ACN 103 011 436

Management's Discussion and Analysis

(Form 51-102F1)

For the Year ended March 31, 2017

Information as of July 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 Minerals" or the "Company") for the year ended March 31, 2017 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of July 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 year. The Audited Annual Financial Statements for the year ended March 31, 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 focused on exploring for lithium in Australia and Nevada, as well as identifying development options. Macarthur Minerals is the majority shareholder of Macarthur Australia Limited ("Macarthur Australia"), which owns significant iron ore and lithium projects in Western Australia.

MACARTHUR AUSTRALIA LIMITED'S WESTERN AUSTRALIAN HARD ROCK LITHIUM

Macarthur Australia's Western Australian "hard rock" lithium tenure is held by its wholly owned subsidiary Macarthur Lithium Pty Ltd ("MLi").

MLi has 4 lithium projects covering a total area of 1,937 square kilometers ("km^2") in the Pilbara, Yalgoo, Edah and Ravensthorpe regions of Western Australia, consisting of:

1. Pilbara Lithium Projects
2. Yalgoo Lithium Project
3. Edah Lithium Project
4. Ravensthorpe Lithium Project

<u>Pilbara Lithium Projects</u>

MLi has 20 Exploration License applications in the Pilbara covering a total area of 1,514 km^2.

In May and June 2016, MLi 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 45/4702 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 application 45/4711 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 45/4848. A rock sample collected by Fortescue Metals Group Ltd in 2012 on the western edge of Exploration Licence application 45/4702 returned a result of 876 ppm Li (0.19% Li_2O).

<u>Yalgoo Lithium Project</u>

On October 12, 2016, MLi entered into a Mineral Rights Deed ("Rights Deed") with Yalgoo Exploration Pty Ltd ("Yalgoo"), a private gold company, to acquire exclusive rights for lithium and other rare earth minerals on two granted Exploration Licenses covering an area of 213 km^2 in the Yalgoo region of Western Australia ("Yalgoo Lithium Project").

In October 2016, MLi conducted a reconnaissance field trip with promising results. Lithium mineralisation was confirmed in at least two of the pegmatites, with their core quartz zones exposed by small scale mining. Grab rock samples returned up to 3.75% Li_2O associated with lepidolite in one of these pegmatites and lithium muscovite containing up to 2% Li_2O in another pegmatite. During this visit, several additional pegmatites, largely composed of blocky feldspar and quartz were noted within a corridor some 1.5 km wide and extending over some 5 km in a NNW-SSE direction, located within a broader corridor some 3 km wide and likely extending over 10 km.

The Rights Deed has the following key terms:

- MLi will pay Yalgoo:
  - A$30,000 upon execution of the Rights Deed, which has been paid;
  - A$50,000 upon the first anniversary of the commencement of the Rights Deed;
  - A$250,000 upon defining a 5 million tonne JORC resource of >1.2% Li_2O; and
  - A$500,000 upon defining a 15 million tonne JORC resource of >1.2% Li_2O.

Discussion on Operations (Cont'd)

- Net smelter royalty of:
  - 2.5% for lithium concentrate produced on the Yalgoo Lithium Project; and
  - 50% of Western Australian Department of Minerals and Petroleum royalty rate for other rare earth minerals, produced on the Yalgoo Lithium Project.
- The Company will contribute 50% to the minimum expenditure on tenements of the Yalgoo Lithium Project.
- The shareholders of Yalgoo entered into a share sale agreement with Mining and Metallurgy Process Solutions Pty Ltd ("MMPS") for MMPS to purchase all the shares in Yalgoo. MLi has the first right of refusal ("FROR") for purchase of the shares of Yalgoo should MMPS be unable to complete the purchase or should the Yalgoo shareholders thereafter wish to dispose of their shares in Yalgoo or the Yalgoo Lithium Project.

Edah Lithium Project

MLi holds a granted Exploration Licence in the Edah district in the greenstone terrane of the Murchison Province of Western Australia, covering an area of 120 km^2.

Ravensthorpe Lithium Project

MLi holds two granted Exploration Licences in the Ravensthorpe region of Western Australia covering an area of 90 km^2. The tenements are located near the town of Ravensthorpe in the south coast of Western Australia which is located some 187 km by road West North West of the Port of Esperance. The tenements are situated within 3 km of the Ravensthorpe pegmatite field which contains several lithium-bearing pegmatites and one mining operation for lithium centred on the Mount Cattlin spodumene bearing pegmatites located 2 km North North West of the Ravensthorpe town site. Mount Cattlin has a current ore resource of some 16.4 million tonnes ("Mt") at 1.08% Li_2O and 157ppm Ta_2O_5[1].

MLi has conducted a reconnaissance field trip across a portion of the Ravensthorpe tenure which located several West North West trending feldspar-quartz ± muscovite pegmatites hosted by SW Terrane greenstone rocks. The pegmatites require mapping and sampling to determine extent and potential for lithium mineralisation.

Macarthur Lithium Projects Next Steps

MLi is focussed on the acquisition and development of high quality lithium projects. MLi 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 four reconnaissance trips across the Pilbara, Yalgoo and Ravensthorpe tenure have identified several pegmatitic bodies, some containing lithium minerals that warrant further exploration efforts across each region. Based on these results, MLi 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.

