ACN 103 011 436

Management's Discussion and Analysis

(Form 51-102F1)

For the Quarter ended September 30, 2017

Information as of November 28, 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 six month period ended September 30, 2017 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of November 28, 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, 2017, 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 six month period ended September 30, 2017 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

BACKGROUND

Macarthur Minerals Limited is an Australian public company listed in Canada on the TSX-V (symbol: MMS). Macarthur Minerals is an exploration company that is focused on identifying high grade lithium and gold with significant exploration interests in Australia and Nevada. Macarthur Minerals has two iron ore projects in Western Australia; the Ularring Hematite Project and the Moonshine Magnetite Project.

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

WESTERN AUSTRALIAN GOLD PROJECTS

Hillside Gold Project

The Hillside Gold Project encompasses Exploration Licence Applications E45/4824, E45/4708 and E45/4709 held by Macarthur Lithium Pty Ltd ("MLi"), a wholly owned subsidiary of Macarthur Minerals. The Company has also entered into an option agreement to acquire Exploration Licence E45/4685, which immediately adjoins the tenements of the Hillside Gold Project. This group of tenements are located approximately 185 kilometres ("km") South East of Port Hedland and 50 km South West of Marble Bar (the "Hillside Gold Project").

The Hillside Gold Project is highly prospective for gold and copper. The area has previously been explored by various companies for gold, copper, zinc and lead but limited drilling exists. Historical rock chip sampling by Great Southern Mines in 1998 returned 37 samples grading above one gram per tonne (g/t) up to a maximum of 447 g/t Au.

These tenements surround the mining lease of the historic Edelwiess gold mine. A limited drilling program consisting of six rotary percussion ("RC") holes conducted by Metana Minerals N.L in 1980 intersected gold mineralisation associated with quartz veins. Gold was recorded in three holes with an average grade of approximately 12 g/t Au and a maximum of 25.83 Au g/t. In addition, sampling along a discontinuous outcropping gossan over a strike of 18 km, showed high potential for copper mineralisation. A total of 20 results yielded above 1,000 ppm Cu to a maximum of 7.8% Cu.

The Company recently conducted a reconnaissance field trip to the Hillside Gold Project to investigate further the highly anomalous gold results previously reported. This trip confirmed the potential for high grade gold on the Hillside Gold Project.

The key terms of the Option Agreement with private prospectors to purchase 100% interest Exploration Licence E45/4685 are as follows:

1. An exclusive option to purchase E45/4685 for A$135,000 consisting of A$85,000 in cash and A$50,000 in shares at 20-day VWAP on execution for period to 31 January 2018.
2. Pay A$15,000 to the prospectors on executing the formal option agreement
3. Sellers have all rights to alluvial gold on E45/4685 excluding gold hosted in conglomerate.

Panorama Gold Project

The Panorama Gold Project encompasses Exploration Licence E45/4732 and Exploration Licence application E45/4779 held by MLi, and Exploration Licence E45/4764 which MLi has entered into an option agreement to acquire 100% of the tenement.

The Panorama Gold Project is located 265km south-south-east of Karratha in the Pilbara Region of Western Australia. The project is prospective for lithium and gold hosted within conglomerate. The tenement group contains an extensive area of the Mt Roe Basalt which is the geological member of the Fortescue Group that overlies the conglomerate gold horizon at Artemis Resources' Purdy's Reward Project near Karratha, Western Australia.

Artemis Resources Earn-In

On September 28, 2017 the Company entered into a binding term sheet with ASX listed Artemis Resources Limited (ASX:ARV) ("Artemis") for Artemis to earn-in up to 80% interest in two tenements of the Panorama Gold Project, E45/4779 and E45/4732. Artemis are specifically interested in the conglomerate gold potential of these two large tenements covering a total of 265km^2. Artemis has advised it will shortly commence a stream sediment sampling program with a focus on identifying a prospective conglomerate hosted gold horizon.

Discussion on Operations (Cont'd)

The terms are as follows:

1. Pay A$60,000 for an exclusive option to earn 80% interest in E45/4779 and E45/4732 for 60 days. This amount has been paid.
2. Artemis may exercise the Option by paying the amount of A$170,000 to MLi.
3. Artemis may earn up to an initial 65% interest in E45/4779 and E45/4732 by either expending A$1,000,000 on the Tenements; or paying MLi A$1,000,000 less any expenditure made by ARV on the Tenements, within 3 years from exercise of the option.
4. Artemis may earn up to an additional 15% interest in the Tenements by paying MLi A$1,000,000 in cash or Artemis shares (based on the 5-day VWAP prior to the issue date), at Artemis's election.
5. On exercise the Option, until the formation of a joint venture, Artemis will be responsible for administration and maintenance of the Tenements including minimum annual expenditure requirements.
6. MLi will have a free carried interest in the Tenements until the last to occur of:
    a. Artemis earning 65% interest;
    b. Artemis earning 80% interest; or
    c. completion of a Feasibility Study,

    following which the parties shall form an unincorporated joint venture for the purpose of exploration and development of the Tenements.
7. MLi will retain exclusive rights to all rare earth minerals including lithium on the Tenements.

