

13 May 2022

## First Quarter Update 2022

Macarthur Minerals Limited (TSXV: MMS) (ASX: MIO) (OTCQB: MMSDF) (the Company or Macarthur) is pleased to update shareholders on a very active first quarter 2022 in which the Company delivered a maiden Ore Reserve and completed the Feasibility Study for its high-grade magnetite Lake Giles Iron Project. The Company will now proceed with post study optimization work, project development approvals and advancing project finance.

With the completion of the study process, Macarthur now moves into the delivery and financing phase along with the retirement of the Chief Executive Officer, Andrew Bruton. Joe Phillips will once again assume the role of Chief Executive Officer and Managing Director to comply with the Exchanges regulatory requirements. To support this next phase transition, Cameron McCall will move to the role of Executive Chairman.

### 2022 First Quarter Highlights

Key highlights during the first quarter of 2022 included announcements on the following:

#### Highlights

- Feasibility Study supports a maiden Ore Reserve of 237 Mt for a 25-year mine life (see announcement: [here](#)) – 21 March 2022.
- Feasibility Study completed for a 3 Mtpa (dry basis) magnetite mining and processing operation (see announcement: [here](#)) – 21 March 2022.
- Private Placement of A\$7.5m (see announcement: [here](#)) – 5 April 2022.
- Publication of new corporate presentation that includes the Feasibility Study outcomes and Financing Strategy (see announcement [here](#)) – 7 April 2022.
- Delivery of NI 43-101 Technical Report for the Feasibility Study of the Company's high grade magnetite Lake Giles Iron Project (see announcement [here](#)) – 11 April 2022.

### Key Areas of Focus for the 2022 Calendar Year

Macarthur's primary areas of focus during 2022 will include the following:

- **Project Schedule:** The Company will continue to advance environmental approvals, contracts, and pre-development deliverables to ensure that it remains on track with the project schedule defined by the Feasibility Study.

the green iron ore company

Macarthur Minerals Limited | ABN 93 103 011 436  
ASX: MIO | TSXV: MMS | OTCQB: MMSDF

[www.macarthurminerals.com](http://www.macarthurminerals.com)  
[communications@macarthurminerals.com](mailto:communications@macarthurminerals.com)



- **Strategic Partnerships:** Formalising strategic partnerships for the key development and infrastructure required to commercialise the Lake Giles Iron Project remains a key focus this year. The Company is in active discussions with a number of global corporates that have the potential to add capital and technical capabilities to the project.
- **Nevada Lithium Assets:** The Company continues to examine the potential for strategic partnership(s) that can advance a programme of works to realise an improved value proposition for its 100% owned lithium brine claims in the Nevada region of the USA. To assist this process the Company has completed an internal independent valuation of these Nevada Claims.
- **Graduation on to main board of TSX:** The Company intends to progress its plans to migrate from the TSXV onto the main board of the TSX during the course of 2022.

## WESTERN AUSTRALIAN LITHIUM, NICKEL, GOLD AND BASE METALS PROJECTS

The Company completed a spinout of its Pilbara assets through an initial public offering (“IPO”) of Infinity Mining Ltd (Infinity). Infinity under Australian Securities Exchange (ASX) ticker IMI was admitted to the Official list of ASX on 20 December 2021 and commenced trading on 22 December 2021 at 3.00 pm AEDT<sup>1</sup>.

Effective from 20 December 2021, Infinity exited the Macarthur Group. Macarthur Australia Limited, a wholly owned subsidiary of Macarthur, as a Seed Capitalist owns a 20.74% holding in Infinity and became a substantial holder.

On listing Infinity raised A\$10 million for the ongoing development of these non-iron assets. With a total footprint in the Pilbara of 697 square kilometres covering key greenstone belts, this is an important investment for the Company’s shareholders.

During the first quarter 2022, Infinity has completed the following activities<sup>2</sup>:

- Received gold assay results for its first pass 12-hole (724m) RC drilling program, from the Great Northern Gold Prospect Leonora, WA.
- Completed a 194-hole Aircore drilling program at Barlows Gully for a total advance of 679m with pending assay results.
- Exploration work has continued at Victor Bore and Craig’s Rest tenements including geological mapping, soil sampling and rock chip sampling with assay results also pending.
- A new comprehensive data compilation and data interpretation program in the Pilbara has identified a range of new target areas to focus on in the future.
- Transferred tenements E45/4735 and E45/5324 to Macarthur Iron Ore Pty Ltd under which Infinity retains the rights to all non-iron minerals on these two tenements pursuant to a Tenement Sale and Non-Iron Ore Rights Agreement dated 11 August 2021.
- Infinity entered into the Zanil/Pointon Sale Purchase Agreement dated 18 October 2021 with Zanil Pty Ltd (Zanil) and Alec Pointon (the Zanil Vendors) to acquire 100% of the Central Goldfields Tenements, held by the relevant Zanil Vendor. On the 17 March 2022, these tenements commenced the transfer process to Infinity Mining with the payment of the transfer duties.
- In January 2022, E45/4685 (Hillside) initially granted on 12 January 2017, was granted a further 5-year extension.