MACARTHUR MARBLE BAR LITHIUM JOINT VENTURE

On May 2, 2017, Macarthur Minerals and Southern Hemisphere Mining Ltd (ASX: SUH) ("SUH"), through a 50:50 joint venture entered into a Memorandum of Understanding ("MOU") with Great Sandy Pty Ltd ("Great Sandy"), to acquire the Marble Bar Lithium Project and Pippingarra Lithium Tantalite Project in the Pilbara region of Western Australia.

The Marble Bar Lithium Project consists of four granted Exploration Licences covering 368 km^2 located between 10 and 50 km east of Marble Bar in the East Pilbara region of Western Australia. Marble Bar is located 200 km south east of Port Hedland and approximately 100 km east of the emerging world class Pilgangoora and Wodgina lithium province.

[1] Galaxy Resources, Investor presentation August 2016 http://www.galaxyresources.com.au/

Discussion on Operations (Cont'd)

Great Sandy collected 79 rock chip samples from the outcropping pegmatites and adjacent granitic country rock returning peak values of 3.72% Li_2O and 3.32% Li_2O. Thirty of the collected samples returned assays better than 1% Li_2O. Several samples contained visibly abundant spodumene with the mineralogy confirmed by X-ray powder diffraction ("XRD") and petrographic analysis.

In November 2016, Blaze International Limited (ASX: BLZ) conducted a limited reverse circulation ("RC") drilling program on E45/4669, consisting of 12 shallow holes, 702 m, targeting only three of the known mineralised pegmatites. Drilling returned significant lithium results within broad low-grade zones of mineralisation. Lithium was intercepted in most holes with seven holes containing narrow but higher grade zones. Hole MBRC006 returned one of the best intercepts of 14 m @ 0.58% Li_2O from 0 to14 m including a higher-grade interval of 3 m @ 1.48% Li_2O from 8 m. The drilling confirmed the shallow 30 - 35 degree easterly dip to the pegmatites and indicated that the pegmatites are often associated with broad mineralized alteration haloes indicating a large and pervasive mineralizing event.

The Pippingarra Lithium and Tantalite Project consists of two Exploration Licence Applications covering 181 km^2 located 27 km south east of Port Hedland.

The key terms of the MOU are:

- $30,000 has been paid to Great Sandy equally by Macarthur Minerals, through its wholly owned subsidiary, Macarthur Marble Bar Lithium Pty Ltd ("MMBL") and SUH on signing the MOU, which is exclusive.
- MMBL and SUH will enter into a 50:50 contributing Joint Venture Agreement for purchase of 100% of the projects ("Joint Venture") within 90 days. The Joint Venture Agreement will be on standard industry terms and MMBL will be appointed project manager.
- The Joint Venture will enter into a purchase agreement for the projects within 60 days on completion of satisfactory due diligence and obtaining regulatory approvals.
- The purchase price for the projects by the Joint Venture is:
    - Within 60 days of entering into the Purchase Agreement, the joint venture parties will each issue A$125,000 of shares in each of their respective companies, Macarthur Minerals and SUH, to Great Sandy.
    - Within 6 months of entering into the Purchase Agreement, the joint venture parties will each issue A$250,000 of shares each in their respective companies, Macarthur Minerals and SUH, to Great Sandy. Following this final payment, the Joint Venture will receive 100% ownership of the projects.
    - Great Sandy will retain a 2% gross production royalty.
    - The number of shares to be issued for the purchase price is to be calculated using a 5-day Volume Weighted Average Price for each Macarthur Minerals and SUH prior to the issue of shares.

MACARTHUR MINERALS NEVADA BRINE LITHIUM PROJECTS

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, which has a planned production capacity of 35 gigawatt-hours per year by 2020[2].

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

Discussion on Operations (Cont'd)

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

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.

Reynolds Springs Lithium Brine Project

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.

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.

MACARTHUR AUSTRALIA LIMITED'S WESTERN AUSTRALIAN IRON ORE PROJECTS

The Iron Ore Projects are owned by Macarthur Australia's wholly-owned subsidiary Macarthur Iron Ore Pty Ltd ("MIO").

The 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.

Discussion on Operations (Cont'd)

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.

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.

MIO intends to progress the development of the Ularring Hematite Project.

Given considerable investment has been made to date in defining a Mineral Resource and understanding the technical aspects of the Ularring Hematite Project, MIO's focus will be on obtaining a partner to fund the development as well as continuing negotiations with existing producers to gain access to rail and port infrastructure that will provide Macarthur Australia with an export avenue.

In addition, MIO will continue to explore options for simplified ore processing and options to blend higher grade material with existing producers in the region.

TENEMENTS

Macarthur Australia "Hard Rock" Lithium Tenements

At March 31, 2017 the Company held 20 Exploration Licences applications, 3 Exploration Licenses and had prospective interest in rights to lithium covering a total area of 1,937 km^2 (478,397 acres).

There have been no changes to the lithium acreage since the year end March 31, 2017.