<u>Tenement E45/4764</u>

On October 12, 2017 the Company entered into an agreement to acquire 100% of granted exploration license E45/4764 covering an area of 13 km^2 in the Pilbara region of Western Australia. E45/4764 sits adjacent to the tenements part of the Company's earn-in deal with Artemis.

Tenement E45/4764 is located approximately 42 km west-southwest of Marble Bar and 265 km east-south-east of Karratha, in the Pilbara region of Western Australia. The Tenement is also in close proximity to areas owned by Novo Resources Limited and the Creasy Group, which they acquired to explore for conglomerate hosted gold.

Geological Survey of Western Australia (GSWA) mapping across the tenement shows areas of the Mt Roe Basalt which is known to overlie the conglomerate gold horizon at Artemis' Purdy's Reward. Beds of auriferous (gold containing) conglomerate up to 2 m thick at the base of the Mt Roe Basalt have been worked at the Just-In-Time and Tassy Queen mines located within 10 km of Macarthur Minerals' tenements and in close proximity to ground held by Novo Resources Limited and Creasy Group[1].

The key terms of the Option Agreement with a private prospector to purchase 100% interest in the tenement are as follows:

- The Company will pay a non-refundable payment of A$2,000 upon entry into the Option Agreement;
- The Company will have the exclusive option to acquire E45/4764 for up to 120 days, to conduct due diligence;
- The Company will acquire 100% of E45/4764 upon exercising the Option, and the payment of:
    - A$6,000 in a lump sum cash payment; and
    - A$15,000 in shares in the Company, at a deemed price based on the VWAP for the 5 Trading Days preceding the exercise of the option;
- The Company can conduct exploration activities on E45/4764 during the term of the option.

<u>Melville Gold and Yalgoo Lithium Project</u>

As part of the settlement between the Company and Mining and Metallurgy Process Solutions Pty Ltd ("MMPS") (refer to MLi v MMPS in Corporate Update below), the Company was to acquire 15% of the shares of Yalgoo Exploration Pty Ltd ("Yalgoo Exploration"). Yalgoo Exploration owns two granted exploration licences (E59/2077 and E59/2140), covering an area of 191 km^2 (47,161 acres) in the Murchison region of Western Australia ("Yalgoo Tenements").

Yalgoo Exploration is a private company which has been focussed on the exploration and development of the Melville Gold Project, which is located on the Yalgoo Tenements.

[1] Geology of the Fortescue Group, Pilbara Craton, Western Australia. Western Australia Geological Survey, Bulletin 144

Discussion on Operations (Cont'd)

On November 16, 2017 MLi agreed to be paid a further $200,000 for its 15% of the issued capital of Yalgoo Exploration by November 30, 2017. MLi will also receive 5% of gross sale proceeds for lithium rights, if Yalgoo Exploration's rights to lithium are sold within 2 years.

WESTERN AUSTRALIAN LITHIUM PROJECTS

Macarthur Minerals has 11 Exploration Licenses and 5 Exploration License Applications in the Pilbara covering a total area of approximately 1,312 km^2.

In May and June 2016, the Company completed two heliborne reconnaissance field trips across a portion of its tenements in the Pilbara region. Sampling across several pegmatites yielded encouraging results warranting further exploration. The best lithium results are from a swarm of pegmatites within Exploration Licence application E45/4702 exploited in the past for tin and tantalum. A sample of lithium muscovite from one old working returned 0.2% Li_2O and elevated tantalum and tin values confirming the rare element character of this pegmatite. A feldspar-quartz-muscovite pegmatite within Exploration Licence E45/4711 also returned 111 parts per million ("ppm") lithium ("Li"). In addition to the reconnaissance sampling, historical results of the Geological Society of WA ("GSWA") include the Tambourah North lithium pegmatite located in Exploration Licence Application E45/4848. A rock sample collected by Fortescue Metals Group Ltd in 2012 on the western edge of Exploration Licence E45/4702 returned a result of 876 ppm Li (0.19% Li_2O).

Tambourah Lithium Project

The Tambourah Lithium Project consists of Exploration Licence Application E45/4848 and is located approximately 200 km southeast of Port Hedland and 80 km southwest of Marble Bar in the Pilbara region of Western Australia.

Assays received from rock chip sampling returned very promising results of up to 1.47% lithium (Li_2O), confirming the presence of lithium bearing pegmatites.

Macarthur Minerals had two other lithium projects in the Edah and Ravensthorpe regions of Western Australia which have been relinquished, as they were determined to be not prospective.

<u>Western Australian Lithium Projects Next Steps</u>

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

The results of the reconnaissance trips across the Pilbara tenure have identified several pegmatitic bodies, some containing lithium minerals that warrant further exploration efforts. Based on these results, the Company is focussing on refining an exploration strategy that will involve broader scale mapping of pegmatite outcrops; further rock sampling to determine lithium mineralisation, fractionation state and fractionation trends; as well as localised intensive sampling of soil to detect geochemical haloes associated with a lithium-bearing pegmatite. The results of such activities will inform drill targets to explore the degree and extent of lithium mineralisation as well as obtaining material for process test-work.

