MACARTHUR MINERALS LIMITED
ACN 103 011 436

Management Discussion and Analysis
(Form 51-102F1)
For the Year ended March 31, 2010

Information as of July 26, 2010 unless otherwise stated

Note to Reader

The following management discussion and analysis of the financial condition and results of operations of Macarthur Minerals Limited ('Macarthur' or the 'Company') should be read in conjunction with the Company's annual audited financial statements for the year ended March 31, 2010, together with the notes thereto, as well as the Company's previous quarterly financial and MD&A reports throughout the year. The annual audited financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, which address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes that expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. The material factors or assumptions used to develop forward-looking information include prevailing and projected market prices, exploitation and exploration estimates and results, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

OVERALL PERFORMANCE

Macarthur has historically been an exploration based company but after 5 years of exploration has expanded its focus to early stage development around the resources identified.

All exploration and development activities are focused on its Lake Giles project, owned by Macarthur's wholly owned subsidiary Internickel Australia Pty Ltd ('IAPL').

The Company has now undertaken nine separate drilling programs with the most recent being stage 9 hematite program. The stage 9 program, not yet completed, is focused on the delineation of a DSO hematite/goethite resource in the Moonshine and Banjo prospects in the Deep South area of the project.

During the course of 2009, the Company has not sought to identify strategic partners to support the development of the Lake Giles project but has focused on delivering a solid resource base in the Deep South Moonshine region for magnetite. Table 1 below identifies the substantial increase in reported magnetite tonnage that has been delivered over this period. In March 2009, Hellman & Schofield estimated the resources, and compiled a NI43-101 Technical Report for the project on May 15, 2009 with a resource estimate of 341 million tonnes. In December 2009, CSA Global Pty Ltd ("CSA") had increased the inferred mineral resource estimate to 1,117 million tonnes.

OVERALL PERFORMANCE (Cont'd)

Table 1

DEPOSIT (Magnetite)	**Million Tonnes**	**FE %**
Snark	75.0	27.7%
Clark Hill North	130.0	25.8%
Clark Hill South	66.5	30.3%
Sandalwood	335.0	31.1%
Moonshine	511.0	27.8%
Total	**1,117.0**	**28.75**

Direct Shipping Ore, Drilling Programs

The 2010 drilling campaign has been focused on the hematite target mapped and rock chipped late in 2009 at the Banjo and Moonshine deposits.

Since February 2010, 10,002 meters of RC and Diamond drilling has occurred.

On June 21, 2010, the Company released its maiden hematite inferred resource to the market. CSA Global Pty Ltd estimated an initial inferred resource of 4.4 million tonnes at a grade of 54.2% Fe based of the results on the first 32 holes (refer to table 2).

Table 2 - Lake Giles – NI 43-101 Hematite-Goethite Inferred Estimate Based on 50% Fe Cut Off.

Tonnes (Mt)	**Fe%**	**P%**	**SiO2%**	**Al2O3%**	**LOI%**
4.4	54.2	0.067	10.65	4.89	7.00

In addition, in the June 21, 2010 announcement, the Company reported new potential hematite areas to the Banjo and the Moonshine hematite deposits.

After the delineation of the initial hematite mineral resource estimates, a further 77 RC holes have been drilled on 7 projects and analytical results for this drilling are still pending. The new project areas have been identified through ongoing mapping of the 25 geophysical targets denoted by the exploration team (refer to table 3). RC drilling and mapping is continuing.

Table 3 – Mapped Outcropping Hematite Zone.

Project	**Mapped Strike Length (km)**
South Central	1
Central	6
North Central	2
Snark	2
Woodcutters	0.5
Lost World	0.5
Sandalwood	3
Total	15

Whilst much of the 2010 drilling campaign has focused on the delineation of a hematite resource, geological activity has also advanced the Company's understanding of the magnetite hosted in the Moonshine deposit of the Deep South area of Lake Giles. Much of the recent geological investigation has been based on geological mapping of the Moonshine North prospect, which has a similar outcropping geometry and strike lengths to that of the Moonshine deposit. The 2010 magnetite program is focusing on this Moonshine region with the goal of increasing tonnage, raising the average Fe% and increasing the JORC category beyond inferred.

