

CHAIRMAN'S STATEMENT TO SHAREHOLDERS ON THE ADVANCEMENT OF ITS MAJOR AUSTRALIAN IRON ORE ASSETS AND PROGRESS ON ITS GOLD, NICKEL AND LITHIUM PORTFOLIO

Macarthur Minerals Limited (TSX-V: MMS) (OTCQB: MMSDF) (the "Company" or "Macarthur") is pleased to provide an update to Shareholders outlining an active and significant first quarter 2019 in the ongoing development of the Company's iron ore projects and exploration activities across the lithium, gold, nickel and cobalt projects in Western Australia and Nevada, USA.

FIRST QUARTER HIGHLIGHTS

- ❖ Opened an up to US\$6 million institutional Convertible Note offer to fund the production of a Bankable Feasibility Study on the Company's iron ore projects
- ❖ Binding Life-Of-Mine Off-Take Agreement with Glencore International A.G for the Lake Giles Iron Ore Project for approximately 4mtpa for the first 10 years on project start up
- ❖ Company entered into exclusive negotiation agreement with Aurizon for rail haulage services for the Lake Giles Iron Ore Project
- ❖ Available capacity confirmed on the Goldfields to Esperance Port rail line
- ❖ Infill drilling program planned for the Moonshine magnetite deposit
- ❖ Engineering firm Engenium commissioned to revise NI 43-101 compliant technical report and refine operating and capital costs of the hematite and magnetite projects
- ❖ Applications have been made for three additional prospective iron ore tenements. These were properties released by Cliffs Natural Resources and are adjacent to the iron ore operations of Mt Jackson and Deception Mines

Further updates will be provided when final reports and agreements are completed.

Mr. Cameron McCall, Executive Chairman of Macarthur Minerals commented:

"Macarthur has managed to keep its extensive Western Australian iron ore projects alive through a prolonged downturn in the global iron ore market. With the upturn in the iron ore industry, it is now time to continue to focus the resources of the Company in developing these projects.

The first quarter focused on further development of the Company's iron ore projects. Three key factors have been influencing the commercial potential of these projects in recent times: availability of third-party logistics infrastructure enabling a route to market; a change in demand by Chinese mills for cleaner, high iron content product to meet stricter environmental regulation, and; the supply impacts from Brazil coupled with lag investment time required by major iron ore suppliers to meet customer demand.

The Company's core focus in Quarter 2 will be to continue advancing the iron projects with the commencement of an infill drilling program and bankable feasibility study for the Lake Giles Project. This will necessitate the need to potentially reposition our portfolio of gold, lithium, cobalt and nickel projects to focus primarily on our iron ore assets.

The Company will continue to actively seek joint venture partners to advance the exploration of its gold, lithium, cobalt and nickel projects. Over the last 24 months the Company has been developing the key areas of Hillside, Panorama and Bonnie Scott lithium and gold projects which form part of the Company's extensive ~1,300 km² portfolio in the Pilbara region of Western Australia, to drill ready targets. During this period, exploration planning also continued at the Lake Giles nickel and cobalt projects in the Yilgarn to define drill ready targets. The activities undertaken to date will provide an attractive exploration portfolio for active Pilbara gold and lithium, Yilgarn nickel and cobalt, and Nevada lithium brine explorers."

IRON ORE

During the first quarter, the Company re-evaluated the operating philosophy of its iron ore projects in Western Australia in response to several key drivers influencing the global iron ore market. A strong demand for high-grade, low impurity iron ore has seen a significant divergence between the Platts 58% Fe and 65% Fe iron indices. This has been coupled with a supply shock from the closure of several Vale operations in Brazil and the release of capacity in local infrastructure.

Based on these factors, the Company has engaged engineering firm Engenium to refine the operating and capital costs of a reduced-scale magnetite operation that would take advantage of the premium 65% iron ore market. The full outcomes of this study will be released to the market when it becomes available.

With the sale and downturn in production of the Koolyanobbing operation adjacent to Macarthur's Lake Giles Project, access to regional established rail and port infrastructure has become available. During the period Macarthur sought to take advantage of this available capacity by:

- i. Engaging with the rail owner Arc Infrastructure to confirm available capacity on the rail line.
- ii. Entering into an exclusive negotiation agreement with Aurizon for rail haulage services.
- iii. Engaging with the Southern Ports Authority to enable an export solution through the Port of Esperance.

Of significant importance for the commercialisation of the iron ore projects, the Company entered into a binding Life-of-Mine Off-Take agreement for up to 4 Mtpa for the first 10 years, with experienced iron ore trader, Glencore International A.G.

The Company also commenced planning for a bankable feasibility study of the Lake Giles Iron Ore Project during this busy first quarter.

