



Price (as of February 9, 2018):	CAD \$0.055
Beta:	5.31
Price/Book:	2.12x
Debt/Equity Ratio:	N/A
Listed Exchange:	TSX-V



### Recent News

**05-Feb-2018:** Macarthur Minerals Appoints New Non-Executive Director to the Board to Broaden its Investment Banking Experience.

**31-Jan-2018:** Acquisition Complete for Tenement in Pilbara for Gold.

**24-Jan-2018:** Macarthur Minerals appoints Andrew Haythorpe to Lithium and Gold Technical Team.

**19-Dec-2017:** Tenement granted and exploration to commence at the Hillside Project in the Pilbara.

**13-Dec-2017:** Macarthur Minerals closed successful \$1.9M fully underwritten rights offer.

**08-Dec-2017:** Macarthur has been granted 12 exploration licenses out of 16 in the Pilbara region. All tenements of the Hillside gold project were granted exploration licenses.

**06-Dec-2017:** Entered into a strategic alliance with a mining development company, 3PL operating Inc., to undertake explorations at the Company's Reynolds Spring project.

**04-Dec-2017:** Macarthur Completes A\$200,000 Settlement on Melville Gold Project.

Shares Outstanding:	232.8 million
Market Cap:	CAD \$12.08 million
52 Week High:	CAD \$0.16
52 Week Low:	CAD \$0.045
Note: All \$ symbols represent Australian Dollars (AUD) unless otherwise specified.	

## Diversified Minerals Player

Macarthur Minerals Ltd. (TSX-V: MMS) ("Macarthur" or the "Company") is a mining and exploration company based in Brisbane, Australia. The Company owns 16 tenements for lithium and gold exploration in the Pilbara region of Western Australia, two iron ore projects in the Yilgarn region of Western Australia, and a lithium brine project in Nevada, USA. Macarthur has identified the potential for high-grade gold at its Hillside gold project and potential for Witwatersrand style conglomerate hosted gold at its Panorama project in the Pilbara. Macarthur has discovered lithium mineralization at its hard-rock Tambourah Lithium Project in the Pilbara and considers its Reynold Springs Lithium Project in Nevada to be highly prospective for lithium brine based on recent and historical soil sediment sampling. Further, the Company is in advanced stages of development at its iron ore projects. The Company has successfully completed a Mineral Resource estimate and Preliminary Feasibility Study for its hematite and magnetite iron-ore projects, and is actively undertaking negotiations for access to adjacent mining and export infrastructure. Macarthur envisions becoming a global supplier of lithium, gold, and iron ore.

## Investment Rationale

### Presence in the resource-rich Pilbara region supports development potential

Macarthur's gold and lithium projects are located in the highly prospective Pilbara region of Western Australia. Recently, the Company was granted 15 exploration licenses for the tenements located in the Pilbara region. These licenses may be used to undertake exploration of gold, lithium and other base metals. The Pilbara region is known for its significant high-grade resource base. On 23 November 2017, Macarthur announced that it had discovered up to 1.47% Li<sub>2</sub>O at the Company's Tambourah Lithium Project. The Pilbara region also hosts proven resources of several other mining companies such as Novo Resources Ltd. (CVE: NVO) ('Novo'), Pilbara Minerals Ltd (ASX: PLS), Altura Mining Ltd. (ASX: AJM) and others. Novo's Beatons Creek gold project in the Pilbara region holds a JORC Mineral Resource of 3.03 million metric tons of gold at a grade of 2.7 g/t gold. Further, Pilbara Mineral's lithium project holds a JORC Mineral Reserve of 80.3 million metric tons of lithium at 1.27% Li<sub>2</sub>O grade, while Altura's Mineral Resource holds a reserve of 34.2 million metric tons of lithium at 1.04% Li<sub>2</sub>O grade. Additionally, the Company has a lithium project in Nevada, USA which is in close proximity to the lithium prospective Clayton Valley, with significant mineralization.

### High-grade iron ore mineralization should benefit Macarthur

Macarthur has completed extensive exploration activities at its iron ore project to meet the emerging demand of the global high-grade iron ore market with over \$61m invested to date. The Company's iron ore projects namely Ularring Hematite and Moonshine Magnetite have proven mineral resources in the Kalgoorlie region, Western Australia. The Company's Ularring Hematite iron ore project has an Indicated Mineral Resource of 54.46 million metric tons at 47.2% iron (Fe) and an Inferred Mineral Resource of 26 million metric tons at 45.4% Fe. The Moonshine Magnetite iron ore project has an Inferred Mineral Resources of 1.31 billion metric tons at 30.1% Fe. Further, in August 2012 and revised in January 2014, a Preliminary Feasibility Study (PFS) conducted at the Ularring Hematite project area revealed an attractive Net Present Value (NPV) of \$456 million. The pre-tax internal rate of return of the project is projected to be 57%, with a payback period of three years. In addition, a scoping study at the Moonshine iron ore project also revealed an appealing NPV of \$2.65 billion, with a payback period of 3.62-3.95 years. The next step is development driven through access to existing mining, processing, rail and port infrastructure adjacent to the Macarthur's Ularring, and Moonshine Projects. The unique access to third-party, soon to be redundant transport and export infrastructure avoids many millions of dollars required to build such infrastructure. This very much changes the project economics and is a significant value-add for the Company.

### Strategic locations should help with future supply agreements and exports

The Company's Reynold Springs Lithium Brine Project in Nevada is situated 531 km south-east of Tesla's Gigafactory. Tesla plans to produce up to 500,000 lithium ion batteries per year at the Gigafactory by 2020. Macarthur's close proximity to Tesla's Gigafactory may offer potential supply agreements that could provide growth opportunities to the Company. Further, Macarthur's iron ore projects in the Kalgoorlie region in Western Australia are close to the Port of Esperance. Currently, the port has a capacity of 12 million metric tons per year, which is expected to increase to 20 million metric tons in the near future.

### Earn-in agreement with Artemis should facilitate mineral exploration

Macarthur has an earn-in agreement with Artemis Resources Ltd. (ASX: ARV) ("Artemis") to undertake extensive exploration activities at the Company's Panorama Gold Project in the Pilbara region of Western Australia. The Panorama Project is highly prospective for conglomerate hosted gold which has been the main focus of exploration for Artemis at its Purdy's Reward Project also located in the Pilbara. Artemis has already been actively involved in exploration activities in the Karratha region, for which it has entered into farm-in and joint venture agreements with various companies. Artemis has also entered into a joint venture agreement with Novo where Novo will explore for gold on Artemis' tenements in the Karratha region. Macarthur's association with a larger player like Artemis should benefit the Company in the long run. On 1 December 2017, Artemis paid \$170,000 to exercise its option to earn up to 80% ownership interest in two tenements owned by Macarthur. Earlier on 22 November 2017, Artemis also announced that it plans to commence exploration for conglomerate gold at Macarthur's tenements in the Pilbara region.

### Strong management team

Mr. Joe Philips is a Chief Executive Officer and Director of the Company with over 16 years of experience as a lead executive in Australian public administration. He has also held senior positions at transport logistics and mining exploration companies in copper, gold, uranium and iron ore. Mr. Cameron McCall is the Executive Chairman of the Company, with more than 40 years of experience in investment and capital raising. The management team has worked extensively with companies listed with the Australian and Canadian exchanges and also government owned companies.

### Dynamic lithium market to enhance revenue potential

Lithium demand continues to grow significantly due to its increased usage in various industries, in particular, lithium-ion (Li-ion) batteries. Benchmark Mineral Intelligence (BMI), an independent research firm estimated that the demand for the lithium-ion batteries is expected to account for 67% of the total lithium demand in 2020 from 22% in 2006. Falling Li-ion batteries costs, technological advancements and increased economies of scale also open new markets/applications for lithium consumption. Li-ion battery costs significantly declined by 73% to US\$273/kWh in 2016 from US\$1,000/kWh in 2010 and is expected to drop to US\$109/kWh in 2025 and US\$73/kWh in 2030. In addition, demand for Electric Vehicles (EVs) and Energy Storage Systems (ESSs) has also grown recently, primarily due to the continuous support from world nations to curb carbon dioxide (CO<sub>2</sub>) emissions, which, has in turn, enhanced lithium demand. Further, lithium demand for traditional sectors such as ceramics, glass, and lubricating greases are also anticipated to grow significantly to 222 kilotons in 2025 from 155 kilotons in 2015, at a 3.5% CAGR.

## Company Overview

### Business

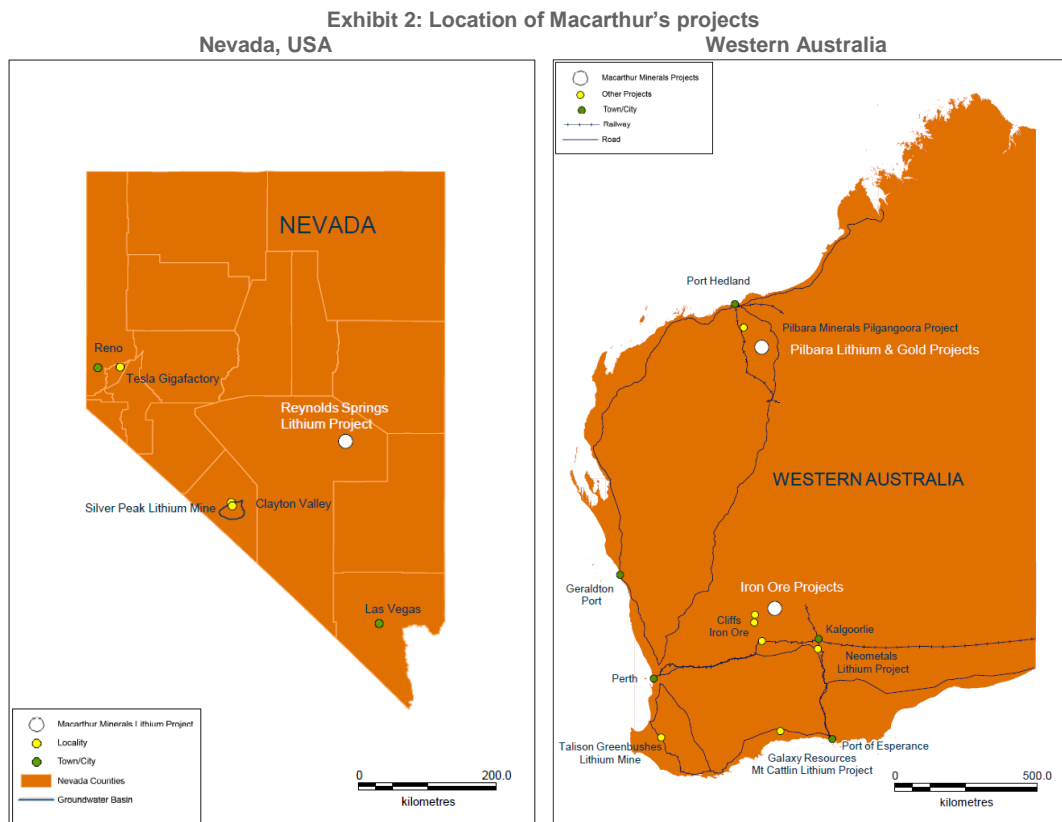
Macarthur is developing and exploring for lithium and gold and has two iron ore projects in Western Australia. The Company is also actively conducting exploration activities at its lithium brine project in Nevada, USA. Exhibit 1 shows the Company's projects and its ownership interests in its projects and their locations.

Exhibit 1: Macarthur's Projects and Ownership Interests

Exhibit 1: MacArthur's Projects and Ownership Interests				
Project	Interest	Location	Region/Country	Size
Gold Projects				
Panorama Gold	100%	Pilbara region	Western Australia	265 square kilometers (km²)
Hillside Gold	100%	Pilbara region		
Lithium Projects				
Pilbara Lithium	100%	Pilbara region	Western Australia	1,514 km²
Tambourah Lithium	100%	Pilbara region	Western Australia	
Reynolds Springs	100%	Railroad Valley	Nevada, USA	17 km²
Iron Ore Projects				
Ularring Hematite	100%	Kalgoorlie region	Western Australia	62 km²
Moonshine Magnetite	100%			

Source: Company Filings

Exhibit 2 shows the location of each of the Company's projects.

