

Macarthur Signs Term Sheet With Iron Ore Producer GWR for Mine-Gate Purchase of DSO

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VANCOUVER, July 14, 2021 - [Macarthur Minerals Ltd.](#) (ASX: MIO) (TSX-V: MMS) (OTCQB: MMSDF) (the Company or Macarthur) is pleased to advise that it has partnered with an Australian iron ore producer GWR Group Limited (ASX: GWR) (GWR) under a deal which will enable Macarthur to complete a mine-gate purchase from GWR of up to 400,000 tonnes per annum of Direct Shipment Ore (DSO) product from GWR's Wiluna West Iron Ore Project, located in Western Australia.

Highlights

- Macarthur enters into binding but conditional Term Sheet with existing iron ore producer GWR.
- Mine-gate sale to Macarthur of up to 400,000 tonnes per annum of DSO lump and fines products (for an initial 2 years, with the ability to extend for up to a further 2 years).
- Arrangement has the potential to facilitate early revenue flows for Macarthur between now and commencement of commercial mining operations for DSO at Ularring.
- Recent announcement by Macarthur that it has secured up to 400,000 tonnes per annum of rail capacity on the Koolberran rail line between Kalgoorlie and Esperance, supporting a potential DSO export pathway (See link to ASX/TSXV announcement: [here](#)).
- The characteristics of the GWR product may also enable Macarthur to create a physical or virtual DSO blend product with Ularring DSO that achieves improved pricing going forward. Macarthur's iron ore at Ularring is contracted for sale to Glencore under an existing Offtake agreement entered into in 2019 (See link to TSXV announcement [here](#)).
- The deal does not alter the Company's current plans to target early mining of its own DSO product at Ularring at a later date.

Term Sheet for Mine-Gate DSO Purchase from GWR

A binding term sheet signed between the parties paves the way for Macarthur to purchase up to 400,000 tonnes per annum of DSO lump and fines products from GWR at the mine gate for an initial period of 2 years, with the ability to extend for up to a further 2 years.

The sale price for GWR's DSO will reflect an equitable split of the realised sale price on an FOB basis at the ship rail, having regard to Macarthur's costs to transport the product, which will be disclosed on an open book basis between the parties. The term sheet is subject to the parties entering into a definitive agreement following completion of the balance of the route to market arrangements by Macarthur on a basis that is commercially acceptable to both parties.

On 8 July 2021 Macarthur also announced that it had entered into a binding term sheet with Pacific National under which Macarthur has secured up to 400,000 tonnes per annum of rail capacity along the rail line between Kalgoorlie and Esperance, supporting a potential DSO export pathway (See link to ASX/TSXV announcement: [here](#)).

The combination of these arrangements could see Macarthur undertaking transport of a GWR DSO product as early as January 2022 (and potentially sooner, subject to availability of suitable rollingstock). This will provide potential for Macarthur to generate early revenue flows between now and planned commencement of commercial mining operations for DSO at Ularring.

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Figure 1 accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/c0af4fd7-0aba-4f92-8846-96caab792b67>

Ularring DSO Update

Macarthur is continuing to progress planning work for its 'Snark' deposit at Ularring, with the intention of commencing commercial DSO mining operations at the earliest available opportunity. Given the current strength of the global iron ore market, the Company is targeting development of a simple DSO mining operation utilising mobile crushing and screening equipment.

Macarthur has appointed Perth-based consultants Orelogy Mine Consulting to accelerate mine planning work for this operation (See ASX/TSXV announcement dated 15 April 2021: [here](#)). The mine planning will be premised on targeting a low capital, fast development scenario.

Initial mining operations will be focused on the Ularring hematite resource, and specifically the deposits located at Snark and Drabble Downs (shown in the map in Figure 2 below). These deposits are located within fully granted mining leases, which have existing Environment Protection Authority ("EPA") approvals. They are also clear of Native Title issues.

