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NEWS RELEASE

December 29, 2011

**Southern Arc Provides Update on Forestry Permitting Status of its
West Lombok Project and Modifies Exploration Plans**

December 29, 2011 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or “the Company”) would like to provide the following update regarding the status of exploration activities on its West Lombok project.

Following issuance of its mining business license (IUP) in January 2011, Southern Arc initiated the forestry permit process to allow for 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 permit), 55.1% is designated Production Forest (open-pit and underground mining allowed with the appropriate forestry permit) 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 been advised to adopt a more conservative approach to its activities within areas designated as Production Forest, regardless of the fact that there are no longer any forested areas on the West Lombok property. As a result, the Company’s near-term drilling activities will be focused on targets within areas without forestry designation until the Company receives the Pinjam/Pakai permit.

Southern Arc has relocated two rigs 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. Previous drilling intersections include 10.05m @ 13.4 g/t gold and 8 g/t silver (TGD-02), 9.2m @ 5.9 g/t gold and 11 g/t silver (JDG-03) and 26.2m @ 4.2 g/t gold (including 3.45m @ 12.3 g/t gold: PLD-027).

“We have a strong relationship with the West Lombok Regency, which holds a ten percent stake in the West Lombok project. We are the number one employer in the district, providing significant economic and social benefits to local communities,” said John Proust, Chairman & CEO of Southern Arc. “All of our exploration activities have been implemented based on extensive consultation with the local authorities.

“Ongoing engagement with the Ministry of Forestry is a top priority for the Company’s in-country team. We have the support of the local authorities and communities and are confident that discussions with the Ministry of Forestry will be productive. We will work diligently to expedite permitting in order to resume full-scale exploration of the West Lombok project. With regard to the Company’s stated goal of completing two NI 43-101 resource estimates by June 30, 2012, the timing of those resource estimates is contingent upon receipt of the Pinjam/Pakai permit.”

Results from the remaining 16 holes drilled on the Waterfall target on the Mencanggah prospect are expected to be released in early January. Southern Arc has recently completed eight holes on the Bising target on the Mencanggah prospect, with results expected by late January.

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 and on the OTCQX under the symbol SOACF. More information is available at www.southernarcminerals.com or by emailing info@southernarcminerals.com.

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

"John Proust"

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Qualified Person

The technical information in this document 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 drill program and sampling protocol is managed by Southern Arc under the supervision of Andrew Rowe, Chief Geologist. 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.

Forward-looking Statements

Certain statements contained in this news release constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "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. The use of any of the words "would be", "will be", "will", "expected" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this news release. With respect to forward-looking statements contained in this news release, assumptions have been made regarding the regulatory framework regarding the issuance of permits and future development plans for the Company's assets unfolding as currently envisioned. Actual results could differ materially from those anticipated in these forward-looking statements as a result of numerous known and unknown risks, uncertainties and other factors, such as regulatory, market, business, technical, political and general economic risks. 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. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement. Except as required under applicable securities laws, the Company does not undertake or assume any obligation to publicly update or revise any forward-looking statements.

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.

Table 1 – Select Drill Holes From Pelangan Prospect

Hole ID	Target	From (m)	To (m)	Interval	Significant Results (Au / Ag g/t)
TDG02	Tanjung	32.85	42.90	10.05	10.05m @ 13.4 / 8
		35.35	37.65	2.30	incl. 2.3m @ 47.9 / 24
		39.90	41.80	1.90	and 1.9m @ 7.1 / 2
JDG03	Jati	52.90	62.10	9.20	9.2m @ 5.9 / 11
		55.30	56.55	1.25	incl. 1.25m @ 24.9 / 7
PLD027	Tanjung	167.20	193.40	26.20	26.2m @ 4.2
		167.20	168.50	1.30	incl. 1.3m @ 30.1
		189.15	192.60	3.45	incl. 3.45m @ 12.3