OVERALL PERFORMANCE (Cont'd)

In May 2010, the Company commenced the early development stage for both the hematite projects and the magnetite projects, with the commission of a study team lead by Engenium Pty Ltd to produce a prefeasibility study for a small scale (up to 2mtpa) DSO program and a scoping study for an up to 10mtpa magnetite concentrate program.

Drilling has not yet defined the extent of the Lake Giles magnetite and hematite mineralisation but there is now sufficient resource confidence to commence a staged study program to support a development program investment by the Company.

There remains potential for substantial additional mineralisation, particularly in the North Moonshine, Sandlewood, Snark and Clark Hill North areas which have currently been drilled by only broadly spaced, scattered drill holes. For the Snark and Sandlewood deposits no drilling for hematite has occurred in these areas.

Not even conceptual tonnage estimates are currently possible for this mineralisation.

Corporate Update

Internickel Australia Pty Ltd Buy-back

In April, 2008 LPD Holdings (Australia) Pty Ltd ('LPD') acquired a 30% interest in IAPL for CAD $10 million. In January, 2009, LPD sold 20% of IAPL's shares to Minmetals Mining Corporation Limited ('MMCL'). The resultant shareholdings in IAPL were at that time, Macarthur 70%, MMCL 20% and LPD 10%.

MMCL had the option until March 2, 2009 to acquire a further 50% of IAPL for CAD $100 million upon certain conditions being met. This option lapsed on March 2, 2009. The Company then had 3 months to seek a commercial solution with LPD and MMCL or seek an alternative partner, failing which, the Company was entitled to acquire back 30% of IAPL from LPD and MMCL for the issue of 4,716,980 shares in the Company at a notional price of CAD $2.12 per share.

On June 3, 2009, the Company exercised its rights to reacquire MMCL's and LPD's 30% share holding in IAPL. Macarthur completed the acquisition of a 10% interest in IAPL from LPD on August 28, 2009 for the issue of 1,572,326 shares in the Company. Reacquisition of the remaining 20% of IAPL, held by MMCL, was completed on December 3, 2009 for the issue of 3,144,654 shares in the Company to MMCL. The Company now holds a 100% interest in IAPL and the Lake Giles Project.

On June 9, 2010 the Company advised shareholders of a transaction between MMCL and Continental Holdings Limited ('Continental Holdings') where Trade Bloom Holdings Limited ('Trade Bloom') an indirect wholly-owned subsidiary of Continental Holdings entered into an agreement with MMCL and Famous Key Holdings Limited ('Famous Key') to acquire all their shares in the Company. The consideration payable by Trade Bloom to Famous Key and MMCL approximates to CAD $3.50 per share.

Private Placement

As announced by the Company on April 21, 2010, the private placement financing previously announced on March 22, 2010 was fully subscribed and closed on final acceptance of the TSX Venture Exchange, as published in its bulletin on April 22, 2010.

The non-brokered private placement of up to 6,000,000 common shares at the price of CAD $1.50 per share raised total gross proceeds of CAD $9,000,000.

OVERALL PERFORMANCE (Cont'd)

The Company paid total commissions of CAD $508,725 and issued 339,150 share purchase warrants in respect of the private placement. Commissions were comprised of up to a 7% cash fee and up to a 7% share purchase warrant paid to qualified parties, as announced in the TSX-V's bulletins published on April 22 and 23, 2010. Each share purchase warrant entitles the holder to acquire one common share at a price of CAD $1.80 for a period of three years from closing of the private placement.

Net proceeds from the placement will be applied towards advancement of the Company's Lake Giles project and general working capital.

All net proceeds from the private placement have been received by the Company.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(All amounts in Australian dollars)

Selected Financial Information

The following table sets forth selected financial information of the Company for, and as at the end of, each of the last three financial years of the Company up to and including March 31, 2010. This financial information is derived from the audited financial statements of the Company. The Company prepares financial information according to Canadian Generally Accepted Accounting Principles ('GAAP') and all information is reported in Australian $.

