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NEWS RELEASE

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## SOUTHERN ARC PROVIDES UPDATE ON NICKEL OIL & GAS

Southern Arc Minerals Inc. ("Southern Arc" or the "Company") wishes to provide an update to its shareholders on the activities of Nickel Oil & Gas Corp. ("Nickel"), a private company, **owned as to 37.59%** by Southern Arc.

### Appointment of CEO

In September, 2010 Nickel appointed Bruce McIntyre, P. Geol., as its Chief Executive Officer. Mr. McIntyre is an experienced oil & gas professional with more than 33 years of experience in the industry. He has been the President of a number of public and private Alberta based oil & gas companies over the last 20 years.

### Drilling Activities and Corporate Update

In July, 2010 Nickel drilled its horizontal Notikewan commitment well located in the Pine Creek, Alberta area (see January 13, 2010 news release) in connection with a farmout and option agreement. By doing so, Nickel earned a 60% working interest in this well and in two sections of land. The well encountered porous gas charged sands over a horizontal length of approximately 800 metres. Nickel elected to have the operator pay for the completing, equipping and tie of the well, in consideration for which the operator will recover 125% of its costs before Nickel receives its 60% interest in production. The well is currently producing at a rate of 480 mcf per day with approximately 20 barrels per day of natural gas liquids. As of February, the well had produced net revenues of \$491,290 of the \$1,581,300 to be recovered by the operator. At current rates of production, **if natural gas prices were sustained at the current low level, Nickel would begin** to receive cash flow from the well by December, 2013.

Nickel also elected to have the operator pay for and complete the equipping and tie in of the vertical Belly River well located on the Brewster Property (see news releases dated January 13, 2010 and November 30, 2009). The operator will receive 125% of its costs (\$1,023,760) before Nickel receives its 68% revenue interest in the well. Currently the well is producing 540 mcf per day and approximately 21 barrels per day of natural gas liquids. At current rates of production and **sustained low** natural gas prices, Nickel would begin to receive cash flow from the well by June, 2015. Based on the Company activities to date at Brewster, the Company has earned 2 sections.

Nickel did not proceed with the previously announced business combination with Minerva Minerals and is instead pursuing other opportunities under the direction of its new CEO.

### **Southern Arc Minerals Inc.**

*"John Proust"*

Chairman and CEO

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