Pilbara Lithium Projects – s111 A Request

On May 24, 2017, MLi was informed by the Department of Mines and Petroleum that the Mr Steven Parnell ("Parnell"), sole director and shareholder of Black Range Mining Pty Ltd ("BRM") has requested to the Minister of Mines and Petroleum 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 the Pilbara Lithium Projects.

MLi has made submission to the Minister of Mines and Petroleum that Parnell's s111A Request be immediately dismissed. On June 26, 2017, MLi was provided with a copy of Parnell's s111A Request which consists of a two page letter with little detail. The Company believes Parnell's s111A Request is an abuse of process and not in the public interest. The Company believes Parnell's s111A Request should be dismissed by the Minister of Mines and Petroleum immediately. The Company believes it is very unlikely that the Minister of Mines and Petroleum would exercise his power to refuse MLi's applications. The Company is aware of only three past instances in which a Minister of Mines and Petroleum has exercised his discretion under section 111A of the Mining Act 1978 (WA) to refuse tenement applications and only when exceptional circumstances existed.

Macarthur Western Australian Marble Bar Tenements

Under the MOU, Macarthur Minerals and the SUH Joint Venture will hold the Marble Bar Lithium Project which consists of four granted Exploration Licences covering 368 km^2 and the Pippingarra Lithium and Tantalite Project which consists of two Exploration Licence applications covering 181 km^2.

[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."
[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)

Macarthur Nevada Brine Tenements

At March 31, 2017 the Company held 615 claims covering a total area of approximately 12,019 acres (49 km^2) at its Stonewall Project in Nevada.

Since March 31, 2017, the Company staked 210 claims for the Reynolds Springs Project for a total area of approximately 4,200 acres (17 km^2).

Macarthur Australia Iron Ore Tenements

At March 31, 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 year end March 31, 2017.

Forfeiture Applications

On March 10, 2017, 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.

On May 18, 2017, the Department of Mines and Petroleum granted certificates of exemption from expenditure commitments for the three tenements where the reporting period recently ended. Consequently, BRM has withdrawn its applications on these three tenements.

In addition, MIO has met expenditure commitments for the remaining 12 tenements and Form 5 reports were submitted.

The Company believes that those applications are opportunistic, have no merit, will vigorously be defended and dismissed in due course. The matter is listed for mention in the Western Australian Warden's Court on July 28, 2017.

Discussion on Operations (Cont'd)

LIVE MINERAL TENURE

As at July 31, 2017, the Company holds or has interests in the following tenure:

Tenement Number	Area(1)		Application/Grant Date	Expiry Date	Holder	Project
E45/4669	23	SB	15-Dec-2015	02-Oct-21	Great Sandy	Marble Bar JV
E45/4746	20	SB	19-April-2016	29-Nov-21	Great Sandy	Marble Bar JV
E45/4724	15	SB	17-Mar-2016	22-Nov-21	Great Sandy	Marble Bar JV
E45/4690	57	SB	1-Feb-2016	10-Oct-21	Great Sandy	Marble Bar JV
E45/4691	32	SB	2-Feb-2016	Under Application	Great Sandy	Marble Bar JV
E45/4759	23	SB	2-May-2016	Under Application	Great Sandy	Marble Bar JV
E45/4693	15	SB	3-Feb-2016	Under Application	MLi	Pilbara Project
E45/4694	34	SB	3-Feb-2016	Under Application	MLi	Pilbara Project
E45/4702	43	SB	11-Feb-2016	Under Application	MLi	Pilbara Project
E45/4708	27	SB	26-Feb-2016	Under Application	MLi	Pilbara Project
E45/4709	22	SB	26-Feb-2016	Under Application	MLi	Pilbara Project
E45/4710	22	SB	26-Feb-2016	Under Application	MLi	Pilbara Project
E45/4711	40	SB	29-Feb-2016	Under Application	MLi	Pilbara Project
E45/4732	43	SB	7-Apr-2016	Under Application	MLi	Pilbara Project
E45/4735	5	SB	19-Apr-2016	Under Application	MLi	Pilbara Project
E45/4747	2	SB	19-Apr-2016	Under Application	MLi	Pilbara Project
E45/4748	12	SB	19-Apr-2016	Under Application	MLi	Pilbara Project
E45/4749	9	SB	19-Apr-2016	Under Application	MLi	Pilbara Project
E45/4750	4	SB	16-May-2016	Under Application	MLi	Pilbara Project
E45/4779	40	SB	26-Feb-/2016	Under Application	MLi	Pilbara Project
E46/1114	35	SB	26-Feb-2016	Under Application	MLi	Pilbara Project
E46/1115	21	SB	26-Feb-2016	Under Application	MLi	Pilbara Project
E46/1133	31	SB	19-Apr-2016	Under Application	MLi	Pilbara Project
E59/2174	40	SB	17-Feb-2016	03-Oct-21	MLi	Edah Project
E74/0587	2	SB	7-Nov-2016	06-Nov-21	MLi	Ravensthorpe Project
E74/0588	30	SB	7-Nov-2016	06-Nov-21	MLi	Ravensthorpe Project
E59/2077	34	SB	1-Jul-2016	30-Jun-21	Yalgoo	Yalgoo Lithium Project
E59/2140	37	SB	22-Feb-2016	21-Feb-21	Yalgoo	Yalgoo Lithium Project
M30/0206	188	HA	02-Jul-07	01-Jul-28	MIO	Iron Ore Project
M30/0207	171	HA	02-Jul-07	01-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	02-Jul-07	01-Jul-28	MIO	Iron Ore Project
M30/0229	204	HA	02-Jul-07	01-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	05-Mar-13	04-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

