

IMPORTANT TAX NOTICE TO U.S. SHAREHOLDERS OF SOUTHERN ARC MINERALS INC.

This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code of 1986, as amended ("IRC") and the regulations thereunder. It is not relevant to other shareholders.

Southern Arc Minerals Inc. ("Southern Arc") may be deemed to be classified as a Passive Foreign Investment Corporation ("PFIC") as defined in Section 1297(a) of the IRC for the taxable year ended December 31, 2014.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT ANYTHING CONTAINED IN THIS NOTICE CONCERNING ANY U.S. FEDERAL TAX OR OTHER ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.

The attached PFIC Annual Information Statement is being provided pursuant to the requirements of Treasury Regulation Section 1.1295-1(g)(1). The PFIC Annual Information Statement contains information to enable you, should you so choose based on the advice of your tax advisor in light of your personal tax circumstances, to elect to treat Southern Arc as a qualified electing fund ("QEF").

A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro rata share of the ordinary earnings and net capital gains of Southern Arc, whether or not that entity distributes any amounts to its shareholders. If you do not elect to treat Southern Arc as a QEF, then if Southern Arc is a PFIC for any year during your holding period, adverse tax consequences could result to you.

The QEF election is generally made on Form 8621 ("Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund") on or before the due date, including extensions, for the income tax return with respect to the tax year to which the election relates.

THE INFORMATION IS PROVIDED IN ORDER TO ASSIST SHAREHOLDERS IN MAKING CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. THE U.S. TAX LAWS REGARDING PFICs ARE EXTREMELY COMPLEX AND SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISOR CONCERNING THE OVERALL TAX CONSEQUENCES OF THEIR RESPECTIVE INVESTMENT IN, AND OWNERSHIP OF SHARES OF SOUTHERN ARC UNDER UNITED STATE FEDERAL, STATE, LOCAL AND FOREIGN LAW.

Further information on PFIC rules and the QEF election is available from the Internal Revenue Service, including the following website pages: www.irs.gov/instructions/i8621/ch01.html Instructions to complete Form 8621: www.irs.gov/irs-pdf/i8621.pdf Form 8621: www.irs.gov/pub/irs-pdf/f8621.pdf

PFIC Annual Information Statement

- (1) This Information Statement applies to the taxable year of Southern Arc Minerals Inc. (the "Company") ending on June 30, 2014.

- (2) The total ordinary earnings and net capital gains of SA for the taxable year ended June 30, 2013 were:
Ordinary Earnings: \$0.00
Net Capital Gain: \$0.00

- (3) The amount of cash and fair market value of other property distributed or deemed distributed by the Company to each shareholder of the Company during the taxable year specified in paragraph (1) is as follows:
Cash: \$0.00
Fair Market Value of Property: \$0.00

- (4) The Company will permit its shareholders to inspect and copy the Company's permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. income tax principles.

Date: May 14, 2015

Southern Arc Minerals Inc.

By: Danny Lee

Title: Chief Financial Officer