

No. 10-22

NEWS RELEASE

November 19, 2010

**SOUTHERN ARC AND NEWCREST MINING ENTER INTO HEADS OF AGREEMENT
ON THE TALIWANG PROPERTY**

Vancouver, B.C.: Southern Arc Minerals Inc. (“Southern Arc” or the “Company”) (TSX Venture: SA) and Newcrest Mining Limited (“Newcrest”) are pleased to announce that they have signed a Heads of Agreement (“Agreement”) involving a joint venture investment in Southern Arc’s Taliwang gold-copper property, in the western portion of the Island of Sumbawa, Indonesia (**Figure 1**).

Newcrest is the world's third largest gold mining company and is listed on the Australian Securities Exchange (ASX: NCM) with a current market capitalisation exceeding A\$30 billion (C\$30 billion). It has a world-class asset portfolio of low-cost, long-life operating mines and continues to pursue a strategy of seeking early stage entry into high-quality gold projects in the Asia-Pacific region.

John Proust, President of Southern Arc comments, “We are delighted to partner with Newcrest, the world’s third largest gold producer. This partnership confirms our strategy for advancing mineral properties in Indonesia. Newcrest's exploration team brings a long history of success in major gold and gold-copper resource discoveries in the region. We look forward to working with Newcrest as we continue to define the potential of the Taliwang Property.”

The Agreement (which is non-binding other than relationship of parties, exclusivity, confidentiality, access and governing law provisions) includes the following commercial terms:

1. Newcrest will solely fund expenditures of US\$4 million on the Taliwang project during the first two years of the Agreement (the “Minimum Spend Obligation”) by way of a convertible loan;
2. Upon completion of the Minimum Spend Obligation, Newcrest may convert its loan into shares equal to 75% of the shares of the Singapore company that will have an 85% interest in the Taliwang mining permit (IUP);
3. Following its acquisition of the shares in the Singapore company, Newcrest may retain its interest in the Taliwang project by solely funding additional expenditures to a maximum of US\$46 million or to a completed feasibility study, whichever occurs first, with a minimum expenditure of US\$2 million per annum; and
4. During the period of the Minimum Spend Obligation, a joint technical committee comprised of representatives of both parties and controlled by Newcrest, will supervise and direct the exploration programs.

If Newcrest fully complies with the funding terms of the Agreement, it will earn an effective 63.75% interest in the Taliwang project, leaving Southern Arc with an effective 21.25% interest. The remaining interest is held by the West Sumbawa Regency government (10%) and PT. Puri Permata Mega (5%).

Southern Arc and Newcrest intend to enter into definitive agreements in relation to the joint venture investment by March 31, 2011.

Covering 31,204 hectares the Taliwang property contains epithermal gold-silver-bearing quartz veins, high-level hydrothermal breccias, sedimentary-hosted Au and porphyry Cu-Au targets, all of which have been the subject of Company exploration since 2005. The property is located 15 km north of Newmont’s world-class Batu Hijau mine, along proven secondary NNE to NE and NW trending mineralized structures. The focus of the exploration program will initially be on *the Semoan-Ramit-Raboya* and *Lemonga* gold-copper prospect areas. Details of these prospects have previously been described in the Company’s July 12, 2010 news release.

**On behalf of the Board of
Southern Arc Minerals Inc.**

“John Proust”

President & CEO, Director

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