First Strategic Development Corporation Ltd (in liquidation) ("FSDC") v. Sing Chuck Charles Chan, Wai Lap Victor Chan & Wai Tak (Edward) Kwok

The Company, as funding creditor, has been reimbursed a total of $1,922,259 for costs, pursuant to the Court approved funding agreements with the Liquidator of FSDC.

On April 26, 2016, the Liquidator of FSDC paid a dividend of $98,321 to Macarthur, as an unsecured creditor of FSDC. In total, the Company has recovered $2,020,580 relating to the FSDC matter.

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.

The Company and two of its officers applied to the Supreme Court of Queensland to strike out the FSDC Directors' Claim, which was heard on August 31, 2016. Bond J delivered judgment on March 1, 2017 and struck out various paragraphs of the statement of claim, and has given FSDC Directors' leave to re-plead in respect of each of those paragraphs which have been struck out. The FSDC Directors are yet to file their amended pleadings. In addition, the FSDC Directors paid into the Supreme Court of Queensland $75,000 as security for costs for the strike out application.

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 ("MMPS")

MLi has commenced proceedings against MMPS regarding a first right of refusal granted to MLi in respect of the shares in Yalgoo Exploration Pty Ltd ("Yalgoo"), under the Rights Deal. Yalgoo is the registered proprietor of Exploration Licences E59/2140 and E59/2077, that comprises the Yalgoo Lithium Project in Western Australia.

On 4 November 2016, MMPS issued what purported to be a disposal notice under the first right of refusal advising that it intended to sell 100% of the shares in Yalgoo to Jonstell Investments Pty Ltd (now Aurum Minerals Pty Ltd) ("Aurum"). MLi contended that the disposal notice was invalid for various reasons. MMPS accepted that the disposal notice was invalid and Aurum subsequently acquired a majority interest in MMPS.

Despite demand by MLi, MMPS has failed or refused to issue a further and valid disposal notice. In the proceedings, MLi seeks a declaration that MMPS is required to give a further and valid disposal notice under the first right of refusal, together with consequential orders.

The proceedings were commenced in the Supreme Court of Western Australia on January 18, 2017. The proceedings are listed on the Commercial and Managed Cases List before the Honourable Justice Le Miere. Directions have been made by the plaintiff to file its statement of claim and the defendant to file its defence.

A strategic conference was heard on June 6, 2017 before Le Miere J, whereby an order was made for the case be referred to mediation pursuant to the Supreme Court Act 1935 (WA). Mediation between MLi and MMPS occurred on July 25, 2017.

(ii) Board Changes

On July 11, 2016 Mr David Lenigas was appointed as a non-executive independent director to the Board.

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

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

Corporate Update (Cont'd)

(iii) Stock Options

On April 14, 2016, pursuant to the Company's Share Compensation Plans ("Plans"), an aggregate of 2,660,000 Options were granted, of which 1,590,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.05, vest immediately, and expire three years from the date of grant.

On July 11, 2016, pursuant to the Plans, an aggregate of 3,540,000 Options were granted, of which 2,610,000 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.0525, are subject to a four month hold, and expire three years from the date of grant.

On September 1, 2016, pursuant to the Plans, 500,000 Options were granted to a consultant with an exercise price of CAD$0.10 for a period of up to 90 days after the termination of the consultancy agreement.

On September 22, 2016, pursuant to the Plans, an aggregate of 13,509,664 Options were granted, of which 10,017,004 Options were granted to directors of the Company, and the remaining Options granted to employees and a consultant. The Options have an exercise price of CAD$0.06 and expire three years from the date of grant.

Since March 31, 2017 and up to the date of this report 500,000 Options have expired.

(iv) Non-brokered Private Placement 2016

On February 4, 2016 and March 7, 2016, the Company announced a non-brokered private placement (the "2016 Offering") of up to 15,000,000 unit at a price of CAD$0.02 per Unit for aggregate gross proceeds of up to CAD$300,000 to Rare Earth Minerals Plc, now Cadence Minerals Plc ("Cadence Minerals"). Each unit comprised of one common share and one warrant at an exercise price of CAD$0.05 per common share for a period of twelve months from the date of issuance. The Company closed the 2016 Offering on April 12, 2016.

(v) Annual General Meeting

The Company held its Annual General Meeting on August 31, 2016 where all resolutions were passed, including the approval of the Company's Share Compensation Plans and approval for the future issue of shares on the exercise of 15 million warrants held by Cadence Minerals.

(vi) Warrants

On May 9, 2016, Cadence Minerals was issued 15,000,000 warrants pursuant to the 2016 Offering at an exercise price of CAD$0.05 per Common Share for a period of twelve months from the date of issuance.

