

NEWS RELEASE
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For Immediate Dissemination

MACARTHUR MINERALS ANNOUNCES US\$6 MILLION FINANCING TO COMPLETE MOONSHINE MAGNETITE AND ULARRING HEMATITE IRON ORE BANKABLE FEASIBILITY STUDY

Macarthur Minerals Limited (TSX-V: MMS, OTCQB: MMSDF) (the “Company” or “Macarthur”) is pleased to announce the issuance of a private placement offering (the “Offering”) of up to US\$6 million of secured Convertible Note (“Note”).

The proceeds from the offering will be used to complete a Bankable Feasibility Study (“BFS”) on Macarthur’s Moonshine Magnetite and Ularring Hematite iron ore deposits in Western Australia. The BFS will include a 54-hole drill program.

Macarthur owns 100% of the Moonshine Magnetite Project, with an Inferred and Indicated Mineral Resource Estimate consisting of 1,316 million tonnes (Mt) @ 30.1% Iron (Fe). Initial metallurgical test work from core at Moonshine indicated that a very high-grade iron ore product ranging from 68.5%-69.1% Fe, can be achieved as an export quality target.

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global Pty Ltd (NI43-101 Technical Report filed December 17, 2009, titled “NI43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia”) and was updated by Snowden Mining Industry Consultants (NI43-101 Technical Report filed March 25, 2011, titled “Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Assessment”).

Macarthur also owns the Ularring Hematite Project, with a Mineral Resource Estimate consisting of Indicated 54.46 Mt @ 47.2% Fe and Inferred 25.99Mt @ 45.4% Fe, previously announced on August 16, 2012 (NI 43-101 Technical Report filed October 1, 2012, titled “NI 43-101 Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia”). The Pre-feasibility Study focused on utilising all Probable Mineral Reserve of 42.95Mt @ 47% Fe hematite, producing a 60.1% Fe sinter fines product.

Cameron McCall, Executive Chairman of Macarthur Minerals commented;

“Macarthur Minerals has invested over C\$60 million in the Moonshine and Ularring iron ore projects. We are extremely excited to begin moving the projects to the next level and our objective of advancing to production in a timely manner. The Note Offering is at a critical juncture in its approach to secure sufficient funding to complete the Banking Feasibility necessary to secure project financing. Macarthur Minerals initial focus will be on the 1.3 billion tonnes of high-quality magnetite resources. What makes this project unique is the close proximity to existing under-utilized rail and port infrastructure. The recent disruption in supply in the iron ore market creates a market that is seeking high grade low impurity products, and the Moonshine Magnetite product is ideally suited to fill this supply void and to meet this shift in product preference by the major Chinese and global markets. This Convertible Note enables the company to move forward and produce a comprehensive plan for the monetisation of its iron ore assets whilst protecting current shareholders from further immediate dilution. At this stage we have had preliminary interest from a number of potential institutional investors and will update the market once the process has moved forward.”

Pursuant to the Offering, the Note will be structured around these key terms:

- The Note has a face value of US\$10,000 following adoption of a loan note instrument.
- The Note can be converted at any time after 12 months into common shares of Macarthur at Noteholder's option at a conversion price that reflects 80% of the average VWAP over 5 trading days immediately preceding a notice of conversion or at the greater of C\$0.10 with attaching warrant offered for one fourth of the Commitment amount exercisable at the greater of C\$0.10 or the average VWAP over 5 trading days immediately preceding the date of the Exercise Notice.
- The Note will have a term to maturity of 3 years and bear interest at a rate of 12.5% per annum.
- The Note includes a mandatory conversion clause that such conversion may not have the effect of causing Noteholder to own 20% or more of the common shares of Macarthur or becoming a control person.
- The iron ore licences in Lake Giles region of Western Australia held by Macarthur act as security for the Note.
- Any shares issued upon conversion of the principal amount of the Note and any accrued interest will be subject to certain resale restrictions, including a restricted (or "hold") period of four months and one day following the distribution date, under applicable Canadian securities legislation.

The Company is working with Capstan Capital Partners LLP, a UK regulated corporate finance business to effect this private placement. A success fee is payable in the amount of 5% of the total Convertible Note raised from third party investors and an amount of US\$176,000 in cash to be paid within 10 business days of the closing of the Convertible Note. 100% of this success fee amount shall be applied to subscription of Convertible Note raised in Macarthur, to be issued in the name of Capstan ranking pari passu with the other issued Convertible Note held by Macarthur investors.

This financing commitment marks another significant milestone for Macarthur's iron ore projects and will ensure effective long-term access to markets where Macarthur's high quality iron ore is in strong demand.

ABOUT MACARTHUR MINERALS LIMITED (TSX-V: MMS, OTCQB: MMSDF)

Macarthur Minerals Limited is an iron ore development, gold and lithium exploration company that is focused on bringing to production its Western Australia iron ore projects. The iron ore projects are Ularring hematite (approved for development) and the one plus billion tonne Moonshine magnetite. Macarthur Minerals has prominent (~1,130 square kilometer tenement area) gold, lithium, nickel, cobalt exploration interests in Pilbara region of Western Australia. In addition, Macarthur Minerals has lithium brine Claims in the emerging Railroad Valley region in Nevada, USA.

On behalf of the Board of Directors,
MACARTHUR MINERALS LIMITED

"Cameron McCall"
Cameron McCall, Executive Chairman

Company Contact

Joe Phillips, CEO and Director
Email: jphillips@macarthurminerals.com
Telephone: +61 448899247

Website: www.macarthurminerals.com

For further information please contact:
Investor Cubed Inc.:

Neil Simon
E-mail: nsimon@investor3.ca
Telephone: (647) 258-3310
Fax: (416) 363-7977

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