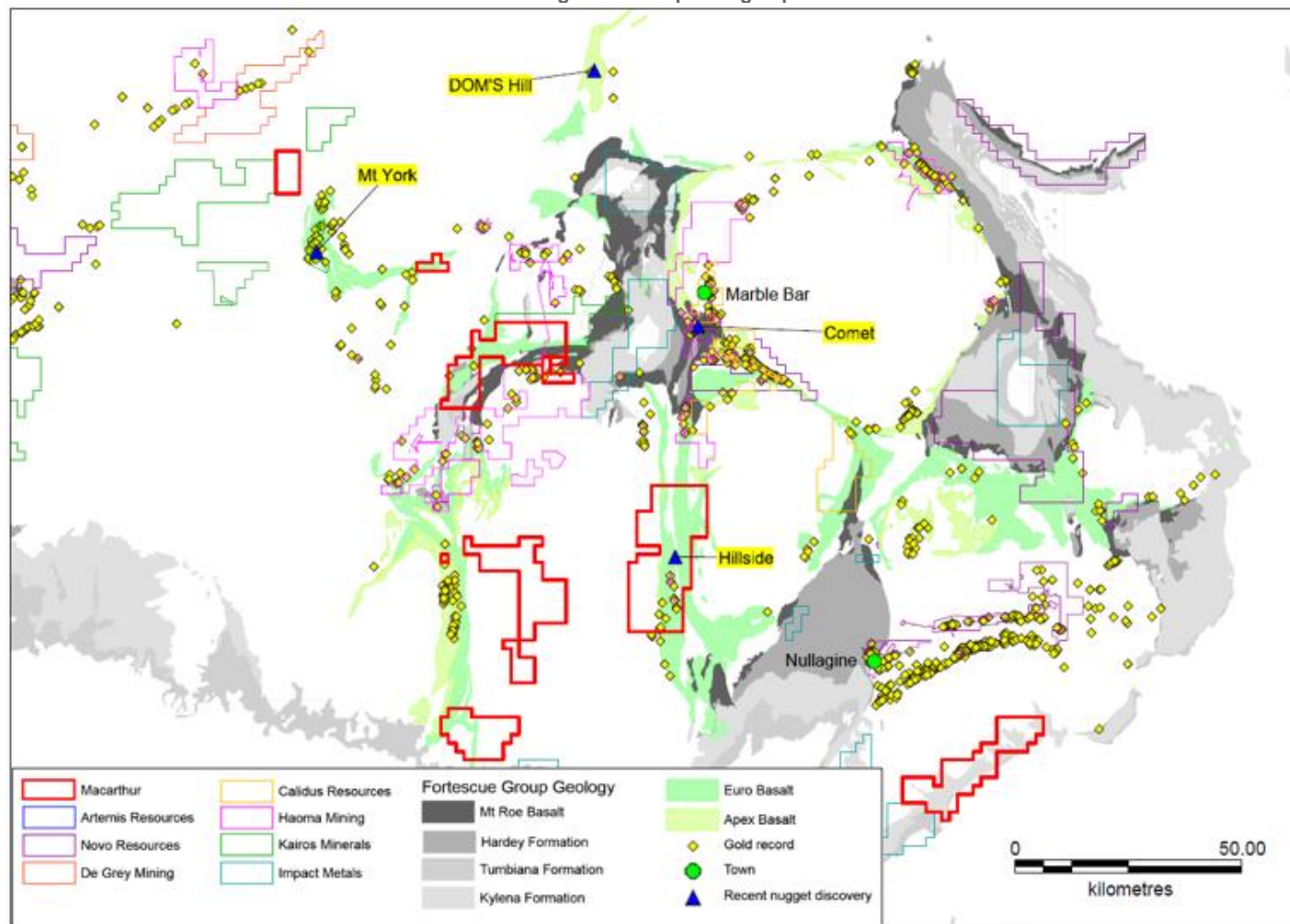


Source: Company Filings

The Company's Panorama conglomerate gold project, Hillside Gold Project, and hard-rock lithium projects are located in the resource rich Pilbara region of Western Australia. The Pilbara region is an economic powerhouse of global significance, enjoying a wealth of resource endowments. The region is also in close proximity to Asia (approximately 6,555 kms) and boasts well connected infrastructure facilities. Further, the Kalgoorlie region of Western Australia and Nevada, USA are also major mining destinations.

As of January 31, 2018, the Company held 15 granted exploration licenses in the Pilbara region with another two to be granted in early 2018. The tenements cover nearly 1,300 km<sup>2</sup>, with granted status allowing exploration activities to commence immediately for lithium, gold and conglomerate gold. This places Macarthur well ahead in the permitting stake of other major gold and conglomerate gold explorers in the Pilbara. Exhibit 3 presents both the pending tenements as well as those recently granted exploration licenses for the Pilbara projects.

Exhibit 3: Tenements granted and pending Exploration Licenses



Source: Company Filings

We now present the Company's gold, lithium, and iron ore projects in detail, highlighting their location, current status and future strategy.

## GOLD PROJECTS

### Panorama Gold Project (Western Australia)

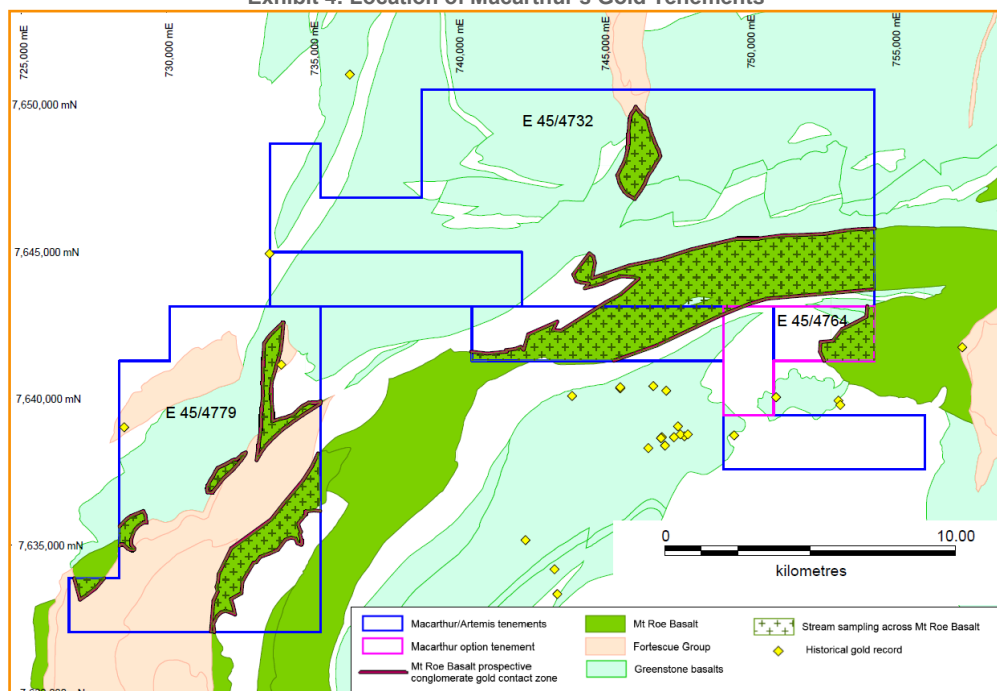
#### Location

The Panorama Gold Project includes Exploration Licenses E45/4764, E45/4732 and E45/4779 as shown in Exhibit 4. The project covers approximately 278 square kilometers (km<sup>2</sup>) and is located approximately 40 km west-southwest of Marble Bar in the Pilbara. The project tenements have been mapped by the Geological Survey of Western Australia ("GWSA") with Mt Roe Basalt covering a significant portion of the exploration licenses. The significance of the Mt Roe Basalt is that it overlies the conglomerate gold horizon at Artemis Resources' Purdy Reward Gold Project near Karratha.

The project's conglomerate gold potential attracted Artemis to join hands with Macarthur for developing the project. The Company has an earn-in agreement with Artemis Resources Ltd (ASX: ARV) ("Artemis") for two of the Project's tenements, E45/4779 and E45/4732.

Artemis is an Australian based exploration company focused on developing exploration projects near Karratha in the western Pilbara region, Western Australia. Further, Artemis has agreements with other exploration companies such as Novo Resources Corp. to explore for conglomerate gold in the Pilbara region.

Exhibit 4: Location of Macarthur's Gold Tenements



Source: Company Filings

### Current Status

On September 28, 2017, Macarthur entered into a binding agreement with Artemis, wherein Artemis secured an option to earn up to 80% interest in the Company's two gold tenements E45/4779 and E45/4732 for \$2 million. The Company will continue to hold free carried interest in the tenements until Artemis completes the terms of agreement shown in Exhibit 5. Further, Artemis will be responsible for all the expenses relating to the tenements such as administration and maintenance.

Exhibit 5: Terms of Agreement with Artemis

Milestones	Status
Artemis to pay Macarthur \$60,000 for an option to earn an 80% interest in the tenements	Paid
Artemis to pay Macarthur \$170,000 to exercise the option agreement	Paid
<b>Artemis may earn initial 65% interest in the tenements by:</b>	
1. Expending \$1 million on the tenements	Q1 2018 (Underway)
2. Paying Macarthur \$1 million for other expenses made on the tenements	Pending
<b>Artemis may earn additional 15% interest in the tenements by:</b>	
1. Paying Macarthur \$1 million or shares of Artemis	Pending
<b>Artemis has to complete Feasibility Study of the project</b>	Pending

Source: Company Filings

Artemis will shortly commence a stream sediment sampling program at the Panorama Gold Project to identify potential gold mineralization. Artemis will collect around 355 stream sediment samples focusing on areas of the Mt Roe Basalt that are considered highly prospective for conglomerate gold as shown in Exhibit 4.

### Future Strategy

Artemis will undertake a regional review of the tenement area, which would include site visit, ground geophysics, mapping & sampling programs. Further exploration across E45/4764 will also be undertaken at the same time as the geological team completes the program on E45/4779 and E45/4764.

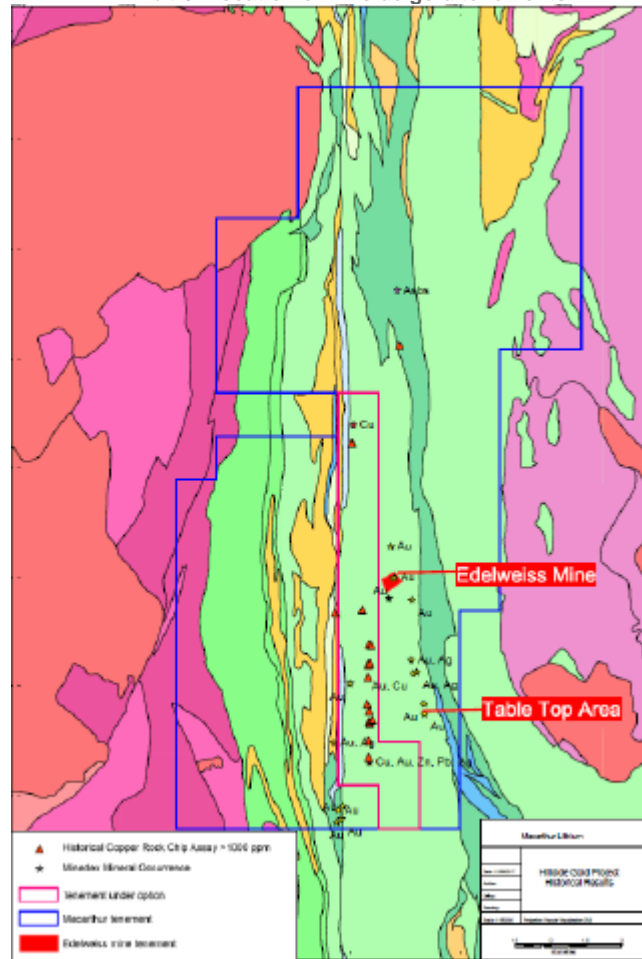


## Hillside Gold Project (Western Australia)

### Location

The Company has four granted Exploration Licenses namely, E45/4824, E45/4708, E45/4709 and E45/4685 (option tenement) in the Pilbara region, Western Australia, covering 400 km<sup>2</sup>. These tenements are located approximately 185 kilometers south-east of Port Headland and 50 kilometers south-west of Marble Bar. Exhibit 6 shows the location of Hillside gold tenements.

Exhibit 6: Location of Hillside gold tenements



Source: Company Presentation

### Current Status

The Company has undertaken a review of historical rock chip and soil sampling data which has revealed several highly anomalous zones for gold and copper. Historical exploration activities indicated that these tenements have a potential for high grade gold and copper mineralization from rock chip samples with values of up to 447 grams per ton gold and 3.2% copper. The Company recently undertook a reconnaissance trip to the Project and identified several prospective shear zones and collected a rock sample reporting an anomalous gold value of 8.5 grams per metric ton. Recently, on November 6, 2017, the Company also acquired exploration license E45/4685, covering 35 square kilometers (km<sup>2</sup>), which is adjacent to the three ELAs.

The Hillside Project is located 30 km south west of Calidus Resources' Warrawoona Gold Project. Calidus recently announced significant gold intercepts of 6 meters at 63.31 g/t gold and an upgrade of the resource to 712,000 ounces at 2.11 g/t gold. Macarthur's Hillside Project contains similar geological units of the Warrawoona Group such as the Apex Basalt which are found at Calidus' Warrawoona Project. The coincident geology of the Hillside and Warrawoona projects combined with numerous historical gold occurrences suggests Macarthur's projects are highly prospective for identifying high-grade gold mineralization.

The Hillside project has been recently worked by prospectors who have recovered over 700 ounces of gold nuggets from alluvial workings and quartz vein structures.

