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For Immediate Dissemination
January 19, 2006

TSXV:MMS
NR2006-4

NEWS RELEASE

Macarthur Announces Update on the 515 Km² Multi-Element Lake Giles Project, Western Australia

Vancouver, B.C. – Macarthur Minerals Limited (TSXV – MMS) (the "Company") announced on January 10, 2006 it had acquired 100% of the Lake Giles project located in Western Australia by acquiring all of the outstanding common shares in Internickel Australia Pty Ltd.

The Lake Giles project consists of a contiguous group of tenements comprising 6 granted Exploration Licences, one Exploration Licence Application and 13 Mining Lease Applications covering an area of about 515 square kilometres, covering various mineralised sequences over a length of some 60 kilometres. The project is located 150 kilometres NNW of the mining centre of Kalgoorlie, Western Australia. As reviewed and discussed in the "Independent Technical Report, Lake Giles Project, Western Australia" dated 23 February 2005, and subsequently filed on SEDAR (the "Technical Report"), the known mineralisation that exists within the Lake Giles Greenstone belt includes:

- Iron Ore
- Magnetite
- Gold
- Nickel
- Cobalt
- Platinum group metals.

The Lake Giles project is located within 100 kilometres of a substantial rail link which connects to the export port of Esperance, Western Australia.

'The principle exploration targets are':

- Eleven high priority nickel sulphide mineralisation targets hosted within ultramafic rocks
- At least fourteen high priority structural and stratigraphic gold mineralisation targets
- High grade iron-ore associated with banded iron formation units
- Magnetite iron-ore (Pisolites) associated in paleochannels

Other Iron-Ore producers in the area

- Iron-ore has been mined for many years from the Koolyanobbing iron-ore project located about 100 kilometres WSW of the Lake Giles Project.

- The Koolyanobbing iron ore project is owned and operated by an Australian public company Portman Mining Limited and produces 6.4 million tonnes per year of high grade iron ore which is shipped by rail to the port of Esperance, Western Australia and then onto Asian markets as indicated in disclosure documents posted on Portman Mining Limited's website at www.portman.com.au.
- Portman's reserves are reported to support a mine life at current production of over 10 years. Portman Mining Limited was taken over by a North American mining company 'Cleveland Cliff's Inc' in April 2005.

Lake Giles Iron-Ore Exploration Potential

- As stated in the Technical Report, Banded Iron Formations (BIF) rocks formations occur throughout the project area. In several locations complex structures have developed thickened sequences and may provide suitable tonnages and grade for the development of a 'boutique' iron-ore project to rail facilities at the town of Menzies for shipment to port facilities at Esperance.
- As stated in the Technical Report, historical sampling by Geo-Technics over several BIF targets returned results with Fe with 36.1% to 63.5% while sampling by Internickel Australia Pty Ltd in 2002 returned iron-ore assays in the range of 54.1% to 61.5%.
- The Company is planning a more extensive sampling and drilling programme scheduled to commence in February 2006 to better define the extent of these deposits.

Lake Giles Magnetite Exploration Potential

- Recent interpretation of satellite photographs has identified a large paleochannel more than 20 kilometres in length located in the central and western section of the Lake Giles project area. The paleochannel, an ancient drainage system, drains areas in which banded iron formations outcrop and has the potential to host concentrations of heavy iron bearing minerals (magnetite and hematite) as alluvial deposits formed in the earlier erosion cycles.
- A reconnaissance programme targeted at establishing the presence of iron bearing minerals in potentially economic concentrations within the paleochannel was initiated.
- The initial sampling project has been completed by independent exploration contractors over some 5 – 7 kilometres of the length of the paleochannel. Grid lines at intervals of approximately 1 kilometre along the paleochannel with each grid-line extending across the width of the paleochannel, 800 metres to 1000 metres for each line. The position of the grid lines were selected from satellite images and located on the ground using a GPS unit. Samples were taken from auger holes at an average depth of 0.3-0.5 metres. A magnet was used to collect the magnetic fraction (magnetite) from each sample location across the grid. A composite sample representing the magnetic fraction from all of the holes on each grid was prepared and submitted for analysis. A total of 45 samples were taken and composited as described to form a sample for each grid line. The initial results are outlined in the following table:

PALEOCHANNEL ANALYSIS

ELEMENTS	Au	Al	Co	Cr	Cu	Fe	Mg	Mn	Ni	P
UNITS	ppm	%	ppm	ppm	ppm	%	%	ppm	ppm	%
DETECTION	0.01	0.02	20	50	20	0.01	0.01	20	20	0.01
DIGEST	B/	D/	D/	D/	D/	D/	D/	D/	D/	D/
ANALYTICAL FINISH	SAAS	OES	OES	OES	OES	OES	OES	OES	OES	OES
SAMPLE NUMBERS										
0001 Bulk 1	X	7.52	47	803	92	10.91	0.35	1371	283	X
0002 Bulk 2	X	5.96	46	702	60	10.29	1.80	1098	249	0.03
0003 Bulk 3	X	5.76	27	1448	X	25.00	0.19	626	218	X
0004 Bulk 4	X	6.10	22	1260	27	24.13	0.25	601	233	0.02
0005 Grid 1 Zone 1	X	4.55	21	3323	X	37.07	0.11	489	282	0.01
0006 Grid 2 Zone 1	X	5.01	35	1503	X	35.71	0.26	844	285	0.03
0007 Grid 3 Zone 1	X	5.76	38	1915	X	40.03	0.29	970	316	0.03
0008 Grid 4 Zone 1	X	4.64	24	2188	X	40.70	0.23	833	368	0.06
0009 Grid 1 Zone 2	X	3.48	36	2815	X	44.21	0.15	897	355	X

The Analyses noted above was completed by Genalysis Laboratory Services Pty Ltd; a laboratory independent from the Company located in Perth, Australia using sodium peroxide fusion (zirconium crucibles) and hydrochloric acid to dissolve the melt. Analysed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry.

Garry Clark, a qualified person for the purposes of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, has verified the manner in which the samples were taken but has not verified the sample results.

In view of the above results, which established the presence of iron bearing minerals within the paleochannel, the Company proposes to commence a more aggressive drilling mapping and trenching programme over the extent of this paleochannel exploration target beginning in February 2006.

Technical and scientific information in this release is based upon information prepared by or under the supervision of Garry Clark BSc(Hons), FAusIMM, Company Director, who is a "qualified person" as defined in National Instrument 43-101- *Standards of Disclosure for Mineral Projects*

On behalf of the Board of Directors,

MACARTHUR MINERALS LIMITED

"David K. Barwick"

David K Barwick, Director

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