



TSX-V: SA

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NEWS RELEASE

Southern Arc to Invest \$5 million in Japan Gold Corp.

June 5, 2017 – Vancouver, BC – Southern Arc Minerals Inc. (TSX-V: SA) (“Southern Arc” or the “Company”) is pleased to announce that it has agreed to the terms of a financing with Japan Gold Corp. (TSXV: JG) (“**Japan Gold**”) pursuant to which Southern Arc will invest \$5 million and acquire 12,500,000 units of Japan Gold at a price of \$0.40 per unit. Each unit will consist of one common share of Japan Gold and one common share purchase warrant. Each warrant will entitle Southern Arc to acquire one additional common share of Japan Gold at a price of \$0.40 per share for a period of 5 years. On closing of the private placement, Southern Arc will own 53.08% of Japan Gold’s issued and outstanding common shares.

Morris Klid, an independent director of Southern Arc, stated, “Southern Arc is pleased with the manner in which Japan Gold has advanced over the past 8 months. At a high level, operating in a stable jurisdiction such as Japan is a key consideration for global mineral exploration. In particular, Japan Gold’s prospecting rights applications have grown from 80, comprising 5 projects, to 173 prospecting rights applications comprising 11 projects with 32 Prospecting Rights having been granted. The independent board members support the decision to increase Southern Arc’s strategic stake in Japan Gold to 53.08% upon closing of the private placement. In addition, the full 5 year warrants, exercisable at a price of \$0.40 per share, give Southern Arc the opportunity to maintain a significant interest in Japan Gold as it develops.”

The private placement with Japan Gold is a “related party transaction” within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) by virtue of Southern Arc being a “control person” of Japan Gold and is subject to minority shareholder approval (within the meaning of MI 61-101) by shareholders of Southern Arc and Japan Gold. In addition, John Proust, Michael Andrews and John Carlile are directors and officers of Japan Gold. Also, John Proust and Michael Andrews are directors and officers of Southern Arc, while John Carlile is a director of Southern Arc and Robert Gallagher is a director of both companies. Southern Arc and Japan Gold intend to call shareholder meetings on July 14, 2017 at 10:00 a.m PST and 11:00 a.m PST respectively in order to seek minority shareholder approval to the terms of the private placement in accordance with the policies of the TSX Venture Exchange (“**TSXV**”) and MI 61-101.

The Independent Directors of both companies have unanimously approved the terms of the financing. Further information regarding the review and approval process undertaken by the board of the Company will be disclosed in an information circular prepared for the Company’s shareholder meeting. The private placement is exempt from the formal valuation requirements of MI 61-101 pursuant to section 5.5(b) thereof.

The closing of the private placement is subject to Southern Arc and Japan Gold obtaining shareholder and regulatory approvals, including the approval of the TSXV. The units (and securities underlying the units) to be issued under the private placement will be subject to a four-month hold period from the date of closing in accordance with applicable securities legislation.

About Southern Arc

Southern Arc is a Canadian company focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. The Company currently owns a 42.57% interest in Japan Gold Corp. (TSXV: JG), which has applied for 173 prospecting rights licenses in Japan in an area with known gold occurrences and a history of mining; and a 29.9% interest in Tethyan, an AIM listed company (AIM: TETH) which is advancing a number of copper gold projects in the Tethyan mineral belt in Serbia. 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; and an interest in the West Lombok project in Indonesia, a resource-stage property with several gold-rich copper porphyry and epithermal gold vein prospects. More information is available at www.southernarcminerals.com or by email at info@southernarcminerals.com.

On behalf of the Board of Southern Arc Minerals Inc.

"John Proust"

Chairman & CEO

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Cautionary Note

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.

This news release contains forward-looking statements relating to the financing of Japan Gold. The closing of the financing is subject to certain risks and uncertainties, such as general economic, market and business conditions, regulatory and shareholder approval, new legislation, uncertainties resulting from potential delays or changes in plans, uncertainties regarding the Company's ability to execute and implement future plans, and the occurrence of unexpected events. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors.