



NEWS RELEASE

Southern Arc Enters into Joint Venture to Advance the West Lombok Project and Announces Progress at the East Elang and Taliwang Projects

December 8, 2014 – Vancouver, BC – Southern Arc Minerals (TSX-V: SA, OTCQX: SOACF) (“Southern Arc” or the “Company”) is pleased to announce that the Company has entered into a binding Memorandum of Agreement (“Agreement”) with PT Genesis Sumber Energi (“PT GSE”) to form a joint venture to advance the West Lombok Project. Under the terms of the Agreement, PT GSE can earn a 25% interest in the West Lombok Project by funding and obtaining Government approval of an environmental impact study and feasibility study for small-scale underground gold mines and processing plants on the property. PT GSE must also obtain Government approval to convert the West Lombok exploration permit into an exploitation permit, thereby securing tenure on the property for a further 20 years with the option to extend.

Upon receipt of the exploitation permit, Southern Arc will enter into an Integrated Service and Support Agreement with PT GSE (the “ISS Agreement”) to conduct small-scale mining on the West Lombok Project using traditional methods to a maximum depth of 100 metres. Profits from the sale of gold and other minerals produced from such artisanal mining activities will be split 25% Southern Arc, 65% PT GSE and 10% Local Government.

Southern Arc and PT GSE can continue to explore for deeper gold and porphyry targets on the property, when market sentiment warrants the expenditure. Should the partners choose to mine deeper targets on the property (deeper than 100 metres), profits will be split 65% Southern Arc, 25% PT GSE and 10% Local Government.

“Southern Arc’s West Lombok joint venture is a significant achievement for the Company and an important milestone for the project,” said John Proust, Chairman and Chief Executive Officer of Southern Arc. “PT GSE’s principal shareholder was able to rapidly secure the appropriate approvals for Taliwang and advance that project to production. Similar success at West Lombok will give us property tenure for at least another 20 years, will bring cash flow from production while significantly reducing Southern Arc’s costs, and will also allow Southern Arc to retain the upside potential of exploring for and mining deeper gold and porphyry targets. That Southern Arc was able to identify this opportunity and finalize the joint venture, with the backdrop of an extremely challenging market, underscores the tenacity of Southern Arc’s team and the Company’s commitment to bringing value to its shareholders.”

PT GSE, at its sole cost and expense, will organize and direct an artisanal mining cooperative to conduct small-scale gold mining on the West Lombok Project. Local miners will extract ore using traditional methods, but will process the ore using small-scale (20 to 50 tonne-per-day) CIP processing plants. PT GSE’s principal shareholder has recently commissioned a similar mining venture at the Taliwang Project on Sumbawa Island, from which Southern Arc will earn a 5% net smelter royalty.

These small-scale mining ventures are receiving strong support from local communities and the Ministry of Environment. The mining ventures will provide significant employment and economic benefits to local communities, while the use of proper mining and milling techniques will greatly reduce the health, safety and environmental risks associated with traditional mining methods.

Under the Agreement, PT GSE will assume all field costs associated with the West Lombok Project as well as costs associated with administration of the project, including financial, environmental and technical reporting to the respected Government agencies to maintain all permits in good standing. As a result, Southern Arc

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anticipates that its Indonesian costs will be reduced to less than US\$20,000 per month, allowing the Company to protect its treasury while still participating in upside at West Lombok.

The ISS Agreement shall be for a term of two years, unless terminated earlier in accordance with the terms of the agreement. Southern Arc also retains the right to terminate the ISS Agreement should it wish to proceed with the construction of an open-pit or underground mine on the West Lombok Project.

East Elang Project

Southern Arc has applied for and received a one-year suspension of the exploration IUP “clock” at its East Elang Project on Sumbawa Island, effectively extending its exploration tenure to December 2018. The exploration IUP was granted on December 17, 2009 for a period of eight years. As a result of the forestry moratorium, however, Southern Arc and its joint venture partner, Vale International S.A. (“Vale”), have not been able to initiate exploration at the property. The forestry moratorium is expected to expire in May 2015, at which time Southern Arc and Vale will apply for a Pinjam Pakai permit to allow exploration to commence. The exploration IUP “clock” has been suspended for 12 months to October 2015, and will then restart if the exploration moratorium has been lifted and Southern Arc has secured a Pinjam Pakai permit. If, come October 2015, the forestry moratorium is ongoing or the Pinjam Pakai has not been granted, Southern Arc may request another year’s extension.

The East Elang Project is being advanced in a joint venture with Vale. Pursuant to an option and joint venture agreement, Vale can earn a 75% interest in the property by funding exploration through to completion of a bankable feasibility study within an agreed-upon time frame. Phase 1 exploration would require a minimum of US\$1,200,000 of exploration expenditures within one year from the date that Southern Arc receives a Pinjam Pakai permit from the Ministry of Forestry.

Taliwang Project

In July 2014, Southern Arc sold its 90% share of the Taliwang Project for US\$1,750,000 and a 5% net smelter royalty (“NSR”). To date Southern Arc has received US\$1 million in cash, with the balance to be paid from 40% of gross gold sales revenue. The Purchaser can buy back 3% of the NSR by paying Southern Arc US\$3,000,000.

Since July 2014 the Purchaser has rapidly advanced the project, completing and receiving Government approval for an environmental impact study and feasibility study for the development of small-scale gold mining and processing, and converting the exploration IUP into an exploitation IUP, thereby securing property tenure for a further 20 years with the option to extend.

In early December the Purchaser achieved first gold production at Taliwang. Local miners have been organized into a cooperative to mine and supply ore to the first of potentially several 50 tonne-per-day CIL processing plants. (Pictures of the mining activities and plant were shown during Southern Arc’s shareholder update on December 5, 2014, which is available on the Company’s website as an archived webcast or a downloadable PDF.) With gold production underway and strong Government and local support for the mining venture, Southern Arc could receive royalties and further payment toward the purchase price in 2015.

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 focused on gold and copper-gold exploration. The Company holds two exploration 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 26% and is joint operator of Eagle Hill Exploration, which owns the high-grade Windfall Lake Gold Project in Quebec, Canada. More information is available at www.southernarcminerals.com.

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