

NEWS RELEASE

Southern Arc Provides Update on Strategic Investment in Tethyan Resources PLC

January 20, 2017 – Vancouver, BC – Southern Arc Minerals Inc. (TSX-V: SA) (“Southern Arc” or the “Company”) is pleased to provide an update on its strategic investment in Tethyan Resources PLC (“Tethyan”). Tethyan has announced that:

- it has completed its 4 diamond drill hole program (total 2,318 m) at the Rudnitsa copper-gold porphyry project located within the Suva Ruda exploration permit in Serbia. Tethyan has received assay results for the first drill hole RDD-001 with assays for the remaining 3 drill holes pending.
- Tethyan drilled 567 metres at 0.28% copper and 0.45 g/t gold from surface in its first drill hole RDD-001. Detailed results are in the table below:

Drillhole ID	Easting	Northing	Elevation (m)	Dip	Azimuth	Total Depth	From (m)	To (m)	Length	Copper Grade (%)	Gold Grade g/t
RDD-001	473,927	4,787,653	604	-85	136	584.6	0	567	567	0.28	0.45
<i>including</i>							122	158	36	1.22	0.38

- Drill hole RDD-001 from surface intersected a thick package of dacitic volcanic rocks showing strong phyllic and propylitic alteration with extensive zones of thin (2-20 mm) quartz – pyrite ± chalcopyrite veining and stockwork. Between 122 – 160 m, a 38 m chalcocite-bearing zone of supergene enrichment was intersected giving an interval of 38 m at 1.18% copper and 0.38 g/t gold, although copper grades were lower in the leached zone above this interval gold grades remain consistent averaging 0.45 g/t gold. From a depth of 160 m gold and copper grades are consistent up to the intersection of a deeper ophiolite basement rock-type which was intersected between 567 and 584.6 m and where the gold and copper grades reduced. The drill hole was terminated due to drilling issues at 584.6 m still in mineralisation.

Southern Arc owns 43,653,966 ordinary shares of Tethyan which it purchased at a price of C\$0.036 per share (29.9% of Tethyan’s issued and outstanding ordinary shares). Southern Arc has a first right of refusal on any further fundraisings undertaken by Tethyan for a period of two years to enable the Company to maintain its interest at 29.9% of Tethyan’s issued share capital. John Proust and Michael Andrews are members of the Tethyan’s board of directors.

About Tethyan

Tethyan is an AIM quoted junior exploration company (symbol: TETH) exploring for copper and gold within the Tethyan mineral belt. Tethyan has an experienced board of directors and technical team. Currently Tethyan holds rights with respect to licences in Serbia and is looking for other copper and gold projects in Eastern Europe. Tethyan entered into an option agreement over the Suva Ruda project in September 2016, currently owned by a Serbian private company Deep Research d.o.o. According to the option agreement, Tethyan holds the option to purchase 100% of the project at any time during an 8 year period for a EURO 6 million cash payment provided that Tethyan achieves certain exploration and payment milestones.

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 owns a 29.9% interest in Tethyan, an AIM listed company (symbol: TETH) which is advancing a number of copper gold projects in the Tethyan mineral belt in Serbia, a 42.9% interest in Japan Gold Corp. (TSXV: JG), which has applied for 115 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.

The technical information in this document has been approved 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. Dr. Andrews has reviewed Tethyan's drill program and sampling protocol, and is of the opinion that the QA/QC data and sampling programs are acceptable.

The drill program and sampling protocol is managed by Tethyan under the supervision of Fabian Baker, BSc (Hons) Geology, Tethyan's Chief Operating Officer. Mr. Baker has 8 years of international mineral exploration experience in frontier and developing countries. During this time he has held such positions as Chief Geologist at Lydian International and Exploration Manager for Tigris Resources. The core recover rate at drill hole RDD-001 averaged better than 97.5%. Half core is cut by rock saw and is generally sampled using nominal 2 metre intervals; however, sample intervals are varied according to geological contacts and have ranged between 1.2 to 2.6 metres in length. Four quality control samples (one standard, one blank and two duplicates) are inserted into each batch of 40 samples. The half core samples are securely transported from the project site to the ALS Global sample preparation laboratory in Bor, Serbia via private truck provided by ALS Global to Tethyan. Sample pulps are then sent to ALS Rosia Montana, Romania by air freight for gold. Gold is analysed by fire assay with AAS finish and sent to ALS Loughrea, Ireland by freight for analysis by a four-acid digestion with ICP-AES finish to analyse a full suite of 33 elements including silver and base metals. ALS's laboratory is ISO 2005 accredited and employs a Laboratory Information Management System for sample tracking, quality control and reporting.

On behalf of the Board of Southern Arc Minerals Inc.

"John Proust"

Chairman & CEO

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Cautionary Note

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This news release contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively “forward-looking statements”). The use of any of the word “pending” 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. Such forward-looking statements should not be unduly relied upon. This news release contains forward-looking statements and assumptions pertaining to assays for the remaining 3 drill holes. The Company believes the expectations reflected in this forward-looking statement is reasonable, but no assurance can be given that Tethyan’s expectations will prove to be correct.