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NEWS RELEASE

December 29, 2011

Southern Arc First Quarter Financial Results and Projects Update

December 29, 2011 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) today announced the results of its first quarter ended September 30, 2011, along with an update on exploration activities at 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.

RECENT EVENTS

- Completed evaluation of the Waterfall target (27 holes), Mencanggih prospect, West Lombok project
- Completed drilling of 8 holes at the Bising target, Mencanggih prospect, West Lombok project
- Re-focused drilling activities on the West Lombok project to areas without forestry designation, due to an ongoing delay in receiving the required forestry borrow/use (“Pinjam/Pakai”) permit
- Completed airborne geophysical survey of the West Lombok project; data are being modeled and interpreted in conjunction with geological and geochemistry database
- Engaged SRK Consulting (Canada) Inc. to complete an NI 43-101 technical report for the West Lombok project, including resource estimates for Pelangan and Mencanggih prospects
- Completed 1,197 metres of drilling on the Sabalong project, with results of Phase 1 porphyry exploration program expected in early Q1-2012
- Commenced trading on the OTCQX International on December 7, 2011 under the symbol “SOACF”, with the objective of increasing exposure in the United States and providing improved liquidity and transparency for shareholders
- Appointed Mohammed Al-Shahwani, CEO of Qatar Mining Company, to the Board of Directors

EXPLORATION UPDATE AND OUTLOOK

West Lombok Project

On December 29, 2011, Southern Arc announced the decision to focus its near-term drilling activities on targets within areas without forestry designation. Following issuance of its mining business license (IUP) in January 2011, Southern Arc initiated the forestry permit process to allow advanced exploration activities on its West Lombok project. As described in the press release issued on August 26, 2010, approximately 1.1% of the West Lombok property is designated Protected Forest (no open-pit mining allowed; underground mining allowed with the appropriate forestry permits), 55.1% is designated Production Forest (open-pit and underground mining allowed with the appropriate forestry permits) and 43.8% has no forestry designation (no restriction on mining activities).

Since the property had been clear-cut logged in the 1990s, Southern Arc decided to proceed with exploration activities, with strong local government support and encouragement, while waiting for issuance of its forestry borrow/use permit, known as a Pinjam/Pakai permit. The Company has recently engaged new legal counsel in Indonesia and has been advised to adopt a more conservative stance with respect to activities within property areas still subject to forestry designations, independent of the fact that there are no longer any forested areas on the West Lombok property. Southern Arc will focus its drilling activities on areas with epithermal gold mineralization on the northwest of the property until the Company receives the Pinjam/Pakai permit. Two rigs

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have been relocated to the Jati and Tanjung targets on the Pelangan prospect, where previous exploration identified a continuous 1.5km-long mineralized epithermal breccia, hosting at least one high-grade lode structure.

Exploration activities on West Lombok in 2011 have focused on Phase 2 exploration at the Pelangan prospect and Phase 1 exploration at the Mencanggih prospect. Initial activities on Mencanggih focused on the Waterfall target, where Southern Arc has completed 27 holes for a total of 6,634 metres of drilling. Results from the first holes were released in November, with nine of the ten completed holes encountering gold mineralization. Results from the remaining holes are expected to be released in early January.

Southern Arc has also completed eight holes on the Bising target on the Mencanggih prospect. Bising showed very high grades in rock saw channel samples including 7.1m @ 53.5 g/t gold and 5.0m @ 12.2 g/t gold. Results from the eight holes are expected in late January.

Southern Arc completed 6,643 metres of drilling in 35 holes at the Pelangan prospect earlier in 2011, and results from all holes have been released (www.SEDAR.com). Drilling to date has confirmed the Company's geological model for the prospect and identified three high-grade shoots that will be explored further with the next phase of drilling.

Surface mapping has continued on the West Lombok property and the team has to date identified 16km of mineralized structural breccias ("MSBs") on the Mencanggih prospect with an additional 5km of epithermal structural breccias ("ESBs") with geochemical testing underway to determine mineralization, and 5km of MSBs on the Pelangan prospect with an additional 4.6km of ESBs.

Southern Arc has also completed an airborne geophysical survey of the West Lombok project at 50-metre spacings to define both near-surface and buried copper-gold porphyry targets. The results of the survey are being modeled and interpreted in conjunction with the Company's geological and geochemistry database to identify porphyry targets that will be drill tested in the next phase of exploration.

All of this exploration data will be included in an independent National Instrument 43-101 ("NI 43-101") technical report for the property that will include resource estimates for both the Pelangan and Mencanggih prospects. Southern Arc has engaged SRK Consulting (Canada) Inc. ("SRK") to complete the NI 43-101 report. SRK visited the property, first in 2008 and again in December 2011, to review the Company's sampling and logging procedures and found the Company's practices to be of industry standard and well implemented. Southern Arc will continue to work closely with SRK as exploration proceeds. While completion of the technical report and resource estimates was targeted for the end of Q2-2012, more exploration and drilling data are required. The timing of the report and resource estimates is contingent on Southern Arc's ability to resume full-scale exploration upon receipt of the Pinjam/Pakai permit.

Sabalong Project

The Sabalong property is being advanced in partnership with a wholly-owned subsidiary of Vale S.A. ("Vale") under an option and joint venture agreement. Southern Arc is managing the exploration program and Vale is funding all project expenditures. Vale has completed its US\$1 million Phase 1 funding obligations and has the option to fund US\$2 million in Phase 2 expenditures within two years. Mapping and surveying activities at the Sabalong property have defined a number of potential porphyry intrusive targets. Southern Arc commenced drilling in October 2011 and has one rig at site to drill three deep holes, with one completed to date and a second hole nearing completion. Drilling results from all three holes will be released in early Q1-2012.