---

<sup>1</sup> Press Release filed 22 December 2021, titled “Macarthur’s spinout of Infinity Mining Limited launched on the ASX”.

<sup>2</sup> Press Release filed 29 April 2022 by ASX: IMI, titled “Quarterly Activities Report for the period ending 31 March 2022”.



## Iron Ore Market Overview

Over the course of Q1 2022, the views of analysts on the iron ore price outlook for the immediate term have been mixed. Whilst demand has been weaker, some analysts consider that China's plans to ease property curbs and pump further stimulus into its economy could result in increased demand for iron ore.

The continued recovery into mid-January 2022 is an extension to the surge that occurred in the first few days of 2022 after heavy rains appeared to signal a potential disruption to Brazilian supply. At the same time, (on the demand side), traders appear to be observing the spread of the omicron variant in China, specifically within the northern port city of Tianjin. An anticipated easing of steel production controls in China after the Winter Olympics in Beijing next month may have also helped underpin iron ore prices in recent weeks.

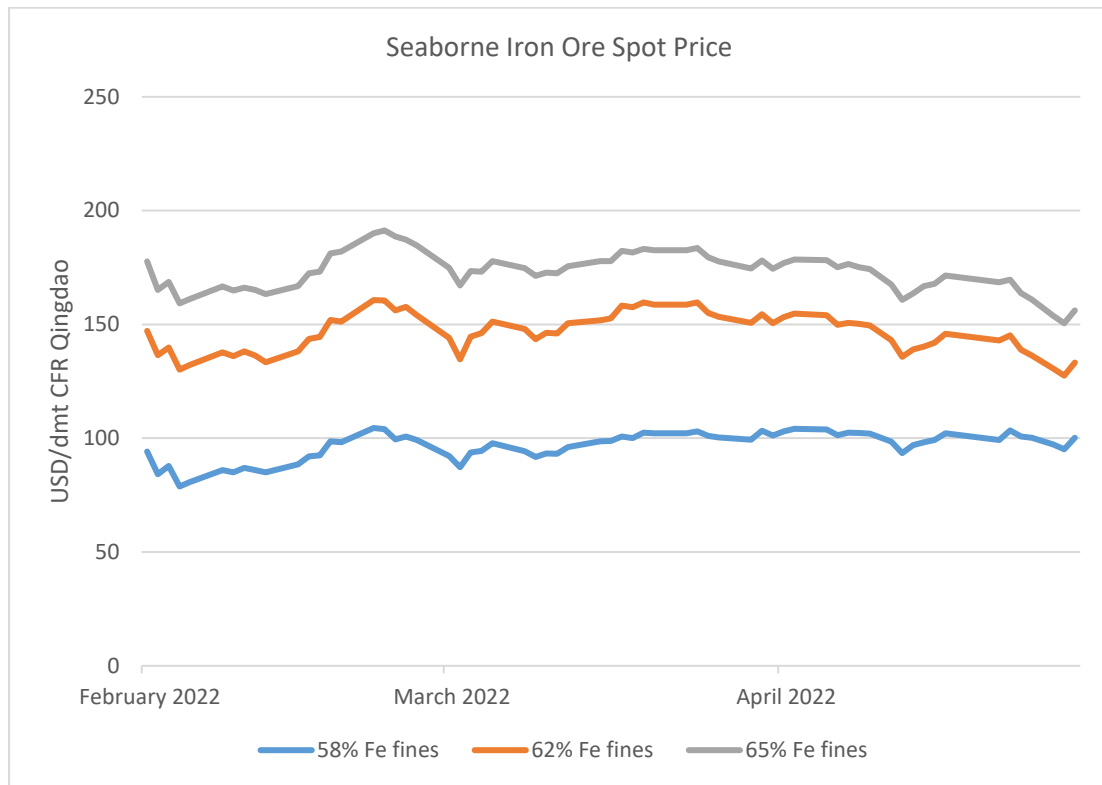
As at 12 May 2022, the price for 62% iron ore fines CFR Qingdao was USD 131.50/dmt, which is still well above pre-covid levels and up from USD 115.76/dmt as at 1 October 2021. After hitting a low of USD 86.70/dmt on 9 January 2022, the price recovery to March 2022 for 62% fines represents a 51.67% increase in just 2 months. (Source: Custeel).