### Future Strategy

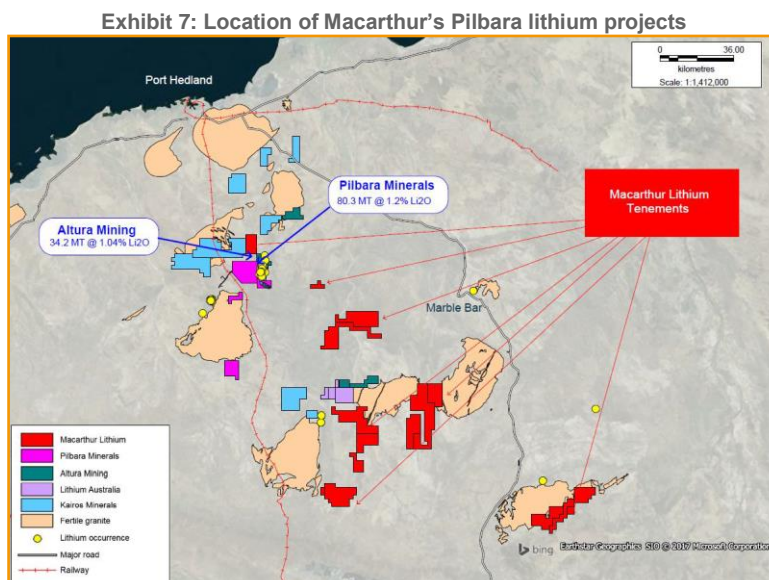
The Company has prepared a field work program for early 2018, which includes ground geophysics, sampling and mapping of tenements. The Company expects to generate trenching and drill targets in Q1 2018. The Company will then move into a drilling phase with the aim of intersecting gold mineralization to produce a maiden resource.

## LITHIUM PROJECTS

### Pilbara Lithium Project (Western Australia)

#### Location

Macarthur holds 15 exploration licenses, one ELAs and has options over two granted tenements, which covers approximately 1,312 km<sup>2</sup> in the Pilbara region, Western Australia. Exhibit 7 shows the location of the Company's Pilbara lithium project tenements.



#### Current Status

In 2016, the Company conducted a heliborne reconnaissance field trip across several of its tenements in the Pilbara region. The program identified the presence of several rare Lithium-Caesium-Tantalum (LCT) pegmatites in the Company's project area. The Company has discovered lithium mineralization at its Tambourah Lithium Project and historical data and recent sampling has identified several areas worthy of further exploration based on rock chip samples collected from outcropping pegmatites. A historical rock chip sampling program conducted at E45/702 in 2012 returned lithium up to 876 ppm at 0.19% Li<sub>2</sub>O. Further, exploration license E45/4711 hosts feldspar-quartz-muscovite pegmatite and returned results up to 111 ppm lithium.

Lithium projects of Pilbara Minerals Ltd. (ASX: PLS) ("Pilbara Minerals") and Altura Mining Ltd. (ASX: AJM) ("Altura") are close to Macarthur's lithium projects. Pilbara Minerals' JORC mineral resource estimate stands at 80.3 million metric ton at 1.27% Lithium oxide (Li<sub>2</sub>O), whereas Altura's JORC mineral resource estimate is 34.2 million metric tons at 1.04% Li<sub>2</sub>O. Such encouraging results from neighboring projects boost the prospect of rich mineralization across the Company's project area.

### Future Strategy

Macarthur plans to conduct ground survey work, geophysics, mapping and a sampling program. The Company will also seek to attract a joint venture partner undertake exploration activities on some of its tenements.

### Tambourah Lithium Project (Western Australia)

#### Location

The Tambourah lithium project consists of tenement E45/4848, and is located about 200 kilometers southeast of Port Hedland and 80 kilometers southwest of Marble Bar in the Pilbara region in Western Australia.

#### Current Status

On November 23, 2017, the Company announced that it discovered lithium mineralization at the Tambourah Lithium Project with rock chip assay results of up to 1.47% Li<sub>2</sub>O. Exhibit 8 shows results of rock chip sampling program conducted at Tambourah lithium project.

Exhibit 8: Results of rock chip sampling program

Sample ID	Easting	Northing	Li <sub>2</sub> O %	Be-ppm	Cs-ppm	Nb-ppm	Rb-ppm	Ta-ppm
TRC001	725963	7600159.7	0.05%	398	267	145	2522	514
TRC002	725963	7600159.7	0.01%	20	13	25	345	16
TRC003	725963	7600159.7	0.79%	11	261	65	2259	123
TRC004	726193	7599847.6	1.47%	16	244	70	4037	58

Source: Company Filings

### Future Strategy

The Company will undertake a further rock chip sampling program, mapping and a soil geochemistry program.

### Reynolds Springs Lithium Project (Nevada)

#### Location

On June 15, 2017, the Company staked 210 mining claims at its Reynolds Springs project, Railroad Valley, Nevada, USA. The project is located at 300 kilometers North-east of Las Vegas and 531 km south-east of Tesla's (NASDAQ: TSLA) ("Tesla") Gigafactory.

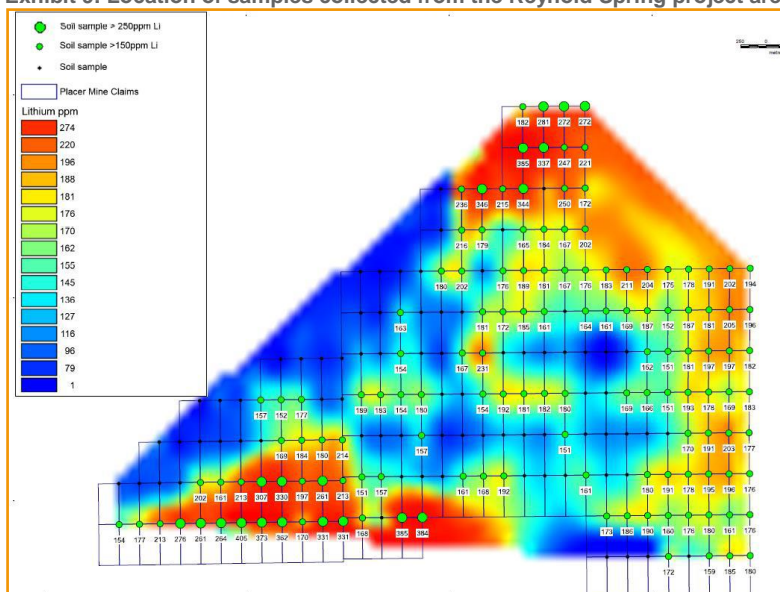
#### Current Status

On December 6, 2017, the Company and 3PL Operating Inc. ("3PL"), a privately held mining development company) formed a strategic alliance to conduct exploration activities. 3PL has significant experience in the region and will be appointed to manage the exploration activities such as drilling wells to obtain brine samples.

The Reynolds Springs Project was discovered through the Company's assessment of historical soil, rock and groundwater data collected across Nevada. Sediment samples collected in the 1980s, during the United States Department of Energy's National Uranium Resource Evaluation Program (NURE) show a highly anomalous zone across Reynolds Springs and the broader Railroad Valley in Nevada. The other highly anomalous area identified was at Clayton Valley which hosts North America's only producing lithium mine, Albemarle Silver Peak Mine.

The Company validated these historical results by undertaking a sediment sampling program comprising 206 samples from across the entirety of the claims. About, 19% of the samples returned lithium values of more than 200 ppm, while 66.5% samples showed values ranging between 100 ppm to 200 ppm. Exhibits 9 and 10 displays the results from the geochemical soil sampling program.

Exhibit 9: Location of samples collected from the Reynold Spring project area



Source: Company Presentation



Exhibit 10: Results from the geochemical soil sampling program

Li content	No of samples
> 400 ppm	1
350-400 ppm	5
300-350 ppm	7
200-300 ppm	26
100-200 ppm	137

Source: Company Filings

### Favorable fund raising for gold and lithium projects in Pilbara region should reduce timeline for exploration activities

On October 23, 2017, Macarthur announced CAD \$1.9 million rights offering to its shareholders to raise funds for undertaking exploration activities for the Company's gold and lithium projects in the Pilbara region. The rights offer commenced on October 31, 2017, and has now been completed. The shareholders have received common shares in the ratio of six rights for one unit at CAD \$0.06 per unit. Further, each unit consists of one common share and one common share purchase warrants. The holders of the warrants are entitled to one common share at CAD \$0.2 for a term of 12 months from the date of the issuance of the unit.

## IRON ORE PROJECTS

Macarthur's two iron ore projects, the Ularring Hematite and Moonshine Magnetite are located approximately 175 kilometers north-west of Kalgoorlie, Western Australia. The projects are located in the Yilgarn region, which is known to host rich iron ore mineralization in Western Australia. To date, the Company has invested more than \$61 million on its iron ore projects. The projects are adjacent to Cliffs Natural Resources' long established Koolyanobbing operation, currently producing and exporting over 10 million tonnes per annum of iron ore lump and fines product. The Cliff's iron ore export terminal is located at the deep-water port of Esperance which is connected to the mine via the open access state rail network. By 2020, the Cliffs iron ore resources will be depleted, which could potentially open up an opportunity for Macarthur to add Cliffs' infrastructure and mine to its operations.

### Ularring Hematite Iron Ore Project (Western Australia)

#### Location

The Company's Ularring Hematite iron ore project is located about 450 kilometers east-northeast of Perth, Western Australia.

#### Current Status

In 2012, Macarthur published a Mineral Resource estimate and a Preliminary Feasibility Study. Since that time the Company has continued to refine the operating costs and explored alternative strategies of using existing infrastructure of adjacent operators. The Company has also received approval by the Western Australia Environmental Protection Authority (EPA) to construct the hematite operation. This is a lengthy procedure and the current approval will serve to fast track the project into an operating mine.

#### Mineral Resource Estimates

In June 2012, Macarthur released a Mineral Resource estimate in accordance with NI 43-101 (the CIM Definition Standards on Mineral Resources and Mineral Reserves). The project contains an Indicated Mineral Resource of approximately 54.46 million metric tons at 47.2% iron (Fe) and an Inferred Mineral Resource of approximately 26 million metric tons at 45.4% Fe. The mineral resource estimates were based on a Reverse Circulation chip sample program, which returned Fe grades ranging from as low as 40% and as high as 62%. Exhibit 12 shows the indicated and inferred mineral resource estimates of the Ularring Hematite Project.

Exhibit 12: Indicated and inferred mineral resource estimates of Ularring Hematite project

Category	Million metric tons	Iron (Fe) %	Phosphorus (P) %	Silica (SiO <sub>2</sub> ) %	Aluminum Oxide (Al <sub>2</sub> O <sub>3</sub> ) %	LOI %	Sulfur (S) %
Indicated	54.46	47.2	0.059	16.9	6.5	7.9	0.16
Inferred	25.99	45.4	0.063	20.6	6	7.2	0.09

Source: Company Filings

#### Preliminary Feasibility Study

In September 2012, the Company completed a Preliminary Feasibility Study (PFS) for the Ularring Hematite Project (Exhibit 13). The PFS was undertaken by highly respected geological and mining consultants, CSA Global. The outcome of the PFS was an economically robust project with a pre-tax Net Present Value (NPV) estimated at \$456 million at 8% discount rate. The pre-tax internal rate of return stood at 57% with a payback period of three years. The project estimates total capital costs at \$262.7 million and project costs at \$2.44 billion. The project's life-of-mine is estimated at more than 13 years, which would provide over \$3.23 billion in revenue. The financial and technical evaluations show that the project has a probable mineral reserve of 42.95 million metric tons at 47% Fe.

The PFS was for a stand-alone project making little use of regional infrastructure of adjacent producers. The emergence of redundant capacity following the closure of the adjacent Cliffs iron ore operation provides a solid value-add to the Project.

Further, the PFS was based on a cutoff of 40% Fe and all of the iron ore material would be mined and processed to produce a +60% Fe sinter fines product. Whilst this remains an option in the long run, Macarthur's immediate plan is to selectively mine the high-grade ore from Ularring. Additional adjacent resource areas have been identified to further augment the iron ore resource portfolio of Macarthur.

**Exhibit 13: Results of Ularring Hematite's PFS (August 2012, Revised January 2014)**

Financial Valuation	Result
Estimated Net Present Value (NPV) (at 8% discount rate)	\$456 million
Internal Rate of Return (IRR)	57%
Capital discounted payback period	3 years
Project life	13 years
Fe grade of saleable product	60%
Sales metric tons per annum	2 million
Total revenue generated (real)	\$3.238 billion
Operating costs (excluding royalties) per metric tons shipped	\$68 per metric tons
Long Term Fe price (real, applied 2017 and beyond)	\$99 per metric tons
State royalties per metric tons shipped	\$6.28 per metric tons
Long term AUD/USD exchange rate (applied 2017 onwards)	0.84

Source: Company Filings

#### Future Program

During 2017 the Company was active in seeking project and infrastructure partners to support the development of its Ularring iron ore project in Western Australia. This project continues to have the potential to be very valuable to Macarthur with over A\$61m having been invested on the project to date. The project is adjacent to two major producing mines, both of which are approaching resource depletion which will provide Macarthur with the opportunity to access rail and port capacity, and to re-evaluate resource development of its Ularring Hematite project. The current robust spot iron ore price also provides further encouragement.

#### Moonshine Magnetite Iron Ore Project (Western Australia)

##### Location

The Company's Moonshine magnetite iron ore project is located about 150 kilometers north-west of Kalgoorlie, WA. The mineralization discovered in the project area is primarily in magnetite form, along with un-oxidized banded iron formation (BIF).

##### Current Status

In 2011 the Company released a Mineral Resource estimate and Preliminary Economic Assessment (PEA) for the Moonshine Magnetite Project. The Project contains a substantial magnetite deposit with an Inferred Mineral Resource estimate of approximately 1.31 billion metric tons at 30.1 % Fe.