Australian $	2010	2009	2008
Income from continuing operations	112,536	598,691	168,196
Net profit (loss) for the year	(3,886,078)	6,016,400	(95,546)
Net profit (loss) per share	(0.18)	0.32	(0.01)
Total Assets	19,130,700	19,695,233	10,910,420
Total Long-term financial liabilities	Nil	Nil	Nil

The Company has not recognised any revenue or incurred any loss from discontinued operations or extraordinary items since becoming a reporting issuer.

During the last 3 financial years, the company has consistently reported operating net losses. The most significant factor affecting losses during the last 3 financial years is continuing administrative expenses, which includes consulting, professional fees, salaries, management fees, office and miscellaneous expenses and stock based compensation. Other factors affecting losses include amortisation and exploration and development costs.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

Exploration Expenses

Expensed and capitalized exploration costs, for the Lake Giles Project are as follows:

Australian $	Year Ended March 31, 2010	Year Ended March 31, 2009	Year Ended March 31, 2008
Expenses	-	-	-
Capitalized expenses	5,169,103	5,029,430	1,654,756

For the year ended March 31, 2010, the Company expended $3,906,113 on exploration activities compared with $5,029,430 for the year ended March 31, 2009. Exploration costs for the year ended March 31, 2010 decreased compared to that of the corresponding year ended March 31, 2009.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION (Cont'd)

Administrative Expenses

The largest elements of administrative expenses for the year ended March 31, 2010 were rent and rates $432,829, salaries and management fees $659,679 and stock bases compensation $1,052,153. Rent and rates includes a provision of $241,630 for stamp duty payable on the buy-back of MMCL's and LPD's 30% interest in IAPL. Compared to the corresponding year ended March 31, 2009 total administrative expenses increased by $1,165,653. This increase was largely due to the issue of stock based compensation increase of $959,693.

Income

Income normally comprises interest income and rent income. For the year ended March 31, 2010 the company earned interest income of $95,981 and rent income of $16,555. Compared to the corresponding year ended March 31, 2009 interest income decreased by $401,840, due to reduced interest earned on a reduced cash balance. Rent income decreased by $84,315 due to the termination of a sub-lease agreement.

Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

Income Taxes

For the year ended March 31, 2010, the Company had an income tax expense of $1,140,484 compared to that in the previous year ended March 31, 2009 of $253,360.

Future tax assets have not been recognized in the financial statements as the directors believe it is more likely than not that these non-capital losses will not be recovered.

Net Losses

The net loss for the year ended March 31, 2010 was $3,886,078, compared with the net profit for the corresponding year ended March 31, 2009 of $5,503,714. The net loss for the year ended March 31, 2010 was mainly due to increased administrative expenses. The large net profit for the year ended March 31, 2009 was due to the dilution gain of $7,314,888 resulting from the initial sale of the 30% shareholding in IAPL to LPD.

Change in Financial Position

At March 31, 2010 the Company had net assets of $17,764,852 compared to $16,485,769 at March 31, 2009. The value of mineral properties increased from $11,552,751 to $16,721,854 over the last year resulting from increased capitalized exploration expenditure. The amount of current liabilities has increased by $654,408 during the year ended March 31, 2010 owing to $201,355 Malmac settlement, $140,427 finance lease of vehicles and $241,630 Western Australian stamp duty accrual. The Company had a cash balance of $1,618,693 at March 31, 2010 compared to a cash balance of $6,671,580 at March 31, 2009.

At March 31, 2010 the Company had net working capital of $900,706 compared with net working capital of $6,313,230 at March 31, 2009. The decrease in the net working capital results mainly from increased exploration expenditure and increased accounts payable.

