

NOTICE OF EXTRAORDINARY GENERAL MEETING

MACARTHUR MINERALS LIMITED ACN 103 011 436

Notice is hereby given that an Extraordinary General Meeting of Macarthur Minerals Limited ACN 103 011 436 (**Company**) will be held at Level 3, 320 Adelaide Street, Brisbane, Queensland, Australia on Monday, 16th February 2009 commencing at 10:00am Brisbane, Australia time (4:00pm Vancouver, Canada time on Sunday, 15th February 2009).

AGENDA

SPECIAL BUSINESS


1. APPROVAL OF SHAREHOLDERS AGREEMENT WITH LPD HOLDINGS (AUST) PTY LTD AND MINMETALS MINING CORPORATION LIMITED REGARDING THE HOLDING AND SALE OF SHARES IN INTERNICKEL AUSTRALIA PTY LTD.

To consider and, if thought fit, pass the following ordinary resolution:

'That, the entry by the Company into the Shareholders Agreement dated 14 January 2009 between the Company, LPD Holdings (Aust) Pty Ltd ACN 060 214 511 (LPD) and Minmetals Mining Corporation Limited CR 1251924 (MMCL), in respect of the terms of the Shareholders Agreement summarised in the Explanatory Memorandum accompanying this notice of meeting, be ratified, confirmed and approved by the shareholders of the Company in accordance with TSX Venture Exchange Policy 5.3, the Corporations Act 2001 (Cth) and for all other purposes, and that the Company be and is authorized to comply with the terms and conditions thereof including the arrangements to enable MMCL to obtain a seventy per cent (70%) interest in the Company's operating subsidiary Internickel Australia Pty Ltd ACN 081 705 651 (IAPL) with the right for MMCL to obtain a further twenty per cent (20%) in IAPL from the Company as more particularly described in the Explanatory Memorandum accompanying this Notice'

DATED: 15 January 2009

By Order of the Board



Bill Lyne
Company Secretary

NOTES

- (a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form.
- (d) A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) If you have any queries on how to cast your votes then call Mr David Barwick on local (07) 3010 9342 or international telephone +61 7 3010 9342 during business hours.

EXPLANATORY MEMORANDUM
MACARTHUR MINERALS LIMITED
ACN 103 011 436

This explanatory memorandum (**Explanatory Memorandum**) is furnished in connection with the solicitation of proxies by the management of Macarthur Minerals Limited (**Macarthur** or **Company**) for use at the Extraordinary General Meeting of the Company (**Meeting**) to be held at 10.00am on Monday, 16th February 2009 in Brisbane, Australia (Sunday, 15th February 2009 Vancouver, 4.00pm Canada time) and at any adjournments thereof. Any solicitation will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDER

The Company prefers the appointment of one of its officers or Directors as a proxy holder (**Management Proxyholder**). A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the shareholder's proxyholder. Any persons whose names are printed in the enclosed form of proxy for the Meeting are Management Proxyholders.

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

VOTING BY PROXY

Ordinary (common) shares of the Company represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the shareholder on any ballot or other vote that may be called for.

If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are 'non-registered' shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (**Nominee**). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with Canadian securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Explanatory Memorandum and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete

the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to 'non objecting beneficial owners'. If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least seven (7) days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of ordinary (common) shares without par value of which 19,038,650 shares were issued and outstanding on 16 January 2009. The holders of ordinary (common) shares are entitled to one vote for each common share held. Holders of common shares on the record at the close of business on 16 January 2009 will be entitled to receive notice of and vote at the Meeting.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company except the following:

<i><u>Name</u></i>	<i><u>No. of Common Shares Owned or Controlled</u></i>	<i><u>Percentage of Outstanding Common Shares</u></i>
Talbot Group Holdings Pty Ltd	4,745,854	24.90%
Pinetree Capital	4,157,770	21.84%

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's last completed financial year, other than as disclosed elsewhere herein, no informed person of the Company, or any associate or affiliate of any informed person, has any material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. The term "informed person" as defined in National Instrument 51-102, *Continuous Disclosure Obligations*, means:

- (a) a director or executive officer of a reporting issuer;

- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the Directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

There is one (1) item of business on the agenda for the Extraordinary General Meeting of the Company.

Note that any reference to 'TSX-V' in the Notice of Meeting or this Explanatory Memorandum means TSX Venture Exchange, the stock exchange on which the Company's common shares are listed for trading.

Approval of Shareholders Agreement with LPD Holdings (Aust) Pty Ltd and Minmetals Mining Corporation Limited regarding the holding and sale of shares in Internickel Australia Pty Ltd.

