

## PRESS RELEASE

For Immediate Release

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### Southern Arc Minerals Inc.'s Previously Announced Equity Offering Upsized to a \$27 Million Bought Deal

**Vancouver, British Columbia – February 8, 2011** – Further to its news release of February 7, 2011, Southern Arc Minerals Inc. (TSXV:SA) (the “**Company**”) is pleased to announce today that due to market demand following the successful overnight marketing efforts of Mackie Research Capital Corporation (“**MRCC**”) and the syndicate, the Company and MRCC have entered into an agreement pursuant to which MRCC has agreed to act as lead underwriter and sole bookrunner in a syndicate of underwriters (collectively, the “**Underwriters**”) whereby the Underwriters will purchase, on a bought-deal basis, 16,875,000 common shares of the Company (the “**Common Shares**”) at a price of \$1.60 per Common Share (the “**Offering Price**”), for gross proceeds to the Company of \$27,000,000 (the “**Offering**”).

The Underwriters shall also have the option (the “**Option**”) to purchase from the Company, in whole or in part, up to an additional 15% in Common Shares at the Offering Price. If the Option is exercised in full, the gross proceeds to the Company would be \$31,050,000.

The Offering will take place by way of a private placement to qualified investors in such provinces of Canada as the Underwriters may designate, and otherwise in those jurisdictions where the Offering can lawfully be made, including the United States and Europe under applicable private placement exemptions.

The Offering is scheduled to close on or about February 23, 2011 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange. The securities to be issued under the Offering will have a hold period of four months from closing.

The proceeds received by the Company from the sale of the Common Shares will be used by the Company for the ongoing exploration and development of its mineral properties and for general corporate purposes.

In consideration for their services, the Underwriters will receive a cash commission of 6% of the gross proceeds of the Offering and non-transferable common share purchase warrants equal to 6% of the Common Shares issued pursuant to the Offering.

The securities offered have not been registered under the *U.S. Securities Act of 1933*, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**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.

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or

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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.