NEVADA BRINE LITHIUM PROJECTS

<u>Reynolds Springs Lithium Brine Project</u>

On June 15, 2017 the Company announced that it had staked 210 new unpatented placer mining claims at its new Reynolds Springs Lithium Brine Project ("Reynolds Springs Project") in the Railroad Valley, Nevada.

The new claims are located near the town of Currant, in Nye County, Nevada. The Reynolds Springs Project is located approximately 180 miles (300 km) North of Las Vegas, Nevada, and 330 miles (531 km) South East of Tesla's new Gigafactory, which has a planned production capacity of 35 gigawatt-hours per year by 2020[2].

A total of 206 soil samples were collected across the full extent of the Reynolds Springs Project. Lithium values in the soil samples ranged from a low of 39.3 ppm to a high of 405 ppm Li. Samples were consistently high averaging 168.3 ppm Li with 85% of samples recording over 100 ppm Li and 19% greater than 200 ppm Li.

These results are considered high in comparison to the majority of non-lithium producing playas and amongst the highest we have seen outside of the Clayton Valley.

[2] https://www.tesla.com/sites/default/files/blog_attachments/gigafactory.pdf

Discussion on Operations (Cont'd)

Stonewall Lithium Project

On October 20, 2016, Macarthur Minerals, through its wholly owned US subsidiary, Macarthur Lithium Nevada Limited, entered into an Assignment Agreement with Voltaic Minerals Corp. (TSX-V: VLT, FSE: 2P61) ("Voltaic") to acquire the Stonewall Lithium Project ("Stonewall Project") which covers an area of approximately 12,019 acres (48.64 km^2) and most of the playa in Nevada's Lida Valley Basin.

The Lida Valley is located 32 miles (53 km) to the SE of the Clayton Valley Basin, which hosts the United States' only producing lithium mine. The Stonewall Project is strategically located in the Nevada lithium supply hub, 191 miles (306 km) southeast of Tesla's new Gigafactory.

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. 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 ppm Li and up to 145.5 ppm Li.

The key terms of the Assignment Agreement were:

- 2 million ordinary shares of Macarthur Minerals to Voltaic at CAD$0.10 per share, which were issued on October 20, 2016; and
- 1 million ordinary shares of Macarthur Minerals to Voltaic at CAD$0.07 per share, which were issued on July 13, 2017.

An immediately adjacent tenement holder recently drilled two exploration holes ~ 2 km to the immediate south of the Stonewall Project claims. These two bores encountered only fresh water instead of the expected brines. Upon review of these results and on the advice of Macarthur Minerals' consulting geologist, the Company did not renew the Stonewall Project claims as of October 5, 2017.

WESTERN AUSTRALIAN IRON ORE PROJECTS

Macarthur Minerals' Iron Ore Projects are located on mining tenements covering approximately 62 km^2 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 are situated in the Yilgarn Region of south-western, Western Australia. The Yilgarn Region is a host to many significant mineral deposits that have been or are being mined for iron ore. The tenements cover the Yeriligee greenstone belt which is some 80 km in length and lies within the Southern Cross Province of the Yilgarn.

The Iron Ore Projects are approximately 107 km from the existing Eastern Goldfields Railway (located near the township of Menzies) that has a direct connection to the Port of Esperance in Western Australia, where it is intended that ore from the Projects will be shipped. Export is subject to capacity becoming available, which is not certain.

The Iron Ore Projects comprises two distinct mineral projects:

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

Exploration for the 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 Resources are comprised of Indicated Mineral Resources of approximately 54.5 Mt @ 47.2% Fe and approximately 26Mt @ 45.4% Fe Inferred resources.

The Mineral Resource estimates were prepared by CSA Global on behalf of Macarthur Minerals (N143-101 Technical Report, 2012[3]) and reported in accordance with the JORC Code.

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

Discussion on Operations (Cont'd)

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 (NI 43-101 Technical Report, 2009[4]) and was updated by Snowden Mining Industry Consultants in 2011 (NI 43-101 Technical Report, 2011[5]). The Moonshine Magnetite Project has an Inferred Mineral Resource consisting of approximately 1,316 Mt @ 30.1% Fe.

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

TENEMENTS

Western Australian Lithium and Gold Tenements

At September 30, 2017 the Company held 20 Exploration Licences applications, 2 Exploration Licenses and options over two granted tenements covering a total area of 1,814 km^2.

At November 28, 2017, the Company held 11 Exploration Licences, 5 Exploration Licence applications and options over two granted tenements.

s111 A Request

On May 24, 2017, the Company's 100% owned subsidiary Macarthur Lithium Pty Ltd ("MLi") was informed by the Department of Mines, Industry Regulation and Safety ("DMIRS") that the Minister of Mines and Petroleum was requested to exercise his power under section 111A of the Mining Act 1978 (WA) and refuse MLi's applications for exploration licences in the public interest ("s111A Request"). MLi's applications relate to Pilbara gold and lithium tenements.