MINERAL PROPERTIES

The Company's 100% owned Lake Giles project consists of:

Tenement Number	Area	Grant Date	Expiry Date	Expenditure	Rent Date	Rent
E30/0230	18	28-Apr-00		$ 70,000	27-Apr-11	$ 8,717.94
E30/0240	39	23-Oct-00	22-Oct-10	$ 117,000	22-Oct-10	$ 18,888.87
E30/0242	2	06-Feb-01		$ 50,000	05-Feb-11	$ 968.66
E30/0269	3	18-Apr-05	17-Apr-12	$ 30,000	17-Apr-11	$ 767.25
E30/0318	26	24-Nov-08	23-Nov-13	$ 26,000	23-Nov-10	$ 3,148.86
E30/0321	12	08-Aug-07	07-Aug-12	$ 20,000	07-Aug-10	$ 2,261.16
E30/0322	47	30-Mar-07	29-Mar-12	$ 70,500	29-Mar-11	$ 8,856.21
E30/0323	8	30-Mar-07	29-Mar-12	$ 30,000	29-Mar-11	$ 1,507.44
E30/0324	15	30-Mar-07	29-Mar-12	$ 30,000	29-Mar-11	$ 2,826.45
E30/0384	1	16-Feb-10	15-Feb-15	$ 10,000	15-Feb-11	$ 291.72
E30/0385	2	16-Feb-10	15-Feb-15	$ 15,000	15-Feb-11	$ 242.22
E30/0386	2	16-Feb-10	15-Feb-15	$ 15,000	15-Feb-11	$ 242.22
E30/0387	7	16-Feb-10	15-Feb-15	$ 20,000	15-Feb-11	$ 847.77
E30/0392	23	16-Feb-10	15-Feb-15	$ 23,000	15-Feb-11	$ 2,785.53
E30/0398	3	07-May-10	06-May-15	$ 15,000	06-May-11	$ 363.33
E30/0399	1	07-May-10	06-May-15	$ 10,000	06-May-11	$ 291.72
E30/0400	2	07-May-10	06-May-15	$ 15,000	06-May-11	$ 242.22
E30/0404	8	23-Jun-10	22-Jun-15	$ 20,000	22-Jun-11	$ 968.88
M30/0206	893	02-Jul-07	01-Jul-28	$ 89,300	01-Jul-10	$ 14,243.35
M30/0207	892	02-Jul-07	01-Jul-28	$ 89,200	01-Jul-10	$ 14,227.40
M30/0208	892	02-Jul-07	01-Jul-28	$ 89,200	01-Jul-10	$ 14,227.40
M30/0219	893	02-Jul-07	01-Jul-28	$ 89,300	01-Jul-10	$ 14,243.35
M30/0228	595	02-Jul-07	01-Jul-28	$ 59,500	01-Jul-10	$ 9,490.25
M30/0229	892	02-Jul-07	01-Jul-28	$ 89,200	01-Jul-10	$ 14,227.40
M30/0243	1253	02-Jun-09	01-Jun-30	$ 125,300	01-Jun-11	$ 19,985.35
M30/0246	1363	23-Oct-09	22-Oct-30	$ 136,300	22-Oct-10	$ 21,739.85
P30/1061	200	21-Apr-08	20-Apr-12	$ 8,000	20-Apr-11	$ 462.00
P30/1062	22	21-Apr-08	20-Apr-12	$ 2,000	20-Apr-11	$ 50.82
P30/1083	115	27-Oct-09	26-Oct-13	$ 4,600	26-Oct-10	$ 265.65

RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

General

The Company is an Australian mineral exploration company listed on the TSX Venture Exchange and engaged in the exploration and development of mineral properties located at Lake Giles in Western Australia.

It has not yet determined whether all of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing that may be required.

The Financial Statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the quarter ended March 31, 2010 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and exploration activities that are being conducted, which in turn may depend on the Company's recent exploration experience and prospects, as well as the general market conditions relating to the availability of funding for exploration-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration work on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Trends

The Company's financial success is dependent upon the discovery of commercial mineral resources on the Lake Giles prospect which could be economically viable to develop. Such development could take several years to complete and the resulting income, if any, is difficult to determine at this time, until the resource estimate on its magnetite prospect and scoping study is concluded. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Competitive Conditions

The resource industry is intensively competitive in all of its phases, and a number of other magnetite deposits have been developed in Western Australia. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors.