## Iron Ore Pricing Overview

Price differentials between low and high-grade ores have traditionally ebbed and flowed with mill profitability and coking coal prices. However, with China now taking a longer-term and far stricter stance on the environmental impacts of steel production, and with its willingness to impose production curbs on mills, the global iron ore market is arguably entering a phase where a structural trend away from low-grade ores is now developing. Healthy mill profit margins, high coking coal prices, and seasonal anti-pollution restrictions are creating both a profit incentive, as well as cost and compliance concerns – and the convergence of these factors appears to be motivating steel mills to moderate their consumption of low-grade ores.

As of 12 January 2022, 65% iron ore fines CFR Qingdao, were selling for USD 161.20/dmt, representing a 22.5% premium over the 62% price, and a 93.05% premium to 58% Fe fines CFR Qingdao, demonstrating the widening premium gap for high grade ore.

Pricing has remained strong during the first half the year with the price for 62% iron ore fines CFR Qingdao trading at USD 131.50/dmt in mid-May 2022 (Source: Custeel).



Raw data source: Custeel.net

## High Grade Iron Benefits

On average, approximately two tonnes of carbon dioxide (CO<sub>2</sub>) are emitted for every tonne of steel produced. This accounts for roughly 7% of global greenhouse gas emissions. The trend towards higher grade ores demonstrates a change in demand preferences aimed at factoring in the global shift towards decarbonisation. Macarthur's strategy to meet and help lead the future growth in demand for high grade ore is the right strategy moving into the third decade of this century which will be defined by how industries respond to the challenges of meeting net zero targets.

As outlined by Macarthur in its second quarter update in 2021, the premium for steel products may arguably result in increased direct investment by the rest of the world (excluding China) of new steel production capacity that has the eventual function of replacing older blast furnace steel technology needed by the mid-2030s to meet the strict CO<sub>2</sub> emissions standards announced in the Paris Accord and by Japan and the USA in 2020.

Completing the journey to net zero emissions in steel production has been demonstrated as technically possible by the use of high-grade magnetite and scrap steel in electric arc furnaces with 'green hydrogen' as the reductant. The first green steel production was achieved in Sweden in 2021, with the only output from that process being H<sub>2</sub>O.

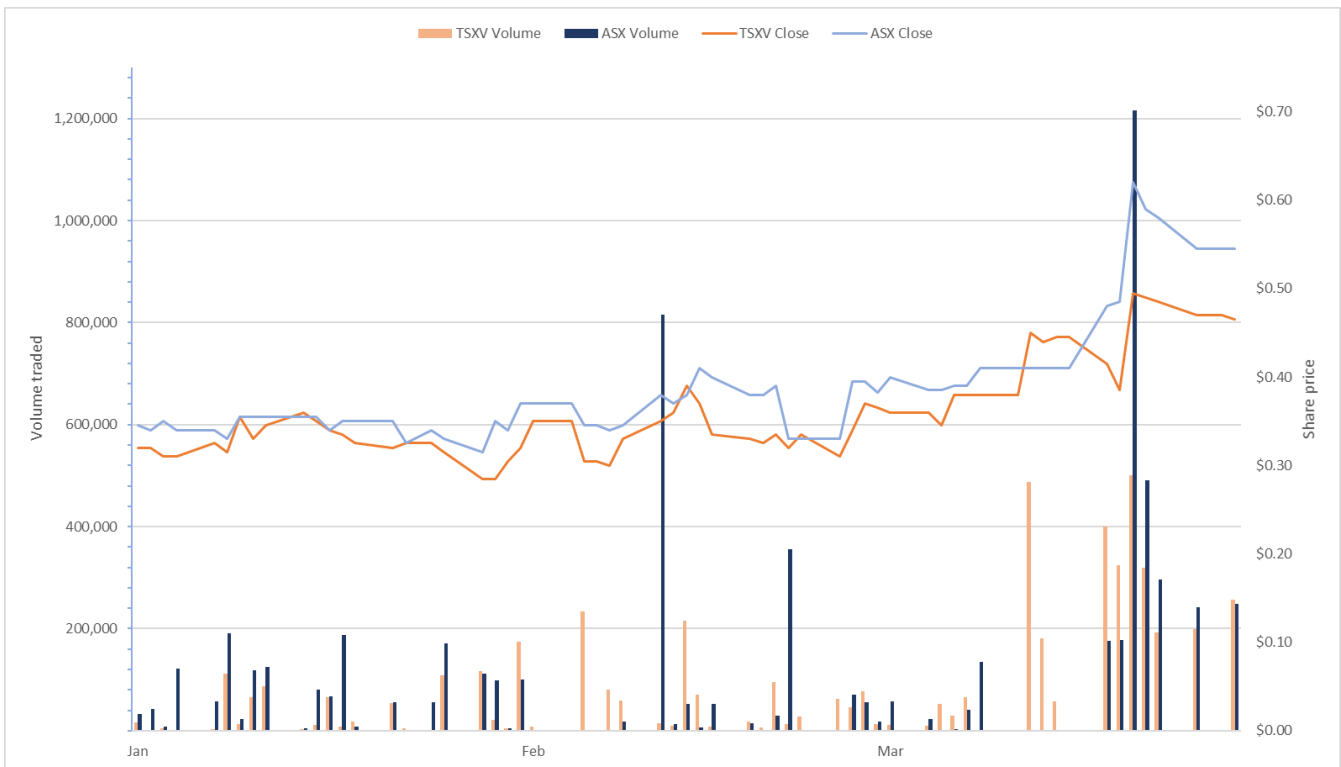
With Macarthur's high grade 1.3 billion tonne magnetite resource, it aims to take advantage of the coming structural shift in global iron ore market and help lead Australia's contribution to a cleaner steel future.



