

**NEWS RELEASE**  
July 3, 2012

**Symbol: MMS: TSX, OTCQX: MMSDF**  
For Immediate Dissemination

## **UPDATE ON MACARTHUR IRON ORE PROJECTS**

**Macarthur Minerals Limited (TSX: MMS, OTCQX: MMSDF)** (the “Company” or “Macarthur”) is pleased to provide an update on the Company and its iron ore projects. The Company’s immediate focus remains the development of its Ularring Hematite Project in Western Australia.

Macarthur continues to work towards securing all requisite environmental approvals and aligning the Ularring Hematite Project’s development schedule with seamless infrastructure, logistics and export capability. Macarthur has exceeded all forecast milestones for hematite resource inventory development to date and has sufficient funds to see the project to development finance stage.

Macarthur intends to become a significant emerging iron company in the Yilgarn region.

### **2012 - HIGHLIGHTS TO DATE**

- January
- A NI43-101 technical report supporting the positive results of the Preliminary Economic Assessment was released on January 4, 2012.
  - An increase in the Ularring Hematite Project’s indicated hematite Mineral Resource by 51% and a 3% increase in the total inferred hematite Mineral Resource, was announced on January 25, 2012.
  - The Western Australian Government committed to an expansion of iron ore export capacity for the Esperance Port.
  - The Company was awarded a Western Australian Government exploration incentive grant to further investigate the Company’s high-grade magnetite zone at the Moonshine Magnetite Project.
  - Renmark Financial Communications Company was engaged to support communications with retail investors in North America.
- February
- The Company published its geological program for 2012 and its goal of converting Ularring Hematite Project’s inferred Mineral Resource to an indicated Mineral Resource along with a further resource definition drilling.
- March
- Investor relations company, Investor Cubed Group, was engaged to further bolster shareholder communications in North America.
- June
- Positive metallurgical test work results to support the upgrading of the Ularring Hematite Project’s mineral resource through conventional gravity and magnetic beneficiation were released.
  - A substantial increase in the hematite/goethite Mineral Resource inventory was

announced, lifting the Indicated Mineral Resource from 13.01Mt @ 55.2% Fe to 54.46Mt @ 47.2% Fe and the Inferred Mineral Resource from 16.95Mt @ 55.6% Fe to 25.99Mt @ 45.4% Fe (Technical Report filed June 29, 2012).

- A NI43-101 technical report supporting the announcement in relation to the increased mineral resources at the Ularring Hematite Project was lodged on June 29, 2012.
- Lodgement of Financial Statements, Australian Annual Report, Annual Management Discussion and Analysis, and Annual Information Form for the year ended March 31, 2012.

## **CURRENT ACTIVITIES**

### ***(i) Ularring Hematite Project Development***

**The Company is successfully addressing the key material technical issues relating to the development of the Ularring Hematite Project including resource inventory definition, metallurgical test work and beneficiation plant design, project and transportation infrastructure design and logistics infrastructure development.**

This work is expected to culminate in the publication of the results of a pre-feasibility study (“PFS”) by the end of July 2012. At this stage the Company believes that there are no significant unresolved technical issues relating to the Ularring Hematite Project that would prevent the project from proceeding immediately upon publication of the PFS to detailed engineering design, bankable feasibility study, financing and implementation.

### ***(ii) Advancement of the Ularring Hematite Project Environmental Assessment***

**The necessary environmental approvals required to commence mining operations are on target to be secured by year end.**

The Company has completed as much as currently possible of its environmental investigation for mining and processing supporting the Ularring Hematite Project. No declared rare flora listed under the *Wildlife Conservation Act* (1950) (WA) has been recorded in the project area. One species of threatened fauna, the Malleefowl, has been recorded but was predominantly found outside the disturbance area.

On June 1, 2012 the Company submitted its referral documentation under Section 38, Part IV of the *Environmental Protection Act 1986* (WA) for assessment by the Environmental Protection Authority. This referral will determine the level of impact assessment that is to be applied to the Ularring Hematite Project.

