MACARTHUR Minerals Limited

ACN 103 011 436

Management's Discussion and Analysis

(Form 51-102F1)

For the Quarter ended December 31, 2016

Information as of February 23, 2017 unless otherwise stated

Note to Reader

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Macarthur Minerals Limited ("Macarthur" or the "Company") for the nine month period ended December 31, 2016 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of February 23, 2017 (unless otherwise stated).

This MD&A should be read in conjunction with the Company's Audited Annual Financial Statements for the year ended March 31, 2016, together with the notes thereto, as well as the Company's previous quarterly financial and MD&A reports throughout the previous year. The Condensed Interim Consolidated Financial Statements for the nine month period ended December 31, 2016 are prepared in accordance with International Financial Reporting Standards ("IFRS").

Forward-Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements in this MD&A, other than statements of historical facts, are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. 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. Factors that could cause actual results to differ materially from those in forward-looking statements include fluctuations in exchange rates and certain commodity prices, uncertainties related to mineral title in the projects, unforeseen technology changes that results in a reduction in minerals demand or substitution by other minerals or materials, the discovery of new large low cost deposits of minerals and the general level of global economic activity. 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 MD&A and 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.

Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk and Uncertainties".

These forward-looking statements are made as at the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. 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 and investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Discussion on Operations

Macarthur Minerals Limited is an Australian public company listed in Canada on the TSX Venture Exchange ("TSX-V") (symbol: MMS) currently focused on identifying and developing high grade lithium and counter cyclical investments, with significant lithium exploration interest in Australia and Nevada. In addition, Macarthur maintains two valuable iron ore projects in Western Australia.

There was no change in the nature of the Group's principal activities, being mineral resource exploration and evaluation, during the quarter.

MACARTHUR LITHIUM ACREAGE

Macarthur has 18 Exploration Licence Applications, 3 granted Exploration Licences and prospective interest in rights to lithium covering a total area of 2,138 square kilometres (528,311 acres) (as at February 23, 2017) in the Pilbara, Ravensthorpe and the Yalgoo/Edah regions of Western Australia. In addition, the Company has acquired the Stonewall Project in Nevada, which covers an area of approximately 12,019 acres (49 km^2).

Pilbara Acreage

The Company has a total of 18 Exploration License Applications in the Pilbara covering a total area of 1,472 square kilometres (363,739 acres) (as at February 23, 2017).

The Pilbara applications include similar geological settings to the Pilgangoora Li-Ta pegmatite deposits, which host the lithium projects of Australian Securities Exchange listed companies, Pilbara Minerals Limited (ASX: PLS) and Altura Mining Limited (ASX: AJM).

Macarthur's applications in the Pilbara are selected on the basis of geological attributes that are broadly consistent with the currently accepted exploration/mineral system model for Lithium-Caesium-Tantalum ("LCT" family or type) of the rare element class of lithium bearing pegmatites. The tenement applications include areas of potential LCT type pegmatite host rocks such as greenstone belts (meta-volcanic sequences) andearlier granitoids and gneisses. The tenement applications are located within 5–10 km of ~2.89 to 2.83 Ga[1] post-tectonic monzogranite (S-type) intrusions, which are considered to be the source of magmatic melts from which the LCT type pegmatites evolve. The fertile character of the highly fractionated younger monzogranites[2], and their potential link to lithium mineralisation, adjacent to and within the new application is supported by numerous associated occurrences of lithium (Li), tantalum (Ta), tin (Sn), and beryllium (Be).

In May 2016, the Company completed its initial heliborne reconnaissance across a portion of its acreage in the Pilbara region of Western Australia. Assay results from the initial heliborne reconnaissance sampling of pegmatites located within three of the Company's Exploration Licence Applications (E45/4702, E45/4711 and E45/4748) are encouraging.

Given the short nature of the initial reconnaissance trip and the large acreage holding, the Company is confident in locating lithium-bearing pegmatites and is currently working through the exploration strategy designed to locate economic pegmatite deposits in the Company's tenement portfolio.

Reconnaissance, including sampling, was only conducted on seven of the Company's Exploration License Applications in the Pilbara and did not include all areas contained in those applications. In essence, the initial reconnaissance program only assessed the lithium potential of a fraction of the Company's acreage package.

The Company will undertake further reconnaissance of its Exploration Licence Applications.

[1] Ga is giga anna – 1 Billion years.
[2] S-type monzogranites are biotite-bearing granitoids considered to have formed by crystallisation of melts from metasedimentary protoliths.

Discussion on Operations (Cont'd)

Sulphur Springs and Whim Creek Joint Venture

On May 27, 2016, Macarthur and Venturex Resources Limited ("VXR") entered into a Memorandum of Understanding ("MOU") for a Farm-in and Joint Venture Agreement ("FJVA") for rights to lithium on Sulphur Springs and Whim Creek in the Pilbara region of Western Australia, which is contiguous with some of the Company's Exploration Licence Applications.

Sulphur Springs covers approximately 118 km^2 (29,158 acres) of Mining Leases, Exploration Licence applications and Miscellaneous Licenses for haul road access into the project area. Sulphur Springs covers a northeast-southwest trending faulted geological contact between mafic rocks and folded sediments where the Archean greenstones and volcaniclastic rocks are folded around the intrusive Strelley Granite batholith. The acreage covers an area of potential host rock sequences ('greenstone belts') for the LCT type of pegmatites and is located within 5–10km of a monzogranite intrusion (Strelley batholith), which may be the magmatic source for LCT type pegmatites.

The Sulphur Springs acreage is adjacent to Macarthur's exploration licence applications E45/4735, E45/4732 and E45/4779.

Whim Creek covers approximately 124 km^2 (30,641 acres) of Mining Leases, Exploration Licences and Miscellaneous Licenses. The Whim Creek project area covers the Archaean Whim Creek Greenstone Belt within the North Pilbara region, consisting of heavily faulted North-East trending volcanic and sedimentary rocks wrapped around earlier granitoid batholiths. The acreage covers an area of potential host rock sequences ('greenstone belts') for the LCT type of pegmatites and are located within 5–10km of the Caines Monzogranite which may be the magmatic source for the LCT type of pegmatites.

The majority of the acreage is comprised of granted Mining Leases, which will allow for drilling and exploration activities for lithium to be fast-tracked, once the area is confirmed to be prospective for lithium. VXR has conducted reverse circulation ("RC") drilling for zinc-copper across the Sulphur Springs acreage, which has generated a geochemical database and the opportunity to resample existing drill spoil and RC drill chips for lithium or lithium pathfinder elements.

Yalgoo Lithium Project

On October 12, 2016, acquired exclusive rights for lithium and other rare earth minerals on two granted exploration licenses covering an area of 213 km^2 (52,633 acres) in the Yalgoo region of Western Australia. The Yalgoo Acreage on which rights to lithium are acquired is in proximity to the Company's existing Edah Hill lithium acreage and consists of granted exploration licenses allowing immediate exploration for lithium.

Initial rock chip samples collected as part of a due diligence site visit to the Yalgoo Lithium Project has confirmed the presence of at least two lithium bearing pegmatites, one of which is a newly identified occurrence. Five grab rock chip samples from two pegmatites returned geochemical results between 1.68% Li_2O and 3.75% Li_2O. The Company also submitted several rock chip samples for X-ray Diffraction Analysis ("XRD"). The XRD results and geochemical results indicate the highest grade sample is lepidolite with the other four samples, which returned grades of 1.68% Li_2O to 2.05% Li_2O, as lithium muscovite. The underlying licences on which the rights of lithium are acquired consists of granted exploration licences, allowing for immediate exploration for lithium.