During the year ended 31 March 2017, 32,624,519 warrants were exercised.

Since the year ended 31 March 2017, 7,500,000 warrants were exercised raising CAD$375,000 and 34,907,782 warrants were issued.

(vii) Strategic Investment and Funding Mandate by Tulshyan

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

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

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

Corporate Update (Cont'd)

(viii) Convertible Note Deed

On February 15, 2017, MLi entered into a Convertible Note Deed with Alemar Developments Pty Ltd ("Alemar") to issue a secured convertible redeemable note for $1,000,000 to purchase Yalgoo pursuant to MLi's FROR under the Rights Deed or for exploration purposes associated with MLi's lithium tenements. To date, no notes have been issued.

The key terms of the Convertible Note Deed are:

- Alemar can subscribe for 1,000,000 convertible notes at $1 ("Note") per note for a total of $1,000,000.
- The funds may be used to complete the acquisition by MLi of all the issued capital of Yalgoo under the FROR or for exploration purposes associated with MLi's lithium tenements before August 31, 2017.
- Funds will be drawn down subject to satisfaction of conditions precedents including execution of security documentation.
- Upon maturity of the Notes (12 months):
  - MLi will repay the face value ($1 per note) and a coupon which consists of $0.10 interest and $0.50 profit share maturity payment per note; or
  - Upon election by Alemar, the notes be converted into shares of Macarthur Australia at $0.20 per share.
- The Notes can be repaid earlier (at the election of MLi), but not earlier than 6 months, where by upon early repayment of the notes:
  - MLi will repay the face value ($1 per note) and a coupon which consists of $0.05 interest and $0.45 profit share maturity payment per note; or
  - Upon election by Alemar be converted into Shares of Macarthur Australia at $0.20 per Share.

The funds are currently held in trust until such time as the conditions precedents are met and the Notes are issued.

(ix) Share Sale Agreement

On February 23, 2017, Macarthur Minerals entered into a Share Sale Agreement to sell all of its shares it held in MLi and MIO to Macarthur Australia for shares in Macarthur Australia. The transaction was completed on February 23, 2017. The key terms of the Share Sale Agreement were:

- Macarthur Minerals sold all of the shares it held in MLi and MIO to Macarthur Australia for 125,000,000 shares in Macarthur Australia. At $0.20 per Share, this equals a total consideration of $25 million.
- Typical warranties for a Share Sale Agreement.

The Directors agreed the price for the MLi and MIO shares based on the following:

- On February 23, 2017, the date the Share Sale Agreement was executed, the volume weighted market capitalisation of Macarthur Minerals on the TSX-V for the last 14 trading days was approximately C$17.56 million (A$17.74 million). Macarthur Minerals' predominant assets were MLi and MIO.
- Having reference to market capitalisations of other ASX listed exploration companies with hard rock lithium projects on February 23, 2017, including Lithium Australia Ltd (ASX:LIT) ($39.9 million), Metalicity Ltd (ASX:MCT) ($29.38 million), Kingston Resources Ltd (ASX:KSN) ($14 million), Tawana Resources NL (ASX:TAW) $56.2 million), Lithium Power International (ASX:LPI) ($48 million), Liontown Resources Ltd (ASX:LTR) ($26.7 million) and Venus Metals Corporation Ltd (ASX:VMC) ($11.5 million). The board determined the purchase price of $25M is current fair market value for MLi and MIO.
- Having reference to the seed capital shares (see below) which ranges between $0.10-$0.12 per share for a minority interest of 9% of Macarthur Australia.
- The 125 million shares issued to Macarthur Minerals at $0.20 per Share equates to $25 million, reflects a difference to the historical book value of the exploration and evaluation assets of MLi and MIO ($6 million).

Corporate Update (Cont'd)

- The Iron Ore Projects of Macarthur Minerals were impaired in the quarter ended 30 September 2015 financial statements of Macarthur Minerals to $6 million as a result of Macarthur Minerals entering into a share sale agreement with a 3rd party on October 3, 2015 for sale of all the shares in MIO for $6 million.
- The average price for iron ore for the month of October 2015 when the share sale agreement with the 3rd party was entered into was US$52.74 per tonne (CFR 62% Fe), whereas the price of iron ore on entering the Share Sale Agreement for MLi and MIO to Macarthur Australia was US$94.30 per tonne (CFR 62% Fe).
- Given the recovery of the iron ore price and recovery of the minerals sector, the Board believed that a $25 million sale price was current fair market value for MLi and MIO at the time of entering into the Share Sale Agreement.

(x) Deed of Loan

On February 24, 2017 the Company entered into an unsecured deed of loan whereby Macarthur Australia loaned $400,000 to Macarthur Minerals ("Macarthur Minerals Loan"). The key terms of the Macarthur Minerals Loan are:

- Macarthur Australia loaned Macarthur Minerals $400,000 for staff secondment costs and for preparing the Prospectus for Macarthur Australia's Initial Public Offering ("IPO") on the Australian Securities Exchange ("ASX");
- at a rate of the Bank Bill Swap Benchmark Rate (BBSW) plus 2%;
- interest payable monthly; and
- principle repayable in 12 months.

