assessment for Windfall Lake, outlining the design of a 1,200 tonne per day underground mine producing 106,200 ounces of payable gold

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annually for 7.8 years at an average total cash cost of \$558/oz of gold (US\$480/oz). At the base case gold price of US\$1,200/oz the project has a pre-tax internal rate of return of 23.6% and a pre-tax net present value discounted at 5% of \$241.4 million. Initial project capital costs are estimated at \$240.6 million.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2015

During the nine-month period ended March 31, 2015, the Company had a loss of \$5,356,814 compared to a loss of \$5,518,076 for the nine-month period ended March 31, 2014. Significant fluctuations occurred in the following categories:

- a) Management fees of \$566,400 (March 31, 2014: \$765,135) decreased compared to the previous period. The decrease was partially due to the resignation of a former officer as well as a reduction in management fees charged by a private company controlled by the Chief Executive Officer and Chairman of the Company.
- b) Consulting fees of \$199,300 (March 31, 2014: \$82,261) were higher compared to the previous period, as the Company incurred consulting costs during the period in connection with the review of other resource opportunities.
- c) Professional fees of \$115,171 (March 31, 2014: \$224,607) decreased compared to the previous quarter due to lower levels of corporate activity in the period. The Company incurred professional cost related to the sale of the Taliwang property during the nine-month period but did not incur any other significant legal and professional costs during the nine-month period ended March 31, 2015.
- d) Interest income of \$6,535 (March 31, 2014: \$53,561) decreased during the period as a result of lower cash balances.
- e) The Company spent \$528,749 (March 31, 2014: \$1,261,876) on exploration properties. These exploration costs (such as geological, camp and labour) were not capitalized and were written-off to the consolidated statement of comprehensive loss as incurred during the period.
- f) The Company recognized a write-down on its equity investment in Eagle Hill of \$3,354,935 (March 31, 2014: \$nil). The Company also recognized its share of the investment loss of \$275,076 (March 31, 2014: \$731,195) in connection with the investment in Eagle Hill during the nine-month period ended March 31, 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.

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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.