The results of the due diligence site visit are highly encouraging and indicate that the Yalgoo Lithium Project has excellent potential to host additional lithium bearing pegmatites. The lithium muscovite and lepidolite bearing pegmatite samples, in conjunction with the rubidium (Rb) and caesium (Cs) values indicate the sampled pegmatites are extremely fractionated and that the exploration licences warrant further exploration to locate additional lithium bearing pegmatites, particularly of the spodumene sub-type.

The Yalgoo Lithium Project covers predominantly mafic rocks at the northern extremity of the Youanmi Terrane greenstone belt. The northerly trending greenstone belt is bound to the north, east and west by granitic rocks, with a biotite monzogranite, the interpreted; although unconfirmed, source granite for the pegmatites, located along the eastern portion of the exploration licences. The northern part of the Yalgoo Lithium Project covers portions of a south plunging anticline containing mafic rocks, which have been extensively invaded by pegmatites, a number of which have been prospected or mined in the past for beryl.

Discussion on Operations (Cont'd)

The underlying licences on which the rights of lithium are acquired on the Yalgoo Lithium Project comprise of granted exploration licences, allowing for immediate exploration for lithium, including drilling.

The Company will conduct a more extensive sampling program on the Yalgoo Lithium Project to confirm the extent of lithium mineralisation and identify drill targets.

Ravensthorpe Acreage Package

The Company has two granted exploration licenses in the Ravensthorpe district in South Western Australia covering an area of approximately 91 km^2 (22,536 acres) (as at February 23, 2017).

On July 12, 2016 MLi entered into a MOU with Zadar Ventures Ltd ("ZAD") for entering into a Farm-in Agreement ("FIA") for lithium exploration on the Company's Ravensthorpe acreage for minimum expenditure of A$2 million.

The ZAD farm-in allows the Company to accelerate its exploration activities over its large acreage package prospective for lithium.

The Company will manage the exploration program for the Ravensthorpe acreage contributing the resources of its very experienced lithium technical team.

A recent field trip located feldspar-quartz-muscovite pegmatites on tenement E74/588, justifying further investigation.

Edah Hill Acreage Package

The Company has one granted exploration licence in the Mt Edah district in the greenstone terrane of the Murchison Province of the Yilgarn, Western Australia covering an area of 120 km^2 (29,653 acres) (as at February 23, 2017).

Stonewall Project

On October 21, 2016 the Company acquired the Stonewall Project located in both the Lida and Stonewall Flat Valleys, in southern Nevada. The Stonewall Project area encompasses parts of the Eastern Lida Valley and Northwestern Stonewall Flat Basins, which were developed in and overlie the moat area of the Stonewall Mountain Caldera. The Stonewall Project area is within 50 km of the Clayton Valley and has some similar geologic features the Clayton Valley, which hosts North America's only producing lithium mine, Albemarle's Silver Peak Lithium Mine.

Lithium has been located at Stonewall Project from a shallow auger drilling program conducted as part of due diligence, for acquisition of the Stonewall Project. An initial shallow auger drilling program on the Stonewall Project for the purposes of collecting soil and brine samples for lithium was conducted. A total of nine auger holes were drilled to depths of between 1.07 – 2.13 meters (3.5 to 7 feet) at various locations across the Stonewall Project playa (dry lake bed). All holes contained lithium with sediment assays ranging from 34.6 parts per million ("ppm") lithium ("Li") and up to 145.5 ppm Li.

The highest value analytical results were from holes SW 7 – 145.5 ppm Li and SW 17 – 95.9 ppm Li. The sediment samples were taken under chain of custody to the ALS Chemex lab in Reno, Nevada. The samples were analysed for 51 individual elements by Method ME – MS 41 which is an ultra trace level analysis using Inductively Coupled Plasma – Mass Spectrometry (ICP – MS) methods, with an Aqua Regia digestion.

The Stonewall Project is located in tectonic terrane favorable for formation of pull-apart basins, and is mostly surrounded by Tertiary volcanic rhyolitic rock units which are anomalously high in lithium. These rhyolitic units are thought to act as a potential source rock for lithium in the Clayton Valley brines. The potential lithium source rock includes flows and tuffs that likely extend below the alluvial cover.

On November 4, 2016, the Company completed staking an additional 360 claims covering approximately 6,975 acres (28.22 square kilometers) surrounding its Stonewall Lithium Project, increasing the Company's footprint in the Lida and Stonewall Flat Valleys to a total of approximately 12,019 acres (48.64 square kilometers) covering almost all of the playa areas (i.e. 'dry lake bed') in both of the valleys.

Discussion on Operations (Cont'd)

The Company staked the additional claims because of the lithium prospectivity of the project area which was indicated by surface grades returned from the initial drilling program.

The Stonewall Project is strategically located in the Nevada lithium supply hub, 306 kilometres (191 miles) southeast of Tesla's new Gigafactory and is located in the mining friendly Nye and Esmeralda Counties of Nevada and is serviced by excellent infrastructure with access to power, water, labour and is bisected by the Veterans Memorial Highway Number 95. The regional climate also favours natural and inexpensive evaporation for brine concentration and allows year-round work.

The Company plans to conduct further extensive sampling of the Stonewall Project to compliment the shallow auger drilling program conducted as part of due diligence.

Once the extensive soil sampling program is completed, additional exploration will be by geophysical methods. A detailed gravity survey will probably be conducted. Once the results of the gravity survey and the soil sampling survey are integrated and analysed, drill sites will be selected for a detailed subsurface investigation of the Stonewall Project.

<u>Lithium Strategy</u>

Macarthur is focussed on the acquisition and development of high quality lithium projects. Macarthur is currently evaluating its acreage and commencing discussions with various third parties concerning potential joint ventures to maximise the exploration effort throughout 2017.

IRON ORE PROJECTS

Macarthur's iron ore projects are owned by its wholly-owned subsidiary Macarthur Iron Ore Pty Ltd ("Macarthur Iron Ore" or "MIO").

The iron ore projects are located on mining tenements covering approximately 62km^2 (as at February 23, 2017) located 175 km northwest of Kalgoorlie in Western Australia. Within the tenements, at least 33 km strike extent of outcropping banded iron formation ("BIF") occurs as low ridges, surrounded by intensely weathered and mostly unexposed granites, basalts and ultramafic rocks.

The iron ore projects consist of two distinct mineral projects:

1. The Ularring Hematite Project: encompassing hematite iron ore ("hematite"), to be marketed as potential direct shipping and/or beneficiated iron ore; and
2. The Moonshine Magnetite Project: encompassing magnetite iron ore ("magnetite"), to be marketed as a beneficiated magnetite concentrate.

The Company has been maintaining the core iron ore projects' assets and they remain valuable assets. There is real potential for the iron ore projects to add significant value with the recovery of global iron ore markets.

Macarthur's early focus from 2005 to 2009 was upon the exploration for iron ore mineralisation and the estimation of Mineral Resources for magnetite iron ore. From 2010 the focus shifted to the exploration and delineation of Mineral Resources and Ore Reserves for hematite mineralisation.

Exploration of the iron ore projects since 2005 included geological mapping, geophysical surveying, auger sampling of pisolite targets and reverse circulation percussion ("RCP") drilling of magnetite ore targets. Since July 2006 Macarthur has drilled 1,841 RCP drill holes (142,443 m) and 49 diamond holes (4,170 m) targeting iron mineralisation associated with BIF units. Analytical data for mineralised portions of Macarthur's RCP holes include XRF assay results and Davis Tube Recovery ("DTR") tests, which measure the proportion of sample extractable by magnetic separation from fresh BIF samples containing magnetite mineralisation. Material concentrated by the DTR tests was assayed by XRF methods for iron and other elements of interest.

