

NEWS RELEASE
October 15, 2013

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For Immediate Dissemination

LEGAL PROCEEDINGS: COURT OF APPEAL DECISION

Macarthur Minerals Limited (TSX: MMS, OTCQX: MMSDF) (the “**Company**” or “**Macarthur**”) announces that the Court of Appeal has upheld an earlier decision by the Supreme Court of Queensland to award indemnity costs in favour of the Company and certain directors and officers of the Company (“**Respondent Officers**”) in respect of legal proceedings commenced by LPD Holdings (Aust) Pty Ltd (“**LPD**”) and Mayson Associates Limited (“**Mayson**”) in July 2012 (the “**Proceedings**”), the subject of previous announcements dated July 20, 2012, August 24, 2012 and November 26, 2012.

Both LPD and Mayson are controlled by Hong Kong residents. Mayson is a former shareholder in the Company. LPD, as at the date of this news release, holds approximately 3.5% of the shares in the Company.

Proceedings

On November 21, 2012 the Supreme Court of Queensland heard applications to strike-out the Proceedings by the Company and the Respondent Officers. The Court ordered, among other things, that the Proceedings be dismissed due to what the Court described as a “fatal defect” namely that neither LPD nor Mayson were registered shareholders of the Company at the date the Proceedings were commenced (LPD was a beneficial shareholder and Mayson was not a shareholder at all). The Court subsequently ordered that LPD and Mayson pay the Company and the Respondent Officers costs of, and incidental to, the Proceedings on the indemnity basis.

LPD and Mayson obtained leave to appeal against the indemnity costs order against them, and that appeal was heard on July 29, 2013 (the “**Appeal**”). On 11 October, 2013 the Court of Appeal handed down its judgment and ordered that the Appeal be dismissed, with costs. The Court of Appeal held that the facts relied upon by the primary judge amply supported the primary judge’s conclusion that the Proceedings were “hopeless”, and that there was a wilful disregard of those pertinent matters. The Court of Appeal found that the appellants had not identified any error of principle in respect of the awarding of indemnity costs by the primary judge, or any finding of the primary judge which was not reasonably open. The Court of Appeal further found that the appellants had not demonstrated the discretion of the primary judge had miscarried. As a result, LPD and Mayson remain the subject of the Court’s order to pay the Company and Respondent Officers’ costs of the Proceedings on the indemnity basis, as well as the Company and Respondent Officers’ costs of the Appeal on the standard basis. The Company’s lawyers expect that the costs payable by LPD and Mayson to the Company and the Respondent Officers on the indemnity basis will be in excess of \$500,000.

New Proceedings

After commencing the Proceedings, LPD re-registered as a shareholder of the Company and the Company was served with new proceedings commenced by LPD on 20 November, 2012 (the “**New Proceedings**”).

LPD is the only applicant in the New Proceedings and the previous claims against Jaldale Pty Ltd and the officers of the Company (COO and CFO/Company Secretary), have been dropped. Various grounds for relief previously claimed have been abandoned.

Following strike-out applications in the New Proceedings by the Company and the remaining respondent directors, on August 28, 2013 the Court ordered that LPD file and serve an amended statement of claim to, amongst other things, plead a case (if it can) against the respondent directors.

The Company continues to be of the view that, as with the initial Proceedings, the New Proceedings are without merit. The Company is vigorously defending the New Proceedings.

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).

A Positive Preliminary Feasibility Study was released to the market on the Ularring Hematite Project in August 2012, which included a probable Mineral Reserve of 42.95 Mt at 47% Fe (press release dated August 16, 2012; Technical Report dated September 27, 2012). A Positive Preliminary Economic Assessment on the Moonshine Magnetite Project was released in February 2011 (press release dated February 7, 2011, Technical Report dated March 25, 2011).

On behalf of the Board of Directors,

MACARTHUR MINERALS LIMITED

"Alan Phillips"

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