On October 23, 2017 DMIRS advised the Company, that the Minister, following careful consideration of the submissions and the responsive comments provided by the Company, that he considers that it is not in the public interest to refuse the applications for exploration licence made by MLi.

Melville Gold and Yalgoo Lithium Project

During the quarter September 30, 2017, the Company entered into a deed of settlement under which it was to acquire 15% of Yalgoo Exploration Pty Ltd which owns two granted exploration licences (E59/2077 and E59/2140), covering an area of 191 km^2 (47,161 acres).

On November 16, 2017 MLi agreed to be paid a further $200,000 under the deed of settlement in lieu of obtaining for its 15% of the issued capital of Yalgoo Exploration.

Western Australian Iron Ore Tenements

At September 30, 2017 the Company held and/or managed mineral tenure totalling 15 Mining Leases covering a total area of approximately 62 km^2.

There have been no changes to the Iron Ore Project tenements since the quarter end September 30, 2017.

Forfeiture Applications

On March 10, 2017, the Company's wholly owned subsidiary, Macarthur Iron Ore Pty Ltd ("MIO") was served with applications for forfeiture by BRM against each of 15 iron ore tenements ("Forfeiture Applications"). BRM claims that MIO has failed to comply with the expenditure conditions in relation to each of the 15 tenements that comprise the Iron Ore Projects.

BRM agreed to withdraw the Forfeiture Applications and were subsequently withdrawn.

[4] NI 43-101 Technical Report filed December 17, 2009, titled "NI 43-101 Technical Report on Lake Giles Iron Ore Project: Western Australia."
[5] NI 43-101 Technical Report filed March 25, 2011, titled "Macarthur Minerals Limited: Moonshine and Moonshine North Prospects, Lake Giles Iron Project, Western Australia, NI 43-101 Technical Report – Preliminary Assessment".

Discussion on Operations (Cont'd)

Nevada Brine Tenements

At September 30, 2017 the Company held 615 claims covering a total area of approximately 12,019 acres (49 km^2) at its Stonewall Project in Nevada and 210 claims for the Reynolds Springs Project for a total area of approximately 4,200 acres (17 km^2).

Since the quarter end September 30, 2017, the Company forfeited the 615 claims at its Stonewall Project in Nevada.

MINERAL TENURE

As at November 28, 2017, the Company holds or has interests in the following tenure in Western Australia:

Tenement Number	Area[1]		Application/Grant Date	Expiry Date	Holder	Project
E46/1114	40	SB	9-Nov-17	9-Nov-22	MLi	Pilbara Project
E46/1115	21	SB	9-Nov-17	9-Nov-22	MLi	Pilbara Project
E45/4693	15	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4702	41	SB	20-Nov-17	19-Nov-22	MLi	Pilbara Project
E45/4708	27	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4709	22	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4710	22	SB	20-Nov-17	19-Nov-22	MLi	Pilbara Project
E45/4711	40	SB	20-Nov-17	19-Nov-22	MLi	Pilbara Project
E45/4732	43	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4735	5	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4747	2	SB	21-Nov-17	20-Nov-22	MLi	Pilbara Project
E45/4779	40	SB	26-Feb-16	Under Application	MLi	Pilbara Project
E45/4824	66	SB	15-Aug-16	Under Application	MLi	Pilbara Project
E45/4848	1	SB	20-Oct-16	Under Application	MLi	Pilbara Project
E45/4903	12	SB	5-Apr-17	Under Application	MLi	Pilbara Project
E46/1210	16	SB	5-Oct-17	Under Application	MLi	Pilbara Project
E45/4764	4	SB	10-Aug-17	9-Aug-22	Option	Pilbara Project
E45/4685	11	SB	12-Jan-17	11-Jan-22	Option	Pilbara Project
M30/0206	188	HA	2-Jul-07	1-Jul-28	MIO	Iron Ore Project
M30/0207	171	HA	2-Jul-07	1-Jul-28	MIO	Iron Ore Project
M30/0213	258	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0214	260	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0215	521	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0216	55	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0217	114	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0227	504	HA	13-Jun-11	12-Jun-32	MIO	Iron Ore Project
M30/0228	362	HA	2-Jul-07	1-Jul-28	MIO	Iron Ore Project
M30/0229	204	HA	2-Jul-07	1-Jul-28	MIO	Iron Ore Project
M30/0248	585	HA	22-Feb-12	21-Feb-33	MIO	Iron Ore Project
M30/0249	1206	HA	22-Feb-12	21-Feb-33	MIO	Iron Ore Project
M30/0250	102	HA	5-Mar-13	4-Mar-34	MIO	Iron Ore Project
M30/0251	1246	HA	27-Nov-12	26-Nov-33	MIO	Iron Ore Project
M30/0252	478	HA	27-May-13	26-May-34	MIO	Iron Ore Project

(1) 1 sub-block (SB) = approx.3.2km^2 in the Pilbara. 3km^2 at Yalgoo and 2.8 km^2 at Ravensthorpe

Corporate Update

Report on Corporate Activities

(i) Legal Proceedings

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

On January 20, 2016 the Company was served with a 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 are yet to file their amended pleadings, as per the judgment delivered by Bond J on March 1, 2017. The FSDC Directors were also ordered to pay costs which are currently being assessed.