(xi) Seed Capital Raising for Macarthur Australia

On 27 February 2017, Macarthur Australia closed its seed capital raising for its intended IPO on the ASX. The seed capital raising was oversubscribed for A$1.5 million.

Following the seed capital raising, Macarthur Australia had 138,366,997 shares on issue of which Macarthur Minerals held 125,000,001 shares representing 90.3%. The remaining 13,366,996 shares are held by seed shareholders which represented 9.7% of Macarthur Australia ("MAL Seed Investors"). Refer to Private Placement July 2017 and Reacquisition of Macarthur Australia below.

(xii) 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's ASX 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 market conditions.

(xiii) Non-brokered Private Placement to Alpha Giant

On June 7, 2017, the Company announced a non-brokered private placement of up to 8,000,000 shares at a price of CAD$0.0675 per Share for aggregate gross proceeds of up to CAD$540,000 to Alpha Giant Limited, a private Chinese investment company. Alpha Giant Limited did not complete the private placement and no shares were issued.

(xiv) 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 shall be 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.

Corporate Update (Cont'd)

On July 26, 2017, the Company closed Tranche 1 of the Offering, having received subscriptions for 34,907,782 Units for total consideration of C$1,745,389 from MAL Seed Investors and some applicants for the withdrawn ASX IPO.

The Company now holds 99.7% interest in Macarthur Australia. The Company intends to buy-back the remaining shares in Macarthur Australia representing 0.3% as part of Tranche 2 to return it to a wholly owned subsidiary of the Company.

The Company intends to close Tranche 2 of the Offering as soon as practicable.

In connection with the Offering, the Company may pay finder's fees up to 8% of the gross proceeds of the Offering.

Results of Operations and Financial Condition

(All amounts in Australian dollars)

Selected Financial Information

The following table sets forth selected financial information of the Company for, and as at the end of, each of the last three financial years up to and including March 31, 2017. This financial information is derived from the Audited Annual Financial Statements of the Company. The Company prepares financial information according to IFRS and all information is reported in Australian dollars.

Australian $	**2017**	**2016**	**2015**
Interest and other income	**103,279**	680,985	1,980,185
Other expenses	**(297,360)**	(211,103)	-
Net profit (loss) for the year	**(3,874,581)**	(58,608,070)	(1,218,537)
Net profit (loss) per share	**(0.03)**	(0.81)	(0.02)
Total Assets	**7,337,001**	6,516,758	64,272,485
Total Long-term financial liabilities	**10,857**	170,035	939

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 3 financial years, the Company has reported operating net losses. The most significant factor affecting operating losses during the last 3 financial years is continuing administrative expenses, which includes personnel fees, professional fees, office and general expenses and share-based compensation.

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

Exploration and Evaluation Expenditures

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

Australian $	**Year Ended March 31, 2017**	**Year Ended March 31, 2016**
Capitalized expenses	-	1,051,714
Impairment of Exploration and Evaluation Assets	-	(55,851,937)

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

Results of Operations and Financial Condition (Cont'd)

- 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 March 31, 2017 the Company held 90.3% 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).

The carrying value of exploration and evaluation assets does not include expenditure on the lithium projects as these are currently in acquisition status. $1,111,114 has been expensed in the current year on the projects.

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 current year, global market conditions have improved however given ongoing uncertainty, carrying value has been maintained at $6,000,000.

Costs incurred on the projects in the current year totalling $1,111,114 have been expensed.

Administrative Expenses

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

Australian $	Year Ended March 31, 2017	Year Ended March 31, 2016
Administration Expenses	3,680,500	3,002,370
Impairment expense	-	56,075,582

For the year ended March 31, 2017 the Company expended $3,680,500 on administrative expenses compared with administrative expenses of $3,002,370 for the corresponding year ended March 31,2016. The increase was due to IPO costs of $483,365 (refer to Corporate Update (xii)) and exploration and evaluation costs of $613,579 on its iron ore and lithium tenements.

During the year ended March 31, 2016, the Company had an impairment expense of $55,851,937 in accordance to IFRS 6 and an impairment expense of $223,645 relating to equipment used in the Iron Ore Projects.

Income/(Other Expenses)

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

Australian $	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest Income	3,142	19,944
Other Income (Cost Recoveries)	98,321	518,393
Net Other Income	1,816	142,648
Change in fair value of warrant liability	(297,360)	(211,103)

Results of Operations and Financial Condition (Cont'd)

For the year ended March 31, 2017 the Company earned interest income of $3,142. Compared to the corresponding year ended March 31, 2016 interest income decreased by $16,802 due to interest earned on a decreased cash balance.

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

For the year ended March 31, 2017 the Company recognized other income of $98,321, being a dividend payment from the Liquidator of FSDC to Macarthur Minerals, as an unsecured creditor of FSDC (refer to Corporate Update (i)).

The Company recognized an expense of $297,360 (March 31, 2016 - $211,103) from changes in fair value of the warrant liability in the consolidated statement of loss and comprehensive loss. Refer to Note 16 of the Audited Annual Financial Statements for the year ended March 31, 2017.

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 year reflects the administrative costs of the Company, including share-based compensation expense relating to employee and consultant share options.