In June 2012, the Company also submitted its referral under the *Environmental Protection, Biodiversity & Conservation Act* (1999) (C'th) to the Federal Government Department of Sustainability, Environment, Water, Population & Communities. This referral will determine whether the implementation of the project is classified as a controlled action and determine the level of assessment.

The fact that no rare flora is present and the project will not significantly impact on the threatened fauna in the area, is expected to facilitate the assessment process.

The Company is now in the process of completing a Mining Proposal for submission to the Department of Mines and Petroleum for approval to mine under the *Mining Act (1978) (WA)*. The Company's objective is to secure these mining approvals by January 2013.

### ***(iii) Port of Esperance Market Sounding Underway***

**The Company recognises that the only major unresolved matter for the early commercial development of the Ularring Hematite Project is access to ship loading facilities at the Port of Esperance or elsewhere.**

The process to expand Esperance Port continues and, as previously announced, the Company has a capacity commitment in place for 2 Mtpa of the new expansion capacity with commercial terms to be more fully negotiated. Progress was evidenced by the announcement by the Western Australian Transport Minister (News Release: January 24, 2012) of the Government's support for the expansion of the Port of Esperance's iron ore export capacity and the advertising by Esperance Port Sea and Land ("EPSL") of a market sounding process. This process welcomed the private sector to identify their interest in the Port of Esperance expansion process by June 26, 2012.

Macarthur has registered two interests in the market sounding process:

- an interest in capacity allocation in its own right; and
- as one of a number of foundation customers forming part of a larger consortium whose members comprise experienced port developers, operators and project funders interested in undertaking the Port expansion project.

While the Company is continuing to participate and support this development, it is actively pursuing alternative strategies for access to port capacity. The Company is not in a position to disclose the nature of these strategies at this time as they remain commercially sensitive.

Macarthur's President, Chairman and CEO, Alan Phillips commented that, *"There is no fundamental reason attributable to the Company and its iron ore projects, for the Company's current share price and the Company's resulting market capitalisation. Macarthur has met and exceeded all its stated project development goals. In the face of depressed global economic conditions, and continuing uncertainty, the challenge is to focus even more strongly on building on the progress the Ularring Hematite Project has achieved in the last 12 months, and on continuing to achieve the Company's key objectives on time."*

*Macarthur is focussed on achieving Government approval of its mining proposal in early 2013 as well as investigating all options to bring the Company into production as soon as possible".*

On behalf of the Board of Directors,

**MACARTHUR MINERALS LIMITED**

*"Alan Phillips"*

Alan Phillips, President, Chairman & CEO

### **QUALIFIED PERSONS**

Mr David Larsen, BSc (Geology), a Member of the Australian Institute of Geoscientists, is a full-time employee of Macarthur and is a Qualified Person as defined in NI 43-101. Mr Larsen is in charge of Macarthur's exploration programs and has reviewed and approved the technical information contained in this news release.

**ABOUT MACARTHUR MINERALS LIMITED (TSX: MMS, OTCQX: MMSDF)**

Macarthur Minerals Limited is an Australian based resource development company currently focused on developing its Ularring Hematite Project, located in the Yilgarn iron ore district in Western Australia. The Ularring Hematite Project is located 110 km from rail infrastructure with a direct connection to the iron ore exporting Port of Esperance, Western Australia.

The Ularring Hematite Project has an Indicated Mineral Resource of 54.46 Mt at 47.2% Fe and an Inferred Mineral Resource of 25.99 Mt at 45.4% Fe (press release dated June 14, 2012; NI43-101 Technical Report dated June 29, 2012). In addition, Macarthur's Moonshine Magnetite Project has an inferred Mineral Resource of 1.3 Bt at 30.1% Fe (press release dated December 15, 2010; NI43-101 Technical Report dated March 25, 2011).

Positive Preliminary Economic Assessments were released to the market on the Ularring Hematite Project in November 2011 (press release dated November 21, 2011; Technical Report dated January 4, 2012) and the Moonshine Magnetite Project in February 2011 (press release dated February 7, 2011, Technical Report dated March 25, 2011).

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