The Company competes with many other companies that have substantially greater financial resources than the Company and our ability to compete is dependent of being able to raise additional funds as and when required.

RISKS AND UNCERTAINTIES (Cont'd)

Environmental Factors and Protection Requirements
The Company currently conducts exploration and development activities in Western Australia. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration with minimal environmental impact.

Mineral Exploration and Development
The Company's Lake Giles Project is in the exploration stage. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of a body of commercial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Operating Hazards and Risks
Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Economics of Developing Mineral Properties
Substantial expenditures are required to establish reserves through drilling, to develop processes to extract minerals and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence commercial production.

RISKS AND UNCERTAINTIES (Cont'd)

Commodity Prices
The Company's revenues, if any, are expected to be in large part derived from the mining and sale of minerals or interests related thereto. The price of various minerals have fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic, financial and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of mineral substitutes, mineral stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of various minerals, and therefore the economic viability of the Company's operations cannot accurately be predicted.

Currency Risk
The Company's revenues and expenses will be incurred in Australian dollars, though its financings are completed in Canadian dollars. Although the Company has taken certain steps to help mitigate foreign currency fluctuations, there is no assurance that the activities or products are or will continue to be effective. Accordingly, the inability of the Company to obtain or to put in place effective hedges could materially increase exposure to fluctuations in the value of the Canadian dollar relative to the Australian dollar. This could adversely affect the Company's financial position and operating results.

Title
There is no guarantee that title to properties in which the Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. No native title claims were lodged by the due date, which has enabled the Company to apply for mining leases.

Governmental Regulation
Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Management and Directors
The Company is dependent on a relatively small number of directors and officers:

- Alan Phillips – Chairman, President/CEO
- David Taplin – CFO and Company Secretary
- Simon Hickey – Director
- John Toigo – Director
- Andrew Spinks – Consultant and Qualified Person as defined in National Instrument 43-101.

Nicholas Revell resigned as a director on April 20, 2009.

David Barwick and James Canning-Ure were not re-elected at the company's annual general meeting on August 31, 2009.

RISKS AND UNCERTAINTIES (Cont'd)

The Company does not maintain key person insurance on any of its management.

Conflicts of Interest
Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Limited Operating History
The Company has experienced losses in previous years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2010 the Company's deficit was $14,264,581.

Price Fluctuations: Share Price Volatility
In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the financial year ended March 31, 2010, the per share price of the Company's shares fluctuated from a low of CAD $0.65 to a high of CAD $2.35. There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Issuance: Dilution
As at March 31, 2010, there were 1,645,000 stock options and 2,000,000 warrants outstanding.

Market Conditions

Global Economy
World growth is projected at about 4½ percent in 2010 and 4¼ percent in 2011. Relative to the April 2010 World Economic Outlook (WEO), this represents an upward revision of about ½ percentage point in 2010, reflecting stronger activity during the first half of the year. The forecast for 2011 is unchanged. At the same time, downside risks have risen sharply amid renewed financial turbulence. In this context, the new forecasts hinge on implementation of policies to rebuild confidence and stability, particularly in the euro area. More generally, policy efforts in advanced economies should focus on credible fiscal consolidation, notably measures that enhance medium-run growth prospects, such as reforms to entitlement and tax systems. Supported by accommodative monetary conditions, fiscal actions should be complemented by financial sector reform and structural reforms to enhance growth and competitiveness. Policies in emerging economies should also help rebalance global demand, including through structural reforms and, in some cases, greater exchange rate flexibility.

(Source: IMF World Economic Outlook Update, July, 2010 www.imf.org)

RELATED PARTY TRANSACTIONS

The following persons and entities are related parties during the year.