The Company considers the FSDC Directors' Claim is without merit and will vigorously defend the FSDC Directors' Claim.

MLi v. Mining and Metallurgy Process Solutions Pty Ltd

The Company settled its proceedings in the Supreme Court of Western Australia against MMPS regarding the first right of refusal granted to MLi in respect of the shares in Yalgoo Exploration under the Mineral Rights Deed[6] between MLi and Yalgoo Exploration ("MMPS Proceedings"). MMPS currently owns 100% of Yalgoo Exploration.

The MMPS Proceedings, on the following key terms:

- MLi and MMPS enter into a Shareholders Agreement for Yalgoo Exploration whereby MLi be issued 15% of the issued capital of Yalgoo Exploration, which is a non-contributing interest and cannot be diluted until after there is a decision to mine.
- MLi, MMPS and Yalgoo Exploration have agreed to terminate the Mineral Rights Deed at no cost to MLi, so that Yalgoo Exploration owns all minerals on the Yalgoo Tenements.
- MMPS to pay MLi $100,000 within 5 days of execution of Shareholders Agreement and satisfaction of conditions precedent, unless waived by the party for who it benefits.

On November 16, 2017 MLi agreed to be paid a further $200,000 for its 15% of the issued capital of Yalgoo Exploration by November 30, 2017. MLi will also receive 5% of gross sale proceeds for lithium rights, if Yalgoo Exploration's rights to lithium are sold within 2 years.

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

On March 3, 2017, the prospectus was lodged with Australian Securities and Investment Commission ("ASIC") in relation to Macarthur Australia Limited's ("Macarthur Australia") Australian Securities Exchange ("ASX") Initial Public Offering ("IPO"). The IPO was for the issue of up to 50 million shares in Macarthur Australia at an issue price of A$0.20 per share to raise up to A$10 million. The minimum raise was for 25 million shares for A$5 million. Lodgement of the prospectus with ASIC and ASX for listing Macarthur Australia on the ASX followed the successful oversubscribed seed capital raising for A$1.5 million. On July 5, 2017, Macarthur Australia withdrew its prospectus for ASX IPO due to poor market conditions.

(iii) Non-brokered Private Placement July 2017 and Reacquisition of Macarthur Australia

On July 7, 2017 the Company announced a non-brokered private placement (the "Offering") of up to 50,000,000 units (each, a "Unit") at a price of CAD$0.05 per Unit for a total consideration of CAD$2.5 million. Each Unit is comprised of one common share in the capital of the Company and one whole warrant to acquire a common share at an exercise price of CAD$0.06 per Common Share exercisable until February 16, 2018.

On July 26, 2017, the Company closed Tranche 1 of the Offering, having received subscriptions for 34,907,782 Units for total consideration of CAD$1,745,389 from Macarthur Australia seed investors and some applicants for the withdrawn ASX IPO.

On August 21 and August 24, 2017, the Company closed Tranche 2 of the Offering, having issued a further 1,746,376 Units and 830,110 shares for a total of CAD$137,125 under the Offering.

On September 12, 2017 the Company closed Tranche 3 of the Offering, having received subscriptions for $226,591 for 4,491,139 Units.

[6] Refer to the Company's news releases dated August 15, 2016 and October 12, 2016.

Corporate Update (Cont'd)

Under Tranches 1, 2 and 3 the Company issued 41,145,297 Units and 830,110 shares for total subscriptions of approximately $2,107,072.

The Macarthur Australia Limited seed investors have all subscribed in the Offering, in consideration for the shares they hold in Macarthur Australia to Macarthur Minerals. The Company now holds 100% interest in Macarthur Australia.

(iv) Warrants

During the period end September 30, 2017, 41,145,297 warrants were issued, in connection with the Offering and 7,500,000 warrants were exercised raising CAD$375,000.

Since the period end September 30, 2017, 6,943,298 warrants were exercised raising CAD$416,598.

(v) Board Changes and Executive Consultancy Agreements

On October 10, 2017 Mr Joe Phillips was appointed as an executive director to the Board and on October 24, 2017 was appointed as Co-CEO.

On October 17, 2017 Mr Cameron McCall was appointed as Executive Chairman of the Board.

The Board is comprised of Mr Cameron McCall as Executive Chairman, Mr David Lenigas as Independent Director, Mr Alan Phillips as Non-Executive Director, Mr David Taplin as Co-CEO and Director and Mr Joe Phillips as Co-CEO and Director.

Mr McCall and Mr Phillips are retained on consultancy contracts with a cash salary of AUD$120,000 per annum, in addition to share based compensation as detailed below.

Pursuant to the Company's Share Compensation Plan, the Company has granted a total of 2,352,942 Bonus Shares to Mr McCall and Mr Phillips at a deemed price of C$0.085 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which the Bonus Shares are to be issued.