##### Preliminary Assessment

On February 7, 2011, Engenium Pty Ltd completed a scoping study on the Company's Moonshine Magnetite Project. The scoping study reported the project's Net Present Value (NPV) is estimated at \$2.65 billion at a 10% real discount rate. The internal rate of return stood at an attractive 23%, with a payback period of 3.62-3.95 years. The study also estimates 10 million metric tons of high grade, low impurity iron ore concentrate per year. The results of the Preliminary Assessment are shown in Exhibit 14.

**Exhibit 14: Results of Moonshine Magnetite's Preliminary Assessment**

Financial Valuation	Results
NPV at 10% real discount rate	\$2.65 billion
Capital direct cost	\$2.27 billion
IRR	23%
Operation cost FOB	52
Magnetite concentrate grade	68%
Saleable concentrate per annum	10 million metric tons
Payback period	3.62-3.95 years
Project life	26 years

Source: Company Filings

**Port infrastructure near iron ore projects offers strong connectivity**

Macarthur's iron ore projects are situated about 107 kilometers from the Eastern Goldfields Railway, which provides a direct connection to the Port of Esperance, WA. The connection to the ports would make it feasible for the Company to undertake iron ore exports in the near future. Currently, the Esperance Southern Ports Corporation has an iron ore export capacity of 12 mtpa and handles 11.5 million metric tons of iron ore per annum for Cliffs Natural Resources. The Port capacity may be expanded to 20 million metrics tons per annum if required.

**Company Timeline and Key Events**

Exhibit 15 below shows the reverse chronological timeline of the evolution of Macarthur Minerals, summarizing some key annual events for the Company since 2016.

**Exhibit 15: Timeline summarizing significant annual events since 2005**

Dates	Events
05-Feb-18	Macarthur Minerals Appoints New Non-Executive Director to the Board to Broaden its Investment Banking Experience.
31-Jan-18	Acquisition Complete for Tenement in Pilbara for Gold.
24-Jan-18	Macarthur Minerals appoints Andrew Haythorpe to Lithium and Gold Technical Team
19-Dec-17	Tenement granted and exploration to commence at the Hillside Project in the Pilbara
13-Dec-17	Macarthur Minerals closed successful \$1.9M fully underwritten rights offer
8-Dec-17	Macarthur was granted 12 exploration licenses in the Pilbara region. All tenements of Hillside gold project were granted exploration licences.
6-Dec-17	Entered into a strategic alliance with a mining development company, 3PL operating Inc., to undertake explorations at the Company's Reynolds Spring project.
4-Dec-17	Macarthur Completes A\$200,000 Settlement on Melville Gold Project.
1-Dec-17	Macarthur announced that Artemis has paid \$170,000 to exercise the option to earn an 80% interest in the Company's E45/4779 and ELA E45/4732 tenements
29-Nov-17	Macarthur announced that it has 11 granted exploration licenses out of 16 in the Pilbara region, WA.
23-Nov-17	Discovered lithium mineralization up to 1.47% Li <sub>2</sub> O at the Company's Tambourah Lithium Project in the Pilbara region
22-Nov-17	Artemis Resources plans to commence exploration for conglomerate gold at Macarthur Minerals' gold tenements in the Pilbara region
17-Nov-17	Finalized heritage agreements with the Palyku and Nijamal titles for two exploration licenses in the Pilbara region
6-Nov-17	Acquired option for 100% of granted exploration license E45/4685 covering an area of 35 km <sup>2</sup> in the Pilbara region of Western Australia
12-Oct-17	Acquired option for 100% of granted exploration license E45/4764 covering an area of 13 km <sup>2</sup> in the Pilbara region of Western Australia
4-Oct-17	Artemis Resources Ltd. paid \$60,000 to secure an option to earn up to 80% interest in the Company's two gold tenements
28-Sep-17	Entered into a binding agreement with Artemis Resources Ltd., wherein Artemis has the option to acquire 80% interest in the Company's two gold tenements in Pilbara region
12-Sep-17	Entered into a Letter of Intent (LOI) to acquire exploration licenses for gold and copper in the Pilbara region
14-Aug-17	Acquired 15% stake in the Yalgoo Exploration Pty Ltd., which owns the Melville Gold project in Western Australia
26-Jul-17	Raised \$1.8 million in Tranche One by issuing 34.90 million units at \$0.05 per unit
25-Jul-17	Identified lithium mineralization up to 405 parts per million (PPM) at the Reynolds Springs Lithium Brine Project
15-Jun-17	Acquired 210 mining claims in its Reynolds Springs Lithium project in Nevada
1-Jun-17	Identified significant lithium bearing, spodumene and lepidolite mineralized pegmatites at its Marble Bar Lithium Project Joint Venture in the Pilbara region
9-May-16	Located pegmatites with potential for hard rock lithium at the Company's Pilbara exploration lease application areas
26-Apr-16	Applied for additional five exploration licenses in the Pilbara region to expand total tenement acreage to 1,379 sq. km for hard rock lithium
13-Apr-16	Applied for additional three exploration licenses in the Ravensthorpe and Pilbara regions in Western Australia for hard rock lithium
12-Apr-16	Raised \$300,000 through a non-brokered private placement by issuing 15 million units at \$0.02 per unit

Source: Company Filings

## INDUSTRY OVERVIEWS

We now provide a brief overview of the industry and market dynamics of Macarthur's three main potential resources lithium, gold and iron ore.

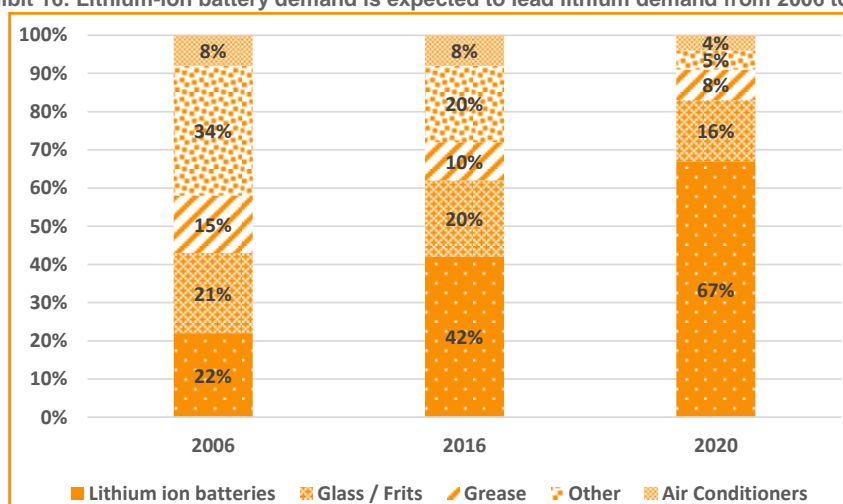
### Lithium Industry

#### Strong demand for lithium should continue to increase due to lithium-ion batteries growth

For more than a decade, there has been a significant transition in lithium demand across various industries. At present, demand for lithium has increased significantly due to its usage in lithium-ion (Li-ion) batteries, followed by traditional sectors such as glass, grease, ceramics, pharmaceuticals and magnesium alloys. Electric Vehicles (EVs) and Energy Storage Systems (ESS), in particular, play a critical role in Li-ion batteries demand. According to Benchmark Mineral Intelligence (BMI), an independent research firm, demand for Li-ion batteries is expected to dominate the total lithium demand in the future. BMI expects Li-ion battery demand to reach 67% of total lithium demand in 2020 from 22% in 2006, mainly due to the development of ESS and EV segments. Further, according to Zion Market Research (an independent market research company), global Li-ion battery market is expected to grow to US\$67.7 billion by 2022 from US\$31.2 billion in 2016, at a 13.8% CAGR.

Exhibit 16 shows the significant increase in Li-ion battery demand in 2006, 2016 and 2020.

Exhibit 16: Lithium-ion battery demand is expected to lead lithium demand from 2006 to 2020

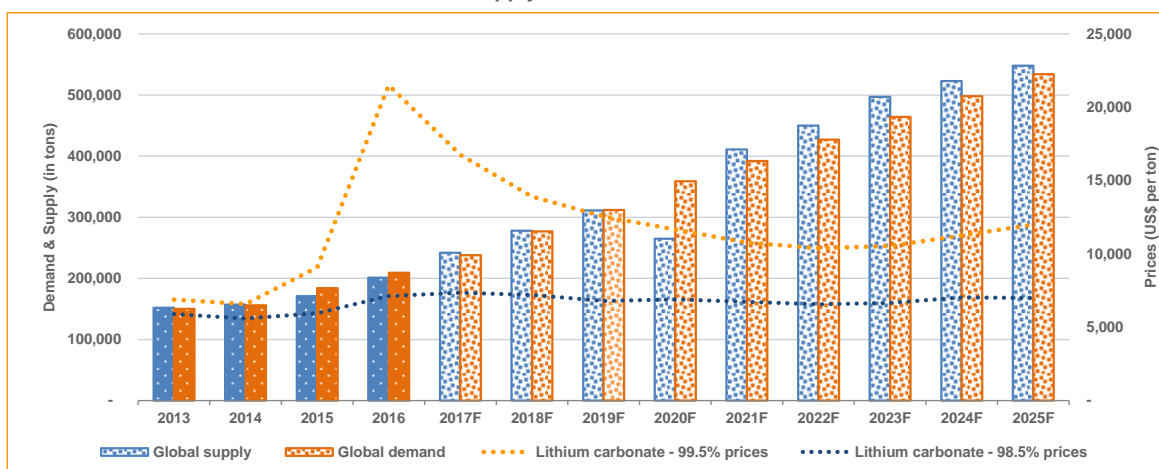


Source: Benchmark Mineral Intelligence

#### Favorable lithium pricing due to continued strong global demand

From 2014 to 2016, lithium carbonate prices increased significantly due to strong demand for lithium-ion batteries. According to Deutsche Bank Market Research, global lithium demand is forecast to grow to 534 kilo tons by 2025 from 150 kilo tons in 2016, a 10% CAGR. Further, it is also expected that lithium price should stabilize in the future due to demand and supply imbalance as seen in Exhibit 16. It is also anticipated that lithium supply may slightly exceed lithium demand in the future, primarily attributable to the expected commencement of major lithium constructions after 2021. Exhibit 17 illustrates the demand and supply for lithium from 2013.

Exhibit 17: Demand and supply trend of lithium since 2013 and forecasts

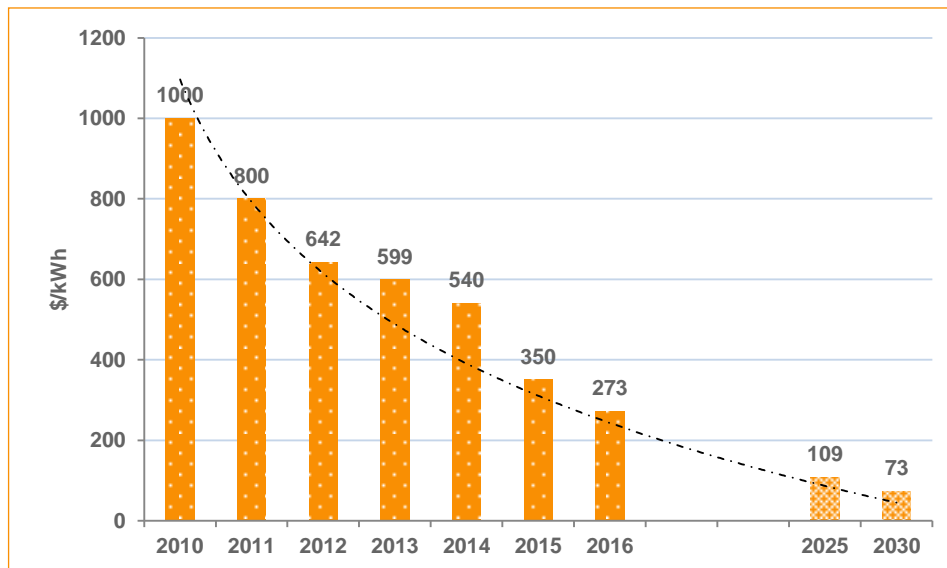


Source: Deutsche Bank Market Research

### Falling Lithium-ion battery costs should open up new applications

Lithium-ion battery costs have been falling mainly due to increasing competition among companies, economies of scale, and advanced technologies. From 2010 to 2016, costs of lithium batteries fell drastically by 73% to US\$273/ kilowatt-hour (kWh) and are expected to fall to US\$109/kWh by 2025 and US\$73/kWh by 2030. Therefore, lower manufacturing costs, higher energy power, and strong performance should increase demand for lithium-ion batteries in the future. Further, multinational corporations such as Tesla, Panasonic, LG Chem, Foxconn and BYD are expected to increase Li-ion battery production in the years to come. In January 2017, Tesla commenced the production of lithium batteries at its Gigafactory and anticipates manufacturing approximately 35 Gigawatts of Li-ion battery power per annum by 2018. In addition, Daimler (German car manufacturer) also invested approximately €500 million in its lithium-ion battery factory. Increased manufacturing activities should also cause lithium-ion battery prices to go down further. Exhibit 18 shows the downtrends of lithium-ion battery price. Therefore, falling costs of lithium-ion batteries, coupled with higher energy density should open up new market opportunities to lithium mining companies like Macarthur.

