Magellan Minerals Ltd. Enters Into Debt Settlement Agreement

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VANCOUVER, BRITISH COLUMBIA -- (Marketwired - July 31, 2014) - Magellan Minerals Ltd. (TSX VENTURE:MNM) ("Magellan") is pleased to announce that it has entered into a debt settlement agreement with its single largest creditor, a provider of drilling services to Magellan in connection with the Coringa feasibility study.

The principal terms of the agreement are as follows:

- Magellan will issue 4,602,030 common shares (the "Shares") to the creditor at a deemed price of $0.13 per Share in full satisfaction of the total amount owing of R$ 1,212,998.13 (being $598,263.96 applying the agreed foreign exchange rate of 2.02753).

- The Shares will be subject to a four month hold period.

- Various conditions have been agreed between Magellan and the creditor concerning any sale of the Shares by the creditor.

- The agreement is subject to TSX-V approval.

Magellan Minerals Ltd. (TSX VENTURE:MNM) is a TSX Venture Exchange listed exploration and development company with two advanced gold properties in the Tapajos Province of northern Brazil. The Coringa project contains Measured and Indicated mineral resources of 561,000oz of gold (3.2Mt @ 5.5g/t gold) and Inferred mineral resources of 534,000oz of gold (5.5Mt @ 3.0g/t gold) and is currently undergoing a bankable feasibility study. The Cuiu Cuiu project contains mineral resources of 100,000oz of gold in the Indicated category (3.4Mt @ 1.0g/t gold) and 1,200,000oz of gold in the Inferred category (31Mt @ 1.2g/t gold).

Neither TSX Venture Exchange nor its Regulation Services Provider (as defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains forward-looking statements. The use the words "will", "subject to" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements should not be unduly relied upon. In particular, this document contains forward-looking statements and assumptions pertaining to the granting of regulatory approval. Actual results achieved may vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. The forward-looking statements contained in the document are expressly qualified by this cautionary statement. These statements speak only as of the date of this document and Magellan does not undertake to update any forward-looking statements that are contained in this document, except in accordance with applicable securities laws.

The technical information in this press release has been reviewed by Magellan's Chief Geologist, Guillermo Hughes (B.Sc., a member of the AIG and the AUSIMM), a Qualified Person as defined by National Instrument 43-101. See NI 43-101 Technical Report Coringa Project, State of Para, Brazil dated December 6, 2012 and Resource Estimate and Technical Report for the Cuiu Cuiu Project, Tapajos Region, North-Central Brazil dated April 19, 2011, available from Magellan's profile at www.sedar.com for further information on the Coringa and Cuiu Cuiu projects.

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