Mr McCall and Mr Phillips were also issued 4,705,882 restricted share units ("RSUs") at a deemed price of C$0.085 per share, being the closing share price per Common Share on the TSX-V on the trading day immediately preceding the day on which the RSU's are to be issued. The RSU's vest upon the closing share price of the Company's shares on the TSX-V being greater than C$0.20 for 20 consecutive trading days.

The Bonus Shares and RSUs are being issued under the terms of the Company's Share Compensation Plans which were approved by shareholders at the Company's Annual General Meeting on 31 August 2017 and has been approved by the TSX-V.

(vi) Rights Offering

On October 23, 2017 the Company announced that it will be offering rights ("Rights") to holders of its common shares ("Common Shares") at the close of business on the record date of October 30, 2017, on the basis of one right for each common share held (the "Rights Offering"). Six (6) Rights will entitle the holder to subscribe for 1 unit at a subscription price of C$0.06 per unit ("Unit").

Each whole Unit consists of one Common Share and one Common Share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one Common Share for C$0.20 for a term of 12 months from the date of issue of the Unit. In the event that the closing sale price of the Company's Common Shares on the TSX Venture Exchange is greater than C$0.20 per share for a period of 20 consecutive trading days at any time after closing of the Rights Offering, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 20th day after the date on which such notice is given by the Company.

The Rights Offering will be conducted in Canada. The Rights will expire at 5:00 p.m. (Toronto time) on December 12, 2017 (the "Expiry Time"), after which time unexercised Rights will be void and of no value. Shareholders who fully exercise their Rights will be entitled to subscribe for additional Units, if available as a result of unexercised Rights prior to the Expiry Time.

If all of the Rights issued under the Rights Offering are validly exercised the Rights Offering will raise gross proceeds of approximately C$1,900,000. Macarthur Minerals intends to use the net proceeds of the Rights Offering to analyse the potential for lithium and gold on its acreage, pay care and maintenance costs on Macarthur Minerals' existing acreage and for ongoing working capital.

Corporate Update (Cont'd)

In connection with the Rights Offering, the Company has entered into a standby guarantee agreement (the "Standby Guarantee") for the full Rights Offering of approximately C$1.9 million with Orbit Drilling Pty Ltd (the "Standby Purchaser"). Under the Standby Guarantee, the Standby Purchaser has agreed to subscribe for, and the Company has agreed to issue, all Units offered under the Rights Offering that are not otherwise purchased by the Company's shareholders, up to the amount of approximately $1.9 million.

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 six month period ending September 30, 2017 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 September 30, 2017	Quarter Ended September 30, 2016	6 months to September 30, 2017	6 months to September 30, 2016
Capitalized expenses	73,552	81,488	345,470	178,656

For the quarter ended September 30, 2017, the Company expended $73,552 on exploration and evaluation activities. For the corresponding quarter ended September 30, 2016 the Company expended $81,488 on exploration and evaluation activities. This represents a decrease in expenditure of $7,936 mainly resulting decreased exploration expenditure on the iron ore projects. The largest elements of exploration and evaluation costs during the quarter were personnel and contractors representing 60% and rent and rates of 30%.

For the six months ended September 30, 2017 the Company expended $345,470 on exploration and evaluation activities, compared with $178,656 for the corresponding six months ended September 30, 2016. The largest elements of exploration and evaluation costs during the period were rents and rates representing 28% and research and reports of 24%, which included gravity survey and assaying performed during the period. Personnel and contractor costs reduced by 5% during the period compared to the corresponding period representing a $7,611 saving.

Exploration and evaluation expenditure is accumulated separately for each area of interest and capitalised to exploration and evaluation assets. Such expenditure comprises net direct costs, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Expenditure in respect of any area of interest or mineral resource is carried forward provided that:

- the Company's rights of tenure to that area of interest are current;
- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively by its sale; or
- exploration and/or evaluation activities in the areas of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas are continuing.

All other exploration and evaluation expenditure is expensed as incurred. Exploration and evaluation expenditure previously capitalised but which no longer satisfies the above policy is impaired and expensed to the Statement of Loss and Other Comprehensive Loss.

At September 30, 2017 the Company held 100% of the outstanding and issued share capital of Macarthur Australia (refer to Reacquisition of Macarthur Australia in Corporate Update). Macarthur Australia's wholly owned subsidiaries MIO and MLi hold assets which include the Iron Ore Projects and lithium exploration projects, respectively. Macarthur Minerals also holds 100% of Macarthur Lithium Nevada Limited ("MLiNV"), which holds lithium exploration projects in Nevada (full details of which are set out in the Discussion on Operations).

Results of Operations and Financial Condition (Cont'd)

The carrying value of exploration and evaluation assets does not include expenditure on the lithium projects as these are currently in acquisition status. During the period ended September 30, 2017, $376,779 has been expensed on the projects. This expenditure is included in Administrative Expenses below.

The carrying value of the exploration and evaluation assets relates to the Iron Ore Projects.

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. The operational status of these projects was assessed in the prior year, along with the carrying value, resulting in an impairment change and write-down to estimated recoverable value of $6,000,000.

In the March 31, 2017 year, global market conditions have improved however given ongoing uncertainty, carrying value has been maintained at $6,000,000.