Exhibit 18: Falling price trend of Lithium Ion battery



Source: Bloomberg New Energy Finance

### Strong growth in Electric Vehicle (EV) markets should support the lithium industry

Global warming is a worldwide threat and governments across the world have commenced imposing strict laws and regulations to curb carbon dioxide (CO<sub>2</sub>) emissions. These supportive steps from governments and recent technological innovations from Tesla have increased electric vehicles growth, which, in turn, enhances the demand of lithium-ion batteries. Though the US withdrew from the Paris Agreement, countries around the world are incentivizing usage of Battery Electric Vehicles (BEVs) and New Energy Vehicles (NEVs). As per the Bloomberg New Energy Finance Summit (BNEF), by 2040, Battery Electric Vehicles (BEVs) are expected to account for 35% of the total automobile sales, which is estimated to reach 41 million. Further, China also expects the sale of NEVs to reach 2 million in 2020 and 7 million in 2025. Exhibit 19 shows Chinese sales forecasts of internal combustion engine (ICE) and NEVs.

Exhibit 19: Chinese NEVs sales are forecast to increase in the future

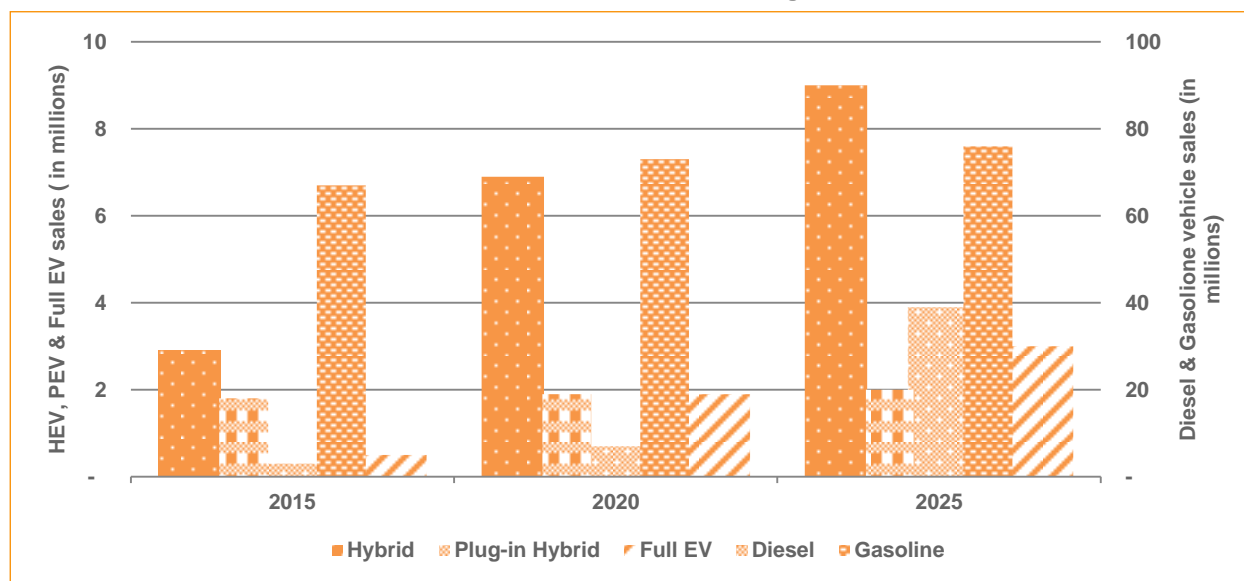


Source: Bloomberg New Energy Finance



As per Deutsche Bank Market Research, Hybrid Electric Vehicles (HEV) sales was approximately 2.9 million in 2015 and is estimated to reach 6.9 million in 2020 and 9 million in 2025. In other words, HEVs contributed to about 3.3% of the total vehicles' sales in 2015, which is estimated to grow to 8.0% in 2025. Exhibit 20 shows the total vehicles' sales across categories, indicating the highest sales growth for electrical vehicles. Such growth in electric vehicle sales should increase the demand for lithium in the future.

Exhibit 20: Vehicle sales across categories

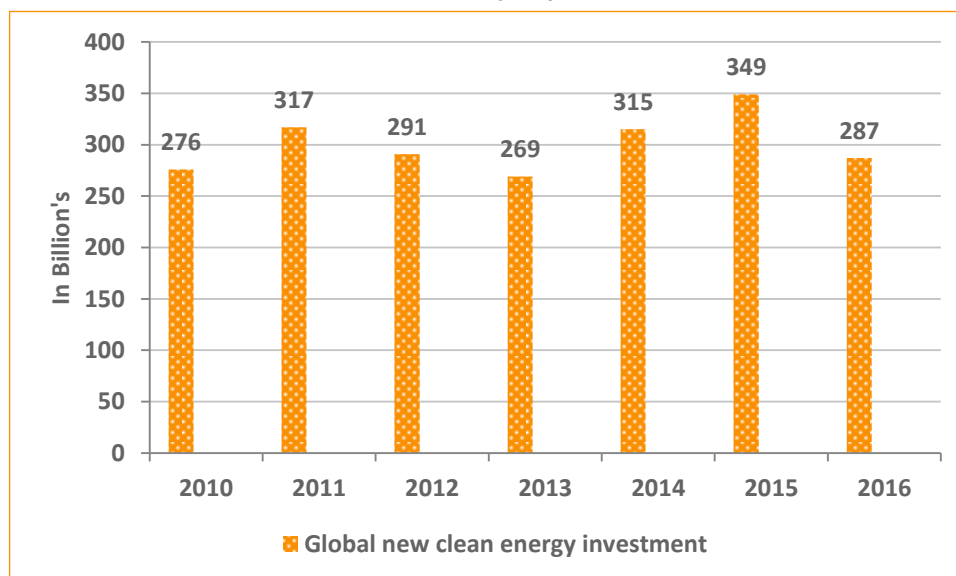


Source: Deutsche Bank Market Research

### Growth in Energy Storage Systems (ESS) market should also increase lithium demand

Technological developments, supportive measures from global regulators and strong penetration of renewable energy should strengthen the demand for Energy Storage Systems (ESS). The lithium-ion battery is well-positioned to be a leading energy storage device due to its low costs, high-energy capacity and scaled-up production. Exhibit 21 shows global renewable capacity installations from 2010 to 2016. Global renewable energy installation significantly increased to 160GW in 2016 from 88GW in 2010, a 10.5% CAGR growth due to steady investments. This higher renewable energy installation leads to increased need for energy storage systems. As per IHS (an independent market research firm), the global energy storage market is expected to reach 6GW in 2017 and 40GW by 2022. Such higher ESS demand should increase the demand for Li-ion batteries and in turn, enhance lithium demand.

Exhibit 21: Global renewable capacity installation since 2010

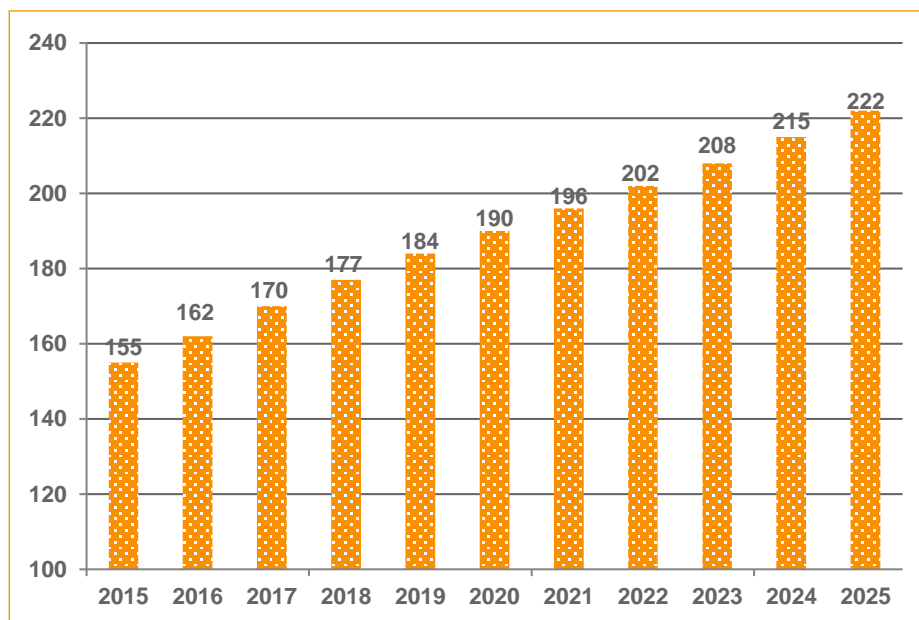


Source: Deutsche Bank Market Research

### Lithium demand for traditional markets continues to rise

Other than lithium-ion batteries, lithium demand for traditional market supplements including ceramics, glass, and lubricating greases have also been increasing. As per Deutsche Bank Market Research, it is estimated that the demand for lithium from traditional markets is expected to reach 222 kilotons in 2025 from 155 kilotons in 2015, a 3.5% CAGR as shown in Exhibit 22.

Exhibit 22: Lithium demand (kilo tons) for traditional markets continues to grow



Source: Deutsche Bank Market Research

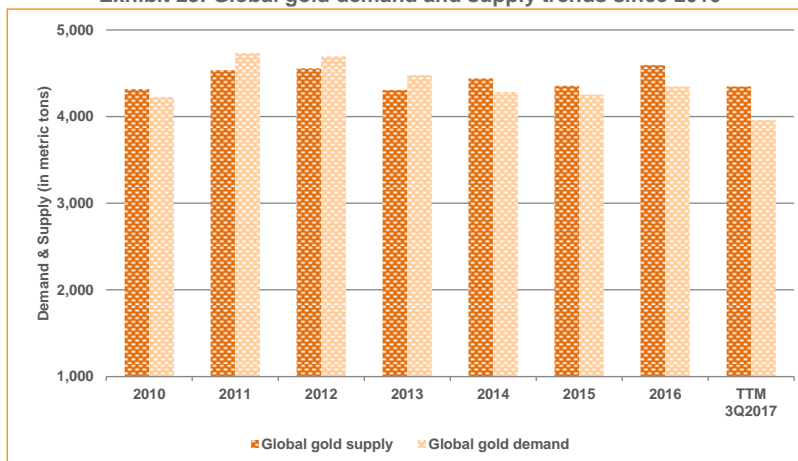
## Gold Industry

### Global gold demand and supply continue to decrease

According to World Gold Council Q3-2017 Update, for the third quarter ended September 2017, global gold demand decreased significantly by 9% to 915 metric tons, compared to the corresponding period last year. It was mainly due to lower jewelry demand (52% of total demand), which declined by 3% to 478.7 metric tons. ETFs and similar product investments (2% of total demand) also significantly decreased by 87% to 18.9 metric tons. However, total bar and coin demand increased by 17% to 222.3 metric tons. Further, year-to-date global gold demand stood at 2,926 metric tons, a 12% drop compared to the same period in 2016.

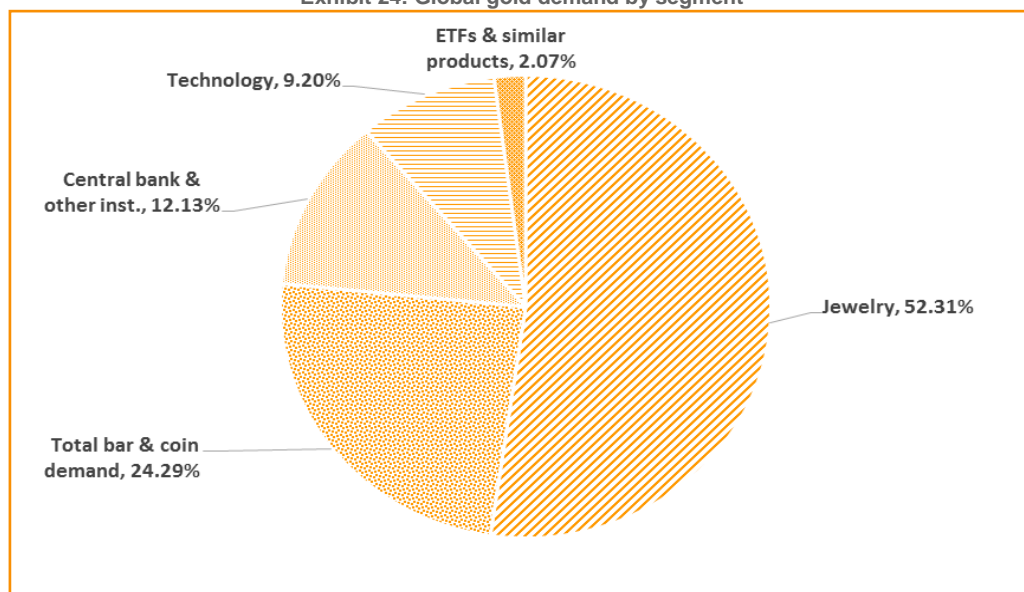
Global gold supply decreased by approximately 2% for the third quarter of 2017 to reach 1,146 metric tons, compared to 2016 on a year-on-year basis. It was mainly due to a decrease in recycled gold supply and mine production. Gold from mine production stood at 841 metric tons in 3Q17, which was down by -1.27% compared to 851.8 metric tons in 3Q16. As of September 2017, Trailing Twelve Months (TTM) gold supply stood at 4,348 metric tons, a 2% decrease on a year-on-year basis.