Discussion on Operations (Cont'd)

The outcropping geology of the iron ore project area is comprised of a combination of un-altered silica-rich BIFs and altered, enriched hematite / goethite BIFs. The un-altered silica-rich BIFs have been targeted for magnetite mineralisation, an iron mineral species (Fe_3O_4) with strong magnetic properties, making it amenable for separation from the crushed and ground ore by magnetic separation techniques. The hematite / goethite mineralisation is a product of weathering of the top 50 m (on average) of BIF strata, and the leaching out of silica and alteration of magnetite to hematite (Fe_2O_3) and goethite, a hydrous (water bearing) form of hematite. Hematite is weakly magnetic, and requires a different ore processing route to that of magnetite.

For this reason the magnetite and hematite/goethite mineralised deposits were separated into two projects, because they require different infrastructure and ore processing routes and hence the impost of different anticipated costs of development. Macarthur has grouped the hematite / goethite deposits into the Ularring Hematite Project, and the magnetite deposits into the Moonshine Magnetite Project.

Exploration at both Ularring Hematite and Moonshine Magnetite projects has been sufficient to allow the estimation of Mineral Resources for both projects.

The Ularring Hematite Project's Mineral Resource consists of Indicated 54.46 Mt @ 47.2% Fe and Inferred 25.99Mt @ 45.4% Fe[3]. Macarthur Minerals published a Pre-Feasibility Study in 2012, reporting Mineral Reserves[4].

The Company has received approval to develop an iron ore mine for the Ularring Hematite Project and associated infrastructure at the project location under the *Environmental Protection Act 1986* and the *Environmental and Biodiversity Conservation Act 1999*.

The Inferred Mineral Resource estimate for the Moonshine Magnetite Project was initially prepared by CSA Global Pty Ltd[5] and was updated by Snowden Mining Industry Consultants, with an Inferred Mineral Resource consisting of 1,316 Mt @ 30.1% Fe[6].

A Preliminary Economic Assessment Report was prepared on the Moonshine Magnetite Project by Snowden Mining Industry Consultants in 2011[7].

TENEMENTS

Macarthur Lithium Acreage

At December 31, 2016 the Company held 21 Exploration Licences Applications and had prospective interest in rights to lithium covering a total area of 2,138 km^2 (528,630 acres). In addition, the Company held 615 claims covering a total area of approximately 12,019 acres (49 km^2) at its Stonewall Project in Nevada.

There have been no changes to the lithium acreage since the quarter end December 21, 2016.

Iron Ore Projects

At December 31, 2016 the Company held mineral tenure totalling 15 Mining Leases covering a total area of approximately 62 km^2.

There have been no changes to the iron ore tenements since the quarter end December 21, 2016.

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[3] Previously announced on August 16, 2012 NI 43-101 Technical Report filed October 1, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia

[4] Previously announced on August 16, 2012 NI 43-101 Technical Report filed October 1, 2012, titled "NI 43-101 Technical Report, Macarthur Minerals Limited, Pre-Feasibility Study, Ularring Hematite Project, Western Australia

[5] NI43-101 Technical Report filed December 17, 2009, titled "NI43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia

[6] NI43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Assessment

[7] NI43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI43-101 Technical Report – Preliminary Economic Assessment

Discussion on Operations (Cont'd)

LIVE MINERAL TENURE

Macarthur Lithium

As at February 23, 2017, the Company's Australian Lithium tenements comprise of:

Tenement Number	Area(1)	Application/Grant Date	Status
E45/4848	1 SB	20-Oct-2016	Application
E45/4824	66 SB	15-Aug-2016	Application
E45/4693	15 SB	3-Feb-2016	Application
E45/4694	34 SB	3-Feb-2016	Application
E45/4702	43 SB	11-Feb-2016	Application
E45/4708	27 SB	26-Feb-2016	Application
E45/4709	22 SB	26-Feb-2016	Application
E45/4710	22 SB	26-Feb-2016	Application
E45/4711	40 SB	29-Feb-2016	Application
E45/4732	43 SB	7-Apr-2016	Application
E45/4735	5 SB	19-Apr-2016	Application
E45/4747	2 SB	19-Apr-2016	Application
E45/4749	9 SB	19-Apr-2016	Application
E45/4750	4 SB	16-May-2016	Application
E45/4779	40 SB	26-Feb-/2016	Application
E46/1114	35 SB	26-Feb-2016	Application
E46/1115	21 SB	26-Feb-2016	Application
E46/1133	31 SB	19-Apr-2016	Application
E59/2174	40 SB	4- Oct-2016	Granted
E74/0587	2 SB	7-Nov-2016	Granted
E74/0588	30 SB	7-Nov-2016	Granted

(1) 1 sub-block (SB) = approx. 3.2 km^2 in the Pilbara region, 3 km^2 in Midwest region and 2.8km^2 in Southern regions.

Iron Ore Projects

As at February 23, 2017, the Company's 100% owned Iron Ore Projects comprises:

Tenement Number	Area(1)	Grant Date	Expiry Date
M30/0206	188 HA	02-Jul-07	01-Jul-28
M30/0207	171 HA	02-Jul-07	01-Jul-28
M30/0213	258 HA	13-Jun-11	12-Jun-32
M30/0214	260 HA	13-Jun-11	12-Jun-32
M30/0215	521 HA	13-Jun-11	12-Jun-32
M30/0216	55 HA	13-Jun-11	12-Jun-32
M30/0217	114 HA	13-Jun-11	12-Jun-32
M30/0227	504 HA	13-Jun-11	12-Jun-32
M30/0228	362 HA	02-Jul-07	01-Jul-28
M30/0229	204 HA	02-Jul-07	01-Jul-28
M30/0248	585 HA	22-Feb-12	21-Feb-33
M30/0249	1,206 HA	22-Feb-12	21-Feb-33
M30/0250	102 HA	05-Mar-13	04-Mar-34
M30/0251	1,246 HA	27-Nov-12	26-Nov-33
M30/0252	478 HA	27-May-13	26-May-34

(1) 1 HA = 0.01km^2

Corporate Update

(i) Legal Proceedings

LPD Holdings (Aust) Pty Ltd ("LPD") and Mayson Associates Limited ("Mayson") v. Macarthur and Ors. ("Initial Proceedings") and LPD v. Macarthur and Ors. ("New Proceedings")

The Initial Proceedings were dismissed in November 2012 and the Company was awarded costs on an indemnity basis. LPD and Mayson appealed the indemnity costs order in the Queensland Court of Appeal and on October 11, 2013 the appeal was dismissed with costs of the appeal being awarded to the Company. LPD, a shareholder of the Company, and Mayson are entities associated with Mr Edward Kwok, a Director of First Strategic Development Corporation Ltd (in liquidation) ("FSDC").

LPD brought New Proceedings against the Company and some of its directors in November 2012 substantially on the same grounds, following dismissal of the Initial Proceedings. On November 26, 2013 the New Proceedings were stayed by consent pending payment of the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

To date, the Company has recovered costs of $476,020 from LPD and Mayson for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson. LPD has paid $347,473.56 to the directors and officers of the Initial Proceedings for the indemnity costs of the dismissed Initial Proceedings and the appeal costs by LPD and Mayson.

Like the dismissed Initial Proceedings, the Company considers the New Proceedings are without merit and will continue to vigorously defend those proceedings.

Chan, Chan and Kwok ("FSDC Directors") v. Macarthur Minerals Limited and Ors.

