

Southern Arc Second Quarter Financial Results and Projects Update

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb 28, 2014) - **Southern Arc Minerals (TSX VENTURE:SA)(OTCQX:SOACF)** ("Southern Arc" or "the Company") today announced the results of its second quarter ended December 31, 2013, 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 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.

Southern Arc will host an investor session and webcast

Sunday, March 2 from 6-8pm EST

Royal York Hotel, Toronto - Territories Room

Webcast at www.southernarcminerals.com

RSVP to info@southernarcminerals.com to attend in person

FINANCIAL SNAPSHOT

	December 31, 2013	June 30, 2013
Total assets	\$ 13,412,252	\$ 18,192,286
Exploration properties	102,068	102,068
Working capital	5,207,824	16,060,362
Comprehensive loss	(4,752,718)	(41,945,170)
Basic and diluted loss per share	(0.04)	(0.38)

At February 27, 2014, Southern Arc had approximately \$4.8 million in working capital.

RECENT DEVELOPMENTS

Indonesian Properties

Since releasing a resource estimate for the West Lombok project 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 property. While Southern Arc believes the West Lombok project holds great potential, the Company has determined that it can more effectively build shareholder value by identifying a funding partner for West Lombok and redirecting the Company's treasury to high-quality projects in stable jurisdictions. Southern Arc remains confident that it will find a suitable arrangement, and is working diligently to conclude a transaction that will bring value to the Company.

During the quarter, Southern Arc renegotiated the purchase and sale agreement for its Taliwang property whereby an individual (the "Purchaser") will purchase Taliwang in exchange for US\$1,600,000 and the granting of a 5% net smelter royalty to Southern Arc. The Purchaser has the option to buy back 3% of the net smelter royalty by paying Southern Arc US\$3,000,000. The Purchaser has made two payments to Southern Arc totaling US\$400,000 and will pay Southern Arc an additional US\$1,200,000 in four consecutive weekly installments of US\$300,000.

Eagle Hill Investment

On August 14, 2013, Southern Arc and Dundee Corporation (TSX:DC.A) invested a total of \$12 million into [Eagle Hill Exploration Corp.](#) ("Eagle Hill") (TSX VENTURE:EAG)(OTCQX:EHECF), which was used partially to fund an aggressive drill program at Eagle Hill's Windfall Lake Gold Project. From September to December

2013 Eagle Hill drilled a total of 28,232 metres in 68 drillholes (including one extension and six wedges) with the objective of expanding the known mineral resource. The drill program was focused in three areas: testing a large, sparsely drilled anomaly to the southwest of the Main Zone, drilling lateral extensions of known gold lenses within the Main Zone, and testing the extension of mineralization at depth below the non-mineralized monzonite intrusion ("Red Dog"). Eagle Hill also completed a hole-to-hole Induced Polarization ("IP") survey to identify anomalies below Red Dog, and the first surface IP survey in the south part of the property where surface exploration had identified NE-trending lineaments similar to the Main Zone. The drill program successfully achieved Eagle Hill's objective of proving that mineralized zones continue beyond the current limit of the known Windfall Lake resource to the southwest and below the Red Dog sill, leaving the deposit open for expansion. All drill results have been released and are available on SEDAR at www.sedar.com and on Eagle Hill's website at www.eaglehillexploration.com.

On December 30, 2013, Eagle Hill completed a private placement to third parties which resulted in a decrease in the Company's equity interest in Eagle Hill from 26.14% to 24.90%.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

During the three months ended December 31, 2013, the Company had a net loss of \$3,234,969 compared to a loss of \$5,172,518 for the three months ended December 31, 2012. Significant fluctuations occurred in the following categories:

1. Negative share-based compensation of \$12,476 (2012: expenses of \$134,862) was due a reversal of previously recognized share-based compensation for unvested options cancelled 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 the risk-free interest rate.
2. Foreign exchange gain of \$54,335 was lower during the three months ended December 31, 2013 (2012: \$64,577) primarily due to lower US\$ cash balances and the net effect fluctuation of the US\$/CDN\$ exchange rate had on the CDN\$ equivalent of the Company's holdings in its US\$ bank balance and its US\$ payables balance.
3. Management fees increased to \$296,700 compared to \$203,500 in 2012 and are discussed in detail in the Related Parties section.
4. Travel expenses of \$30,737 (2012: \$23,502) increased as a result of higher level of executive travel during the period.
5. Interest income of \$12,202 (2012: \$40,907) decreased during the period as a result of lower cash balances.
6. The Company wrote-off an additional \$454,339 (2012: \$4,541,049) of exploration expenditures incurred on the West Lombok and Taliwang properties during the period.
7. Transfer and filing fees of \$44,017 (2012: \$25,635) were higher due to the increased timing of regulatory filing fees billed to the Company during the three months ended December 31, 2013.

On behalf of the Board of Southern Arc Minerals Inc.

John Proust, Chairman & CEO, Director

About Southern Arc

[Southern Arc Minerals Inc.](http://www.southernarcminerals.com) 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 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.

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.

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 Executive Vice President, 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 West Lombok 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 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.

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.

Contact

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