Exhibit 23: Global gold demand and supply trends since 2010



Source: World Gold Council – 3Q 2017 update

Exhibit 24: Global gold demand by segment



Source: World Gold Council

**Chinese jewelry demand increased in 3Q17 after successive decline for the past 10 quarters**

As of September 30, 2017, China contributed to about 33% of world jewelry demand. During 3Q17, gold jewelry demand from China was 159.3 metric tons, a 13% increase compared to 3Q16. It is for the first time that Chinese jewelry consumption increased after consecutive declines in the past ten quarters. Further, year-to-date Chinese gold jewelry demand also increased to 472.5 metric tons, a 1.5% up compared to the corresponding period in 2016. This increase was primarily attributable to high gold jewelry purchase during the Chinese Valentine's Day (August 17, 2017) and autumn festival (the second grandest Chinese function after Chinese New Year).

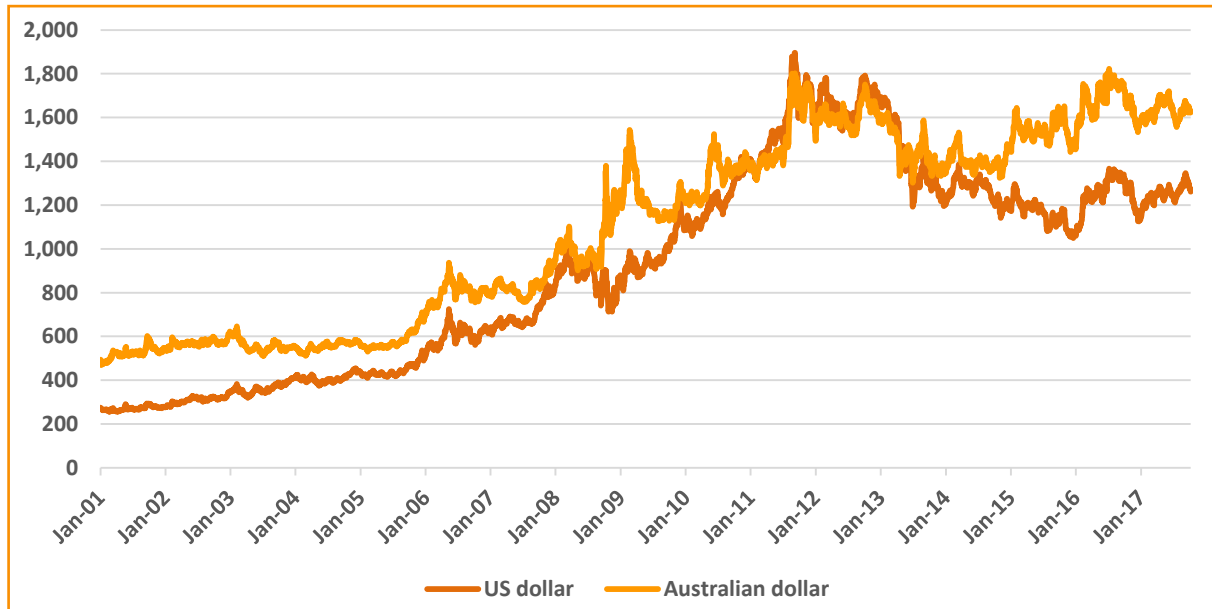
**Indian jewelry demand decreased in 3Q17 after a strong consumption in the first half of 2017**

India consumes approximately 24% of total global jewelry. For the third quarter of 2017, Indian gold demand decreased significantly to 114.9 metric tons, a 25% drop compared to the same period in 2016. It was mainly due to the introduction of 3% Goods and Services Tax (GST) on gold products. Further, in August 2017, the Indian government introduced Prevention of Money Laundering Act (PMLA) to the gems and jewelry industry, which also significantly impacted the gold jewelry consumption. PMLA requires 'know your customer' (KYC) documentation for the purchase of above INR 50,000 (approximately US\$750) worth of gold. However, in October 2017, the Indian government lifted PMLA for gems and jewelry industry. The festive season started with Diwali in October 2017, coupled with the exclusion of the PMLA regulation against the gems and jewelry sector should improve Indian gold demand in the fourth quarter of 2017 and in the quarters to come. In addition, India received uneven rainfalls in June-September 2017 and is expected to hamper the kharif crop output in 2017-18, resulting in lower household's income to farmers (Indian agricultural households are key gold consumers who account for approximately 33% of the Indian gold demand). However, the government raised minimum support price for kharif crops and waived up to US\$12 billion farmers' loan for some Indian states. Such initiatives are expected to support rural household income, which, in turn, should increase gold jewelry demand in the near future.

**Gold price is anticipated to increase due to global economic uncertainty**

Gold supply and demand volatility have been continuing over the years. Exhibit 25 shows the gold price trends from January 2001. From 2006 to 2012, the price of gold was in an uptrend, partly stimulated by the 2008/09 recession. In 2012-13, gold prices fell primarily attributable to the strengthening of the US dollar. The Australian dollar (a proxy for gold miners) is now trading at US\$0.76, compared to approximately US\$ 0.95 in 2013. Further, since January 2017, the gold price has steadily increased by 6.52% and peaked in September 2017. Continuing global uncertainties, including Korean Peninsula tensions, Catalonia issue, all-time high global debt to GDP (US\$227 trillion or 325% of world GDP) should continue to position gold as a safe haven investment and increase gold prices in the future.

Exhibit 25: Gold price movements from January-2001 to November-2017



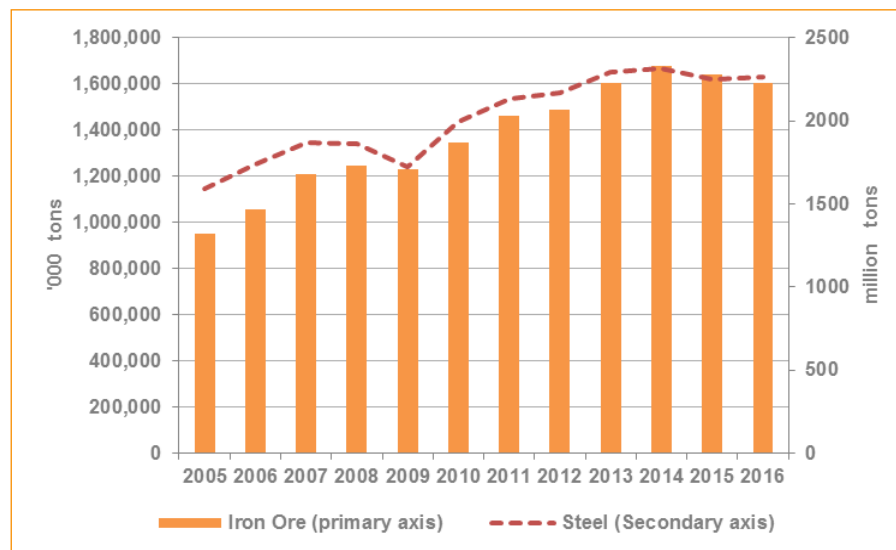
Source: World Gold Council

## Iron Ore Industry

Iron ore is the fourth most abundant metal, covering approximately 5% of the earth's crust. As per the U.S. Geological Survey (USGS), Mineral Commodity Summaries 2017, world iron ore (crude) resources are estimated to be greater than 800 billion tons containing more than 230 billion tons of iron. Australia is the world's largest producer and exporter of iron ore, while, China is the largest consumer and importer of iron ore, having imported approximately 1.02 billion metric tons of iron ore in 2016 (approximately more than 40% of the global supply), primarily for its steel production plants. Iron ore is predominantly used as a raw material in the steel production process. As per the Australian Mines Atlas Factsheet, approximately 98% of the world iron ore production is used to make iron in the form of steel. Hence, the demand for iron ore is highly correlated with global steel production.

Exhibit 26 presents the data on production of iron ore and steel over the years. As per USGS, the production of iron ore in 2016 decreased due to fall in steel produced from oxygen furnaces requiring iron ore. This is due to the increase in the share of steel produced from electric furnaces, which use recycled steel scraps and DRI (Direct-reduced iron) in 2016.

Exhibit 26: Supply of iron ore driven by demand from steel production

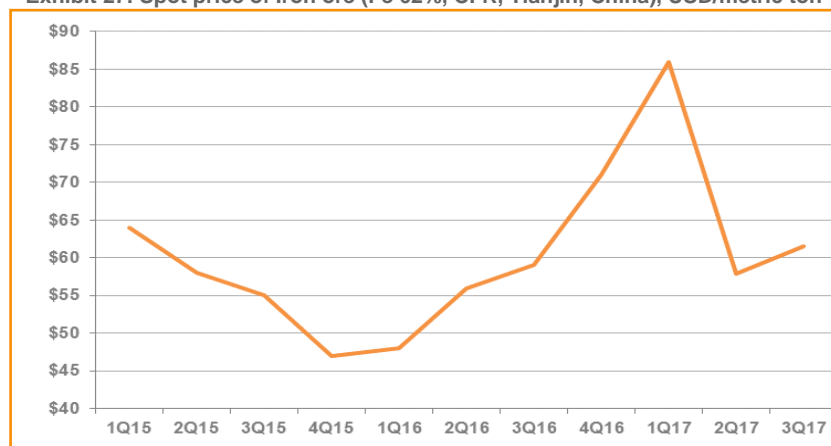


Source: USGS Geological survey, World steel Association

### Curb on steel production to support the price of high-grade iron ore

Iron ore prices have been volatile in 2017 as seen in Exhibit 27. Currently, iron ore (62% Fe, CFR TSI China) is trading at US\$ 61.77 on November 21, 2017, having fallen from the highs in February 2017. This was largely due to reduced iron ore demand from Chinese steel production, coupled with additional supply from Australia and Brazil. Curbs in Chinese steel production aimed at reducing pollution impacted iron ore demand. However, the price of iron ore has shown recovery in 3Q17, due to increase in import of high-grade iron ore (Fe 62%) by China, coupled with the fall in its regional iron ore production. Iron ore imports in China reached record high in September 2017 (estimated at 102.8 million tons), due to an increase in the demand for high-grade iron ore material imported from Australia and Brazil. This, has, in turn supported the prices of high-grade iron ore. To note, lower demand for iron ore from Chinese steel producers is compensated by the fall in Chinese iron ore production. The above point is reinforced by the views of Mr. Raphael Leszczynski, head of research at Genoa based shipbroker Banchero Costa & Co. Mr. Leszczynski told Bloomberg that the crackdown on steelmaking on anti-pollution grounds in China, which could be bearish for iron ore demand, is offset by an intense crackdown on domestic iron ore mining. This should support the demand and prices of high quality imported iron ore (according to Mr. Leszczynski), which is still below the highs of US\$80.09 and US\$132.57 seen in October 2014 and October 2013 respectively with significant room for recovery.

Exhibit 27: Spot price of Iron ore (Fe 62%, CFR, Tianjin, China), USD/metric ton



Source: DBS market research report







### Macarthur Minerals - Comparables

We have taken the following companies (Novo Resources Ltd, Impact Minerals Ltd, Kairos Minerals Ltd, and Chalice Gold Mines Ltd) as Macarthur's comparables, because these companies operate in the Pilbara region, where the Company own three of its six total projects. Further, we have also taken Champion Iron Ltd as a comparable to the company's iron-ore project, since it is one of the major iron-ore exploration companies with a market capitalization of \$553.66 million. Macarthur's metrics (as shown in Exhibit 28) looks reasonably attractive at current price and could develop into a major diversified minerals player.