On January 20, 2016 the Company was served with another Claim in the Supreme Court of Queensland commenced by Mr Charles Chan, Mr Victor Chan (who are associated with a shareholder of the Company) and Mr Edward Kwok ("FSDC Directors' Claim"), the FSDC Directors.

The FSDC Directors are seeking damages against the Company and two of its officers relating to the debts the Supreme Court of Queensland found the FSDC Directors had incurred while trading insolvent (First Strategic Development Corporation Ltd (in liquidation) v. Sing Chuck Charles Chan, Wai Lap Victor Chan & Wai Tak (Edward) Kwok), which became the basis of the award for damages and indemnity costs against them. In addition they claim their own legal costs of unsuccessfully defending those proceedings and their unsuccessful appeal. The FSDC Directors base the FSDC Directors' Claim on alleged misleading statements made by Company representatives.

The Company considers the FSDC Directors' Claim is without merit and will vigorously defend the FSDC Directors' Claim. Legal advisors have been appointed by the Company in respect of the FSDC Directors' Claim.

The Company and two of its officers have applied to the Supreme Court of Queensland to strike out the FSDC Directors' Claim, which was heard on August 31, 2016 and is currently waiting judgement. In addition, the FSDC Directors have had to pay into the Supreme Court of Queensland $75,000 as security for costs for the strike out application.

(ii) Warrants

On October 27, 2016 Rare Earth Minerals plc ("Rare Earth Minerals"), the Company's largest shareholder, has exercised 7,500,000 warrants at an exercise price of CAD$0.05 per common share for total proceeds of C$375,000.

Corporate Update (Cont'd)

(iii) Australian Securities Exchange Initial Public Offering of Australian Lithium and Iron Ore Projects

On October 28, 2016 the board resolved to progress an Australian Securities Exchange ("ASX") Initial Public Offering ("IPO") of its Australian lithium and iron ore projects.

An ASX IPO of its Australian subsidiaries, which hold its Australian 'hard rock' lithium and iron ore projects, will provide improved price realisation for those projects more consistent with its ASX listed peers. Work is advanced on the ASX IPO process for the Australian subsidiaries. An IPO of the Australian subsidiaries will provide Macarthur with a well-funded listed entity to advance development of the Australian lithium and iron ore projects.

On February 13, 2017 the Company appointed Novus Capital Limited ("Novus") as lead manager, potential underwriter and sponsoring broker for its ASC IPO, targeted for March/April 2017.

Novus is undertaking a Pre-IPO raising for up to A$1 million in the Company's new subsidiary Macarthur Australia Limited ("MAL"), which it intends to list on the ASX. Close of the Pre-IPO raising is targeted for 24 February 2017. MAL intends to raise up to A$10 million as part of the ASX IPO to further develop the iron ore and lithium projects.

Macarthur will maintain majority ownership and control of the ASX IPO listed entity. The Company's wholly owned subsidiary, Macarthur Lithium Nevada Limited, will continue to advance the Stonewall Lithium Project, located in Nevada.

(iv) Strategic Investment and Funding Mandate by Tulshyan

On January 10, 2017 the Company announced a strategic investment by the Tulshyan Group for a private placement of 3,750,000 shares of the Company at a price of C$0.065 per share and received gross funds of C$243,750.

On February 14, 2017 the Company announced that its 100% owned subsidiary, MAL, entered into a non exclusive mandate with the Tulshyan Group to raise up to A$200 million to develop the Ularring Hematite Project via various tranches, with an initial tranche of A$50 million, for a 10% fee on monies raised, a specified amount of options in MAL and other conditions.

The Tulshyan Group, based in Singapore, is one of the largest recyclers of scrap steel in the world, has a significant shipping business with a fleet of over 30 ships and is expanding its commercial aircraft leasing business. The Tulshyan Group has significant experience in sales, marketing of steel and iron ore and access to capital for potential development of the Company's iron ore projects.

(v) Change from Executive Director to Non-Executive Director

Commencing January 1, 2017, Mr Alan Phillips resigned an as Executive of the Company and continues as Non-Executive Director.

(vi) Options

Since the period ended December 31, 2016, 200,000 options were exercised at C$0.06 per Option for gross proceeds of C$12,000.

Results of Operations and Financial Condition

(All amounts in Australian dollars)

The following financial information should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the nine month period ending December 31, 2016 which are prepared in accordance with IFRS.

Exploration and Evaluation Expenses

Capitalized exploration and evaluation costs for the Iron Ore Projects are as follows:

Australian $	Quarter Ended December 31, 2016	Quarter Ended December 31, 2015	9 months to December 31, 2016	9 months to December 31, 2015
Capitalized expenses	109,455	173,521	288,110	(54,626,702)

For the quarter ended December 31, 2016, the Company expended $109,455 on exploration and evaluation activities. For the corresponding quarter ended December 31, 2015 the Company expended $173,521 on exploration and evaluation activities. This represents a decrease in expenditure of $64,066 mainly resulting from reduced personnel and professional fees. The largest elements of exploration and evaluation costs during the quarter were personnel and contractors representing 37%, and rent and rates of 59%. Personnel and contractor costs reduced by 37% during the quarter compared to the corresponding quarter representing a $65,413 saving.

For the nine months ended December 31, 2016 the Company expended $288,110 on exploration and evaluation activities, compared with $881,183 for the corresponding nine months ended December 31, 2015, and impaired $55,507,884 of capitalized exploration and evaluation expenditure in accordance with IFRS 6 during the nine months ended December 31, 2015. The largest elements of exploration and evaluation costs during the period were personnel and contractors representing 44% and rent and rates of 46%. Personnel and contractor costs reduced by 51% during the period compared to the corresponding period representing a $302,916 saving.

During the year ended March 31, 2016, the Company re-assessed its plans for the Iron Ore Projects given the continuing uncertainties in the global economic environment for iron ore. As outlined in announcements by the Company, it entered into a Share Sale Agreement to sell all of the outstanding and issued share capital of MIO. The transaction was on an arms-length basis with a former major shareholder for $6 million consideration. The value of the transaction also underwent an independent valuation and fairness opinion, which concluded that the value was fair. The purchaser was unable to complete the purchase of MIO by financial close as the transaction was part of a larger consolidation of the area.

On the basis of these changing circumstances for the Iron Ore Projects, the carrying value of the exploration and evaluation assets were assessed for impairment.

Recoverable value of the Iron Ore Projects is difficult to determine given current global conditions, in particular the fluctuating outlook in demand and price for iron ore. For the purpose of determining recoverable value of the Iron Ore Projects, the Company has used the Share Sale Agreement and the fairness opinion as reliable guidance.

The recoverable amount (fair value) measurement is a level 2 fair value hierarchy measurement determined as fair value less costs to sell, based on observable market data.

The recoverable amount, which is the higher of value in use or fair value less costs of disposal, was determined to be the $6,000,000 selling price. The difference between the carrying value and recoverable amount resulted in an impairment expense of $55,851,937 charged to the statement of loss and comprehensive loss for the year ended March 31, 2016. The value of Exploration and Evaluation assets will continue to be assessed on an annual basis.

Results of Operations and Financial Condition (Cont'd)

Administrative Expenses

Administrative expenses are expenses not directly related to the Iron Ore Projects and are expensed immediately.

Australian $	Quarter Ended December 31, 2016	Quarter Ended December 31, 2015	9 months to December 31, 2016	9 months to December 31, 2015
Administration Expenses	1,406,830	978,904	2,196,702	57,886,173

For the quarter ended December 31, 2016, the Company expended $1,406,830 on administrative expenses compared with administrative expenses of $978,907 for the corresponding quarter ended December 31, 2015. The largest elements of administrative expenses for the quarter were personnel fees of $471,638 and exploration expenditure for lithium projects of $330,220.