Administrative Expenses

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

Australian $	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016	6 months to September 30, 2017	6 months to September 30, 2016
Administration Expenses	(695,452)	(977,885)	(1,328,876)	(1,767,757)

For the quarter ended September 30, 2017, the Company expended $695,452 on administrative expenses compared with administrative expenses of $977,885 for the corresponding quarter ended September 2016. The largest elements of administrative expenses for the quarter were professional fees of $241,778 and personnel fees of $199,637. Total exploration expenses expensed during the quarter ended September 30, 2017 was $376,779.

For the six months ended September 30, 2017 the Company expended $1,328,876 on administrative expenses compared with $1,767,757 for the corresponding six months ended September 2016. The decrease was mainly due lower share-based compensation expenses and lower office and general expenses.

Income

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

Australian $	Quarter Ended September 30, 2017	Quarter Ended September 30, 2016	6 months to September 30, 2017	6 months to September 30, 2016
Interest Income	711	1,102	2,346	1,835
Other Income	60,000	-	60,000	98,321
Net Other Income (Gain on Sale of Asset)	-	-	-	1,818
Change in fair value of warrant liability	-	150,054	508,463	211,103

For the quarter ended September 30, 2017 the Company earned interest income of $711 compared with $1,102 for the corresponding quarter ended September 30, 2016. Interest income decreased by $391 due to interest earned on a decreased cash balance.

For the quarter ended September 30, 2017 the Company recognized other income of $60,000 from option fee income for lithium tenements.

For the six months ended September 30, 2017 the Company earned interest income of $2,346 compared with $1,835 for the corresponding six months ended September 30, 2016.

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.

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 September 30, 2017	Quarter Ended September 30, 2016	6 months to September 30, 2017	6 months to September 30, 2016
Net loss	634,741	826,729	758,067	1,454,680

The net loss for the quarter ended September 30, 2017 was $634,741 compared with $826,729 for the corresponding quarter ended September 30, 2016. This decrease in net loss of $191,988 was mainly attributable to the change in fair value of warrant liability accounted for during the quarter ended September 30, 2017.

The net loss for the six months ended September 30, 2017 was $758,067 compared with $1,454,680 for the corresponding six months ended September 30, 2016. This decreased net loss was mainly attributable to share based compensation.

Change in Financial Position

Australian $	6 months to September 30, 2017	6 months to September 30, 2016
Cash and cash equivalents	154,531	624,100
Exploration and Evaluation assets	6,345,470	6,178,656
Plant and Equipment	66,427	86,732
Total Assets	6,973,614	7,069,630
Accounts Payable and Accrued Liabilities	414,400	364,126
Total Liabilities	532,340	422,582
Net Assets	6,441,274	6,647,048
Net Working Capital	(166,796)	395,981

At September 30, 2017 the Company had net assets of $6,441,274 compared to $6,647,048 at September 30, 2016. The decrease mainly results from a decrease in cash balance resulting from administrative expenditure.

The Company's cash and cash equivalents balance of $154,531 at September 30, 2017, was a decrease of $469,569 from the September 30, 2016 balance. Since September 30, 2016 exploration and evaluation assets decreased by $166,814. Refer below for the cash flow movement for the 6 months to September 30, 2017.

Plant and equipment was $66,427 at September 30, 2017 reflecting the depreciated book value of various site and office equipment.

The Company's net working capital at September 30, 2017 was in deficit by $166,796 compared with net working capital of $395,981 at September 30, 2016. The decrease in the net working capital for the 12 months to September 30, 2017 is due to high creditor balance as at 30 September 2017.

Results of Operations and Financial Condition (Cont'd)

Year to Date Cash Flows

Australian $	6 months to September 30, 2017	6 months to September 30, 2016
Operating Activities	(1,070,865)	(1,294,624)
Investing Activities	(612,772)	(177,748)
Financing Activities	1,030,938	1,828,631
Total cash movement	(652,699)	356,259

Cash outflow from operating activities during the period ended September 30, 2017 was $1,070,865 compared with $1,294,624 for the prior corresponding period. The decreased cash outflow was mainly due to lower administrative costs.

Cash outflow from investing activities during the period ended September 30, 2017 was $612,772 compared with $177,748 in the prior corresponding period. The increased cash outflow relates to Investment in the Stonewall Lithium Project and higher exploration expenditure during the period ended 30 September 2017 compared to the corresponding period.

Cash inflow from financing activities during the period was $1,030,938 compared with cash inflow of $1,828,631 for the corresponding prior period. The decrease relates to higher equity raised in the prior period.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with September 30, 2017. This financial information is derived from the Annual Audited Financial Statements of the Company.

	Dec 31, 2015 $	Mar 31, 2016 $	Jun 30, 2016 $	Sept 30, 2016 $	Dec 31, 2016 $	Mar 31, 2017 $	Jun 30, 2017 $	Sept 30, 2017 $
Interest Income	(1,881)	321	733	1,835	585	3,142	1,635	711
Net profit/(loss)	(563,780)	(1,269,688)	(627,951)	(1,454,680)	(412,620)	(2,007,581)	(123,326)	(634,741)
Net profit/(loss) per share	(0.01)	(0.02)	(0.01)	(0.01)	(0.003)	(0.01)	(0.001)	(0.003)

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

During the last 8 quarters, the Company has consistently reported net losses. The most significant factor affecting quarterly losses is continuing administrative expenses.