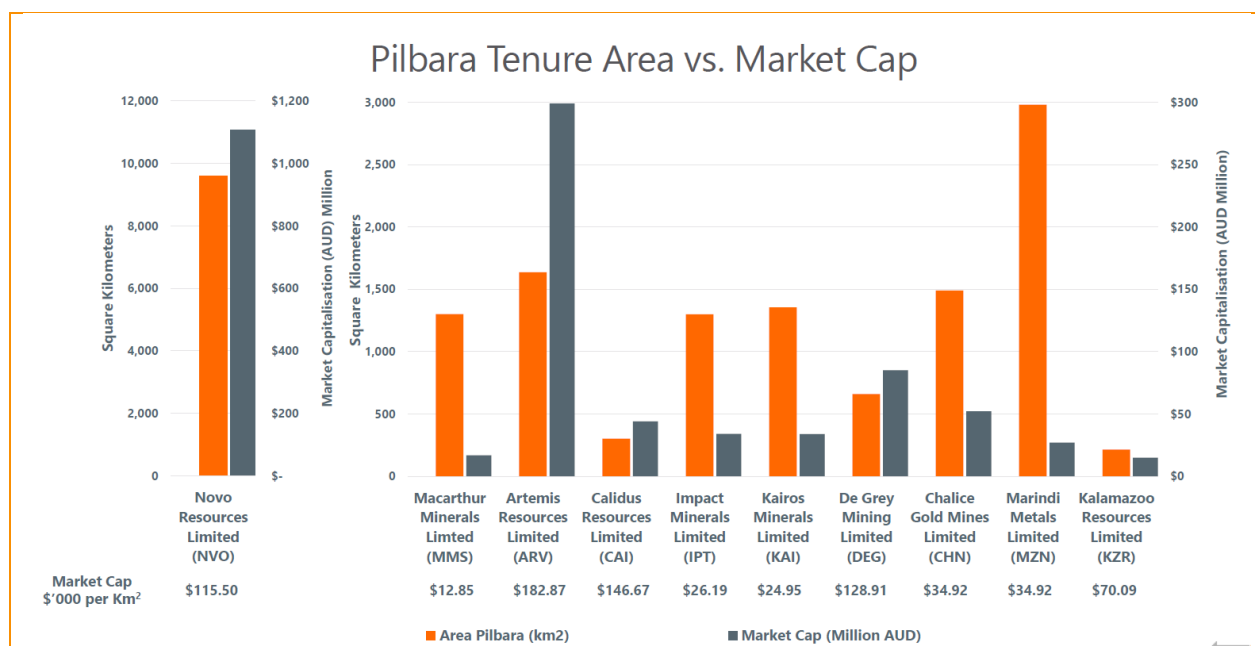
- **Novo Resources Ltd. (TSX-V: NVO) ("Novo")** – Novo is Western Australia based mining and exploration company with a market capitalization of CAD \$727.92 million. Novo has gold projects the Karratha and Pilbara region in Western Australia. Novo's Beatons Creek gold project in the Pilbara region has Global Mineral Resource estimates of 3.03 million metric tons gold with a grade of 2.7 grams per ton gold.
- **Impact Minerals Ltd. (ASX: IPT) ("Impact Minerals")** – Impact Minerals is an Australia based mining and exploration company with a market capitalization of \$20.45 million. Impact has gold, silver and base metal projects in Australia. Impact Minerals' Commonwealth gold-silver-copper project in the New South Wales, Australia has an Inferred JORC Mineral Resource Estimates Global Mineral Resource estimates of 720,000 metric tons gold with a grade of 4.7 grams per ton gold.
- **Kairos Minerals Ltd. (ASX: KAI) ("Kairos")** – Kairos is a Western Australia based mining and exploration company with a market capitalization of \$43.78 million. Kairos has high grade gold, lithium and nickel projects in Western Australia. Kairos' Mt York gold project Inferred Mineral Resource estimates of 5.69 million metric tons gold with a grade of 1.42 grams per ton gold.
- **Chalice Gold Mines Ltd. (TSX: CXN) ("Chalice")** – Chalice is an Australia based mining and exploration company with a market capitalization of CAD \$48.63 million. Chalice has gold, copper and nickel projects in Western Australia. Chalice is undertaking extensive exploration activities at its Pilbara gold project area.
- **Champion Iron Ltd. (ASX: CIA) ("Champion")** – Champion iron Ltd is a Canadian based iron ore exploration company with a market capitalization of \$520.85 million. Champion's flagship project is the Bloom Lake iron ore project located approximately 13 km north of Fermont, Quebec. Bloom Lake project's mineral reserves are estimated at 411.7 million metric tons, at an average grade of 30% Fe.



Exhibit 28: Financial/Valuation metrics of comparables (As of Feb 9, 2018)

Companies	Market Cap	Price	EV	P/B	1-year price chart
Novo Resources Ltd (TSX-V: NVO)	CAD \$466.15M	CAD \$3.04	CAD \$464.54M	3.29x	
Impact Minerals Ltd (ASX: IPT)	AUD \$17.6M	AUD \$0.015	AUD \$12.81M	1.44x	
Kairos Minerals Ltd (ASX: KAI)	AUD \$29.28M	AUD \$0.035	AUD \$18.96M	1.35x	
Chalice Gold Mines Ltd (TSX: CXN)	CAD \$44.52M	CAD \$0.16	CAD \$815.7k	0.97x	
Champion Iron Ltd. (ASX: CIA, TSX: CIA)	AUD \$506.91M	AUD \$1.23	AUD \$562.29M	5.94x	
Macarthur Minerals Ltd (TSX-V: MMS)	CAD \$12.08M	CAD \$0.055	CAD \$14.73	2.12x	

Source: Yahoo! Finance and Google Finance



## Company SWOT Analysis

### Strengths

#### Potential diversified minerals player with rich mineralization

Macarthur operates with a diversified mineral portfolio including lithium, gold, and iron ore. The Company's lithium, gold and iron ore project areas are known to possess high grade mineralization, which should benefit future development activities.

#### Excellent prospective resource base

The historic sampling program at the Company's gold project in the Pilbara region has returned excellent gold mineralization up to 447 grams per metric tons. Macarthur's lithium projects in the Pilbara region also hosts several rare elements of LCT pegmatites. The Pilbara lithium projects are close to projects of Pilbara Minerals Ltd and Altura Mining Ltd, which have proven lithium mineral resource estimates. Soil sampling programs at the Company's lithium project in Nevada have identified lithium highly anomalous surface lithium up 405 ppm which suggests the area may be prospective for lithium brine at depth.

#### Strategic location advantage

As discussed in the Company section, Macarthur's lithium, gold and iron ore projects are strategically located in Western Australia and Nevada, supported by significant regional infrastructure facilities. Macarthur's two iron ore projects in Kalgoorlie, Western Australia, are closely located to the Port of Esperance, through which the Company plans to export iron ore worldwide. Further, the Company's lithium project in Nevada (one of the best mining jurisdictions across the world) is in close proximity to Tesla's Gigafactory, offering the potential for a prospective lithium supply agreement with Tesla.

#### Qualified and experienced management team

Mr. Joe Philips is Chief Executive Officer and Director of the Company with over 16 years of experience as a lead executive in Australian public administration. He has also held senior positions at transport logistics and mining exploration companies in copper, gold, uranium and iron ore. Mr. Cameron McCall is the Executive Chairman of the Company, with more than 40 years of experience in investment and capital raising. The management team has worked extensively with companies listed with the Australian and Canadian exchanges and also government owned companies.

### Weaknesses

#### Lack of cash flow from operations

Since inception, the Company has not generated any revenues from the core operations. For the six months ended September 30, 2017, the Company's cash from operations was \$1.07 million. To meet its capital expenditure and operating requirements, Macarthur has raised funds through the capital markets. This is expected to continue in the future, as there is no fixed timeline for commercialization of its projects. Negative operating cash flows and dependence on equity funding also affect the Company's going concern ability. However, the Company completed a successful C\$1.9m fully underwritten Rights Offer in late December 2017, which was strongly supported by shareholders providing additional funds for an active work program in 2018.

### Limited history of operations

Macarthur has limited expertise to commercialize its projects. The Company's ability to place its resource properties into production will highly depend upon the expertise of its experienced personnel and also agreements with major companies with proven operational abilities. If the Company is unable to gather the expertise required to commercialize its projects, it could hamper the Company's future growth plans and subsequently impact revenues. It is worthwhile noting, however, that management managed to complete exploration and permitting on its iron ore assets and allocated A\$61 million towards them.

### Opportunities

#### Recent surge in the Li-ion battery demand should boost lithium market conditions

Traditionally, lithium has been mainly used in sectors such as glass, grease, and others. However, for the past ten years, due to technological innovations by Tesla, Li-ion battery demand has picked up significantly. It is expected that Li-ion batteries would account for approximately 67% of total lithium demand up from 22% in 2006. In addition, traditional sectors demand is expected to reach 222 kilotons in 2025 from 155 kilotons in 2015, at a 3.5% CAGR. Such strong Li-ion battery demand coupled with worldwide government support to boost electric vehicles to replace fossil vehicles should continue to increase lithium demand.

#### Gold remains a safe haven investment

Global uncertainties including Korean Peninsula tensions, the Catalonia issue, and increased world debt to GDP, continue to position gold as a safe haven investment. Despite a decrease in global gold demand, China currently shows a recovery in its gold jewelry consumption in 3Q17 after 10 consecutive quarters of decline. In addition, Indian gold jewelry consumption is also expected to grow in the quarters to come, mainly due to removal of PMLA regulation for the gems and jewelry industry.

#### Emerging redundant mining / processing rail and port export capacity

The Ularring Hematite Project is adjacent to two major producing mines, both of which are approaching resource depletion which will provide Macarthur with the opportunity to access rail and port capacity and to re-evaluate resource development of its Ularring Hematite project.

#### Significant Iron ore demand from steel production

As seen in the industry section, the reduction in iron ore demand from decreased steel production (due to strict environmental regulations) in China was offset by a parallel reduction in low-grade iron ore supply from Chinese miners. This should temporarily maintain supply-demand balance. Further, in China, the demand for high-grade imported iron ore is ticking up, since, high purity iron ore reduces pollution per ton of steel produced. Hence, miners operating in high-grade iron ore exporting countries such as Australia are well positioned to take advantage of the burgeoning Chinese demand.

### Threats

#### Competition

Macarthur operates in the mining and exploration industry, which is highly competitive. The Company faces stiff competition from other gold, lithium and iron ore producers across the world on factors such as the size of mineral claims, partners for joint ventures, quantity, quality, price, and others. Additionally, the price of the commodities moves according to global demand and supply situation, which is highly volatile in nature. This in turn affects the value of the Company's potential reserves. Further, the Company is yet to commence commercialization of its projects, which raises the risk of losing to competitors, who may have better technology, operations, and financial resources.

#### Regulations

In order to undertake exploration activities in its project areas, Macarthur has to follow rules and regulations. The Company has to abide by all the policies laid down by the regulating authorities, related to taxes, exports, waste disposal, occupational health, environment protection, safety, development and imports. The Company has to apply for certain approvals to develop its project areas. Further, Macarthur's costs relating to exploration activities may increase if it fails to receive all the necessary approvals on time.

### Financial Performance

We now present the financial performance of Macarthur. We begin with a cash burn analysis followed by details on the latest financial statements. The Company follows April-March as its fiscal financial period. All financial amounts are in Australian dollars unless noted.

Exhibit 29 shows the cash burn analysis of Macarthur Minerals and its financial sustainability. We consider only operating cash flows for cash burn calculation as other activities are not part of the Company's core business. The Company's average cash burn stood at \$220,000 per month with an average survival rate of 3.3 months. In addition, the Company has a good track record of raising funds at an average of \$545,000 per quarter. The Company raised approximately CAD \$1.9 million through financing activities. Therefore, this anticipated fund-raising plans coupled with the Company's existing cash in hand can help the Company to advance its projects in the future.

Exhibit 29: Cash burn analysis (in AUD '000s)

Period/ Amount (in '000)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	AVG
Net operating cash flow	(532)	(712)	(597)	(324)	(523)	(771)	(614)	(1,462)	(562)	(509)	(661)
Net investing cash flow	(390)	(251)	(151)	(83)	(96)	(81)	(305)	479	(272)	(341)	(149)
Net financing cash flow	(0.9)	513	(1)	(9)	713	1,116	564	1,521	372	659	545
Cash position (quarter end)	1,884	1,434	684	268	361	624	269	807	345	155	683
Burn Rate per month	(177)	(237)	(199)	(108)	(174)	(257)	(205)	(487)	(187)	(170)	(220)
Survival period (in months)	10.6	6.0	3.4	2.5	2.1	2.4	1.3	1.7	1.8	0.9	3.3

Source: RBMG Research

Exhibit 30 displays the Company's income statements for the three months ended September 30, 2017, and September 30, 2016. During the three months ended September 30, 2017, Macarthur did not generate revenue from its core business. Further, for the three months ended September 30, 2017, the Company's net loss decreased to \$634,741 compared to \$826,729 for the same period in 2016. This reduction in net loss was mainly due to the change in fair value of warrant liability, lower expenses led by share-based compensation payments and share registry, filing and listing fees (-56% to \$38,872). However, professional fees increased by 182% to \$241,778 in the three months ended September 30, 2017, compared to \$85,675, for the same period in 2016.

Exhibit 30: Income Statements for the three months ended September 30, 2017 &amp; September 30, 2016

Particulars	For three months ended September 30, 2017	For three months ended September 30, 2016	Change (%)
<b>Expenses</b>			
Depreciation	\$6,388	\$7,316	-13%
Investor relations	219	3,400	-94%
Office and general	135,135	112,517	20%
Personnel fees	199,637	223,002	-10%
Professional fees	241,778	85,675	182%
Rent	40,635	30,608	33%
Share-based compensation	-	420,259	NM
Share registry, filing and listing fees	38,872	88,399	-56%
Travel and accommodation	32,788	6,709	389%
<b>Total Administrative Expenses</b>	<b>\$695,452</b>	<b>\$977,885</b>	<b>-29%</b>
<b>Revenue</b>			
Interest income	711	1,102	
Other income (cost order)	60,000	-	
Change in fair value of warrant liability	-	150,054	NM
Gain on sale of asset	-	-	NM
<b>Total revenue</b>	<b>\$60,711</b>	<b>\$151,156</b>	<b>NM</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$(634,741)</b>	<b>\$(826,729)</b>	<b>-23%</b>
Basic and diluted loss per ordinary share	(0.004)	(0.02)	-80%
Basic and diluted weighted average shares	157,921,571	76,007,550	108%

(Note: NM represents not meaningful)

Source: Company filings

Exhibit 31 details Macarthur's balance sheets as of September 30, 2017, and March 31, 2017. As of September 30, 2017, the Company's cash and cash equivalents stood at \$154,531, compared to \$807,229 on March 31, 2017, an 81% decrease. The decrease in cash and cash equivalents was mainly due to lower issuance of shares and higher cash utilized for investing activities during the Apr-Sep 2017 period. As of September 30, 2017, exploration and evaluation assets increased by 6% to \$6.35 million from \$6 million as of March 31, 2016. This increase was primarily attributable to higher exploration expenditures incurred as of September 30, 2017. Further, current liabilities significantly decreased by 60% to \$461,164 compared to \$1.15 million as of March 31, 2017, primarily attributable to the change in fair value of the warrant liability.