For the nine months ended December 31, 2016 the Company expended $2,196,702 on administrative expenses compared with $57,886,173 for the corresponding nine months ended December 31, which included $55,507,884 impairment expense to Exploration and Evaluation assets and $600,716 of care and maintenance costs for Roper Bar Iron Ore Project (as outlined in previous news releases). Excluding the impaired amount and the contribution towards care and maintenance costs in relation to the Roper Bar Iron Ore Project (as outlined in previous news releases), administrative expenses have increased due to exploration expenditure on lithium projects and higher share based compensation amounts recorded during the period.

Income

Income normally comprises interest income earned on the Company's liquid financial instruments.

Australian $	Quarter Ended December 31, 2016	Quarter Ended December 31, 2015	9 months to December 31, 2016	9 months to December 31, 2015
Interest Income	1,687	(1,881)	2,420	19,623
Other Income	15,740	385,263	114,061	414,943
Net Other Income (Gain on Sale of Asset)	-	31,742	1,818	113,225
Change in fair value of warrant liability	150,054	-	211,103	-

For the quarter ended December 31, 2016 the Company earned interest income of $1,687 compared with interest expense of $1,881 for the corresponding quarter ended December 31, 2015.

For the quarter ended December 31, 2016 the Company recognized other income of $150,054 from changes in fair value of the warrant liability.

For the nine months ended December 31, 2016 the Company earned interest income of $2,420 compared with $19,623 for the corresponding nine months ended December 31, 2015. Interest income decreased by $17,203 due to interest earned on a decreased cash balance.

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

For the nine months ended December 31, 2016 the Company recognized other income of $211,103 from changes in fair value of the warrant liability.

Results of Operations and Financial Condition (Cont'd)

Income Taxes

Future tax assets have not been recognized in the financial statements as the directors believe it has not yet become probable that they will be recovered and utilized.

Net Losses

The net loss for the period reflects the administrative costs of the Company, including share-based compensation expense relating to employee and consultant share options.

Australian $	Quarter Ended December 31, 2016	Quarter Ended December 31, 2015	9 months to December 31, 2016	9 months to December 31, 2015
Net loss	1,239,349	563,780	1,867,300	57,338,382

The net loss for the quarter ended December 31, 2016 was $1,239,349 compared with $563,780 for the corresponding quarter ended December 31, 2015. This increased net loss of $675,569 was attributable to exploration expenditure on lithium projects and FSDC Cost Order income received during the quarter ended December 31, 2015.

The net loss for the nine months ended December 31, 2016 was $1,867,300 compared with $57,338,382 for the corresponding nine months ended December 31, 2015, which included $55,507,884 impairment of Exploration and Evaluation assets and care and maintenance costs for Roper Bar Iron Ore Project. Excluding these two items, this increased net loss was mainly attributable to exploration expenditure on lithium project, increased share based compensation expense, and lower income compared to the nine months ended December 31, 2015.

Change in Financial Position

Australian $	9 months to December 31, 2016	9 months to December 31, 2015
Cash and cash equivalents	269,028	684,384
Exploration and Evaluation assets	6,288,110	6,173,521
Plant and Equipment	79,998	352,744
Total Assets	70,00,137	7,449,128
Accounts Payable and Accrued Liabilities	467,463	403,585
Total Liabilities	541,935	468,963
Net Assets	6,458,201	6,980,165
Net Working Capital	(77,703)	455,081

At December 31, 2016 the Company had net assets of $6,458,201 compared to $6,980,165 at December 31, 2015. The decrease mainly results from a decrease in cash balance resulting from administrative expenditure.

The Company's cash and cash equivalents balance of $269,028 at December 31, 2016, was a decrease of $415,356 from the December 31, 2015 balance. Since December 31, 2015 exploration and evaluation assets increased by $114,589. Refer below for the cash flow movement for the 9 months to December 31, 2016.

Plant and equipment was $79,998 at December 31, 2016 reflecting the depreciated book value of various site and office equipment, including vehicles.

The Company's net working capital at December 31, 2016 was in negative by $77,703 compared with net working capital of $455,081 at December 31, 2016. The decrease in the net working capital for the 12 months to December 31, 2015 is due to administrative expenditure.

Since the period end 31 December 2016, the Company received gross funds of C$243,750 for a private placement of 3,750,000 shares of the Company at a price of C$0.065 per share and 200,000 options were exercised at C$0.06 per Option for gross proceeds of C$12,000.

Results of Operations and Financial Condition (Cont'd)

Year to Date Cash Flows

Australian $	**9 months to December 31, 2016**	**9 months to December 31, 2015**
Operating Activities	(1,908,637)	(1,840,589)
Investing Activities	(483,246)	(793,195)
Financing Activities	2,393,070	511,039
Total cash movement	1,187	(2,122,745)

Cash outflow from operating activities during the period ended December 31, 2016 was $1,908,637 compared with cash outflow of $1,840,589 for the prior corresponding period. The increased cash outflow was mainly due to administrative costs.

Cash outflow from investing activities during the period ended December 31, 2016 was $483,246 compared with $793,195 in the prior corresponding period. The reduction in cash outflow relates to the Company transitioning from exploration to care and maintenance on its Iron Ore Projects.

Cash inflow from financing activities during the period was $2,393,070 compared with cash inflow of $511,039 for the corresponding prior period. The inflow during the period relates to the gross funds received of $2,393,070 from issuance of the shares from the 2016 private placement and from the exercise of options and warrants. The inflow in the prior year relates to the gross funds received of $511,039 for the issuance of shares in the July and August 2015 private placement.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with December 31, 2016. This financial information is derived from the Annual Audited Financial Statements of the Company.

	Mar 31, 2015 $	**Jun 30, 2015 $**	**Sept 30, 2015 $**	**Dec 31, 2015 $**	**Mar 31, 2016 $**	**Jun 30, 2016 $**	**Sept 30, 2016 $**	**Dec 31, 2016 $**
Interest Income	15,907	14,439	7,065	(1,881)	321	733	1,835	2,420
Net profit/(loss)	1,048,294[1]	(455,184)	(56,319,418)	(563,780)	(1,269,688)	(627,951)	(1,454,680)	(1,867,300)
Net profit/(loss) per share	0.02	(0.01)	(0.69)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)

[1] For the quarter ended March 31, 2015 a profit was recorded by the Company. The profit relates directly to cost order monies received for the LPD and FSDC (in liquidation) legal actions.

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

Apart from the quarter ended March 31, 2015, when legal costs were recovered, during the last 8 quarters, the Company has consistently reported net losses. The most significant factor affecting quarterly losses is continuing administrative expenses.

Liquidity and Capital Resources

At December 31, 2016, the Company has a negative net working capital of $77,703. Since the period end 31 December 2016, the Company received gross funds of C$243,750 for a private placement of 3,750,000 shares of the Company at a price of C$0.065 per share and 200,000 options were exercised at C$0.06 per Option for gross proceeds of C$12,000.

The Company's has no external borrowings.

The Company anticipates its cash expenditure requirements will remain stable as the Company continues exploration and evaluation activities, but needs to raise immediate additional capital.

Related Party Transactions

Balances and transactions between the Company and its wholly owned subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this MD&A. There were no transactions between the Company and related parties in the wholly owned Group during the period ended December 31, 2016 other than remuneration for key management personnel, details are disclosed below. The terms and conditions of those transactions were no more favorable than those that it is reasonable to expect that an entity would have adopted if dealing on an arm’s length basis.

Key Management Personnel

The following persons were key management personnel of the Company during the period ended December 31, 2016.