East Elang Project

The East Elang property is located adjacent to Newmont's Elang copper-gold deposit (25 Moz gold, 16 Blb copper, Newmont February 2011 press release). Aerial photography and lithographical studies suggest that the Elang mineralized structure extends onto Southern Arc's East Elang property. The East Elang property is being

advanced in partnership with Vale under an option and joint venture agreement whereby Southern Arc is managing the exploration program and Vale is funding all project expenditures. Southern Arc expects to initiate surface exploration on the property in 2012, at which point Vale will begin its Phase 1 US\$1.2 million funding obligations.

Taliwang Project

Southern Arc and Newcrest Mining have reached a heads of agreement and are working toward completion of a joint venture agreement to explore the Taliwang project whereby Newcrest funds all project expenditures and Southern Arc manages the exploration program. Located adjacent to Newmont's world-class Batu Hijau copper-gold mine, the Taliwang property covers 31,200 hectares prospective for gold, silver and copper mineralization. Exploration to date has identified a gold-silver bearing epithermal vein system in which 56 drill holes have confirmed both lateral and vertical persistence of the mineralized structures, near-surface porphyry copper-gold targets with associated surface high-sulphidation epithermal signatures, and sedimentary gold-hosted targets. Surface exploration activities during 2011 have focused on detailed lithological and alteration mapping of epithermal and porphyry prospect areas, as well as clay spectral analysis studies. Phase 2 drilling is planned for 2012.

Other Projects

Southern Arc is actively pursuing a number of acquisition and partnership opportunities in Indonesia with the objective of adding value for shareholders by expanding the Company's project portfolio.

RESULTS OF OPERATIONS

During the three-month period ended September 30, 2011, the Company had a loss of \$285,270 compared to a loss of \$3,099,764 for the three-month period ended September 30, 2010. Significant fluctuations occurred in the following categories:

- a) Stock-based compensation of \$98,270 (2010: \$2,665,816) decreased as a result of fewer stock options granted during the period. Stock-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 stock-based compensation, the fair value of the Company's stock and the risk-free interest rate.
- b) Foreign exchange gain of \$341,462 was realized during the three-month period ended September 30, 2011 (2010: \$15,371) due to the effect the fluctuation of the US\$/CDN\$ exchange rate had on the Canadian equivalent of the Company's holdings and transactions in its US\$ bank balance and US\$ payable balance.
- c) Interest income of \$91,339 was realized during the three-month period ended September 30, 2011 (2010: \$nil).
- d) Management fees increased to \$141,000 compared to \$100,500 in 2010.
- e) Office and miscellaneous expense increased to \$221,960 (2010: \$60,340) as a result of higher levels of activity, including increased administrative charges from a related party.
- f) Professional fees of \$66,778 (2010: \$159,314) decreased as a result of decreased financing activity for the period.
- g) Property investigation costs of \$nil were expensed during the period ended September 30, 2011 (2010: \$74,302).

- h) Travel expenses of \$48,700 (2010: \$12,813) increased as a result of increased activity during the period.
- i) During the three-month period ended September 30, 2011, the Company invested \$3,322,226 cash (2010: \$430,432) on exploration properties and \$82,281 on property, plant and equipment (2010: \$nil).
- j) During the three-month period ended September 30, 2011, the Company received \$432,861 of exploration advances and spent \$238,834 on exploration activities related to its joint venture on the Sabalong and East Elang properties (2010: \$nil).

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements.

SUMMARY OF QUARTERLY RESULTS

	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
Total assets	\$ 63,112,036	\$ 63,311,011	\$ 50,617,532	\$ 25,002,393
Exploration properties	26,345,975	23,401,805	24,216,140	23,195,375
Working capital (deficit)	34,173,553	37,352,881	24,018,795	(530,251)
Net loss	(285,270)	(1,224,222)	(1,815,241)	(444,126)
Basic and diluted loss per share	(0.00)	(0.01)	(0.02)	(0.01)

	September 30, 2010	June 30, 2010 ⁽¹⁾	March 31, 2010 ⁽¹⁾	December 31, 2009 ⁽¹⁾
Total assets	\$ 24,538,433	\$24,898,967	\$22,910,770	\$ 23,434,431
Exploration properties	22,769,384	22,410,416	20,626,421	20,318,136
Working capital (deficit)	(323,688)	479,631	758,642	1,652,957
Net loss	(3,099,764)	(542,816)	(392,176)	(90,028)
Basic and diluted loss per share	(0.04)	(0.01)	(0.01)	(0.00)

⁽¹⁾ Prepared in accordance with CA GAAP

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 with an aggressive exploration, acquisition and growth strategy. The Company's portfolio includes four exploration projects with epithermal gold and gold-copper porphyry prospects on the Lombok and Sumbawa islands in Indonesia, three of which are being advanced in partnership with major mining companies Vale and Newcrest. The Company's key exploration property is its West Lombok project, with several gold-rich copper porphyry and epithermal gold vein prospects. Southern Arc is listed on the TSX Venture Exchange under the symbol SA. More information is available at www.southernarcminerals.com or by emailing 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 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 has been reviewed by Southern Arc's Chief Geologist, Andrew Rowe, B. App. Sc. Geology, MAusIMM. Mr. Rowe has over 18 years of international mineral exploration experience throughout Southeast and Central Asia and Australia. During this time he has held such positions as Chief 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.