## Share Price

Both ASX and TSXV continue to demonstrate reasonably synchronised share price trading patterns for MIO and MMS. Although Macarthur’s share price has pulled back over the first quarter, this is not an anomaly that is specific to Macarthur, as it reflects the broader patterns and impacts felt across the entire iron ore industry following the pull-back in global prices during Quarter 1 of 2022. Encouragingly, iron ore prices are still above pre-Covid levels, demonstrating the resilience of a sector that supplies a critical global resource necessary for many facets of human endeavour and advancement.

A summary of MIO/MMS trading activity from January to March 2022 is shown below:



### **Cameron McCall, Chairman of Macarthur Minerals commented:**

*“The first quarter of 2022 was a very active period for the Company as it delivered the Ore Reserves Statement and completed its Feasibility Study.*

*Following Andrew’s retirement, the Board of Macarthur would like to thank Andrew for his significant contribution and invaluable commercial value to the Company and wish him success in his future endeavors.*

*There has been speculation across the investor community around the company seeking to finance the magnetite project using equity, this is not the Boards intent. The Strategic Partnering Board subcommittee is seeking partners for project financing.*

*As the Company continues to focus on core fundamentals and project delivery, I look forward to sharing the Company’s progress with you.”*



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

For more information please contact:

Joe Phillips  
Managing Director  
+61 7 3221 1796  
[communications@macarthurminerals.com](mailto:communications@macarthurminerals.com)

Investor Relations – Australia  
*Advisir*  
Sarah Lenard, Managing Partner  
[sarah.lenard@advisir.com.au](mailto:sarah.lenard@advisir.com.au)

Investor Relations - Canada  
*Investor Cubed*  
Neil Simon, CEO  
+1 647 258 3310  
[info@investor3.ca](mailto:info@investor3.ca)

### Company profile

Macarthur is an iron ore development, 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 Ularring 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 Lake Giles Iron Project also contains Proven Ore Reserves of 51.9 Mt and Probable Ore Reserves of 184.7Mt. Macarthur also holds 24 square kilometre tenement area iron exploration interests in the Pilbara region of Western Australia. In addition, Macarthur has lithium brine Claims in the emerging Railroad Valley region in Nevada, USA.

### No new information

The Mineral Resource and Ore Reserve estimates presented above have previously been released to the ASX on 21 March 2022, including supporting JORC reporting tables. Unless explicitly stated, no new information is contained in accordance with Table 1 checklist in the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of Mineral Resources and Ore Reserves that all assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**This news release is not for distribution to united states services or for dissemination in the United States**

### Caution Regarding Forward Looking Statements

Certain of the statements made and information contained in this press release may constitute forward-looking information and forward-looking statements (collectively, “forward-looking statements”) within the meaning of applicable securities laws. All statements herein, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, including but not limited to statements regarding expected completion of the Feasibility Study; conversion of Mineral Resources to Ore Reserves or the eventual mining of the Project, are forward-looking statements. The forward-looking statements in this press release reflect the current expectations, assumptions or beliefs of the Company based upon information currently available to the Company. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct as actual results or developments may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include but are not limited to: unforeseen technology changes that results in a reduction in iron or magnetite demand or substitution by other metals or materials; the discovery of new large low cost deposits of iron magnetite; the general level of global economic activity; failure to complete the FS; inability to demonstrate economic viability of Mineral 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.