Executive Directors

Alan Phillips, Executive Director (Non-Executive Director from January 1, 2017)

David Taplin, President, CEO and Director

Non-Executive Directors

Cameron McCall, Chairman

David Lenigas, Independent Director

Details of Remuneration

For details on the remuneration of each key management personnel of the Company refer to Note 9 of the Condensed Interim Consolidated Financial Statements for the period end December 31, 2016.

Other transactions with key management personnel

A number of key management personnel, or close members of their family, hold positions in other entities that result in them having significant influence over those entities for the purposes of International Accounting Standard (“IAS”) 24. Where transactions are entered into with those entities the terms and conditions are no more favorable than those that it is reasonable to expect the entity would have adopted if dealing on an arm’s length basis.

The Company did not enter into any transactions with entities over which key management personnel have significant influence during the period and the corresponding prior period.

Commitments

Lease agreements

The Company has no lease agreements.

Exploration expenditures

Certain future exploration expenditures are required to be undertaken by the Company as a minimum retention for exploration permits. These expenditures are set out in Note 5 to the Condensed Interim Consolidated Financial Statements for the period ended December 31, 2016.

Apart from the above, the Company has no other material commitments at the balance sheet date.

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.

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 exploration and evaluation. The following risk factors should be considered:

GENERAL

The Company is an Australian company listed on the TSX-V and engaged in the exploration and evaluation of mineral properties in Australia and in the United States.

The recoverability of the Mineral Resources and Mineral Reserves are dependent upon the ability of the Company to obtain the necessary financing to continue exploration and evaluation 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.

Resource exploration and evaluation is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, infrastructure, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The amount of the Company's administrative expenditures is related to the level of financing and exploration and evaluation activities that are being conducted, which in turn may depend on the Company's recent exploration and evaluation experience and prospects, as well as the general market conditions relating to the availability of funding for exploration and evaluation stage resource companies. Consequently, the Company does not acquire properties or conduct exploration and evaluation 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.

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavor to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

RISKS RELATING TO THE BUSINESS OF THE COMPANY

Going Concern (Trends)

The Company's financial success is dependent upon the discovery of commercial Mineral Resources on its projects 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. 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.

Risks and Uncertainties (Cont'd)

Going Concern (Funding)

The Company's continuing operations are dependent upon its ability to raise either additional equity capital or other funding, project financing or generate cash flow from operations in the future, which could include the realization through sale of part or all of the exploration asset, none of which is assured. This depends upon the realization of economic, operating and trading assumptions about future events and actions, which may not necessarily occur, and the successful implementation of management plans to commercialize its mining projects through development or sale and to manage the consolidated entity's affairs to meet its commitments until this takes place. These conditions may cast significant doubt about the Company's ability to continue as a going concern. The Company has a requirement to raise further capital.

Reliance on Key Personnel (Management and Directors)

The Company's development to date has largely depended, and in the future will continue to depend on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business, and therefore the trading price of its shares. In this sense the Company has been, and continues to be, particularly reliant on the following directors and officers:

- Cameron McCall – Non-Executive Chairman
- David Taplin – President, CEO and Director
- David Lenigas – Independent Director
- Alan Phillips – Non-Executive Director

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

Risk of the General Market and Economic Conditions

Changes in the general economic climate in which Macarthur operates may adversely affect its financial performance, its exploration and evaluation activities, and its ability to fund those activities. Factors that may contribute to that economic climate include changes in global and/or domestic economic conditions, the general level of economic activity, movements in interest rates and inflation, currency exchange rates and other economic factors.

The price of commodities, and level of activity within the mining industry will also be of particular relevance to Macarthur. Neither Macarthur, nor the directors, warrant the future performance of the Company or any return on an investment in Macarthur.

Competitive Conditions Risk

The resource industry can be intensively competitive, and a number of other hematite, magnetite and lithium deposits have already been developed in Australia. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests, access to infrastructure as well as for the recruitment and retention of qualified employees and contractors.

The Company may be unable to acquire additional attractive mining properties on terms it considers to be acceptable. The inability of the Company to acquire attractive mining properties would result in difficulties in it obtaining future financing and profitable operations.

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

Risk that the Company has a Limited Operating History

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the projects come into production.

Risks and Uncertainties (Cont'd)

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 December 31, 2016 the Company's deficit was $89,505,068.

Risk of Conflict of Interest

Certain officers and directors of the Company may be 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.

Conflicts of interest affecting the directors and officers of Macarthur will be governed by Macarthur's "Code of Conduct", the Constitution of Macarthur, the provisions of the *Corporations Act 2001* (C'th) and other applicable laws and relevant stock exchange policies and requirements.

The directors are required by law, to act honestly and in good faith with a view to the best interests of the Company.

In the event that such a conflict of interest arises at a meeting of the directors, a director affected by the conflict must disclose the nature and extent of their interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises.

Insurance Risk

Macarthur's operations are subject to all of the risks and hazards typically associated with the exploration and evaluation of minerals. Macarthur intends to maintain insurance that is within ranges of coverage that Macarthur believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that Macarthur will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Macarthur. Insurance of all risks associated with exploration and evaluation is not always available and where available the costs may be prohibitive.

Risk of Terrorist Attack or Other Sustained Armed Conflicts

Terrorist activities, anti-terrorist efforts or other armed conflict involving Canada, United States or Australia or their interests abroad may adversely affect the Canadian, United States, Australian and global economies. If events of this nature occur and persist, the associated political instability and societal disruption could reduce overall demand for commodities potentially putting downward pressure on prevailing commodity prices and adversely affect the Company's activities.

RISK FACTORS RELATING TO FINANCE

Liquidity Risk (Solvency Risk)

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a rigorous planning and budgeting process to help determine the funds required to meet its operating and growth objectives. The Company prepares cash forecasts and maintains cash balances to meet short and long term cash requirements.

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 and evaluation. 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.

Risks and Uncertainties (Cont'd)

The Company may need to raise funds by the issuance of shares or dispose of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and evaluation 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 its required financing.

Macarthur's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to Macarthur on reasonable terms or at all. Failure to obtain appropriate financing on a timely basis or reasonable terms may result in a loss of business opportunity and excessive funding costs. If Macarthur raises additional funds through the issue of equity securities, this may result in dilution to the existing shareholders and/or a change of control of Macarthur.

The Company has a requirement to raise further capital. The Company has not made any commitments for significant 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.

Commodity Price Risk

The Company's future 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 has 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. As the Company has not yet reached the mining stage, its exposure to price risk does not impact on the financial statements however price risk is a critical assumption for the Company's reported Scoping Studies and Preliminary Feasibility Study for the Iron Ore Projects ("Project Studies"). In addition, the oversupplied iron ore markets and depressed iron ore prices has severely constrained the Company's ability to fund further development of its Iron Ore Projects.

Credit Risk

Credit risk is the potential loss through non-performance by counterparties of financial obligations. The Company's primary exposure to credit risk is on its cash and cash equivalents and taxes receivable. The Company limits its exposure to credit risk by maintaining its financial liquid assets with high-credit quality financial institutions. Receivables are primarily interest receivable and goods and services tax due from the Australian Taxation Office.

Risk Related to the 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)

Currency Risk

The Company's revenues and expenses will be incurred in Australian dollars and US dollars, though its financings may be 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash equivalents are highly liquid and earn interest at market rates in short term fixed term deposits and variable chequing accounts. Due to the short term nature of these financial instruments, fluctuations in market interest rates do not have a significant impact on the fair values of these financial instruments.

Risk of Unforeseen Expenses

While Macarthur is currently not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of Macarthur may be adversely affected.

