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NEWS RELEASE

February 24, 2011

**Southern Arc Minerals Inc. Closes \$28 Million Bought Deal Private Placement**

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**Vancouver, B.C.:** Southern Arc Minerals Inc. (the "Company") (TSX Venture: SA) is pleased to announce that it has closed its previously announced bought deal private placement offering. The Company sold 17,738,750 common shares (the "**Common Shares**") at a price of \$1.60 per Common Share, for aggregate gross proceeds to the Company of \$28,382,000, including the exercise of the Underwriters' option of \$1,382,000 (the "**Offering**").

The Offering was underwritten by a syndicate led by Mackie Research Capital Corporation and included Haywood Securities Inc. (collectively, the "Underwriters"). In consideration for their services, the Underwriters have received 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.

Under applicable Canadian securities laws, the Common Shares are subject to a four-month and one day hold period, expiring on June 25, 2011.

The Company has received approval from the TSX Venture Exchange for the listing of the Common Shares sold and issued pursuant to the Offering, subject to satisfying certain listing conditions of the TSX Venture Exchange.

The proceeds of the Offering will be used for exploration and development on the Company's mineral properties in Indonesia and for general corporate purposes.

From John Proust, Chairman and CEO: "We are extremely pleased with the market's strong interest in, and support of Southern Arc. This placement represents an important milestone for the Company. We are now in a position to push forward with significant exploration activities in Indonesia, and look forward to reporting on these activities in the months ahead. I would like to extend my sincere thanks to Mackie Research and Haywood Securities for their excellent efforts and a job well done."

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.

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

“John Proust”  
Chairman and CEO

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*"The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release"*