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NEWS RELEASE

December 13, 2012

**Southern Arc Announces Completion of Strategic Review,  
Commencement of West Lombok Drilling and Sale of the Taliwang Project**

**December 13, 2012 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF)** (“Southern Arc” or “the Company”) today announced results from its recent strategic review and the commencement of West Lombok drilling. Southern Arc also announced that the Company has accepted an offer for its Taliwang project in West Sumbawa, Indonesia, subject to certain conditions being met by the purchaser.

*Southern Arc will host an investor webcast and conference call  
December 13, 2012 at 1:30 pm PST (4:30 pm EST)  
North American toll-free 1-800-319-4610  
International callers 604-638-5340  
Webcast [www.southernarcminerals.com](http://www.southernarcminerals.com)*

Prior to Southern Arc’s Annual General Meeting, held in Vancouver on November 23, 2012, the Board of Directors met to consider recent and ongoing developments at the Company’s properties and in Indonesia, and to consider the best path forward for the Company. The Executive was instructed to prepare a review of all Southern Arc properties and to recommend a clear and compelling strategy to the Board by which to protect and promote shareholder value. This review was presented to the Board at a special meeting on December 6, 2012. Primary considerations in this review were:

- Priority ranking of projects;
- Focus on core assets;
- Best opportunities to advance projects;
- Capital markets for exploration companies; and
- Best approach to risk management.

Southern Arc’s Board has approved the recommended strategy, which includes:

- Proceeding with staged execution of the drilling program for West Lombok as announced on November 20, 2012, with periodic review at the Board level;
- Retaining the Company’s no-cost joint venture interest in the highly prospective East Elang project;
- Conditional acceptance of an offer to buy the Taliwang project, with details to be announced when the sale is finalized;
- Relinquishing the Sabalong project; and
- Remaining open to considering new gold-focused opportunities within Indonesia and advanced-stage projects in other countries.

**West Lombok Project**

West Lombok is the Company’s flagship property, spanning a 13 km by 7 km corridor of mineralization. The Company has commenced the previously announced drilling program, starting with Phase A exploration at the Bising target. Upon conclusion of Phase A drilling at Bising and Tibu Serai, results will be presented to the Board along with an updated strategy for further drilling. Southern Arc reiterates its objective of producing a National Instrument 43-101 compliant resource estimate for portions of the property by mid-2013.

While exploration activities on West Lombok are currently focused on epithermal gold-bearing structural breccias, previous work has identified excellent potential for porphyry copper-gold mineralization on this property. Over the coming months, the Company will consider joint venture options for advancing potentially large-scale porphyry mineralization on West Lombok.

Activities at West Lombok continue to be directed by Andrew Rowe, Southern Arc's Executive Vice President, who has managed on-site exploration of this property since 2009, and overseen by Dr. Mike Andrews, Southern Arc's President and Chief Operating Officer.

### **East Elang Project**

The East Elang property is located immediately adjacent to Newmont's Elang copper-gold porphyry deposit, reported by Newmont to contain an estimated 25 million ounces of gold and 16 billion pounds of copper. Airborne geophysics and lithographical studies suggest that structures controlling the Elang porphyry trend may extend onto Southern Arc's East Elang property.

The East Elang property will be advanced under the terms of an option and joint venture agreement with Vale S.A., whereby Vale must fund all costs through to completion of a bankable feasibility study to earn a 75% interest in the property.

"This narrowing of strategy enables Southern Arc to dedicate resources in the near-term to advancement of our flagship West Lombok property," said John Proust, Chairman and CEO of Southern Arc. "At the same time, with streamlined operations we can conserve the Company's treasury, a key asset currently standing at \$18 million, while also considering other options to broaden the Company's portfolio, both inside and outside of Indonesia."

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

*"John Proust"*

Chairman & Chief Executive Officer

### **About Southern Arc**

Southern Arc Minerals Inc. is a Canadian mineral exploration company focused on gold and copper-gold exploration. 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 International under the symbol SOACF. More information is available at [www.southernarcminerals.com](http://www.southernarcminerals.com) or by emailing [info@southernarcminerals.com](mailto: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.*

### ***Qualified Person***

*The technical information in this document has been reviewed by Southern Arc's Executive Vice President, 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 Principal 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.*