RISK FACTORS RELATING TO THE SECURITIES OF THE COMPANY

Risk of Share Price and Market Volatility

The market price of shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Canadian, United States and Australian resources sector, Canadian, United States and Australian listed entities and exploration companies in particular. During the period ended December 31, 2016, the per share price of the Company's shares fluctuated from a low of CAD$0.045 to a high of CAD$0.095.

There are a number of factors (both national and international) that may affect the share market price and neither Macarthur nor its directors have control over those factors. There can be no assurance that continual fluctuations in price will not occur.

Factors that could affect the trading price that are unrelated to Macarthur's performance include domestic and global commodity prices and economic outlook, fiscal and monetary policies, currency movements, and market perceptions of the attractiveness of particular industries. The shares carry no guarantee in respect of profitability, dividends, return on capital, price or degree of liquidity with which they trade on the TSX-V.

Shares Reserved for Issuance: Dilution Risk

Capital raisings to meet funding and property commitments will result in dilution to the Company's shareholders. It is likely any additional capital required by the Company, as described above, will be raised through the issuance of additional equity securities which will result in dilution to the Company's existing shareholders. Further, the Company, from time to time, is required to issue shares to earn its interests in properties. Such property share issuances will also result in dilution to the Company's existing shareholders.

As at December 31, 2016, there were 20,107,009 stock options and 7,500,000 warrants outstanding.

Risks and Uncertainties (Cont'd)

Share Liquidity Risk

Shareholders of the Company may be unable to sell significant quantities of the Company's shares into the public trading markets without a significant reduction in the price of their shares, if any at all. The majority of the Company's shares are held with institutional holders, which means that there is a usually low trading volume. The Company's market maker has the role of ensuring there is a buyer/seller if liquidity is too low. The Company may need to take action to continue to meet the listing requirements of the TSX-V or achieve listing on any other public listing exchange

Dividends

The Company currently does not pay dividends. Payment of dividends on the Company's shares is within the discretion of the Company's board and will depend upon the Company's future earnings, its capital requirements, financial condition, and other relevant factors. The Company does not currently intend to declare any dividends for the foreseeable future.

RISK FACTORS RELATING TO THE COMPANY'S PROPERTY INTERESTS

Title Risk

Macarthur cannot guarantee that one or more of its titles within the projects will not be challenged. Title insurance is generally not available for mineral properties and Macarthur may not be able to ensure that it has obtained a secure claim to individual mineral properties or exploration rights and as a result the Company's ability to develop the projects may be constrained. The projects may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Macarthur may not have conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Macarthur being unable to operate on all or part of the projects as permitted or being unable to enforce its rights with respect to all or part of the projects.

In addition, Macarthur's interests in the projects are subject to various conditions, obligations and regulations imposed by the Australian and State Government Departments. If the necessary approvals are refused, Macarthur will suffer a loss of the opportunity to undertake further exploration, or evaluation, of the tenement. Macarthur currently knows of no reason to believe that current applications will not be approved, granted or renewed.

Lack of funding to satisfy contractual expenditure obligations under any option, joint venture or farm in agreements ("Tenement Acquisition Agreements") to which the Company is a party, may result in termination of the Company's property interests in such agreements. The Company may also be unable to meet its share of costs incurred under any Tenement Acquisition Agreements and the Company may have the tenement interests subject to such agreements reduced as a result or even face termination of such agreements. In order to secure ownership of these properties, additional financing will be required. Failure of the Company to make the requisite payments in the prescribed time periods will result in the Company losing its entire interest in the subject property and the Company will no longer be able to conduct certain aspects of its business as described in this MD&A.

The Company may not have sufficient funds to: make the minimum expenditures to maintain its properties in good standing under United States, Canadian and Australian law; and make the minimum expenditures to earn its interest in tenements. In such event, in respect of any of the properties, the Company may seek to enter into a joint venture or sell the subject property or elect to terminate its option.

Macarthur requires land access in order to perform exploration and evaluation activities, which can be affected by land ownership and require related compensation arrangements with landowners or occupiers. Where possible the Company will work with tenement and landowners to obtain required rights of access but unless such rights are obtained, or if there is a dispute, the Company's operations may be adversely affected or delayed.

Macarthur's project areas may contain sites of cultural significance, which would need to be avoided when carrying out field programs and potential project development.

Risks and Uncertainties (Cont'd)

Environmental Factors and Protection Requirements

The Company is currently engaged in exploration and evaluation activities with limited environmental impact and actively engages with government departments to ensure open communication and accurate assessment of environmental approvals. 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. Limited environmental incidents may be covered under existing insurance policies. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

Risk related to Infrastructure and Development

There are numerous activities that need to be completed in order to successfully commence production of minerals from the projects, including, without limitation, negotiating final terms of export capacity, negotiating rail and road haulage contracts, optimizing the mine plan, locating an adequate supply of fresh and saline water (for road and dust suppression), acquisition of the right to establish a rail siding, negotiating contracts for the supply of power, for the sale of minerals and for shipping, updating, renewing and obtaining, as required, all necessary permits including, without limitation, mining and environmental permits, local government road haulage approvals and handling any other infrastructure issues.

There is no certainty that the Company will be able to successfully negotiate these contracts, put these matters in place and secure these necessary resources. Most of these activities require significant lead times and the Company will be required to manage and advance these activities concurrently in order to commence production. It is not unusual in developing a resources project to experience unexpected problems and delays in infrastructure delivery and project development. A failure or delay in the completion of any one of these activities may delay production, possibly indefinitely, and will have a material adverse effect on the Company's business, prospects, financial performance and future results of operations.

Estimates of Mineral Reserves and Resources – Iron Ore Projects

The Company's Iron Ore Projects cover mineralization and natural material of intrinsic economic interest which have been identified and estimated through exploration and sampling. Mineral Resource estimates are defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. A Mineral Resource estimate is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable.

The phrase "reasonable prospects for economic extraction" implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. These assumptions are presented explicitly in both public and technical reports.

Given the passage of time since the Mineral Reserve estimate was made and the continued volatility in the commodities markets, a revised analysis would need to be conducted to confirm whether the Mineral Reserve is still the economically mineable part of the Indicated Mineral Resource as demonstrated by the Project Studies.

Risks and Uncertainties (Cont'd)

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Although the reporting of a "Mineral Reserve" indicates that there are reasonable expectations of all governmental approvals being received, it does not signify that extraction facilities are in place or operative or that all governmental approvals have been received.

Risk of Reliance on and Relevance of Project Studies – Iron Ore Projects

The Company's Project Studies are evaluations of potential development of a project at a given time taking many factors into account. No assurance can be given that the process, methodology or plan of development included in a Project Study will be progressed and included in further studies. Project Studies are based on existing resource estimates and market conditions and consequently, market fluctuations, varied logistics or production costs or recovery rates may render the results of existing Project Studies uneconomic and may ultimately result in a future study being very different.

The Company's ability to rely on results from Project Studies would be affected due to the time based nature of the studies which may adversely affect the Company as it may need to repeat certain aspects of the Project Studies with new results and current market conditions.

Risk of Restrictive Access to the Projects

Macarthur's projects are located in areas which can be difficult to access at times. During this period, costs associated with the Company carrying on its business may significantly increase and exceed the amount allocated in the Company's budget, and in certain circumstances may prevent the Company from being able to conduct its drilling or significant operations on the relevant lands.

In addition, natural events, such as cyclones, floods, and fire, which are beyond the control of Macarthur, could prevent access to its tenements or offices or otherwise affect the Company's ability to undertake planned exploration or evaluation or development (and potentially production) and, as a result, could have a material adverse effect on Macarthur.