Australian $	Year Ended March 31, 2017	Year Ended March 31, 2016
Net loss	3,874,581	58,608,070

The net loss for the year ended March 31, 2017 was $3,874,581 compared with $58,608,070 for the corresponding year ended March 31, 2016. Excluding impairment expense of $56,075,582 incurred during the year ended March 31, 2016, the increased net loss of $1,342,093 was mainly attributable to IPO costs of $483,365 (refer to Corporate Update (xii)) and exploration and evaluation costs of $613,579 on its iron ore and lithium tenements.

Change in Financial Position

Australian $	Year Ended March 31, 2017	Year Ended March 31, 2016
Cash and cash equivalents	807,229	267,841
Exploration and Evaluation assets	6,000,000	6,000,000
Plant and Equipment	79,204	108,682
Total Assets	7,337,001	6,516,758
Accounts Payable and Accrued Liabilities	616,200	342,876
Total Liabilities	1,168,652	761,761
Net Assets	6,168,349	5,754,997
Net Working Capital[1]	608,465	27,453

[1] Excludes warrant liability of March 31, 2017 - $508,463 and March 31, 2016 - $211,103.

At March 31, 2017 the Company had net assets of $6,168,349 compared to $5,754,997 at March 31, 2016. The increase is due to equity raising during the year.

The Company's cash and cash equivalents balance was $807,229 at March 31, 2017 which was an increase of $539,388 from the March 31, 2016 balance. Refer below for the year's cash flow movement.

Plant and equipment was $79,204 at March 31, 2017.

The Company's net working capital at March 31, 2017 was $608,465 compared with net working capital of $27,453 at March 31, 2016. The increase in the net working capital over the year is due to equity raising activities during the year.

Results of Operations and Financial Condition (Cont'd)

Year to Date Cash Flows

Australian $	Year Ended March 31, 2017	Year Ended March 31, 2016
Operating Activities	(3,566,421)	(2,164,995)
Investing Activities	(4,688)	(876,260)
Financing Activities	4,110,497	501,967
Total cash movement	539,388	(2,539,288)

Cash outflow from operating activities during the year ended March 31, 2017 was $3,566,421 compared with $2,164,995 for the prior corresponding year. The increased cash outflow was mainly due to IPO costs and exploration and evaluation costs.

Cash outflow from investing activities during the year was $4,688 compared with $876,260 in the prior year. The outflow in both comparative years related primarily to exploration activities. The reduction in cash outflow relates to the Company transitioning from exploration to care and maintenance on its Iron Ore Projects.

Cash inflow from financing activities during the year was $4,110,497 compared with cash inflow of $501,967 for the prior year. The inflow in the year ended March 31, 2017 relates to gross funds received from equity raising, including private placements, exercised options and warrants, and also includes $1,468,040 from Macarthur Australia's seed capital raising (refer to Note 20 of the Audited Annual Financial Statements for the year ended March 31, 2017).

Results of Fourth Quarter

Exploration and Evaluation Expenses

Australian $	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016
Exploration and Evaluation costs	-	173,521

Exploration and evaluation costs for the quarter ended March 31, 2017 were nil due to exploration and evaluation expenditure being expensed as incurred. No exploration and evaluation costs were capitalized during the year as the project was under care and maintenance. Refer to Note 12 of the Audited Annual Financial Statements for the year ended March 31, 2017.

Administrative Expenses

Australian $	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016
Administration expenses	1,483,798	1,191,779

For the quarter ended March 31, 2017 the Company incurred administrative expenses of $1,483,798 compared to $1,191,779 for the quarter ended March 31, 2016.

The largest elements of administrative expenses for the quarter ended March 31, 2017 were office and general expenses, which included IPO costs incurred during the quarter.

Income

Income is normally comprised of interest income. For the quarter ended March 31, 2017 the Company earned interest income of $3,142. Compared to the corresponding quarter ended March 31, 2016 interest income decreased by $16,802 due to interest earned on a decreased cash and cash equivalents balance.

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

Results of Fourth Quarter (Cont'd)

Net Losses

The net loss for the quarter ended March 31, 2017 was $2,007,280 compared with the net loss for the corresponding quarter ended March 31, 2016 of $1,269,688. The increase in net loss for the quarter ended March 31, 2017 was mainly due to IPO costs incurred during the quarter.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with March 31, 2017. This financial information is derived from the Annual Audited Financial Statements of the Company.

	Jun 30, 2015 $	**Sept 30, 2015 $**	**Dec 31, 2015 $**	**Mar 31, 2016 $**	**Jun 30, 2016 $**	**Sept 30, 2016 $**	**Dec 31, 2016 $**	**Mar 31, 2017 $**
Interest Income	14,439	7,065	(1,881)	321	733	1,102	585	3,142
Net profit/(loss)	(455,184)	(56,319,418)	(563,780)	(1,269,688)	(627,650)	(826,729)	(412,620)	(2,007,581)
Net profit/(loss) per share	(0.01)	(0.69)	(0.01)	(0.02)	(0.01)	(0.01)	(0.003)	(0.01)

The Company has not recognized any revenue or incurred any loss from discontinued operations 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 and impairment of $55,851,937 of capitalized exploration and evaluation expenditure.

