



For Immediate Dissemination
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MACARTHUR ANNOUNCES HEADS OF AGREEMENT FOR AUSTRALIAN IRON ORE PROJECT, NON-BROKERED PRIVATE PLACEMENT

Macarthur Minerals Limited (TSXV-MMS) is pleased to announce it has entered into a Heads of Agreement with LPD Holdings (Aust) Pty Ltd potentially worth CDN \$110 million to assist in the development of the Lake Giles Magnetite iron ore and base metals project in Western Australia.

The agreement could result in LPD Holdings acquiring an 80 percent interest in Macarthur Minerals' wholly-owned subsidiary Internickel Australia Pty Ltd, which owns the 1,155 km² project located in the emerging Yilgarn iron ore province.

Macarthur Minerals Chairman and Chief Executive David Barwick said LPD Holdings' commitment to the project was a major boost for the company. "Having identified the iron ore sector as one with significant potential for exploration and mining, we are looking forward to working with LPD Holdings to ensure this potential becomes a reality," he said. "Australia is a world leader in iron ore production and the Lake Giles project is well placed to serve seaborne markets, especially with Asian steel companies seeking to establish long-term supply arrangements."

Mineral industry consultants Hellman & Schofield Pty Ltd prepared a report which estimated in-situ inferred mineral resource at Lake Giles is 82.5 million tonnes at a grade of 24.6 percent Fe, representing magnetic concentrate of 18.46 million tonnes at a grade of 63.1 percent Fe. This report was filed on SEDAR on October 30, 2007 and is technically compliant with NI 43-101 in support of such resource estimate.

There is considerable potential for exploration to add to the resource base in the near term. Macarthur Minerals is one of only a few junior iron ore companies to be granted mining leases in the area.

Under the terms of the Heads of Agreement:

- LPD Holdings has paid a CDN \$1 million non-refundable deposit and will have a four-month due-diligence period when a bulk six-tonne sample will be taken from the project for a mineral processing trial in China by an end-user company;
- Post due diligence, LPD Holdings has the option to pay CDN \$9 million to acquire 30 percent of Internickel Australia Pty Ltd;
- 85 percent of the first CDN \$10 million investment will be directed towards a drill-out program and exploration over the iron ore targets;
- Upon delineation of a 500 million tonne in-situ resource, LPD Holdings can pay CDN \$100 million to acquire a further 50 percent of the project (totaling 80 percent – LPD Holdings or nominee; 20 percent – Macarthur Minerals);

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- Macarthur Minerals will retain a free-carried (non-dilutory) 20 percent interest in the Lake Giles iron ore project, which LPD Holdings will be entitled (but not obligated) to purchase at an agreed price or as determined by an independent expert.

The transaction is conditional upon all necessary TSX-V regulatory compliance and shareholder approvals.

Macarthur Minerals proposes once the 50 percent acquisition stage is reached and CDN \$100 million is received to distribute at least 80 percent of these funds (after tax) to Shareholders on a pro-rata basis.

NON-BROKERED PRIVATE PLACEMENT

The Company also announces that it intends to complete a non-broker private placement of up to 2 million units in the Company at a price of CDN \$1.40 each to raise gross proceeds of CDN \$2.8 million. The funds will be used to advance the geological work currently underway at Lake Giles.

Each unit will consist of one common share and one common share purchase warrant, with each warrant exercisable into one common share at a price of CDN \$2 per share and with a term of 18 months from the date of issue. A cash finders fee equal to 6 percent of the gross proceeds is payable on both these transactions and the fee will be paid progressively as funds are received by the Company. A firm commitment has been received for 1,000,000 units, which assures the Company of a gross amount of \$1,400,000.

The private placement, including the payment of the finder's fee, will be subject to acceptance by TSX Venture Exchange and it is expected that all securities issued under the private placement will be subject to a four-month hold period from the date of issue.

Macarthur Minerals plans to call a Special Shareholder Meeting to approve the LPD Holdings transaction as soon as possible.

MACARTHUR MINERALS LIMITED

"David K. Barwick"

David K Barwick, President, Chairman & CEO

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About LPD Holdings (Aust) Pty. Ltd. (LPD)

LPD has a long history in facilitating transactions between Australian and Chinese interests in a range of businesses including infrastructure, mining resources and commodities. LPD is associated with a number of Chinese metal-trading corporations and steel producers and as such is in an excellent position to advance this transaction to its ultimate outcome, including all infrastructure and end-product supply arrangements. LPD, along with its associates, will undertake a detailed study and due diligence on the Lake Giles project with the sole purpose of securing funding agreements and long-term iron ore supply arrangements.

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