Risk of Accuracy of Exploration Maps and Diagrams

Macarthur has commissioned and produced numerous diagrams and maps to help identify and describe the tenements and the targets sought by Macarthur on those tenements. Maps and diagrams should only be considered an indication of the current intention in relation to targets and potential areas for exploration and drilling, which may change.

RISK FACTORS RELATING TO MINING GENERALLY

Mineral Exploration and Evaluation Risk

The projects are in the exploration and evaluation stage. Evaluation of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and evaluation 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 evaluation activities will result in the discovery and development 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.

Risks and Uncertainties (Cont'd)

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, evaluation, 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, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are some of the risks involved in the operation of mines and the conduct of exploration programs.

The mining industry is subject to occupational health and safety laws and regulations which change from time to time and may result in increased compliance costs or the potential for liability and even personal liability for management and directors. It is Macarthur's intention to mitigate this risk by operating to the highest occupational health and safety standards.

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.

Risk of Availability of Labour

Macarthur will require skilled labour workers and engineers in order to operate its activities. Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

The Company may experience a skills shortage. Due to the high demand for skilled and unskilled labour, there is a growing expectation of higher wages. Macarthur strives to employ the best people however, this can come at a high price or may delay operations should it not be able to attain and retain those people.

RISK FACTORS RELATING TO GOVERNMENT

Risk of Increased Government Policy and Imposition of Tax

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and government policies in Australia, may have an adverse effect on the operations and financial performance of Macarthur and, ultimately, the market price of its securities.

In addition to the normal level of income tax imposed on all industries, Macarthur may be required to pay government royalties, indirect taxes, GST and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Risk of Greater Governmental Regulation

Exploration, evaluation, development and operations on the Company's properties are affected to varying degrees by government regulations relating to such matters as: (i) environmental protection, health, safety and labor; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) access to and use 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.

Failure to obtain licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration or future development work, which may result in it losing its interest in the subject property.

Risks and Uncertainties (Cont'd)

As the Company's projects advance to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labor 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.

RISK FACTORS RELATING TO THE COMPANY'S LEGAL OBLIGATIONS

Contractual risk

Macarthur is a party to various contracts. Whilst Macarthur will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which Macarthur is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provisions, Macarthur will be successful in enforcing compliance and recovering any loss in full.

Litigation Risk

All industries, including the mining industry, are subject to legal claims that are with and without merit.

The Company is currently involved in legal proceedings. It's unlikely that the final outcome of these proceedings will have a material and adverse effect on the Company's financial condition or results of operations; however, defence and settlement costs can be substantial, even for claims that are without merit.

Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company's future cash flow, results of operations or financial condition.

The Company maintains Directors and Officers Liability insurance. The Company has provided an indemnity for each director and officer to the maximum extent permitted by law, against any liability for legal costs incurred in respect of liability incurred by them, as or by virtue of their holding office as and acting in the capacity of, an officer of the Company, except where the liability arises out of conduct involving lack of good faith or in breach of the law.

Jurisdiction Risk

All of the Company's assets are presently located in Australia and the United States and the Company may contract with international parties from time to time. It may be difficult or impossible to enforce judgments obtained in overseas courts predicated upon the civil liability provisions of the securities laws of those countries.

Accounting Policies

Accounting policies, including new accounting standards and interpretations, followed by the Company are set out in Note 3 to the Condensed Interim Consolidated Financial Statements for the period ended December 31, 2016.

Critical Accounting Estimates

The preparation of the financial report in conformity with IFRS requires that management make judgements, estimates and assumptions that affect the reported amounts in the financial report and disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and best available current information, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

Critical Accounting Estimates (Cont'd)

(i) Exploration and Evaluation Expenditure

In the current year the Group has impaired its exploration and evaluation assets as set out in Note 12 in the Audited Annual Financial Statements for the year ended March 31, 2016.

(ii) Share-based payment transactions

The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the Black-Scholes options-pricing model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate for market based vesting conditions. During the reporting period the amount of $177,435 has been shown as share-based compensation expenditure in the statement of loss and comprehensive loss.

(ii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets, as set out in Note 6 in the Audited Annual Financial Statements for the year ended March 31, 2016.

(iii) Going concern

As set out in Note 2(b) in the Audited Annual Financial Statements for the year ended March 31, 2016, the Financial Report has been prepared on a going concern basis.

Financial Instruments

The Company's principal financial instruments are comprised of cash, short term deposits and payables which approximate their fair market value due to the short-term nature of these instruments. The main risks arising from the Company's financial instruments are credit risk, interest rate risk and foreign currency risk. Refer to the Risks and Uncertainties section above and Note 3 to the Condensed Interim Consolidated Financial Statements for the period ended December 31, 2016.

Disclosure Controls and Procedures

Although the Company is listed on the TSX-V, it maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Administrators' rules and forms. The Company's CEO and CFO have designed the Company's disclosure controls and procedures, or caused them to be designed under their supervision to provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

The Company's CEO and CFO oversee on an annual basis the evaluation of the effectiveness of the Company's disclosure controls and procedures and as at March 31, 2016 concluded that they are effective and provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

Internal Controls Over Financial Reporting ("ICFR")

Although the Company is listed on the TSX-V, the CEO and CFO is responsible for the design of ICFR, or for causing them to be designed under their supervision for evaluating the effectiveness of such internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of external financial statements in accordance with IFRS. Regardless of how well an internal control system is designed and operated, it can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements resulting from error or fraud due to the inherent limitations of any internal control system.

Internal Controls Over Financial Reporting ("ICFR") (Cont'd)

The CEO and CFO have overseen the evaluation of the design and effectiveness of the Company's ICFR based on the framework established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and concluded that the Company's ICFR was effective as of December 31, 2016.

There were no significant changes that occurred during the period ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

The Company has not in any way limited the design of the ICFR and there were no material weaknesses related to its design as at December 31, 2016.

The CEO and the CFO 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 and annual basis. The external auditor audits annually the Company's financial statements and disclosures

While management and the board of directors of the Company work to mitigate the risk of a material misstatement in the Company's financial 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.

Outstanding Share Data as of February 23, 2017:

Authorized and issued share capital:

Class	Par Value	Authorized Common shares (No par value)	Issued
Common	No par value	Unlimited	139,800,973

As at February 23, 2017 there were 19,907,009 stock options and 7,500,000 warrants outstanding.

Other Information

Additional disclosures pertaining to the Company, including its most recent financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.macarthurminerals.com. Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Competent Person's Statement

David Williams, a member of the Australian Institute of Geoscientists, is a part-time employee of CSA Global Pty Ltd and is a Qualified Person as defined in National Instrument 43-101. Mr Williams has reviewed and approved the technical information in relation to the Iron Ore Projects (excluding any corporate matters) contained in this MD&A and has consented to the public filing of the MD&A.

Ralph Porter, a member of the Australian Institute of Geoscientists, is a full-time employee of CSA Global Pty Ltd and is a Qualified Person as defined in National Instrument 43-101. Mr Porter has reviewed and approved the technical information in relation to Macarthur's lithium acreage (excluding any corporate matters and technical information under the Stonewall Project) contained in this MD&A and has consented to the public filing of the MD&A.

Randy Henkle, a Registered Member of the Society of Mining and Exploration and a Professional Geologist licensed in British Columbia, Canada, is a Qualified Person as defined in National Instrument 43-101. Mr Henkel has reviewed and approved the technical information in relation to Macarthur's Stonewall Lithium Project contained in this MD&A and has consented to the public filing of the MD&A.

By order of the Board

"*Cameron McCall*"
Cameron McCall
Non-Executive Chairman

"*David Lenigas*"
David Lenigas
Independent Director