

NEWS RELEASE
February 1, 2016

Symbol: TSX-V: MMS
For Immediate Dissemination

MACARTHUR MINERALS RECOVERS A\$2.3M IN LEGAL COSTS AND PROVIDES CORPORATE UPDATE

Macarthur Minerals Limited (TSX-V: MMS) (the “Company” or “Macarthur”) wishes to provide a corporate update on legal proceedings and the sale of the Western Australian Iron Ore Projects, which have been the subject of previous announcements. The Company has recovered in aggregate a total of A\$2.3m in legal costs to date, as detailed below and in previous announcements.

ACQUISITION OPPORTUNITIES

Macarthur is actively assessing counter cyclical acquisition opportunities that complement Macarthur’s capabilities.

LEGAL PROCEEDINGS UPDATE

First Strategic Development Corporation Ltd (in liquidation) (“FSDC”) v. Sing Chuck Charles Chan, Wai Lap Victor Chan & Wai Tak (Edward) Kwok (“FSDC Directors”)

Judgement and costs, on an indemnity basis, were awarded against the FSDC Directors for insolvent trading in favour of the Liquidator of FSDC in April 2014. Judgement was awarded in the amount of \$1,454,696 (including statutory interest). The FSDC Directors appealed to the Queensland Court of Appeal, where upon the appeal was dismissed and the judgement was upheld. Costs were awarded to the Liquidator of FSDC on an indemnity basis for the trial and on a standard basis for the appeal in the amount of \$821,419. The Liquidator of FSDC has been awarded a total of \$2,276,115 for damages, interest and costs.

The Liquidator of FSDC has received a total of \$1,879,090 from the FSDC Directors for judgement, interest and costs. The Company, as funding creditor, has been reimbursed a total of \$1,801,770 for its costs, pursuant to the Court approved funding agreements with the Liquidator of FSDC.

The Liquidator of FSDC issued and served a bankruptcy notice in Australia against Mr Edward Kwok and commenced the process for registration of the judgement in Hong Kong against Mr Charles Chan, Mr Victor Chan and Mr Edward Kwok to recoup the balance of costs outstanding in the amount of \$397,026.

The lawyers for the Liquidator of FSDC have since received funds to their trust account of \$397,026 in payment of those costs. Macarthur estimates that it will be paid approximately a further \$93,000, in accordance with its entitlements under the Court approved funding agreements. The Company has no further funding obligations and has recovered its funding costs in full.

As a result, the Liquidator of FSDC has now recovered from the FSDC Directors the total judgement including, interest and costs in the amount of \$2,276,115.

LPD Holdings (Aust) Pty Ltd (“LPD”) and Mayson Associates Limited (“Mayson”) v. Macarthur and Ors. (“Initial Proceedings”) and LPD v. Macarthur and Ors. (“New Proceedings”)

The Initial Proceedings were dismissed in November 2012 and the Company was awarded costs on an indemnity basis. LPD and Mayson appealed the indemnity costs order in the Queensland Court of Appeal and on October 11, 2013 the appeal was dismissed with costs of the appeal being awarded to the Company. LPD, a shareholder of the Company, and Mayson are entities associated with Mr Edward Kwok, a Director of FSDC.

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial Proceedings. On November 26, 2013 the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

To date, the Company has recovered costs of \$476,020 from LPD and Mayson. The New Proceedings are stayed, pending payment of costs of the directors and officers of the Initial Proceedings, which are awaiting final assessment.

Like the dismissed Initial Proceedings, the Company considers the New Proceedings are without merit and will continue to vigorously defend those proceedings.

Chan, Chan and Kwok v. Macarthur Minerals Limited and Ors.

On January 20, 2016 the Company was served with another Claim in the Supreme Court of Queensland commenced by Mr Charles Chan, Mr Victor Chan (who are associated with a shareholder of the Company) and Mr Edward Kwok (“Claim”), the FSDC Directors.

The FSDC Directors are seeking damages against the Company and two of its officers relating to the debts the Supreme Court of Queensland found the FSDC Directors had incurred while trading insolvent which became the basis of the award for damages and indemnity costs against them. In addition they claim their own legal costs of unsuccessfully defending those proceedings and their unsuccessful appeal. The total Claim is for \$2,757,510, which is largely comprised of the amount of damages, interest and indemnity costs awarded against them in the FSDC proceedings, including their own legal costs. The FSDC Directors base the Claim on alleged misleading statements made by Company representatives.

The Company considers the Claim is without merit and will vigorously defend the Claim. Legal advisors have been appointed by the Company in respect of the Claim.

Summary

LPD, Mayson, Mr Edward Kwok, and Mr Charles Chan and his son Mr Victor Chan, who are business associates of Mr Kwok (collectively the “Hong Kong Shareholders”), have in aggregate been parties to 9 separate legal proceedings in the Supreme Court of Queensland, the Queensland Court of Appeal and the Federal Court of Australia. To date, none of these proceedings have been successful for the Hong Kong Shareholders recovering any damages against the Company and its directors. However, the Liquidator of FSDC has recovered in damages, interests and costs for a total of \$2,276,115.

To date the Company has recovered costs associated with the various proceedings, including its costs of funding the Liquidator of FSDC, of approximately \$2,289,654 from the Hong Kong Shareholders.

SALE OF WESTERN AUSTRALIAN IRON ORE PROJECTS

The Company would like to update shareholders on the status of the Share Sale Agreement with FIG Australia Pty Ltd (previously named GIM Australia Pty Ltd) (“FIG”) to dispose of all the shares of its wholly owned subsidiary, Macarthur Iron Ore Pty Ltd (“MIO”) for A\$6 million (“Sale”). MIO owns all of Macarthur’s Western Australian iron ore project tenements.

Financial close of the transaction was due on January 31, 2016. FIG was unable to complete the purchase of MIO.

ABOUT MACARTHUR MINERALS LIMITED (TSX-V: MMS)

MacArthur Minerals Limited is an exploration and development company that is focused on identifying counter cyclical investments that complement MacArthur's capabilities.

On behalf of the Board of Directors,

MACARTHUR MINERALS LIMITED

"Cameron McCall"

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