

MACARTHUR IS AWARDED A WESTERN AUSTRALIA STATE GOVERNMENT EXPLORATION INCENTIVE SCHEME GRANT

VANCOUVER, BRITISH COLUMBIA – (Marketwire –January 25, 2012), Macarthur Minerals Limited (TSX: MMS, OTCQX: MMSDF) (“the Company” or “Macarthur”) is pleased to announce that it has been a successful recipient of a State Government of Western Australia Exploration Incentive Scheme (“EIS”) grant. The EIS is a co-funded government-industry drilling program designed to support drilling activities, which will potentially lead to new discoveries.

Macarthur has been successful in obtaining the EIS grant for its Moonshine Project (magnetite) application. The grant provides \$150,000 funding towards the Company’s 2012 magnetite drilling program and the Company will supply the drill results to the Department of Mines and Petroleum for collation and eventual release to the public record.

In past years’ drilling programs Macarthur encountered a high grade magnetite intersection while drilling a diamond hole to provide metallurgical samples for the Moonshine Project (magnetite). The intersection returned 12.5m at 59.3% Fe (refer to the attached press release dated August 23, 2010). It was also intercepted by 4 RC holes drilled during the 2009 and 2010 drilling programs (refer to attached press release). These RC holes were originally sampled and assayed over 5m intervals. Selected intervals were resampled and assayed at 1m intervals. Significant intervals from those results are tabulated below:

Hole ID	From (m)	To (m)	Width (m)	Estimated True Width (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
LGRC_0202	71	78	7	5.3	51.7	22.5	0.9	0.08	0.74
LGRC_0203	116	120	4	2.6	54.4	7.7	0.7	0.06	4.24
and	132	141	9	7.8	57.5	8.4	0.2	0.10	0.98
LGRC_0204	122	128	6	4.5	53.0	16.7	0.1	0.07	0.19
LGRC_0205	91	115	24	18.0	51.4	18.5	0.8	0.06	4.85
including	108	115	7	5.5	56.6	10.2	1.1	0.08	4.89

Intersections reported have been verified by the Company’s QAQC protocols which are implemented in line with the standards set by National Instrument 43-101. All samples collected from drill holes were prepared by Ultra Trace and Amdel Laboratories in Perth, WA and pulverised to 90% passing 75 microns then analysed for the iron suite using XRF.

This high grade magnetite target remains untested at depth and this was the basis of the Company’s EIS application. To date, Macarthur has delineated an indicated hematite resource, at a 50% cut off, of 8.6 Mt at 54.8% Fe and inferred hematite resources of 15.8 Mt at 55.4% Fe at its Ularring Project (hematite) (press release dated September 21, 2011) and it is envisaged that the high grade magnetite mineralisation zone at the Moonshine Project (magnetite) would supplement the potential direct shipping ore (“DSO”). DSO magnetite is considered the premium iron ore product.

Currently Western Australia has no reported DSO magnetite production and exploring the presence of this occurrence at depth may provide a new exploration target and iron ore production source for the Moonshine Project (magnetite).

Macarthur's President, Chairman and CEO, Mr Alan Phillips, stated that "*It is very pleasing to see that the West Australian State Government recognises the exploration potential of our newly recognised magnetite target.*"

Qualified Person

Mr David Larsen, BSc (Geology), a member of the Australian Institute of Geoscientists, is a full-time employee of Macarthur Minerals Limited and is a Qualified Person as defined in National Instrument 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 focussed on developing its Ularring Project (hematite), located in the Yilgarn iron ore district in Western Australia. The Ularring Project is located 110 km from rail with direct access to the Port of Esperance in Western Australia.

The Ularring Project has an indicated hematite resource of 8.6 Mt at 54.9% Fe and an inferred resource of 15.8 Mt at 55.3% Fe (press release dated September 21, 2011), and the Moonshine Project (magnetite) has an inferred resource of 1.3 billion tonnes at 30.1% Fe (press release dated December 15, 2010) that has been reported in accordance with National Instrument 43-101.

On behalf of the Board of Directors,

MACARTHUR MINERALS LIMITED

"Alan Phillips"

Alan Phillips, President, Chairman & CEO

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statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unforeseen technology changes that results in a reduction in iron or magnetite demand or substitution by other metals or materials, the discovery of new large low cost deposits of iron magnetite and the general level of global economic activity. Readers are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty thereof. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. The forward-looking statements contained in this press release are made as of the date of this press release and except as may otherwise be required pursuant to applicable laws, the Company does not assume any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.