Introduction

On 19 November 2007 the Company entered into a Heads of Agreement (**HoA**) with LPD Holdings (Aust) Pty Ltd ACN 060 214 511 (**LPD**) to provide for the staged sale of up to a 100% interest in Internickel Australia Pty Ltd ACN 081 705 651 (**IAPL**) to LPD. The HoA enabled LPD to nominate a nominee to acquire the share interests in IAPL. At the extraordinary general meeting of the Company on 31 January 2008 the shareholders of the Company ratified and approved the entry by the Company into the HoA.

Since that extraordinary general meeting on 31 January 2008, the Company and LPD have been in discussions with potential equity partners to fund the development of magnetite resources within the tenements held by IAPL at Lake Giles, Western Australia (**Project**). LPD has now introduced Minmetals Mining Corporation Limited CR 1251924 (**MMCL**) as an equity partner for the Project.

Pursuant to the terms of the HoA, LPD has acquired its initial 30% interest in IAPL and the Company retains a 70% interest in IAPL. As part of the introduction of MMCL, LPD will sell part of its share interest (20%) to MMCL and MMCL will assume responsibility for a variety of rights and obligations granted to LPD under the HoA.

With MMCL becoming an equity partner to the Project, it has been determined that some amendments are required to the arrangements currently in place between the Company and LPD. To the extent that these amendments affect the Company, the key points of the arrangements moving forwards are as follows:

- MMCL will replace LPD as having the right to acquire the remaining 70% interest in IAPL (**Balance Interest**) presently held by the Company;
- the exercise of rights over that remaining 70% will still be in two stages, although with some adjustment of the dates to exercise those rights – 50% (**Additional Share Interest**) is required to be exercised by the date which is 10 Business Days after the approval of Resolution 1 by the shareholders of the Company and the final 20% (**Final Sale Interest**) is required to be exercised by 24 November 2009;
- the Company will still receive CDN\$100,000,000 for foregoing a 50% interest in IAPL if MMCL exercises its rights over the Additional Share Interest;
- the Company will still be entitled to receive market value for the Final Share Interest, although this value is now capped to a maximum of CDN\$40,000,000;
- the anti-dilution right in favour of the Company under the HoA has been replaced by the issue to the Company of Converting Shares which convert to ordinary (common) shares of IAPL upon certain identified milestones relating to the Project being achieved by IAPL, without the need for payment of any further consideration by the Company. Initially, these Converting Shares will enable the Company to retain its 20% in IAPL after MMCL acquires the Additional Share

Interest, but subject to the Company meeting its funding obligations noted in the following bullet point; and

- after the Additional Share Interest is acquired by MMCL, the Company will now be required to contribute up to 10% of the future funding requirements for IAPL. This 10% funding contribution is notwithstanding the fact that the Company's share interest in IAPL is 20%. Whilst the Company meets this funding obligation, its share interest will continue to remain at 20%. However, if the Company does not meet its funding obligations, it will be subject to dilution of its share interest and will be entitled to only retain a minimum share interest of 10% in IAPL.

The full details of these arrangements are set out below.

Background

After the previous extraordinary general meeting of the Company in January 2008, LPD subscribed for thirty (30) ordinary (common) shares in the Company (**Initial Shares**) on 28 April 2008, representing its initial 30% interest in IAPL under the HoA. The Company, LPD and IAPL also entered into a shareholders agreement dated 28 April 2008 (**Initial Shareholders Agreement**) reflecting the terms of, and replacing, the HoA. The Company holds seventy (70) ordinary (common) shares representing its 70% interest in IAPL.

On 5 December 2008, the Company and LPD entered into a new shareholders agreement (**Second Shareholders Agreement**) to facilitate changes to the Initial Shareholders Agreement arising from the issue of sixty two (62) converting shares ("Converting Shares") to each of the Company and LPD. Details in relation to these changes are discussed in the outline of the terms of the further shareholders agreement which is the subject of the resolution to be considered by this extraordinary general meeting. Further details in relation to the operation of the Converting Shares are provided below.

On 24 December 2008, LPD entered into a share sale agreement with MMCL for MMCL to acquire twenty (20) of LPD's ordinary (common) shares in IAPL, representing a 20% interest in IAPL (**Acquisition**). On 14 January 2009], the Company entered into a further new shareholders agreement (**Third Shareholders Agreement**) with LPD, MMCL and IAPL to record the new shareholding of MMCL and the amendments to the future share arrangements as requested by MMCL as outlined in this Explanatory Memorandum. Whilst signed, the commencement of this Third Shareholders Agreement and the exercise of rights to the Additional Share Interest by MMCL are subject to the completion of the Acquisition and the approval of Resolution 1 by the shareholders of the Company.

Settlement of the Acquisition occurred on 14 January 2009. The ordinary (common) share interests of the Company, MMCL and LPD in IAPL is now 70%, 20% and 10% respectively.