- David Barwick (not reappointed as director on August 31, 2009)
- James Canning-Ure (not reappointed as director on August 31, 2009)
- Simon Hickey – Director
- Alan Spence Phillips – Chairman, President/CEO
- John Toigo - Director
- Nick Revell (resigned as a director on April 20, 2009)
- Central Iron Ore Ltd, an entity of which Nick Revell and Alan Spence Phillips were directors during all or part of the reporting period.
- Strategic Capital Services Pty Ltd, an entity associated with Alan Spence Phillips and of which he is a director.
- Phillips Exploration Pty Ltd, an entity associated with Alan Spence Phillips and of which he is a director.
- Chivas Group Pty Ltd, an entity associated with David Barwick and of which he is a director.
- Cadan Resources Corporation, an entity of which Alan Spence Phillips is a director.
- Ruby Rich Pty Ltd, an entity associated with Nick Revell and of which he is a director.
- Unlimited Business Strategies Pty Ltd, an entity associated with Alan Joseph Phillips, who is a related party of Alan Spence Phillips.

The Company entered into the following transactions with related parties during the year:

a) $23,758 (2009: $113,964) paid to Central Iron Ore Limited, an entity of which Alan Phillips (resigned 10 November, 2009) was a director and shareholder, for geological services,
b) $23,758 (2009: $26,018) paid to Central Iron Ore Limited, an entity of which Alan Phillips (resigned 10 November, 2009) was a director and shareholder, for office rent,
c) $63,000 (2009: $1,015) paid to Strategic Capital Services Pty Ltd, an entity of which Alan Phillips is a director and shareholder for office services and office rent,
d) The Company paid or accrued $286,374 (2009: $293,503) in directors and management fees during the year,
e) $NIL (2009: $43,875) paid to Ruby Rich Pty Ltd, an entity of which Nick Revell is a director, for geological services,
f) At March 31, 2010, $1,490 (2009: $24,637) is owed to directors and a private company controlled by a director for accrued management fees, geological services and expenses paid on behalf of the Company,
g) At March 31, 2010, there is $12,225 (2009: $200,000) owing to a major shareholder,
h) The Company received $NIL (2009: $45,014) in rent from Central Iron Ore Limited, an entity of which Alan Phillips (resigned 10 November, 2009) was a director and shareholder, for offices sub-let by the Company in Vancouver,
i) The Company received $18,031 (2009: $53,867) in rent from Cadan Resources Corporation, an entity of which Alan Phillips is a director, for offices sub-let by the Company in Vancouver.
j) $13,106 (2009: $NIL) paid to ClarkeKann Lawyers of which John Toigo is a partner, for legal fees.
k) $54,545 (2009: $NIL) paid to Unlimited Business Strategies Pty Ltd an entity of which Alan Phillips is a related party, for consulting services.
l) The Company granted 1,545,000 (2009: 200,000) stock options to directors, officers and consultants, which are recorded as stock-based compensation with a fair value of $1,052,153 (2009: $92,460), including 150,000 options ($95,901) granted to Alan Joseph Phillips, a related party of Alan Spence Phillips.

RELATED PARTY TRANSACTIONS (Cont'd…)

These transactions were in the normal course of operations and, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

SUMMARY OF QUARTERLY INFORMATION

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with March 31, 2010. This Financial information is derived from the Financial Statements of the Company. Financial information is prepared according to GAAP and is reported in Australian $.

	Jun 30 2008	Sep 30 2008	Dec 31 2008	Mar 31 2009	Jun 30 2009	Sept 30 2009	Dec 31 2009	Mar 31 2010
Interest and rent Income	$190,764	$201,437	$101,612	$104,868	$42,256	$43,231	$23,410	$3,639
Net profit/(loss)	$6,545,004	$1,330,275	$68,988	($2,440,553)	$(159,034)	$(956,172)	$(1,847,213)	($923,659)
Net profit/(loss) per share	$0.35	$0.07	$0.01	$(0.09)	$(0.01)	$(0.05)	$(0.09)	$(0.05)

The Company has not recognized any revenue or incurred any loss from discontinued operations or extraordinary items since becoming a reporting issuer.

During the last 8 quarters, the Company has consistently reported net losses apart from the quarters ended December 31, 2008, September 30, 2008 and June 30, 2008, when it realized profits resulting mostly from income tax gains in those quarters. The most significant factor affecting quarterly losses during the last 8 quarters is continuing administrative expenses.