Income is predominantly derived from interest income. Other minor receivables include overnight camp accommodation and camp fuel reimbursement.

Liquidity and Capital Resources

At March 31, 2017, the Company has net working capital of $608,465.

The Company's has no external borrowings.

Over the next 4 quarters (12 months), the Company anticipates its cash expenditure requirements will remain stable as the Company continues exploration and evaluation activities. Upon project financing being raised, expenditure will significantly increase.

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 year ended March 31, 2017 other than remuneration for key management personnel for which 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 year ended March 31, 2017.

Non-Executive Directors

Cameron McCall, Non-Executive Chairman

Alan Phillips, Non-Executive Director (resigned as Executive Director on January 1, 2017)

David Lenigas, Non-Executive Director (appointed July 11, 2016)

Executive Directors

David Taplin, President, CEO and Director

Related Party Transactions (Cont'd)

Details of Remuneration

For details on the remuneration of each key management personnel of the Company refer to Note 22 of the Audited Annual Financial Statements for the year ended March 31, 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

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 12 to the Audited Annual Financial Statements for the year ended March 31, 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.

Risks and Uncertainties (Cont'd)

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.

Going Concern (Funding)

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

Reliance on Key Personnel (Management and Directors)

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

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

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

Risk of the General Market and Economic Conditions

Changes in the general economic climate in which Macarthur 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.

Risks and Uncertainties (Cont'd)

Competitive Conditions Risk

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

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

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

Risk that the Company has a Limited Operating History

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

The Company has experienced losses in previous years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2017 the Company's deficit was $91,463,263.

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's 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. 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.

Risks and Uncertainties (Cont'd)

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 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.

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.

Risks and Uncertainties (Cont'd)

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.

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 year ended March 31, 2017, the closing price per share of the Company fluctuated from a low of CAD$0.03 to a high of CAD$0.16.

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 March 31, 2017, there were 19,907,009 stock options and 7,500,000 warrants outstanding.

Risks and Uncertainties (Cont'd)

Share Liquidity Risk

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

Dividends

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

RISK FACTORS RELATING TO THE COMPANY'S PROPERTY INTERESTS

Title Risk

Macarthur 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. Refer to Forfeiture Applications in the Tenement section in Discussions on Operations.

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. Refer to s111 A Request in the Tenement section in Discussions on Operations.

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.

Risks and Uncertainties (Cont'd)

Environmental Factors and Protection Requirements

The Company is currently engaged in exploration and evaluation activities with limited environmental impact and actively engages with government departments to ensure open communication and accurate assessment of environmental approvals. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property.

Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. Limited environmental incidents may be covered under existing insurance policies. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees.

Risk related to Infrastructure and Development

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

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

Estimates of Mineral Reserves and Resources – Iron Ore Projects

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

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

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

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.

Risks and Uncertainties (Cont'd)

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.

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.

Risks and Uncertainties (Cont'd)

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.

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.

Risks and Uncertainties (Cont'd)

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 2 to the Audited Annual Financial Statements for the year ended March 31, 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.

(i) Exploration and Evaluation Expenditure

In the current year the Group has impaired its exploration and evaluation assets as set out in Note 12.

(ii) Share-based payment transactions

The Company measures the costs of equity-settled transactions with directors, officers, employees and consultants by reference to the fair values of the equity instrument. The fair value of equity-settled transactions is determined using the Black-Scholes options-pricing model as measured on the grant date. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate for market based vesting conditions. During the reporting period the amount of $177,436 has been shown as share-based compensation expenditure in the statement of loss and comprehensive loss.

(ii) Deferred tax assets

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets, as set out in Note 6.

(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 Audited Annual Financial Statements for the year ended March 31, 2017.

Disclosure Controls and Procedures

Although the Company is listed on the TSX-V, it continues to maintain 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 has designed the Company's disclosure controls and procedures, to provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

The Company's CEO oversees on an annual basis the evaluation of the effectiveness of the Company's disclosure controls and procedures as at March 31, 2017 and 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")

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

Although the Company is listed on the TSX-V, the CEO continues to be 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.

There were no significant changes that occurred during the year ended March 31, 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 March 31, 2017.

The CEO oversaw 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 reviews on a quarterly basis and 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 July 28, 2017:

Authorized and issued share capital:

Class	Par Value	Authorized Common shares (No par value)	Issued
Common	No par value	Unlimited	183,208,755

As at July 28, 2017 there were 19,407,009 stock options and 34,907,782 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 Persons' Statement

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

Ralph Porter, a member of the Australian Institute of Geoscientists, is a full-time employee of CSA Global Pty Ltd and is a Qualified Person as defined in National Instrument 43-101. Mr Porter has reviewed and approved the technical information in relation to Macarthur Australia's Western Australian Hard Rock Lithium 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 Macarthur's Marble Bar Lithium Project contained in this MD&A and has consented to the public filing of the MD&A.

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

By order of the Board

"*Cameron McCall*"	"*David Lenigas"*
Cameron McCall	David Lenigas
Non-Executive Chairman	Independent Director