About the Project

The Project is located in the Yilgarn iron ore province, an emerging area that is attracting substantial interest from Asian markets.

The Yilgarn iron ore province is not a significant producer of magnetite at this time but there exists a number of large magnetite iron ore projects in the area that are in the early stage of development. Magnetite iron ore projects have been largely overlooked because of the preference for hematite, a close mineral cousin.

The Project consists of an area of approximately 1155 km² and comprises the following Exploration licences/applications for exploration licences and mining leases. The Company is one of the few junior iron ore companies that have granted mining leases which gives the Company a substantial competitive advantage.

The exploration licences/applications held by IAPL for the Project are:

<u>Exploration Licences</u>	<u>Exploration Licence Applications</u>	<u>Mining Leases</u>
E30/0230	E30/0318	M30/0206
E30/0240	E77/1299	M30/0207
E30/0241	P30/1061	M30/0208
E30/0242	P30/1062	M30/0213 pending
E30/0260		M30/0214 pending
E30/0269		M30/0215 pending
E30/0322		M30/0216 pending
E30/0323		M30/0217 pending
E30/0324		M30/0218 pending
E30/0321		M30/0219
		M30/0227 pending
		M30/0228
		M30/0229
		M30/0243 pending

Shareholders Agreement

The Company has entered into the Third Shareholders Agreement with LPD, MMCL and IAPL as a replacement for the Second Shareholders Agreement so as to record the Acquisition by MMCL and to provide for amendments to the staged sale of the Balance Interest of 70% held by the Company. The rights to acquire the Balance Interest granted to LPD under the HoA are, as part of the Acquisition, now held by MMCL.

As now recorded in the Third Shareholders Agreement, the remaining stages for the sale of interests in IAPL to MMCL are as follows:

- MMCL have the right to acquire the Additional Share Interest (50%) (to create a total interest in IAPL of 70%) by subscribing for an additional fifty (50) ordinary (common) shares at a subscription price of CDN\$100,000,000 (one hundred million Canadian dollars). In conjunction with the issue of the Additional Share Interest to MMCL, IAPL will undertake a capital reduction through the cancellation of fifty (50) ordinary (common) shares held by the Company (**Capital Reduction**) for the same consideration of CDN\$100,000,000 (one hundred million Canadian dollars). The right to subscribe for the Additional Share Interest shall be at the election of MMCL until up until the date which is 10 Business Days after the approval of Resolution 1 by the shareholders of the Company. The process for subscription for the Additional Share Interest and the Capital Reduction replaces the share transfer process contained in the HoA and the Initial Shareholders Agreement.

Upon subscribing for the Additional Share Interest and the completion of the Capital Reduction, the Company will receive payment of the CDN\$100,000,000 and will hold a 20% interest in IAPL. At that time, MMCL will hold a 70% interest in IAPL and LPD will hold a 10% interest in IAPL; and

- The Final Share Interest (20%) held by the Company can be acquired by MMCL through the transfer of the balance of the IAPL shares held by the Company for a purchase consideration to be agreed between the parties or, failing agreement, to be determined by an independent expert up to a maximum of CDN\$40,000,000. MMCL has the right to acquire the Final Share Interest during the period from after it acquires the Additional Share Interest until 24 November 2009. Upon acquisition of the Final Share Interest, the respective interests in IAPL will be MMCL - 90%; and LPD - 10% (the Final Share Interest amount and these shareholding percentages are subject to any dilution of rights under the operation of the Third Shareholders Agreement).

The exercise of rights by MMCL to acquire the Additional Share Interest is subject to approval of the Third Shareholders Agreement by the shareholders of the Company.

If MMCL acquires the Additional Share Interest, the Company will be required to contribute, together with LPD and MMCL, to the future funding of IAPL. This funding obligation only requires the Company to contribute to the extent its shareholding in IAPL is beyond its Free Carry Level, being 10% (for example, if the Company holds 20% of the shares in IAPL at the time of the relevant capital contribution it will only be required to contribute capital in respect of 10% of the shares it holds in IAPL), however requires MMCL and LPD to contribute the proportionate amount of capital in respect of their full shareholdings in IAPL. The funding obligations will permit LPD or the Company to elect not to contribute capital contributions. If LPD elects not to contribute capital contributions, the Company will be required to contribute to the extent its shareholding in the Company is beyond its Free Carry Level, MMCL will be required to contribute capital in respect of its full shareholding in IAPL, the Company and MMCL will receive a proportionate increase in their shareholdings and LPD's shareholding will be diluted accordingly. Whilst the Company continues to meet its funding obligations, the Company's interest in IAPL will remain at a minimum level of 20%.