Income is predominantly derived from interest income and rent received. Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

No cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

LIQUIDITY AND CAPITAL RESOURCES

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to acquire, explore and develop mineral properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising their required financing.

Apart from the initiatives discussed above, the Company is not aware of any trends, commitments or events that may affect its liquidity in the foreseeable future. The Company has not made any commitments for capital expenditures. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of raising additional funds through private placements and its planned exploration programs.

LIQUIDITY AND CAPITAL RESOURCES (Cont'd)

At March 31, 2010, the Company has net working capital of $900,706.

Over the next 4 quarters (12-months), the Company anticipates that it will have on-going quarterly cash expenditure requirements consistent with the year ended March 31, 2010.

COMMITMENTS

At balance sheet date the Company had commitments to pay $383,073 for an equipment and vehicle lease.

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures were set out in Note 19 to the Annual Financial Statements for March 31, 2010.

Apart from the above, the Company has no other material commitments at this time.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

ACCOUNTING POLICIES

Accounting policies are listed in Note 1 to the Financial Statements for the year end March 31, 2010.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's size and the number of staff impact the Company's internal controls. Due to the limited number of staff, it is not possible to achieve complete segregation of duties. Similarly, the Company must engage accounting assistance with respect to complex, non-routine accounting issues, Canadian GAAP matters, tax compliance and reporting for its international operations.

Notwithstanding these weaknesses, the Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and that information is timely and accurately disclosed consistent with Canadian securities laws and regulations.

Although the identified weaknesses may be considered to increase the risk that a material misstatement in the Company's financial statements would not be prevented or detected, neither has resulted in a material misstatement in the financial statements.

The CEO and the CFO and Company Secretary oversee all material transactions and related accounting records. The audit committee of the Company, with management, reviews the financial statements of the Company, on a quarterly basis.

While management and the board of directors of the Company work to mitigate the risk of a material misstatement in the Company's financing reporting, the Company's control system, no matter how well designed or implemented, can only provide reasonable, but not absolute, assurance of detecting, preventing and deterring errors and fraud.

FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point of time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, sundry receivables, and accounts payable and accrued liabilities and amounts due to related parties approximate their fair market value because of the short-term nature of these instruments.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed the date for publicly-listed companies to use IFRS replacing Canadian GAAP for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Therefore the Company will be required to adopt IFRS for its fiscal year commencing April 1, 2011, and the transition plan will require in 2011 the restatement for comparative purposes onto the IFRS basis of amounts and disclosures reported by the Company for its prior fiscal years, those ended March 31, 2011 and 2010. The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

• Exploration and development expenditures;
• Property, plant and equipment (measurement and valuation);
• Stock-based compensation;
• Functional currencies;
• Accounting for income taxes; and
• First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including the implication of changes to accounting policies and processes; financial statement note disclosures; information technology; internal controls; contractual arrangements; and employee training.

The following table summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress now
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	By August 31, 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	By August 31, 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	By November 30, 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual agreements.	By November 30, 2010
Management and employee education and training.	Throughout the transition process
Quantification of the Financial Statements impact of changes in accounting policies.	By November 30, 2010

OUTSTANDING SHARE DATA AS OF JULY 26, 2010:

Authorized and issued share capital:

Class	Par Value	Authorized Common shares (No par value)	Issued
Common	No par value	Unlimited	29,990,630

As at July 26, 2010 there were 2,950,000 stock options and 2,399,150 warrants outstanding.

OTHER INFORMATION

The Company's website address is www.macarthurminerals.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.

COMPETENT PERSON'S STATEMNENT

Technical aspects of this MD&A were prepared and verified by Mr Andrew Spinks, B.App.Sc, Grad.Dip (Mining), and a member of the AusIMM. He is the qualified person as required by National Instrument 43-101, and is the technical person responsible for this MD&A. The qualified person has verified the data disclosed in this MD&A.

BY ORDER OF THE BOARD

"Alan Phillips"

Alan Phillips
Chairman President and CEO

"John Toigo"

John Toigo
Director