Exhibit 31: Balance Sheets as of September 30, 2017 and March 31, 2017

Particulars	As of September 30, 2017	As of March 31, 2017	Change (%)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$154,531	\$807,229	-81%
Receivables	30,545	153,434	-80%
Security deposits and prepayments	109,292	297,134	-63%
<b>Total current assets</b>	<b>294,368</b>	<b>1,257,797</b>	<b>-77%</b>
<b>Non-Current</b>			
Plant and equipment	66,427	79,204	-16%
Investment - Stonewall project	267,349	0	
Exploration and evaluation assets	6,345,470	6,000,000	6%
<b>Total non-current assets</b>	<b>6,679,246</b>	<b>6,079,204</b>	<b>10%</b>
<b>Total assets</b>	<b>\$6,973,614</b>	<b>\$7,337,001</b>	<b>-5%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$414,399	\$616,200	-33%
Employee benefits	46,765	33,132	41%
Warrant liability	0	508,463	NM
<b>Total current liabilities</b>	<b>\$461,164</b>	<b>\$1,157,795</b>	<b>-60%</b>
<b>Non-Current</b>			
Accounts payable and accrued liabilities	58,666	-	NM
Employee benefits	12,510	10,857	15%
<b>Total Non-current liabilities</b>	<b>71,176</b>	<b>10,857</b>	<b>NM</b>
<b>Total liabilities</b>	<b>\$532,340</b>	<b>\$1,168,652</b>	<b>-54%</b>
<b>Shareholders' equity</b>			
Contributed equity	94,698,274	92,199,295	3%
Reserves	4,013,363	4,013,363	NM
Deficit	(92,270,363)	(91,463,263)	1%
<b>Total Shareholders' equity</b>	<b>\$6,441,274</b>	<b>\$4,749,395</b>	<b>36%</b>
<b>Non-controlling interests Contributed Equity</b>	<b>-</b>	<b>\$1,418,954</b>	<b>-100%</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$6,973,614</b>	<b>\$7,337,001</b>	<b>-5%</b>

(Note: NM represents not meaningful)

Source: Company filings



Exhibit 32 displays Macarthur's cash flow statements for the six months ended September 30, 2017, and September 30, 2016. For the six months ended September 30, 2017, the Company's operating cash outflow was \$1.07 million compared to an outflow of \$1.29 million during the same period in 2016. This was primarily attributable to decrease in net loss and changes in fair value of the warrant liability for the six months ended September 30, 2017. Net cash used in investing activities was \$612,772 for six months ended September 30, 2017, mainly due to \$267,349 investment in Stonewall Lithium project and higher deferred exploration expenditures. Further, cash provided by financing activities decreased significantly by 44% to \$1,030,938, primarily attributable to the lower issuance of shares.

**Exhibit 32: Cash Flow Statements for the six months ended September 30, 2017 and September 30, 2016**

Particulars	For six months ended September 30, 2017	For six months ended September 30, 2016	Change (%)
<b>Cash flow from operating activities</b>			
Net loss for the period	\$(758,067)	\$(1,454,680)	-48%
Depreciation	\$ 12,777	\$ 22,859	-44%
Impairment expense	0	-	NM
Change in fair Value of warrant liability	(508,463)	(211,103)	NM
Share-based compensation	0	518,100	NM
Loss (Gain) on disposal argument	0	(1,818)	NM
Accounts payable and accrued liabilities	(127,843)	(128,075)	0%
Security deposits and repayments	187,842	9,144	NM
Receivables	122,889	(49,051)	-351%
<b>Net cash used in operating activities</b>	<b>\$(1,070,865)</b>	<b>\$(1,294,624)</b>	<b>-17%</b>
<b>Cash Flow from investing activities</b>			
Disposals/(Purchases) of plant and equipment	-	908	NM
Government recoveries	2,005	-	NM
Investment – Stonewall Lithium Project	(267,349)	-	NM
Deferred exploration expenditures	(347,428)	(178,656)	94%
<b>Net cash used in investing activities</b>	<b>\$(612,772)</b>	<b>\$(177,748)</b>	<b>245%</b>
<b>Cash flow financing activities</b>			
Proceeds from issuance of shares/exercise of options & warrants	1,090,938	1,830,949	NM
Share issue and placement costs	(60,000)	(2,318)	NM
<b>Net cash from financing activities</b>	<b>\$1,030,938</b>	<b>\$1,828,631</b>	<b>-44%</b>
Change in cash and cash equivalents during period	(652,699)	356,259	-283%
Cash and cash equivalents, at the beginning of the period	807,230	267,841	201%
<b>Cash and cash equivalents, at the end of the period</b>	<b>\$154,531</b>	<b>\$624,100</b>	<b>-75%</b>

(Note: NM represents not meaningful)

Source: Company filings

## Key Risk Factors

### Business risk

Macarthur operates in the mining and exploration industry, which requires a large amount of capital for its operations. Factors such as technical difficulties, geographical issues and economic uncertainty affect the exploration activities. Further, it is not certain that the Company would successfully complete the projects on time due to global economic conditions. Additionally, the global economy and exploration industry move in tandem, which could hamper the Company's exploration activities.

### Financial risk

Macarthur has not generated revenue from its core operations to date. Hence, the Company depends on external financing for its day to day operations. If the Company fails to raise capital on time, it could severely affect the financial position and operations of the Company.

**Regulatory risk**

Environmental laws and government regulations play an important role in each stage of the mining and exploration industry. The Company has to abide by each and every rule and regulation laid down by the governing authorities. Further, failure in to comply may lead to delays in mining operations and also increase compliance costs, which could affect the Company's financial health.

**Commodity price risk**

The Company operates in the mining industry to explore lithium, gold, and iron ore, which are subject to significant commodity price risks. The prices of lithium, gold, and iron ore are heavily dependent on global economic conditions and macroeconomic variables, which are highly unpredictable. A significant price decrease in these commodities could severely affect the Company's profitability, which, in turn, makes it economically infeasible to continue exploration activities.

**Risk with retention of employees and officers**

The Company's exploration activities are dependent on its qualified management and operating teams. As a result, retention of such key personnel is highly critical to the Company. Therefore, the Company may incur high administration costs, in terms of salary and share-based compensations etc., which could subsequently impact future growth prospects.

**Shareholding Pattern**

The Company has 231.3 million shares on issue and has 65.9 million of warrants and 19.5 million stock options as shown in Exhibit 33. Exhibit 34 displays major shareholders of the Company.

**Exhibit 33: Capitalization structure as of February 2017**

Particulars	In million
Total shares outstanding	232.8
Warrants	65.9
Stock options	19.5
<b>Total fully diluted shares</b>	<b>318.2</b>

Source: Company Filings

**Exhibit 34: Distribution of shareholders**

Shareholder	% of holding
Cadence Minerals Plc	13%
Management & Insiders	6%
% of top 20	~52%

Source: Company Filings

**Profile of Directors and Management****Cameron McCall – Executive Chairman**

Mr. Cameron McCall is the Executive Chairman of Macarthur. In 2015, he joined the Company as a Non-Executive Director. Mr. McCall has more than 40 years of experience in the area of capital raising, share trading, and investment advice. Prior to joining the Company, he has held several top positions at Hartleys Ltd and Macquarie Bank Ltd.

**Joe Philips – Chief Executive Officer and Director**

Mr. Joe Philips is a Joint Chief Executive Officer and Director of the Company with over 16 years of experience as a lead executive in Australian public administration. He has also held senior positions at transport logistics and mining exploration companies in copper, gold, uranium and iron ore.

**Alan Philips – Non-Executive Director**

Mr. Alan Philips is a Non-Executive Director of the Company since October 2005. He has over 40 years of expertise in the fields of international mining and technology sectors. He has also been extensively involved in fund raises, acquisitions, mergers, takeovers, alliances and joint ventures for companies in the US, Australia, Europe and Asia. Mr. Philips has also held several senior positions in companies such as International Gold Mining Ltd, Sabena Limited and Salmon River Resources Ltd.

**David Lenigas– Non-Executive Director**

Mr. David Lenigas is a Non-Executive Director of Macarthur. He has more than 25 years of experience in the field of mineral resource industry covering gold, base metals as well as the coal and oil and gas industries. Prior to joining Macarthur, he has held senior positions at Cadence Minerals Plc. and Artemis Resources Ltd.

**Earl Evans– Non-Executive Director**

Mr. Earl Evans has held numerous senior executive roles throughout his 26 year career in the financial services industry and is currently Joint CEO of Shaw and Partners which is one of Australia preeminent investment firms with offices in each state of Australia, managing \$14 billion in assets. Prior to this role, Mr. Evans has had an impressive investment banking career spanning 11 years as Executive Director within the Macquarie Group Limited including 5 years in Canada as the Head of Banking and Financial Services for North America.

## Sources

- Company Website, Press Releases & Presentations
- SEDAR Filings
- Bloomberg New Energy Finance
- Global Market Outlook for Photovoltaics 2017-2021
- Benchmark Mineral Intelligence May 2016
- World Gold Council 3Q-2017
- Yahoo Finance, Google Finance, Morningstar

## Disclaimer

"The information contained herein is not intended to be used as the basis for investment decisions and should not be construed as advice intended to meet the particular investment needs of any investor. The information contained herein is not a representation or warranty and is not an offer or solicitation of an offer to buy or sell any security. To the fullest extent of the law, RB Milestone Group LLC ("RBMG"), its staff, specialists, advisors, principals and partners will not be liable to any person or entity for the quality, accuracy, completeness, reliability or timeliness of any information provided, or for any direct, indirect, consequential, incidental, special or punitive damages that may arise out of the use of information provided to any person or entity (including but not limited to lost profits, loss of opportunities, trading losses and damages that may result from any inaccuracy or incompleteness of such information). Investors are expected to take full responsibility for any and all of their investment decisions based on their own independent research and evaluation of their own investment goals, risk tolerance, and financial condition. Investors are further cautioned that small-cap and microcap stocks have additional risks that may result in trading at a discount to their peers. Liquidity risk, caused by small trading floats and very low trading volume can lead to large spreads and high volatility in stock price. Small-cap and microcap stocks may also have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the small-cap and microcap segments of the market. The information, opinions, data, quantitative and qualitative statements contained herein have been obtained from sources believed to be reliable but have not been independently verified and are not guaranteed as to accuracy, nor does it purport to be a complete analysis of every material fact regarding RBMG client companies, industries, or securities. The information or opinions are solely for informational purposes and are only valid as of the date appearing on the report and are subject to change without notice. Statements that are not historical facts are "forward-looking statements" that involve risks and uncertainties. "Forward looking statements" as defined under Section 27A of the Securities Act of 1933, Section 21B of the Securities Exchange Act of 1934 and the Private Securities Litigation Act of 1995 include words such as "opportunities," "trends," "potential," "estimates," "may," "will," "could," "should," "anticipates," "expects" or comparable terminology or by discussions of strategy. These forward-looking statements are subject to a number of known and unknown risks and uncertainties outside of the company's or our control that could cause actual operations or results to differ materially from those anticipated. Factors that could affect performance include, but are not limited to those factors that are discussed in each profiled company's most recent reports or company filings or registration statements filed with the SEC or other actual government regulatory agency. Investors should consider these factors in evaluating the forward-looking statements contained herein and not place undue reliance upon such statements. Investors are encouraged to read investment information available at the websites of Macarthur Minerals Ltd. ("Macarthur") at [www.macarthurminerals.com](http://www.macarthurminerals.com) and the SEC at <http://www.sec.gov> and/or FINRA at <http://www.finra.org> and/or other actual government regulatory agency. RBMG is a consulting firm headquartered in New York, New York, USA and is hired by client companies globally to carry out consulting services that include: corporate strategy formation, business development, market intelligence and research. RBMG is not a FINRA member or registered broker/dealer. RBMG research reports and other proprietary documents or information belonging to RBMG are not to be copied, transmitted, displayed, distributed (for compensation or otherwise), or altered in any way without RBMG's prior written consent. RBMG has received a cash fee equal to sixty-five thousand USD from Macarthur in exchange for RBMG consulting services. In this case, consulting services consist of corporate strategy formation, business development, market intelligence and research. These services include the preparation of this report and RBMG helping Macarthur communicate its corporate characteristics to applicable investment and media communities. In addition, RBMG and/or its respective affiliates, contractors, principals or employees may buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Macarthur at any time. In the past, RBMG's principal ("Principal"), through a separate investment fund that was controlled by Principal ("Fund"), purchased 3,291,139 common shares plus 3,291,139 warrants to purchase 3,291,139 common shares of Macarthur from Macarthur. The common shares and warrants came with four-month trade restrictions. Currently, Principal, through Fund, indirectly owns shares and warrants of Macarthur. Principal will directly or indirectly buy, sell, hold or exercise shares, options, rights, or warrants to purchase shares of Macarthur at its lawful discretion and this can happen at any time."