

NEWS RELEASE

Southern Arc Becomes Largest Shareholder of Japan Gold Corp. Through Sale of Southern Arc Minerals Japan KK

September 16, 2016 – Vancouver, BC – Southern Arc Minerals Inc. (TSX-V: SA) (“Southern Arc” or “the Company”) is pleased to announce that further to the announcement on July 6, 2016, the Company has sold its 95%-owned subsidiary, Southern Arc Minerals Japan KK (“SAMJ”), to Sky Ridge Resources (“Sky Ridge”) (the “Acquisition”). Upon completion of the Acquisition and associated C\$7 million financing, Sky Ridge consolidated its shares on a one-for-two basis and changed its name to Japan Gold Corp. (“Japan Gold”). Japan Gold will commence trading on the TSX-V under symbol “JG” at the market open on September 19, 2016.

In exchange for its interest in SAMJ, Southern Arc received 23,750,000 post-consolidation common shares of Japan Gold. Prior to the Acquisition, Southern Arc did not directly or indirectly own or have control and direction over any common shares of Japan Gold. As a result of the Acquisition, Southern Arc has direct and indirect beneficial ownership or control and direction over a total of 23,750,000 post-consolidation common shares of Japan Gold, representing approximately 42.9% of the issued and outstanding shares of Japan Gold on an undiluted basis.

In connection with the Acquisition, Japan Gold completed a private placement financing involving the issuance of 17,500,000 post-consolidation common shares at a price of C\$0.40 per share, for gross proceeds of C\$7,000,000.

“Japan Gold Corp. is the first foreign (international) mineral exploration company to be solely focused on advancing gold opportunities in Japan,” said John Proust, Chairman & CEO of Southern Arc. “Japan Gold has both the leadership experience and the capital required to undertake a substantial exploration program to rapidly advance the properties. This is a unique and exciting opportunity for Southern Arc as the largest shareholder of this promising new venture.”

Southern Arc’s leadership team will leverage its expertise in Japan with strategic roles in the new company, with John Proust as Chairman & CEO, Dr. Michael Andrews as President & COO and a director of Japan Gold, John Carlile as Executive Vice President and a director of Japan Gold, and Robert Gallagher as a director of Japan Gold. In addition, Andrew Rowe will continue to manage the exploration program in Japan as Country Manager of Japan Gold.

Japan Gold, through SAMJ, now holds 80 mineral prospecting rights license applications in northern Japan, for a combined area of 27,153 hectares over eight project areas (Figure 1). All 80 of the prospecting rights license applications have been accepted for further government review, reserving the land for SAMJ and allowing for low impact forms of exploration such as mapping, surface sampling and geophysics. Four of the project areas, Ikutawara, Numanoue, Aibetsu and Buho, target high-grade epithermal gold deposits. The other four project areas, Ponkutosan, Minamikyabe, Kobui and Eboshi, target prospective epithermal gold deposits and areas of gold-bearing advanced argillic alteration lithocaps, which could indicate the presence of a porphyry mineral environment.

Ikutawara (38 contiguous applications) is SAMJ’s most advanced project (Figure 1), with mapping/sampling and orientation ground magnetics completed in 2015. The Ikutawara applications host numerous historical gold workings including the Kitano-o mine, which has recorded production of 96,450 ounces of gold between 1924

and 1943 from sinterous and sub-sinter quartz veins.¹ SAMJ has investigated in detail two of the many historical mine locations covered by its applications and expects to apply for drilling permits in early 2017. Additional regional exploration is underway, including detailed stream geochemical sampling and geochemical mapping. SAMJ is also planning an aeromagnetic survey at 100-metre line spacing to gain further information on geology, host structures and alteration.

The technical information in this news release has been reviewed by Southern Arc's President & COO, Dr. Mike Andrews, PhD, FAusIMM, who is a Qualified Person as defined by National Instrument 43-101.

The securities acquired by Southern Arc pursuant to the Acquisition will be held for investment purposes. Southern Arc may, depending on market or other conditions, increase or decrease its beneficial ownership of Japan Gold's securities, whether in the open market, by privately negotiated agreements or otherwise, subject to a number of factors, including general market conditions and other available investment and business opportunities.

The share ownership information contained in this news release is provided pursuant to Multilateral Instrument 62-104. A report respecting the Acquisition will be filed with the applicable securities commissions using the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) and will be available for viewing at www.sedar.com.

On behalf of the Board of Southern Arc Minerals Inc.

"John Proust"

Chairman & CEO

About Southern Arc

Southern Arc Minerals Inc. is a Canadian mineral exploration company focused on gold and copper-gold exploration. The Company holds an interest in the West Lombok project in Indonesia, a resource-stage property with several gold-rich copper porphyry and epithermal gold vein prospects. Southern Arc holds a 42.9% interest in Japan Gold Corp., which has applied for 80 prospecting rights licenses in Japan in an area with known gold occurrences and a history of mining. Southern Arc also holds an investment in Osisko Mining Inc. (TSX: OSK), which is advancing a number of gold projects in Canada's Abitibi Gold Belt, including the high-grade Windfall Lake Gold Project in Quebec, Canada. More information is available at www.southernarcminerals.com or by email at info@southernarcminerals.com.