Figure 2 accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/b8061992-1470-4a4c-8d48-f68697f26327>

The Company also recently made an application for a Miscellaneous Licence covering an area of 74 hectares in the Yilgarn region of Western Australia adjacent to the Snark hematite deposit, to support Macarthur's non-process infrastructure for the planned DSO campaign (See ASX/TSXV announcement dated 29 June 2021: [here](#)).

The application area and planned layout of the non-process infrastructure is shown in Figure 3 below.

Figure 3 accompanying this announcement is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/eda536e7-92b9-42c1-8528-4a2405669fe2>

Gary Lyons, Non-executive Chairman of GWR Group Limited commented:

"On behalf of the entire GWR team, we are excited to be developing upon our relationship with [Macarthur Minerals Ltd.](#), having taken our flagship high-grade C4 Iron Ore deposit into production earlier this year, with this agreement the future looks very bright for Macarthur Minerals to enter the ranks in the near term of ASX Iron Ore producer.

The opportunity to enter into a mine-gate sale with Macarthur Minerals provides an opportunity for GWR to increase its export tonnage over and above its planned tonnage without impacting upon its current operations, whilst providing Macarthur Minerals with the opportunity to kick-start its Hematite mining operations at Ularring."

Andrew Bruton, CEO of Macarthur Minerals commented:

"Macarthur and GWR have enjoyed a very collaborative relationship over the last couple of years, and both companies understand the importance of co-operating to achieve our respective objectives in the region.

The deal has the potential to enable GWR to realise value for its product by providing additional export capacity. From Macarthur's perspective, GWR's offer to enter into a mine-gate sale arrangement can facilitate early revenue flows for Macarthur between now and commencement of commercial mining operations for DSO at Ularring whilst also providing the potential for Macarthur to create a physical or virtual DSO blend product that achieves improved pricing for its Ularring DSO following commencement of planned commercial mining operations there.

The deal with GWR provides opportunities that can benefit both companies, and Macarthur is grateful to

GWR for the opportunity to partner with it. We look forward to a mutually beneficial collaboration which we hope will develop into a broader co-operation that can help realise the untapped economic potential of the Yilgarn region and deliver sustainable jobs and economic benefits for the region and for the State of Western Australia into the future."

On behalf of the Board of Directors, Mr Cameron McCall, Chairman

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Company profile

Macarthur is an iron ore development, gold and lithium exploration company that is focused on bringing to production its Western Australia iron ore projects. The Lake Giles Iron Project mineral resources include the Ullaring hematite resource (approved for development) comprising Indicated resources of 54.5 million tonnes at 47.2% Fe and Inferred resources of 26 million tonnes at 45.4% Fe; and the Lake Giles magnetite resource of 53.9 million tonnes (Measured), 218.7 million tonnes (Indicated) and 997 million tonnes (Inferred). The JORC reporting tables and Competent Person statement for the magnetite and hematite mineral resources have previously been disclosed in ASX market announcements dated 12 August 2020 and 5 December 2019. Macarthur has prominent (~721 square kilometre tenement area) gold, lithium and copper exploration interests in Pilbara region of Western Australia. In addition, Macarthur has lithium brine Claims in the emerging Railroad Valley region in Nevada, USA.

About GWR Group Limited

[GWR Group Ltd.](#) (ASX:GWR) is an independent Australian resource house focused on creating shareholder wealth through the development of high quality mineral exploration and development projects. GWR is transforming from an explorer to a producer with the beginning of mining operations at its Wiluna West Iron Ore Project with first export shipments having already commenced in early 2021. The Company is also pursuing development options which will facilitate additional production from the Wiluna West Iron Ore Project. The Company has a portfolio of mineral commodity projects that include projects held in its own right, in joint venture and indirectly through investment in other listed entities.

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Resources; and failure to obtain mining approvals. Readers are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty thereof. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. The forward-looking statements contained in this press release are made as of the date of this press release and except as may otherwise be required pursuant to applicable laws, the Company does not assume any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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