Liquidity and Capital Resources

At September 30, 2017, the Company has net working capital deficit of $166,796. Since the period ended September 30, 2017, the Company raised CAD$416,598, from the exercise of warrants. The Company will complete an underwritten Rights Offering for C$1.9m by December 12, 2017.

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 September 30, 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 September 30, 2017.

Non-Executive Directors

Cameron McCall, Chairman

David Lenigas, Independent Director

Alan Phillips, Non-Executive Director

Executive Directors

David Taplin, President, CEO and 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 September 30, 2017.

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 had no lease agreements during the period ended September 30, 2017.

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 September 30, 2017.

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 – Executive Chairman
- Alan Phillips – Non-Executive Director
- David Lenigas – Non-Executive Director
- David Taplin – Joint CEO and Director
- Joe Phillips – Joint CEO and 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 Minerals 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 Minerals. Neither Macarthur Minerals, nor the directors, warrant the future performance of the Company or any return on an investment in Macarthur Minerals.

Competitive Conditions Risk

The resource industry can be intensively competitive, and a number of other hematite, magnetite gold, 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.

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 September 30, 2017 the Company's deficit was $92,270,363.

Risks and Uncertainties (Cont'd)

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 Minerals will be governed by Macarthur Minerals' "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 Minerals' operations are subject to all of the risks and hazards typically associated with the exploration and evaluation of minerals. Macarthur Minerals intends to maintain insurance that is within ranges of coverage that 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 Minerals 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 Minerals. 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.

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 Minerals' 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 Minerals 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

Risks and Uncertainties (Cont'd)

Minerals 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 Minerals.

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.

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.

Risks and Uncertainties (Cont'd)

Risk of Unforeseen Expenses

While Macarthur Minerals 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 Minerals 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 September 30, 2017, the closing price per share of the Company fluctuated from a low of CAD$0.05 to a high of CAD$0.11.

There are a number of factors (both national and international) that may affect the share market price and neither Macarthur Minerals 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 September 30, 2017, there were 19,507,009 stock options and 41,145,297 warrants outstanding.

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 Minerals 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 Minerals 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 Minerals 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 Minerals 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.

Risks and Uncertainties (Cont'd)

In addition, Macarthur Minerals' 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 Minerals will suffer a loss of the opportunity to undertake further exploration, or evaluation, of the tenement. Macarthur Minerals 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 Minerals 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 Minerals' project areas may contain sites of cultural significance, which would need to be avoided when carrying out field programs and potential project development.

Macarthur Minerals' Nevada Brine properties are subject to title risk for non-payment of Bureau of Land Management Fees and thereby risk over-staking.

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.

Risks and Uncertainties (Cont'd)

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.

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 Minerals' 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 Minerals.

Risk of Accuracy of Exploration Maps and Diagrams

Macarthur Minerals has commissioned and produced numerous diagrams and maps to help identify and describe the tenements and the targets sought by Macarthur Minerals 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.

Risks and Uncertainties (Cont'd)

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.

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 Minerals' 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 Minerals 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 Minerals 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 Minerals and, ultimately, the market price of its securities.

In addition to the normal level of income tax imposed on all industries, Macarthur Minerals 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.

Risks and Uncertainties (Cont'd)

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.

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 Minerals is a party to various contracts. Whilst Macarthur Minerals 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 Minerals 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 Minerals 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 September 30, 2017.

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 year ended March 31, 2016 the Group impaired its exploration and evaluation assets as set out in Note 12 in the Audited Annual Financial Statements for the year ended March 31, 2017.

(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 there was no share-based compensation expenditure.

(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, 2017.

(iii) Going concern

As set out in Note 2(b) in the Audited Annual Financial Statements for the year ended March 31, 2017, 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 September 30, 2017.

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, 2017 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 are 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.

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 September 30, 2017.

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

There were no significant changes that occurred during the period ended September 30, 2017 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 September 30, 2017.

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 November 28, 2017:

Authorized and issued share capital:

Class	Par Value	Authorized Common shares (No par value)	Issued
Common	No par value	Unlimited	199,572,620

As at November 28, 2017 there were 19,407,009 stock options, 4,705,882 RSUs and 34,201,999 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 full-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 Western Australian Iron Ore Projects (excluding any corporate matters) contained in this MD&A and has consented to the public filing of the MD&A.

Andrew Hawker, a member of the Australian Institute of Geoscientists, is a full-time employee of Hawker Geological Services Pty Ltd and is a Qualified Person as defined in National Instrument 43-101. Mr Hawker has reviewed and approved the technical information in relation to Western Australian Gold Projects and Western Australian Lithium Projects 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 Henkle has reviewed and approved the technical information in relation to Nevada Brine Lithium Projects 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
Executive Chairman

"*David Lenigas*"
David Lenigas
Independent Director