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NEWS RELEASE

January 13, 2010

**CANADA NICKEL DRILLS SUCCESSFUL WELL AND ENTERS INTO SECOND OIL AND GAS OPTION AGREEMENT IN ALBERTA**

**Vancouver, B.C.:** Southern Arc Minerals Inc. ("Southern Arc" or the "Company") (TSX Venture: SA) is pleased to provide the following update regarding Canada Nickel Corp. ("Canada Nickel"), a private company of which Southern Arc owns 43.6% (15.3 million shares).

Canada Nickel has successfully drilled the well on the Brewster property (see November 30, 2009 news release) on Section 26 and completed it in two intervals of the Belly River formation. The well's initial test rate was approximately 2 million cubic feet per day, an estimated 360 barrel of oil equivalent (BOE) production, plus 30 to 40 barrels of highly valued condensate (light oil). Current plans are to tie-in this well to a nearby pipeline in early 2010. Current Canada Nickel's working capital of approximately \$650,000 is sufficient to fund the tie-in costs. Cash flow from this well is anticipated to commence in the first quarter of 2010.

A joint venture party holding a 20% interest in the well elected not to participate in the operations and consequently has forfeited its 20% interest in production from the well until such time as the parties participating in the operation have collectively recovered a penalty equal to 400% of the operation costs associated with the drilling and completion of this well. As result, Canada Nickel effectively holds a 68% interest in this well until such time as the 400% penalty has been recovered and a 48% working interest thereafter.

Canada Nickel also entered into a farmout and option agreement with respect to the Pine Creek area, Alberta. This Agreement granted Canada Nickel the option to earn the following petroleum and natural gas rights:

- (a) 25% interest in 54-18-W5M: Section 29 to the base Notikewin, by paying 100% of the costs of re-entering and completing a previously drilled well on Section 29;
- (b) 60% interest in 55-18-W5M: Section 1 and Section 12 to the base Rock Creek by paying 100% of the costs of drilling and completing, capping or abandoning a well on either of Section 1 or Section 12; and
- (c) 60% interest in 55-18-W5M: Section 9 to the base Notikewin by paying 100% of the costs of drilling and completing, capping or abandoning a well on Section 9.

There is good well control in the Pine Creek area with recent success by other oil and gas companies and close proximity to infrastructure.

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

“John Proust”

President and CEO

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Forward Looking Statements: This news release contains forward looking statements relating to expected or anticipated flow rates, timing for initiation of commercial production, future events and operations, number of wells to be drilled, 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.

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved of the contents of this press release. 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.*