If the Company fails to meet its funding obligations, its shareholding will potentially be diluted (but not beyond a minimum of 10% - see the section on Converting Shares below) and the obligation to contribute to funding will also dilute proportionately. If the interest of the Company in IAPL has been diluted down to its minimum 10% interest, the Company's obligation to contribute to funding will cease.

If MMCL, having acquired the Additional Share Interest, does not exercise its right to acquire the Final Sale Interest, the Company's obligation to contribute to funding of IAPL and the Project will continue as outlined above.

If MMCL proceeds to also acquire the Final Share Interest, the Company's obligation to fund IAPL and the Project will cease immediately.

If MMCL does not exercise its right to acquire the Additional Share Interest, then funding of the Project will be in accordance with normal funding arrangements. In particular, any equity contribution required to be made to fund the Project will be on a pro-rata shareholding basis based upon the shareholders respective equity interest in IAPL at that time. In such instance, the obligation remains for all shareholders to use reasonable endeavours to locate a buyer of IAPL within three (3) months or, if no buyer is found, the Company has the right to re-acquire the 30% interest held by both LPD and MMCL.

Converting Shares

The anti-dilution right in favour of the Company as contained in the HoA and the Initial Shareholders Agreement has been replaced under the Second Shareholders Agreement by the operation of the Converting Shares issued to the Company in December 2008. The operation of the Converting Shares is subject to MMCL acquiring the Additional Share Interest.

These Converting Shares will ensure that the required minimum share interest is held by the Company as the overall share capital of IAPL increases during the development of the Project. The terms of the Converting Shares identify sixty two (62) specific milestones during the development of the Project at which time the Company will, if necessary, automatically receive an additional number of ordinary (common) shares in IAPL, for no additional consideration or payment, so that the required share interest of the Company at that time is restored. These milestones have been prepared and structured so that the share interest of the Company is subject to regular review in line with ongoing development of the Project and, subsequently, increases in the overall capital of IAPL as well as for when key events under the Third Shareholders Agreement occur. Some examples of these milestones include when a resource is upgraded; when a contract is signed for construction of the operating plant; completion of construction of the operating plant; commencement of commercial production at the plant and delivery of a range of product from the plant.

At present, the Converting Shares held by the Company enable the Company to retain a 20% interest in IAPL without making any contribution to future funding of IAPL. Under the terms of the Third Shareholders Agreement, with the introduction of the funding obligation upon the Company, the current terms of the Converting Shares require amendment.

Whilst the Company is meeting its funding obligations, the Company will still be entitled to retain its 20% interest in IAPL. The Company will receive additional ordinary (common) shares pursuant to the Third Shareholders Agreement in proportion to its funding contribution, with the Converting Shares assisting to give effect to any further adjustment required to the number of ordinary (common) shares held by the Company that may be necessary so that the Company's share interest in IAPL is maintained at 20%.

However, if the Company fails to meet its funding obligations, then the Company will only be entitled to retain a minimum shareholding in IAPL of 10%. In such instance, the Company will be diluted down from 20% as the share capital of LPD and MMCL increase in proportion with their contributions to funding. When the share interest of the Company is diluted to below 10%, the revised operation of the Converting Shares will ensure that the shareholding of the Company is not diluted beyond a minimum interest of 10%.

Accordingly, for the Company to retain its 20% interest following MMCL's acquisition of the Additional Share Interest, the Company must continue to contribute to 10% of the future funding requirements of IAPL and the Project.

LPD are also presently the holders of Converting Shares for the purposes of retaining an interest of 10% in IAPL without any additional contribution of capital to IAPL. Under the Third Shareholders Agreement, LPD are required to contribute to the capital of IAPL in order to retain their interest in IAPL and the Converting Shares held by LPD will be cancelled.

Statutory Requirements

Per the policies of TSX-V and the provisions of the Australian *Corporations Act 2001 (Cth)*, the Company's disposition of its interests in IAPL to MMCL requires approval of the shareholders of the Company. As a result, at the Meeting, the shareholders of the Company will be asked to pass a resolution authorizing the disposition of the Company's balance interest in IAPL of 70% to MMCL in accordance with the terms of the Third Shareholders Agreement. The form of resolution is as set forth in the Notice of Meeting. Shares held directly or indirectly by MMCL, or any of its associates or affiliates, will not be entitled to vote on the resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company on local (07) 3010 9342 or international telephone +61 7 3010 9342 during business hours to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

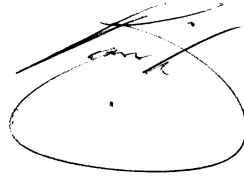
OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 15th day of January, 2009

**BY ORDER OF THE BOARD OF DIRECTORS
OF MACARTHUR MINERALS LIMITED**

DAVID BARWICK
Chairman, President, Chief Executive Officer and
Director

A handwritten signature in black ink, appearing to read "David Barwick", is written over a large, hand-drawn oval shape.