GOLD, NICKEL AND COBALT

Hillside Gold Project

Macarthur's 100% owned Hillside Gold Project in the Pilbara covers an area of ~ 400 km² of greenstone lithologies highly prospective for gold and copper mineralisation. Historical gold mining has occurred within the tenement area with recent activity by prospectors recovering over 700 ounces of gold nuggets. Historical rock chip sampling at the Hillside Gold Project has returned results up to 55 grams per tonne gold and 7.8% copper.

In 2018 a SkyTEM survey identified multiple outstanding anomalies that require follow-up exploration in the field. Geological mapping and geochemical sampling will be undertaken across these target areas, followed by drilling of selected targets.

Panorama and Bonnie Scot Projects

In Q4 2018, the Joint Venture for the Panorama Project with Artemis Resources Limited was terminated. Macarthur continues to actively seek new venture partners for this project.

During the last quarter, a desk top review of previous exploration from historical archive report dated 1969-1971 (Planet Metals Ltd), identified the Brisbane Nickel Prospect. The Brisbane Nickel Prospect covers a small area on the western margin of E45/4779. Work completed on historical mineral claims, MC45/1076, MC45/1077 and MC45/1112, during 1970 to 1971, comprised geological mapping, costeaning, ground magnetic surveys and rock chip sampling. A magnetic survey delineated an anomaly that possibly represented a sulphide body at depth. Geology Proterozoic sediments and basalts, acid volcanic rocks of Archean age outcrops also. Dunite and olivine-rich peridotite are the principal ultramafic rock types. Orthopyroxene rich peridotites and orthopyroxenites have also been identified.

Costean sampling gave a best result of 6,319 ppm Ni. It is recommended that further geophysical work and drilling be undertaken on the anomaly.

Lake Giles

Drilling was conducted on the high priority nickel sulphide targets identified as a result of a Moving Loop Electromagnetic survey conducted in Quarter 2 2018. Two Reverse Circulation (“RC”) drill holes were completed at Moonshine North in September 2018 returning encouraging assay results.

Both holes had successfully intersected sulphide minerals at depth and semi-massive sulphide comprising 20% pyrite/pyrrhotite was recorded over 12m in hole 18MRC002 from 185m to end of hole (“EOH”). Sulphide mineralisation is open at depth and on strike with the hole ending in sulphide mineralisation.

A review of Macarthur’s data at the Snark Prospect identified two RC drill holes, LGRC_0015 and LGRC_0010, drilled by Macarthur in 2006 that intersected long intervals of anomalous Ni including 106m @ 0.14% Ni from 62 m in hole LGRC_015 and 128m @ 0.16% Ni from 108 m in hole LGRC_010 within ultramafic volcanics. In 2018 Macarthur collected rock chip samples in the vicinity of these drill holes which returned values up to 2.6% Co and 2.0% Ni.

An opportunity to advance nickel and gold exploration at Lake Giles exists by way of utilisation of the Company’s exploration database and library of geochemical sample pulps obtained during Macarthur’s iron ore drilling. These samples have mostly been analysed for the iron ore suite of elements and this presents an opportunity to re-assay already collected samples for gold and base metals.

LITHIUM

Western Australia

Macarthur’s ~1,300km² lithium portfolio in the Pilbara has now had all Exploration Licences granted and the Company has been advancing discussions with potential partners to further the geological investigation of these tenements.

Reynolds Springs Project, Nevada USA

Macarthur holds 210 new unpatented placer mining claims at its Reynolds Springs Lithium Brine Project, located approximately 180 miles (300 km) North of Las Vegas, Nevada, and 330 miles (531 km) South East of Tesla’s new Gigafactory.

Macarthur’s neighbouring claim owner, LithiumOre, a wholly owned subsidiary of Oroplata Resources has recently commenced drilling activities on its claims for lithium brine. Macarthur has been in discussions with LithiumOre over potential joint venture opportunities for its Reynolds Springs Lithium Brine Project.

QUALIFIED PERSONS

Mr Ian S Cooper, B.Sc., A.R.S.M., F.G.S. FAusIMM, a Fellow of the Australasian Institute of Mining and Metallurgy (membership number 107348, is a consultant of Macarthur and is a Qualified Person as defined in NI 43-101. Mr Cooper has reviewed and approved the technical information contained in this news release.

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

Macarthur Minerals Limited is an iron ore development company with its focus on bringing into production, its sizeable, 100% owned, Moonshine Magnetite and Ularring Hematite Iron Ore Projects in Western Australia. Macarthur Minerals also has prominent (~1,130 square kilometer tenement area) exploration interests in gold, lithium, nickel, cobalt in the 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

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