About Japan Gold

Japan Gold Corp. is a Canadian mineral exploration company focused solely on gold and copper-gold exploration in Japan. The Company has applied for 80 prospecting rights licenses in northern Japan for a combined area of 27,153 hectares over eight separate projects. The applications cover areas with known gold occurrences and a history of mining, and are prospective for both high-grade epithermal gold mineralization and gold-bearing lithocaps, which could indicate the presence of porphyry mineralization. Japan Gold's leadership team has decades of resource industry and business experience, and the Company has recruited geologists and technical advisors with experience exploring and operating in Japan. Low-impact surface exploration is underway, with the expectation of applying for drilling permits in early 2017. More information is available at www.japangold.com or by email at info@japangold.com.

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¹ Metal Mining Agency of Japan database.

Cautionary Note

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.

This news release contains forward-looking statements relating to expected or anticipated future events 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, competition for qualified staff, the regulatory process and actions, technical issues, new legislation, uncertainties resulting from potential delays or changes in plans, uncertainties resulting from working in multiple political jurisdictions, uncertainties regarding the results of Japan Gold's exploration program, uncertainties regarding the timing and granting of prospecting rights to Japan Gold, uncertainties regarding the Company's ability to execute and implement future plans, and the occurrence of unexpected events. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.

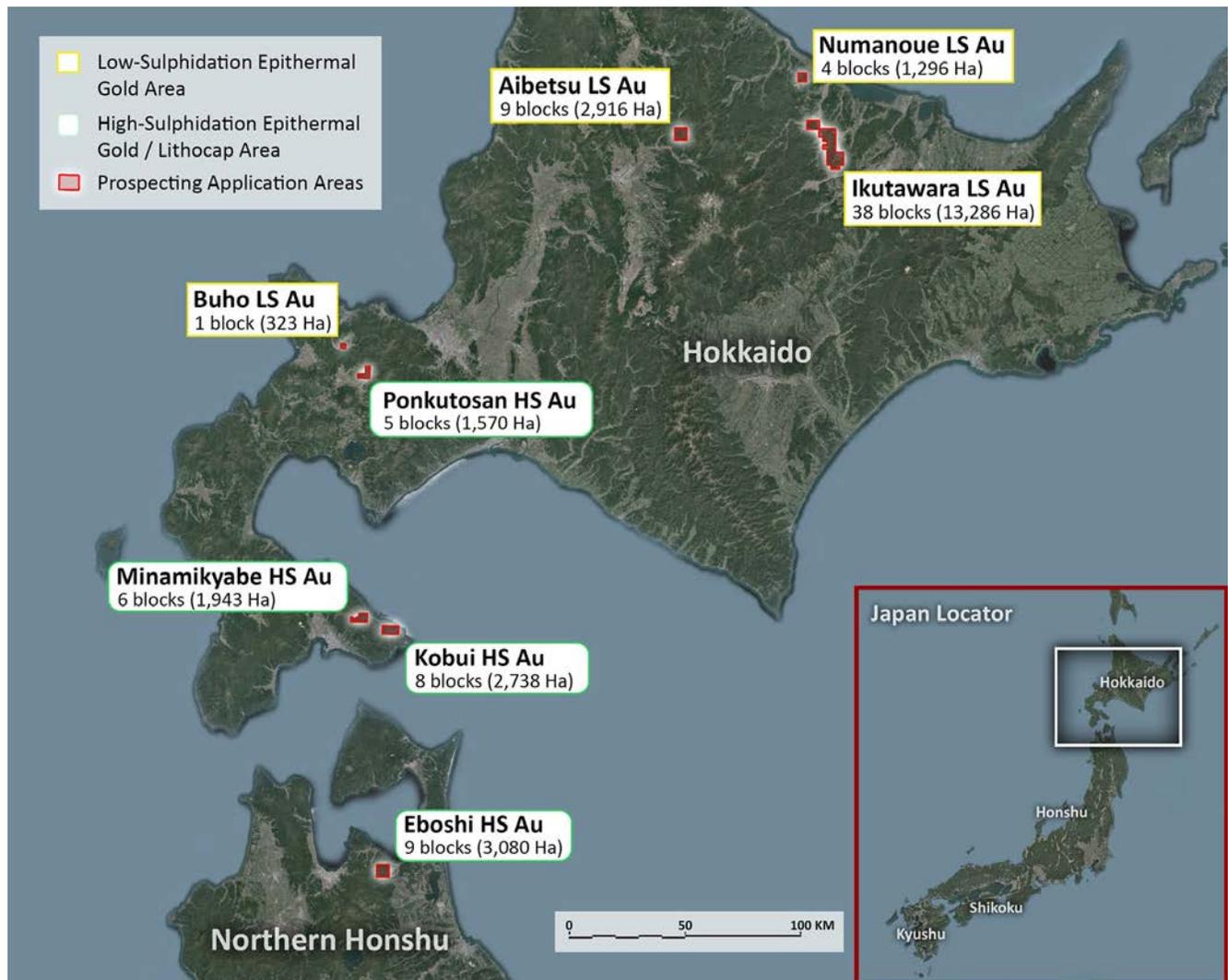


Figure 1. SAMJ Application Area Locations: Northern Honshu and Hokkaido