



For Immediate Dissemination
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NEWS RELEASE

MACARTHUR RETAINS 100% OF LAKE GILES PROJECT

The Directors of Macarthur Minerals Limited (TSXV:MMS) (the "Company") are pleased to advise that the Company has entered into an agreement (the "**Acquisition Agreement**") for the acquisition of the interest in InterNickel Australia Pty Ltd. ("**InterNickel Australia**") from InterCOAL Limited ("**InterCOAL**") (formerly known as InterNickel Limited). In accordance with the Acquisition Agreement, the Company is required to issue 1,000,000 of its common shares to InterCOAL at a deemed issue price of \$0.35 per common share.

On January 10, 2006, the Company announced that it had acquired all of the outstanding shares of InterNickel Australia. By the terms of that transaction, InterCOAL retained a 20% interest in InterNickel Australia's common shares. Included in the current transaction is a non-recourse loan of \$300,000 which was not assigned to the Company under that agreement but remained with InterCOAL. The parties have agreed, pursuant to the Acquisition Agreement, that upon the closing of the issue of the shares to InterCOAL, the non-recourse loan of \$300,000 will be deemed to have been repaid.

In addition, InterCOAL had paid on behalf of InterNickel Australia \$50,000 in security deposits to the Australian Department of Mines and as a result of this transaction this deposit will now remain an asset of the Company.

This transaction is characterized a non-arm's length transaction due to the fact that Alan Phillips is a director of the Company and InterCOAL. In accordance with Australian law and the requirements of the TSX Venture Exchange, Mr. Phillips has declared his interest in the transaction and has accordingly abstained from voting on the resolutions approving the transaction.

The Acquisition Agreement will allow the Company to retain 100% of the Lake Giles project and will also have the effect of eliminating any payments due to InterCOAL.

This transaction is subject to regulatory approval.

The Lake Giles project consists of a contiguous group of tenements comprising 6 granted Exploration Licenses, one Exploration License Application and 13 Mining Lease Applications covering an area of about 515 square kilometers.

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On behalf of the Board of Directors,

MACARTHUR MINERALS LIMITED

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